



Crocus Investment Fund

December 31, 2021 Quarterly Report

January 14, 2022

Table of contents

1.0	Background	1
2.0	Activities of the Receiver	2
3.0	Operations	3
4.0	Financial position	4
5.0	Portfolio.....	5
5.1	Background.....	5
5.2	Status	5
6.0	Share value.....	6
7.0	Interim distributions	7
7.1	First interim distribution	7
7.2	Second interim distribution	7
7.3	Third interim distribution	7
7.4	Unclaimed interim distributions	7
7.5	Future distributions	8
8.0	Shareholder communication	9
9.0	General	10
	Appendix 1 – Crocus financial information as at December 31, 2021	
	Appendix 2 – Statement of receipts and disbursements to December 31, 2021	

1.0 Background

On June 28, 2005, pursuant to an application made by the Manitoba Securities Commission ("MSC") under Section 27 of *The Securities Act*, the Court of Queen's Bench of Manitoba (the "Court") made an Order (the "Receiving Order") appointing Deloitte Restructuring Inc. (formerly Deloitte & Touche Inc., hereafter referred to as "Deloitte" or the "Receiver") as Receiver and Manager of the Crocus Investment Fund ("Crocus" or the "Fund"). The Receiving Order appointed Deloitte as Receiver over all of Crocus' current and future assets, undertakings and properties and granted the Receiver powers to carry out its duties as outlined in the Receiving Order.

The purpose of this report (the "Report") is to report on the activities of the Receiver as well as to provide an update on the financial position of the Fund. The Report will cover the Receiver's operations and activities since the September 30, 2021 Quarterly Report.

The financial information herein has not been audited and therefore the Receiver does not express any opinion on (a) the financial statements as of any date or for any period or (b) any financial data or other information referred to in this Report. The reader is cautioned that this Report may not disclose all matters and details about the ongoing Receivership proceedings. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this Report. Any use which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.

2.0 Activities of the Receiver

The following summarizes the major activities of the Receiver since September 30, 2021:

- Preparing the September 30, 2021 and December 31, 2021 Quarterly Reports;
- Preparing Receiver's Report No. 19 (which was filed with the Court on January 7, 2022) in support of a January 17, 2022 Court application (the "January 17th Application"), whereat the Receiver is seeking, *inter alia*, the passing of its accounts, approval of a fourth and final distribution to the shareholders (the "Final Distribution"), and approval of a process for the discharge of the Receiver and the winding-up of Crocus;
- Administering the interim distributions of funds as outlined in the Court Orders of September 4, 2009, December 12, 2011, and October 14, 2014;
- Corresponding with numerous shareholders, brokers, dealers, and intermediaries regarding the distributions and status of the Fund;
- Supervising and directing agents retained by the Receiver;
- Corresponding with individual Crocus shareholders;
- Corresponding with the bare trustee for the Fund;
- Ongoing monitoring and realization of the remaining investee companies and discussions with various stakeholders of the investees with respect to possible courses of action regarding Crocus' investment in the investees; and
- Fulfilling the duties of Crocus as General Partner of the Manitoba Science & Technology Fund Limited Partnership ("MS&T").

3.0 Operations

The ongoing activities related to Crocus consist of financial reporting, administration of the prior distributions, shareholder services, and tax reporting. The Receiver no longer employs any former employees of Crocus but has sub-contracted certain information technology and back office services.

4.0 Financial position

Financial information for Crocus has been prepared by the Receiver for the first fiscal quarter ended December 31, 2021, and is attached as Appendix 1.

The more significant assets remaining in the Fund include investments in cash and cash equivalents of approximately \$5.8 million, which excludes unclaimed funds of approximately \$2.0 million held in trust for shareholders relating to prior distributions.

5.0 Portfolio

5.1 Background

As at June 28, 2005, there were 46 individual investee companies in the Crocus portfolio with a gross carrying value of approximately \$64.1 million.

Cumulatively to December 31, 2021, all investments within the Crocus portfolio have been realized upon or are considered closed.

In summary, since its appointment, the Receiver has realized proceeds of approximately \$65.7 million for investments with a June 28, 2005 book value of approximately \$64.8 million, representing a recovery of approximately 101%. Crocus' carrying value for these investments, when it ceased trading in December 2004, was approximately \$101.1 million, which would represent a recovery of approximately 65%. In addition, since its appointment, the Receiver has eliminated exposure on approximately \$2.3 million in guarantees that had been reserved by Crocus.

5.2 Status

As at the date of this Report, approximately \$59,784 remains owing to Crocus by MS&T and ST Partnership, which amounts will be paid upon the final dissolution of MS&T.

As previously reported:

- Crocus is an investor in MS&T, a limited partnership, and is the sole owner of the General Partner, and the limited partners gave the General Partner a mandate to winddown the partnership; and
- Crocus holds a 77% interest in ST Partnership, ST Partnership is an investor in MS&T, and ST Partnership has no other assets other than its interest in MS&T.

All assets of MS&T have been realized and distributed amongst the limited partners, but for approximately \$149,237. The Receiver is in the process of winding-up MS&T and making a sixth and final distribution to the limited partners, \$59,784 of which will be paid to Crocus. The Receiver is expecting that the final distribution will be complete prior to the end of January 2022.

6.0 Share value

The estimated net asset value of the Class A and Class I shares (the "Share Value") as at December 31, 2021 was \$0.41 per share, as detailed in Appendix 1. As noted in previous reports, the Receiver emphasizes that the Share Value is an accounting book value.

As all 46 investments have been realized, and a Final Distribution is being sought and recommended by the Receiver for Court approval at the January 17th Application (as further detailed in Receiver's Report No. 19), there remains only a limited number of matters that will continue to have an impact on the Share Value, including:

- Whether there is any opposition to the recommended Final Distribution and/or other relief being sought by the Receiver at the January 17th 2022 Application (as further detailed in Receiver's Report No. 19), resulting in further Court proceedings;
- All other costs associated with ongoing administration of the distributions (as further detailed in Receiver's Report No. 19); and
- Professional costs incurred by the Receiver and its legal counsel to complete the administration of the receivership proceedings.

Given the status of the Fund, the Receiver will not be reporting any further changes in the Share Value in subsequent Quarterly Reports.

7.0 Interim distributions

7.1 First interim distribution

On September 4, 2009, the Court issued an Order authorizing a rateable interim distribution of approximately \$54.7 million to the Class A and Class I shareholders. Concurrent with the distribution, the Receiver also began distributing the net proceeds of the Class Actions settlements in the amount of approximately \$6.8 million. Class A and Class I shareholders received \$3.83 per share from the approved distribution plus their portion of the Class Actions settlements.

As at December 31, 2021, the Receiver had paid out approximately \$53.7 million, or approximately 98%, of the first interim distribution, and approximately \$6.7 million of the Class Actions settlements. There remains approximately \$1.1 million in unclaimed distributions.

7.2 Second interim distribution

On December 12, 2011, the Court issued an Order authorizing a second interim distribution of approximately \$9.0 million to the Class A and Class I shareholders.

Mailings for the distribution took place in January 2012. As at December 31, 2021, the Receiver had paid out approximately \$8.6 million, or 96%, of the second interim distribution, however, there remains approximately \$0.4 million in unclaimed distributions.

7.3 Third interim distribution

On October 14, 2014, the Court issued an Order authorizing a third interim distribution of \$0.60 per share to the Class A and Class I shareholders, or approximately \$8.6 million. Concurrent with the distribution, the Receiver also distributed the remaining Class Actions settlements proceeds of approximately \$0.7 million.

Mailings for the distribution took place in October and November 2014. As at December 31, 2021, the Receiver had paid out approximately \$8.1 million, or 94%, of the third interim distribution and approximately \$0.6 million of the remaining Class Actions settlements. There remains approximately \$0.6 million in unclaimed distributions.

7.4 Unclaimed interim distributions

On December 9, 2016, the Receiver sent correspondence to all shareholders with any unclaimed funds from one (1) or more of the three (3) interim distributions. The correspondence was customized for each shareholder depending on the nature of the account held and the funds that remained unclaimed. The Receiver requested that shareholders follow the detailed instructions in the correspondence to claim their distribution entitlements at their earliest opportunity, and by no later than February 28, 2017. Shareholders were further advised that any funds remaining unclaimed subsequent to February 28, 2017 may be paid to the Minister of Finance, following which shareholders will be obligated to prove their entitlement to the funds.

In total 6,690 letters were sent to shareholders with unclaimed funds. Responses were received from approximately 41% (2,752) of these shareholders resulting in approximately \$1.4 million in funds being distributed.

7.5 Future distributions

The majority of the Crocus assets have been realized upon with net proceeds of approximately \$72.3 million being approved by the Court for distribution to the Crocus shareholders. In addition, shareholders have been paid their portions of the Class Actions settlements and the Class Actions have been finalized.

As noted above, the Receiver is seeking approval of the Final Distribution at the January 17th Application, as further detailed in Receiver's Report No. 19.

8.0 Shareholder communication

The Receiver has continued to post Court Orders, Receiver's Reports, Quarterly Reports, media statements and shareholder letters on its website at www.deloitte.com/ca/crocusfund.

9.0 General

A Statement of Receipts and Disbursements for the period from June 28, 2005 to December 31, 2021 is attached as Appendix 2.

The Receiver will continue to keep the Court apprised of ongoing developments with the next Quarterly Report to be filed in mid-April 2022.

Respectfully submitted this 14th day of January, 2022.

DELOITTE RESTRUCTURING INC., in its capacity as Receiver and Manager of Crocus Investment Fund and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix 1 –
Crocus financial information as
at December 31, 2021

Crocus Investment Fund
Consolidated Statement of Net Assets
As December 31, 2021 (unaudited)

ASSETS

Cash and equivalents	\$ 5,853,309
Cash in Trust - Unclaimed Interim Distributions	1,985,046
	<u>7,838,355</u>

Accounts receivable	62,072
	<u>7,900,427</u>

LIABILITIES

Accounts payable and accrued liabilities	8,154
Due to Shareholders - Interim Distributions	1,985,046
	<u>1,993,200</u>

NET ASSETS

	<u>\$ 5,907,227</u>
--	---------------------

SHAREHOLDERS' EQUITY

Share capital	\$ 188,014,669
Deferred selling costs adjustment	(9,134,637)
Interim Distributions - Class "A" shares	(71,951,299)
Interim Distributions - Class "I" shares	(349,770)
Interim Distributions - Class "L" shares	(200)
Deficit	(100,671,536)
	<u>\$ 5,907,227</u>

NET ASSET VALUE PER SHARE

Net assets	\$ 5,907,227
------------	--------------

Balance attributed to the Class "A" Common and Series Two Class "I" Special Shares	<u>\$ 5,907,227</u>
--	---------------------

Number of issued Class "A" Common Shares	14,220,000
--	------------

Number of issued Series Two Class "I" Special Shares	<u>69,126</u>
--	---------------

14,289,126

**NET ASSET VALUE PER CLASS "A" COMMON SHARE and
SERIES TWO CLASS "I" SPECIAL SHARE**

	<u>\$ 0.41</u>
--	----------------

Appendix 2 –
Statement of receipts and
disbursements to December 31,
2021

**Deloitte Restructuring Inc., Receiver and Manager of
CROCUS INVESTMENT FUND
Statement of Receipts and Disbursements
For the Period June 28, 2005 to December 31, 2021**

	June 28, 2005 to March 31, 2016	April 1, 2016 to December 31, 2021	Total
Receipts			
Cash and Short Term Investments on Hand	\$ 23,363,012	\$ -	\$ 23,363,012
Contract Back Office Services	518,463	-	518,463
Dividends-Portfolio	657,483	160,000	817,483
Income Tax Refund	520,196	28,863	549,059
Insurance Claim and Premium Refund	20,662	-	20,662
Interest-Portfolio	1,929,765	186,171	2,115,936
Interest-Short Term Investments	7,727,235	235,416	7,962,651
Investment Principal Repayments	3,182,022	536,970	3,718,992
Management Fees	1,295,043	206,889	1,501,932
Proceeds on Disposal of Investments	57,140,767	4,868,787	62,009,554
Rent/Sub-Lease	2,671,548	-	2,671,548
Sundry	301,676	-	301,676
Pre-Receivership Accounts Receivable	1,247,463	-	1,247,463
Class Action Settlements	7,494,924	-	7,494,924
Total Receipts	\$ 108,070,259	\$ 6,223,096	\$ 114,293,355
Disbursements			
Advances to Investees	\$ 265,132	\$ -	\$ 265,132
Capital Tax	200,257	-	200,257
Computer, Telephone and Office Expense	856,301	31,371	887,672
Consulting Fees	359,150	-	359,150
Employee Pension	442,922	-	442,922
Insurance - Indemnification	167,563	-	167,563
Investee Guarantee and Indemnification	1,344,677	-	1,344,677
Investment Expenses	223,133	9,753	232,886
Legal Fees	2,292,238	125,213	2,417,451
Disbursements	64,678	3,045	67,723
Taxes	294,107	16,073	310,180
Legal Fees - Indemnification	728,405	-	728,405
Disbursements	12,985	-	12,985
Taxes	59,311	-	59,311
Payroll & Benefits	1,735,550	-	1,735,550
Receiver and Manager Fees	8,804,347	748,529	9,552,876
Taxes	491,554	37,825	529,379
Rent	4,317,703	-	4,317,703
Settlements	775,991	-	775,991
Shareholder Services	2,164,467	1,157,180	3,321,647
Pre-Receivership Payables and Accruals	914,385	-	914,385
Total Disbursements	26,514,856	2,128,989	28,643,845
Excess of Receipts over Disbursements prior to:	81,555,403	4,094,107	85,649,510
Interim Distributions - Class "A" Shares	68,782,103	1,346,742	70,128,845
Interim Distributions - Class "I" & "L" Shares	349,970	-	349,970
Class Action Settlements	7,222,807	109,533	7,332,340
Excess of Receipts over Disbursements	\$ 5,200,523	\$ 2,637,832	\$ 7,838,355
Represented by:			
Short Term Investments and Bonds			\$ 5,853,309
Cash in Trust - Interim Distributions			1,985,046
			\$ 7,838,355



www.deloitte.ca

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.