

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL  
COURT. No.: 500-11-067100-269  
OFFICE No.: 41-345342

SUPERIOR COURT  
Commercial Division

**IN THE MATTER OF THE  
RECEIVERSHIP OF:**

**MARINE PROPERTY LEASEHOLDS LTD**, a legal person duly constituted having its head office at 1411 rue Peel, suite 700, Montreal (Quebec) H3A 1S5.

Debtor

**EQUITABLE BANK**, a chartered bank duly constituted having its head office at 25 Ontario Street, suite 2200, Toronto (Ontario) M5A 0Y9.

Applicant

-&-

**DELOITTE RESTRUCTURING INC.**, a legal person duly constituted having its head office at 500-1190 Ave des Canadiens-de-Montréal, Montreal (Quebec) H3B 0M7.

Interim Receiver and Proposed Receiver

**REPORT TO THE COURT  
SUBMITTED BY DELOITTE RESTRUCTURING INC.  
IN ITS CAPACITY AS INTERIM RECEIVER AND AS PROPOSED RECEIVER**  
*(Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended)*

## INTRODUCTION

1. This report (the "**First Report**") is submitted by Deloitte Restructuring Inc. in its capacity as interim receiver (in such capacity, "**Interim Receiver**") and as proposed receiver (the "**Proposed Receiver**" or "**Deloitte**") of the property, assets, collateral and undertakings (the "**Assets**") of Marine Property Leaseholds Ltd. ("**Marine**", the "**Company**" or the "**Debtor**").
2. An *Application for the appointment of an interim receiver and a receiver* has been made on April 15, 2026 (as amended on June 2, 2026, the "**Application**") before the Superior Court of Quebec (Commercial Division) (the "**Court**") by the Equitable Bank (the "**Applicant**" or the "**Bank**"), pursuant to section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**BIA**") for an order (the "**Receivership Order**") among other things, placing the Company in receivership and appointing Deloitte as interim receiver and, upon expiry of the statutory delay of the Bank's prior notices to enforce its security, as national receiver (in such capacity, the "**Receiver**") with full powers, including the power to

implement and conduct a solicitation and sale process for the Marine Property ("**Sale Process**").

3. The First Report has been prepared by the Proposed Receiver prior to its appointment as Receiver to provide information to the Court for its consideration in respect of the Application.
4. Unless otherwise indicated, the Proposed Receiver's understanding of factual matters expressed in the First Report concerning the Company is based on the Information obtained by the Proposed Receiver from the Debtor or during the period he did act as Interim Receiver, and not independent factual determinations made by the Proposed Receiver.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
6. Capitalized items not otherwise defined herein are as defined in the Application.

#### **PURPOSE OF THIS REPORT**

7. The purpose of the First Report of the Proposed Receiver is to provide information to the Court with respect to:
  - (i) Deloitte's prior mandate and qualification to act as Receiver;
  - (ii) The business, financial affairs and financial results of Marine;
  - (iii) The powers sought and measures contemplated by the Proposed Receiver;
  - (iv) The appointment of a Property Manager;
  - (v) The Proposed Sale Process;
  - (vi) Marine's cash flow forecast;
  - (vii) Administration Charge;
  - (viii) Sealing order sought; and,
  - (ix) The Proposed Receiver's conclusions and recommendations.
8. In preparing the First Report and making the comments herein, the Proposed Receiver has been provided with, and has relied upon, unaudited financial information, Marine's books and records and/or information from third-party sources and discussions with management ("**Management**") of Marine (collectively, the "**Information**"). Except as described in this First Report in respect of the debtor's Cash Flow Statement (as defined below):
  - (i) The Proposed Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Receiver has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposed Receiver expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information;
  - (ii) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed; and,

- (iii) Deloitte has prepared this First Report in its capacity as Proposed Receiver to provide background to the Court for its consideration of the relief being sought. Parties using this First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.

9. Future oriented financial information referred to in this First Report was prepared based on estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

#### **DELOITTE PRIOR MANDATE AND QUALIFICATION TO ACT AS RECEIVER**

10. On April 15, 2026, the Bank filed the Application seeking, inter alia, (i) the appointment of Deloitte as interim receiver (in such capacity, the "**Interim Receiver**") pursuant to section 47 of the BIA, with limited powers over certain assets of Marine, and (ii) following the expiry of the delay set out in the Bank's prior notice, the appointment of Deloitte as receiver pursuant to section 243 of the BIA.

11. On April 16, 2026, the Court issued an order appointing Deloitte as Interim Receiver (the "**Interim Receiver Order**") to the Assets of the Debtor.

12. Since April 16, 2026, the Interim Receiver's activities, in accordance with the Interim Receiver Order, can be mainly summarized as follows:

- (a) Assuming control, oversight and protection of the Assets;
- (b) Requesting and attempting to obtain electronic copies of the books and records of the Debtor;
- (c) Reviewing the Debtor's financial position and liquidity;
- (d) Implementing conservatory measures to protect and preserve the value of the Assets;
- (e) Contacting existing tenants and reviewing tenants' arrangements, including maintenance and operating responsibilities;
- (f) Supervising rent collections and cash disbursements relating to the Assets;
- (g) Engaging a third-party firm to provide temporary property management services with respect to the Assets;
- (h) Confirming that the insurance policy is in good standing;
- (i) Sending notice to all 9 known tenants to the last known address of such known tenants provided by the Debtor, which notice includes information on the Application and the Interim Receiver Order, as well as the Interim Receiver email address and the Interim receiver website; and,
- (j) Retaining Fasken Martineau DuMoulin S.E.N.C.R.L.,s.r.l. ("**Fasken**") to act as its independent counsel of the Interim Receiver.

13. Deloitte is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as receiver set out in section 243 of the BIA.

14. Since April 16, 2026, the Proposed Receiver has been acting as Interim Receiver and has acquired material knowledge on the Debtor, its Assets and its operations. Throughout that period, the Proposed Receiver carried out the activities mentioned herein and has been involved in the discussions with various stakeholders. Deloitte is, therefore, in a position to

act without delay as Receiver over the Assets in an efficient and diligent manner for the benefit of all stakeholders.

15. The Proposed Receiver will continue to retain Fasken to act as its independent counsel as Receiver.

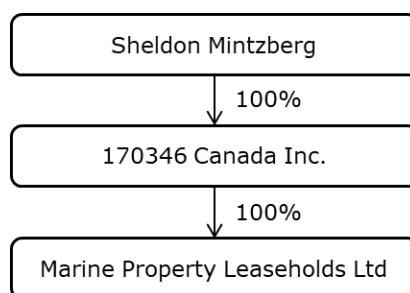
## **THE BUSINESS, FINANCIAL AFFAIRS AND FINANCIAL RESULTS OF MARINE**

### Real estate project

16. Marine is a corporation carrying on business as the owner and operator of an immovable property located in Montreal, Quebec, including the building bearing civic numbers 1023-1045 Sainte-Catherine Street West and 1411 Peel Street (the "**Marine Building**" or the "**Property**").
17. The Marine Building is an eight (8)-storey office tower with underground parking, located at one of the busiest pedestrian intersections in downtown Montreal, located at the intersection of Peel Street and Ste-Catherine Street.
18. The Marine Building currently has nine (9) tenants and therefore nine (9) commercial lease agreements, including one lease with Marine itself for its head office on the 7<sup>th</sup> floor of the Property.
19. With respect to occupancy, the ground floor, which is a commercial floor for retail purposes, of the Marine Building, became fully occupied on May 8, 2026, following the commencement of the lease with its anchor commercial tenant, Lululemon Athletica Canada Inc. ("**Lululemon**"). A significant portion of the upper floors of the Marine Building composed of numerous independent offices, however, remains vacant.

### Corporate structure

20. Marine's corporate structure is the following:



### Financial analysis

21. The following table sets out selected financial information for the periods indicated. The selected financial information below has been derived from the corresponding unaudited financial statements of Marine:

<b>Marine Property Leaseholds Ltd.</b>		
Income Statement	Unaudited	Unaudited
For the period ended	31-Dec-24	31-Dec-25
In 000 CAD	12 months	12 months
<b>Revenues</b>	2 391	2 178
<b>Expenses</b>		
Interest on long-term debt	3 551	5 174
Property and school taxes	1 501	1 231
Insurance	118	116
Electricity and Gas	146	159
Repairs and maintenance	191	286
Management fees	619	400
Professional fees	218	396
Other SG&A	365	288
	<b>6 708</b>	<b>8 050</b>
<b>Operating Loss Before Amortization</b>	<b>(4 317)</b>	<b>(5 871)</b>
Operating margin before amortization	-181%	-270%
Amortization	539	532
<b>Loss From Operations</b>	<b>(4 856)</b>	<b>(6 403)</b>
Other income (expense)	91	(35)
<b>Net Loss</b>	<b>(4 765)</b>	<b>(6 438)</b>

22. A significant portion of the upper floors of the Property remains vacant, which continues to limit rental income. While certain steps were taken by Marine to increase revenues, including the execution of a lease with a major anchor tenant in Lululemon, Marine has sustained net losses in the last few years and has not been able to generate net positive operating income.

23. The table below illustrates Marine's historical balance sheet:

<b>Marine Property Leaseholds Ltd.</b>		
Balance sheet	Unaudited	Unaudited
For the period ended	31-Dec-24	31-Dec-25
In 000 CAD	12 months	12 months
Cash and cash equivalents	492	23
Prepaid expenses and other current assets	216	142
Loans receivable to companies under common control	6 435	7 403
Property, plant and equipment	12 642	14 692
<b>Total assets</b>	<b>19 784</b>	<b>22 259</b>
Accounts payable and accrued liabilities	1 009	1 620
Deffered revenue and other liabilities	776	944
Loans payable to companies under common control	1 232	1 302
Long-term debt - Equitable bank	49 255	57 320
Equity (deficit)	(32 489)	(38 927)
<b>Total liabilities and equity</b>	<b>19 784</b>	<b>22 259</b>

24. Marine is highly leveraged and has relied quasi-exclusively on financing provided by its senior secured lender, Equitable Bank. The interest alone on its long-term debt has exceeded Marine's revenue for fiscal years 2024 and 2025, representing 149% and 238% of Marine's revenues for those years respectively.

25. Ultimately, given the challenges described above, its significant debt-load and cash burn rate, Marine has been unable to be profitable as a business and is clearly insolvent. Consequently, Marine does not have the required liquidity to adequately manage the Property, including performing required and punctual maintenance and repairs. These factors ultimately led to the appointment of an Interim Receiver in order to preserve the value of the lender's collateral and stabilize the operations.

- (i) Marine's financial position has been adversely affected by a significant deterioration in liquidity, also evidenced in particular by the accumulation of substantial municipal tax arrears (the "**Tax arrears**"). Outstanding taxes for the 2025 and 2026 taxation years, including interest and penalties, represent material unpaid obligations totalling approximately \$2.5M at the time of this

First Report and indicate the Debtor's inability to meet recurring operating liabilities.

26. Marine's principal assets, as of December 31, 2025, are the following (*all values hereinafter are stated for indication purposes only*):

- (i) Loans receivable from companies under common control totalling \$7.4M; and,
- (ii) Property, plant and equipment, totalling approximately \$14.7M, consisting primarily of tenant improvements of \$2.5M, land accounting value of \$6.5M, and the Building, with a carrying accounting value of approximately \$5.7M. It is anticipated, as per the appraisal obtained, that the fair market value of the Building is significantly higher than its carrying accounting value.

### **Marine's creditors**

27. According to Marine's books and records, the following table summarizes the financial obligations of Marine to secured and unsecured creditors as of December 31, 2025:

<b>Marine Property Leaseholds Ltd.</b>			
Summary of debts			
As at December 31, 2025			
In 000 CAD	Secured	Unsecured	Total
Accounts payable and accrued liabilities	-	397	397
Municipal and school taxes arrears	1 222	-	1 222
Deffered revenue and other liabilities	-	944	944
Loans payable to companies under common control	-	1 302	1 302
Long-term debt - Equitable bank	57 320	-	57 320
<b>Total liabilities and equity</b>	<b>58 542</b>	<b>2 643</b>	<b>61 186</b>

### **Secured creditors**

28. As illustrated in the table above, Marine advised the Proposed Receiver that its principal secured creditors are:

- (i) the Bank which provided to Marine a credit facility secured by a first-ranking hypothec over the Marine Building, together with an assignment of rents, insurance proceeds, and certain related movable property; and,
- (ii) Municipal and school tax arrears which amounts to approximately \$2,5M including penalties and interest as at the date of this First Report.

29. The Proposed Receiver has asked Fasken to conduct an independent review of the security granted to the various secured creditors over Marine's assets. This review is currently underway. Once completed, the Proposed Receiver will report to the Court on its findings. For the purposes hereof, the Proposed Receiver has based its report on the assumption that the security described above is valid and enforceable.

30. Moreover, the indebtedness amounts specified in the above table are for indicative purposes only. Deloitte has not reviewed or assessed the quantum of the indebtedness and intends to do so when the Property is sold, ahead of any distribution of the proceeds, as applicable.

### **Unsecured creditors**

31. Marine has advised the Proposed Receiver that its principal unsecured liabilities, which were estimated, as of December 31, 2025, to be approximately \$2.6M as per the books and records of Marine, mostly consist of:

- (i) Trade payables and accruals;
  - (ii) Accrued salaries and vacation pay;
  - (iii) Deferred revenue related to the deposits received from tenants; and,
  - (iv) Loans payable to companies under common control.
32. According to Management and the information obtained as Interim Receiver, payroll obligations, including deduction at source, seem current, and the Proposed Receiver intends to continue to fulfill the payroll obligations as a going concern with respect to the current limited employees (one (1) employee). Payments are made on a weekly basis. Payroll management is outsourced to third parties, namely *ADP* in Canada.

Ongoing brokerage sale process

33. On November 24, 2025, without prior approval from the Bank, Marine signed exclusive office listing mandates with Michael White Realities Inc. and Groupe Sutton Excellence Inc. for the purpose of finding new tenants for the Property (the "**Previous Brokerage Listing Agreements**"). To date, Marine was not able to secure any satisfactory offer for its consideration under these Previous Brokerage Listing Agreements.
34. As of the date of this First Report, considering the lack of success, the Proposed Receiver was informed that the Bank does not support the continuation of the marketing or realization of the Marine Building under the Previous Brokerage Listing Agreements and in any event, such agreements seek to canvas the market to find potential tenants rather than potential purchasers of the Property. In Deloitte's view, if the Court is satisfied with the proposed Sale Process, the Previous Brokerage Listing Agreements should be automatically terminated upon issuance of the Receivership Order, as these mandates are incompatible with the Sale Process.
35. Deloitte is informed that the counterparties to the Previous Brokerage Listing Agreements shall receive service of the application for the appointment of Deloitte as Receiver.

**THE POWERS SOUGHT AND MEASURES CONTEMPLATED BY THE PROPOSED RECEIVER**

36. The Application seeks continuation and expansion of the powers currently exercised under the Interim Receiver Order and an authorization to exercise additional powers and duties, which include, without limitation, the authority to:
- (a) Take possession of the Assets;
  - (b) Control the assets and, if required, all business premises and all locations occupied by Marine;
  - (c) Access all books and records of Marine, as well as any and all documents, agreements, registers or records of any nature relating to Marine's operations or assets, wherever located and regardless (the "**Records**"), and take copies of any Records necessary or useful to the performance of the Receiver's duties;
  - (d) Continue or cease, in whole or in part, the Debtor's operations;
  - (e) Protect, preserve, insure, maintain and safeguard the Assets, including by completing repairs or conservatory measures where required;
  - (f) Control receipts and disbursements related to the Assets;

- (g) Collect all accounts receivable and other claims of the Debtor, deal therewith, and execute all documents or agreements required or useful for such purposes;
- (h) Pay its professional fees and those of its legal counsel from the Debtor's funds, subject to the availability of liquidity and any applicable Court ordered charges;
- (i) Open, maintain and operate any bank accounts required, on such terms and conditions as the Proposed Receiver may determine, with any Canadian chartered bank or other financial institution, for the purposes of receiving funds payable to the Debtor and making payments necessary to carry out its duties;
- (j) Retain, replace or terminate the services of professionals, consultants, agents, service providers and experts, including property managers, and determine the terms of such engagements;
- (k) Continue to retain the services of the employee of the Debtor until such time as the Proposed Receiver, acting for and on behalf of the Debtor, terminates, dismisses or otherwise ends the employment of such employees; and,
- (l) Sell or dispose of assets outside the ordinary course of business, subject to any monetary thresholds or Court approval requirements set out in the Receivership Order.

37. In this context, the Proposed Receiver intends to take the necessary actions, once its appointment as Receiver, to contract a property manager, for medium term permanent solution, to secure and support the operations of the Property and contract a real estate broker to market the Assets adequately.

38. The Proposed Receiver is of the view that granting the powers set out in the Proposed Receiver Order is fair and reasonable in the circumstances and necessary to permit the efficient and orderly realization of the Assets.

39. The Proposed Receiver is of the view that its appointment and the powers sought will not prejudice the rights of other creditors or place their claims at greater risk than would be the case in a bankruptcy of the Debtor.

40. Moreover, the appointment of the Proposed Receiver would promote efficiency and facilitate a fair, transparent and orderly settlement of the Debtor's liabilities.

41. Accordingly, the Proposed Receiver recommends that the Court grants the Receivership Order, as it will:

- (i) provide an appropriate and court-supervised framework to advance the sale process in circumstances where realizations have been adversely affected by factors inherent to the underlying assets, including the physical condition of the buildings, vacancy levels and broader market conditions;
- (ii) limit further prejudice to the Bank, which has continued to fund operating shortfalls and interim receivership costs, including property management, insurance, repairs and maintenance, professional fees and utilities, with such funding requirements expected to continue pending a successful realization; and,
- (iii) enhance transparency and stakeholder confidence in the sale process, while enabling the Receiver, subject to Court approval of any transaction, to transfer the Assets to a purchaser free and clear of encumbrances by way of a vesting order, thereby maximizing realizations for Marine's stakeholders.

## **THE APPOINTMENT OF A PROPERTY MANAGER**

42. The Proposed Receiver is of the view that a property manager with sufficient resources and experience should be hired to secure the ongoing operation of the Property. Several conservative measures must be implemented daily to preserve and protect the value of the Assets, and the immediate involvement of a qualified property manager with expertise in this type of building and tenant profile will help protect value for stakeholders.
43. In this regard, the Proposed Receiver, acting as Interim Receiver, has negotiated a proposed property management agreement with CBRE Limited ("**CBRE**"), pursuant to which CBRE would act as property manager during the receivership, subject to Court approval. A copy of the proposed CBRE property manager agreement (the "**CBRE Property Manager Agreement**") is provided in **Exhibit P-36 (under seal)** of the Application.
44. The Proposed Receiver is of the view that CBRE has the appropriate resources and expertise to act as property manager.
45. The compensation proposed to be paid to CBRE is set out in the agreement and is in line with market comparables. The Proposed Receiver considers these fees to be reasonable and appropriate in the circumstances.
46. The Bank is in favor of the appointment of CBRE as Property Manager in accordance with the terms and conditions of the CBRE Property Management Agreement.
47. Accordingly, the Proposed Receiver recommends that the Court grants the Proposed Receivership Order to approve the appointment of CBRE as Property Manager, in a form and substance similar to the CBRE Property Manager Agreement.

## **THE PROPOSED SALE PROCESS**

48. The Proposed Receiver is of the view that a court-supervised sale process for the Property should be commenced promptly following the issuance of the Receivership Order in order to maximize value for the benefit of Marine's stakeholders. The contemplated sale process is intended to market the Property broadly and competitively through a structured bidding process.
49. In this regard, the Proposed Receiver, acting as Interim Receiver, has negotiated a proposed exclusive listing agreement with CBRE, pursuant to which CBRE would act as the sole and exclusive real estate broker for the marketing and sale of the Property, subject to Court approval. A copy of the proposed CBRE listing agreement (the "**CBRE Listing Agreement**") is provided in **Exhibit P-35 (under seal)** of the Application.
50. Under the proposed CBRE listing agreement, CBRE would be responsible for marketing the Property in accordance with the Receiver's instructions, including by preparing marketing materials, distributing a teaser and other materials to targeted potential purchasers and cooperating brokers, arranging visits, maintaining a virtual data room, supervising the due diligence process, and assisting the Receiver and its legal counsel in negotiations relating to a proposed asset purchase agreement, in each case subject to the Receiver's prior approval where required.
51. The Proposed Receiver is of the view that CBRE has the appropriate resources, local and national market expertise, and industry relationships to effectively act as broker and maximize realizations for stakeholders. CBRE is a well-established commercial real estate brokerage in Quebec.
52. The Proposed Receiver intends to engage CBRE as broker to conduct the marketing and sale process described herein with the objective of broadly marketing the properties to qualified local and regional investors through a transparent and competitive process.

53. Given the nature of the assets, the Proposed Receiver believes that a six (6) month timeline is sufficient to allow prospective buyers adequate time to complete the necessary due diligence to put forward offers. In addition, the proposed CBRE Listing Agreement contains a certain amount of flexibility to allow the Proposed Receiver, in consultation with stakeholders, to extend the process should that be required.
54. The compensation proposed to be paid to CBRE is entirely success-based and payable only upon the successful closing of a Court-approved transaction. The Proposed Receiver considers these fees to be reasonable, appropriate in the circumstances, and competitive with market standards.
55. The Bank is in favor of the appointment of CBRE as Broker as per the terms and conditions of the CBRE Listing Agreement.
56. Accordingly, the Proposed Receiver recommends that the Court grants the Proposed Receivership Order to approve the Sale Process, substantially in the form submitted.

### **MARINE'S CASH FLOW FORECAST**

57. The Proposed Receiver, with the limited assistance of Management, has prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 6-month period from June 1, 2026, to November 30, 2026 (the "**Cash Flow Period**") for the purpose of forecasting Marine's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is provided in **Appendix A (under seal)** of this First Report.
58. As it appears from the Cash Flow Statement, no interim financing is required during these proceedings.
59. The Cash Flow Statement has been prepared by Marine using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.
60. The Proposed Receiver's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not to be supported, the Proposed Receiver's procedures were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Receiver also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
61. Based on the Proposed Receiver's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:
  - (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
  - (ii) As at the date of this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Marine or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
  - (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
62. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Receiver expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Proposed Receiver expresses no opinion or other form of assurance with respect to the

accuracy of any financial information presented in this report, or relied upon in preparing this report.

63. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
64. The key assumptions used in the Cash Flow Statement are based on the Company's most recent revenues and costs trends following our review of the internal books and records of the Company. Marine's consolidated cash balance as of June 1, 2026, is estimated to be \$535,000.
65. The Cash Flow Statement demonstrates that the liquidity level will be sufficient to fund the current level of operations during the 6-month period without access to interim financing. Although it will not be sufficient to address the outstanding Tax Arrears, which are expected to remain unpaid pending the closing of the Proposed Sale Process.
66. The Proposed Receiver is of the view that the projections reflected in the Cash Flow Statement are reasonable.

#### **ADMINISTRATION CHARGE**

67. The Proposed Receivership Order provides that the Receiver, the Receiver's legal counsel (Fasken), as security for the professional fees and disbursements incurred both before and after the issuance of the Receivership Order and directly related these receivership proceedings, as well as to CBRE as Property Manager, are entitled to the benefit of a charge, hypothec and security against the Assets, up to an aggregate amount of \$250,000 (the "**Administration Charge**"). The Administration Charge has been established based on the respective professionals' previous experience with insolvency files of similar magnitude and complexity.
68. The Proposed Receiver believes that the Administration Charge is required and reasonable under the circumstances.
69. The Proposed Receiver is of the view that the quantum of the Administration Charge is necessary and reasonable in the circumstances, and is required to ensure that the Receiver and its advisers are able to carry out their respective mandates efficiently and in accordance with the Proposed Receivership.
70. The priorities of the Administration Charge are expressly set out in the Proposed Receivership Order.

#### **SEALING ORDERS SOUGHT**

71. The Proposed Receiver is informed that the Bank intends to seek sealing orders with respect to the sale brokerage and property management agreements to be executed with CBRE, is so approved (Exhibits P-35 and P-36).
72. In the Proposed Receiver's view, the sealing order sought is reasonable and necessary, as it preserves the integrity of the Sale Process.
73. The sealing order sought is temporary and would terminate upon closing of a sale transaction for the Property. Any creditor wishing to obtain a copy of the relevant agreements may do so following a confidentiality undertaking.

**THE PROPOSED RECEIVER'S CONCLUSIONS AND RECOMMENDATIONS**

74. This First Report has been prepared to provide this Court information regarding Deloitte's activities to date under the Interim Receivership and its consent to act as Receiver, and the Application for the Receivership Order.
75. Based on the foregoing, the Proposed Receiver respectfully recommends that the Court grants the relief recommended by the Proposed Receiver in this First Report.

DATED AT MONTREAL, this 3<sup>rd</sup> day of June 2026.

**DELOITTE RESTRUCTURING INC.**

In its capacity as Proposed Court-Appointed Receiver of  
Marine Property Leaseholds Ltd.



Benoit Clouâtre, CPA, CIRP, LIT  
Senior Vice President



Éric Vincent, CPA, CIRP, LIT  
Senior Vice President

## **APPENDIX A**

### CASH FLOW STATEMENT

**Marine Property Leaseholds Ltd****Projected Cash Flow Statement**

for the period ending November 30, 2026

In \$CAD - Unaudited

	<b>01-juin-26</b>	<b>01-juil-26</b>	<b>01-août-26</b>	<b>01-sept-26</b>	<b>01-oct-26</b>	<b>01-nov-26</b>	
	<b>30-juin-26</b>	<b>31-juil-26</b>	<b>31-août-26</b>	<b>30-sept-26</b>	<b>31-oct-26</b>	<b>30-nov-26</b>	<b>Total</b>
<b>Receipts</b>							
Rent	97 345	333 192	333 192	333 192	333 192	333 321	1 763 435
Sales taxes collected (GST/QST)	14 577	49 896	49 896	49 896	49 896	49 915	264 074
Interest revenue	718	529	899	1 335	1 819	2 248	7 549
Sale proceeds	-	-	-	-	-	-	-
<b>Total - Receipts</b>	<b>112 641</b>	<b>383 617</b>	<b>383 987</b>	<b>384 423</b>	<b>384 907</b>	<b>385 484</b>	<b>2 035 058</b>
<b>Disbursements</b>							
Management fees	27 500	27 500	20 000	20 000	20 000	20 000	135 000
Repairs and maintenance	15 000	15 000	40 000	15 000	15 000	15 000	115 000
Utilities - electricity and gas	13 885	13 885	13 885	13 885	13 885	13 885	83 313
Property taxes	-	-	-	-	-	-	-
School taxes	-	-	-	-	-	-	-
Cleaning services	3 683	3 683	3 683	3 683	3 683	3 683	22 100
Insurance	10 624	10 624	10 624	10 624	10 624	10 624	63 742
Professional fees							
Deloitte - Interim Receiver	100 000	-	-	-	-	-	100 000
Deloitte - Receiver	40 000	15 000	15 000	15 000	15 000	50 000	150 000
Receiver Legal counsel	50 000	10 000	10 000	10 000	20 000	30 000	130 000
Equitable Bank Legal counsel	50 000	10 000	10 000	10 000	20 000	30 000	130 000
Brokerage fees	-	-	-	-	-	-	-
Sale Process costs - expert reports and others	-	60 000	-	-	-	-	60 000
Sales taxes paid (GST/QST)	48 024	26 310	19 946	16 202	19 197	27 433	157 111
Sales tax remittances (GST/QST)	25 000	4 002	21 506	27 871	31 614	28 619	138 612
Contingency	10 000	10 000	10 000	10 000	10 000	10 000	60 000
Equitable Bank - principal and interest	-	-	-	-	-	-	-
<b>Total - Disbursements</b>	<b>393 716</b>	<b>206 004</b>	<b>174 644</b>	<b>152 265</b>	<b>179 004</b>	<b>239 245</b>	<b>1 344 879</b>
Net Change in Cash	(281 076)	177 612	209 343	232 158	205 903	146 239	690 180
Beginning cash balance	535 102	254 026	431 638	640 981	873 139	1 079 042	535 102
<b>Ending cash balance</b>	<b>254 026</b>	<b>431 638</b>	<b>640 981</b>	<b>873 139</b>	<b>1 079 042</b>	<b>1 225 281</b>	<b>1 225 281</b>

## Appendix A

### Notes to the Cash flow statement

#### NOTE A – PURPOSE

The purpose of these cash flow projections is to determine the liquidity requirements of the Debtor during the receivership proceedings.

#### NOTE B

The Cash Flow Statement has been prepared by the Proposed Receiver using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

The Proposed Receiver's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Proposed Receiver's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Receiver also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

#### NOTE C - DEFINITIONS

##### (1) CASH FLOW STATEMENT:

In respect of a Company, means a statement indicating, on a monthly basis (or such other basis as is appropriate in the circumstances), the projected cash flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Company's planned course of action for the period covered.

##### (2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Company's judgment, but are consistent with the purpose of the Cash Flow Statement.

##### (3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The Company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the Company; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

##### (4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Company;
- (ii) The performance of other industry/market participants engaged in similar activities as the Company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

**Appendix A (cont.)**

**Notes to the Cash flow statement**

**NOTE C - ASSUMPTIONS**

<b>Assumptions</b>	<b>Source</b>	<b>Probable Assumption</b>	<b>Hypothetical Assumption</b>
<b><u>Opening cash balance</u></b>	Based on current bank balances.	X	
<b><u>Receipts:</u></b>			
Rent	Based on the latest forecasts available prepared by Management and active rental agreements in place. Sales proceeds  Rental income includes approximately \$26K per month (or \$157K over the forecast period) from Marine Equities. At this stage, the collectability of these amounts remains uncertain.	X	X
Sales taxes collected (GST/QST)	Based on forecasted rent collections and applicable tax rates.	X	
Interest revenue	Based on projected cash balances and prevailing interest rates.	X	
Sales proceeds	Cash Flow Forecast reflects current operations but excludes proceeds expected from the sale of the Assets, which are assumed to occur outside the forecast period.		X
<b><u>Disbursements:</u></b>			
Management fees	Based on the CBRE Property Manager Agreement presented as Exhibit P-36 (under seal) of the Application.	X	
Repairs and maintenance	Based on known required repairs and historical trends in repairs and maintenance costs.	X	X
Utilities - electricity and gas	Based on historical consumption and cost trends.		X
Property and school taxes	Tax Arrears are assumed to be settled by Equitable Bank. Ongoing property and school tax obligations are expected to be paid upon closing of the transaction, which falls outside the forecast period.		X
Cleaning services	Based on existing service contracts and historical costs.	X	
Insurance	Based on insurance policies currently in force.	X	
Professional fees	Based on estimated fees for the Interim Receiver, the Receiver, their legal counsel, and Equitable Bank's		X

	legal counsel incurred during the forecast period.		
Brokerage fees	Based on the CBRE Listing Agreement (Exhibit P-35 under seal). Fees are payable upon closing of the transaction, which is outside the forecast period.		X
Sale Process costs - expert reports and others	Based on the anticipated expert reports and related costs required to support the marketing process and be provided to potential purchasers.		X
Sales taxes paid and sales tax remittances (GST/QST)	Based on forecasted disbursements, applicable tax rates, and expected GST/QST filings during the forecast period.	X	
Contingency	Based on a monthly provision to address unforeseen operating costs.		X
Equitable Bank – principal and interest	No principal or interest payments to the secured lender are assumed during the forecast period.	X	