

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-041305-117

S U P E R I O R C O U R T
Commercial Division

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF: 1810040 ALBERTA LTD. (formerly known as HOMBURG INVEST INC. and HOMBURG SHARECO INC.)

Debtor

- and -

HOMCO REALTY FUND (61) LIMITED PARTNERSHIP

Mise en cause

- and -

DELOITTE RESTRUCTURING INC. (formerly known as SAMSON BÉLAIR/DELOITTE & TOUCHE INC.)

Monitor

**FIFTY-THIRD REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. On September 9, 2011, 1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") and certain related entities (collectively, the "**Debtors**") filed and obtained protection from their respective creditors under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an Order rendered by the Superior Court of Québec (as amended and extended from time to time, the "**Initial Order**").
2. Pursuant to the Initial Order (as amended), the Stay was extended to numerous other debtors and partnerships. As of this date, only Homco 61 is left as an "Applicant Partnership" (together with HII, the "**HII Parties**").
3. Deloitte Restructuring Inc. (formerly known as Samson Bélaire/Deloitte & Touche Inc.) was appointed as monitor (the "**Monitor**") under the CCAA.

4. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 in favour of the HII Parties, which Stay has been extended from time to time by order of the Court. Most recently, the Court extended the Stay up to and including February 28, 2020 (the "**Stay Period**").
5. Since the Initial Order, the Monitor has filed reports with the Court and served same to the Service List from time to time. The Monitor filed fifty-two such Monitor's reports (as well as some supplemental reports) prior to this fifty-third report of the Monitor (the "**Fifty-Third Report**"). Copies of all of the Monitor's reports are available on the Monitor's website at www.insolvencies.deloitte.ca under the Homburg Invest Inc. link. The Monitor has also established a toll-free number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the HII Parties' restructuring under the CCAA.

PURPOSE OF THE FIFTY-THIRD REPORT

6. This Fifty-Third Report is intended to provide an update on the progress of the HII Parties' restructuring process and related steps in connection with the execution of the HII/Shareco Plan and the Homco 61 Plan (collectively, the "**Plans**") and confirm the support of the Monitor to the Debtor's Application for an extension of the Stay Period dated February 26th, 2020 (the "**Debtor's Application**"). This report also outlines the current and projected cash positions of the Debtor and the status of the orderly liquidation initiatives.
7. This Fifty-Third Report is structured as follows:
 - I- Updates on the Execution of the Plans and the Distributions;
 - II- Debtor's Cash Flows;
 - III- Activities of the Monitor;
 - IV- Extension of the Stay Period / Funding by Homco 123;
 - V- Position of the Various Cash Reserves; and,
 - VI- Conclusions and Recommendations.

TERMS OF REFERENCE

8. In preparing this Fifty-Third Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, and all subsequent motions and applications filed with the Court and exhibits in support of same, its discussions with management of the HII Parties ("**Management**") and the HII Parties' and the Monitor's legal advisors. While the Monitor has analyzed the information, some in draft form, the Monitor has not performed an audit or otherwise verified such information. Forward-looking financial information included in this Fifty-Third Report is based on assumptions of Management regarding future events, and actual results achieved will vary from this information and such variations could be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Fifty-Third Report are as defined in the previous reports of the Monitor and the HII/Shareco Plan.

I. UPDATE ON THE EXECUTION OF THE PLANS AND THE DISTRIBUTIONS

10. On March 27, 2014, in conformity with the Plans, the Monitor issued certificates confirming that the Plan Implementation Date ("**PID**") took place from March 24, 2014 to March 27, 2014 and that the Homco 61 Plan Implementation Date occurred on

March 27, 2014. Since PID and in conformity with the Plans, the Monitor has proceeded to several distributions to the Affected Creditors and has continued to diligently monitor the execution of the Plans, with the objective to proceed with a last distribution to the Affected Creditors. As mentioned in previous reports, delays regarding the disposition of a non-core asset, namely a property Homco 123, whose proceeds are expected to increase the ultimate recovery for the Affected Creditors, explains mainly why the final distribution and the closing of the file has been postponed from time to time.

DISTRIBUTIONS

11. Since PID, the Monitor proceeded with several distributions to the Affected Creditors and Homco 61 Affected Creditors under the respective Plans.
12. Since the filing of the Fifty-Second Report on December 17, 2019, at the time of the request for the Thirty-Third Extension, the Monitor has not proceeded with any additional distributions to all Affected Creditors or all Homco 61 Affected Creditors.
13. For efficiency purposes, it remains the intent of the Monitor, in consultation with the Liquidation Advisory Committee, that the next distribution of the proceeds from the Asset Realization Cash Pool, along with any of the remaining proceeds to be released from the Disputed Claims Reserve (once the Bond 6 HII Deficiency Claim is finally determined as explained below), the Litigation Reserve and the Directors' Charge reserve, will be the final distribution under the terms of the Plans. Since the Monitor already proceeded in the past with several distributions, the balance of cash still in control of the Monitor for future distribution to the Affected Creditors and the Homco 61 Affected Creditors remains minimal, on a per creditor basis, and this balance is anticipated to be positively and materially impacted by the anticipated proceeds from Homco 123.

RESOLUTION OF DISPUTED CLAIMS

14. Since the Fifty-Second Report, the situation of the Disputed Claims has remained unchanged. Only one category of Disputed Claims remains outstanding, namely the claims of the Bond 6 Claim Holders (i.e. the Bond 6 HII Deficiency Claim that can only be determined at the time of the Final Distribution).

SALE PROCESS / REALIZATION OF NON-CORE ASSETS

15. Homco 123 holds the only property and outstanding asset to be sold, in order for the Monitor to proceed with the final distribution under the terms of the Plans.
16. As indicated in the Fifty-Second Report, the real estate broker currently marketing the property (JLL) then anticipated that it would obtain offers on the property by end of February 2020.
17. During the months of January and February 2020, serious parties demonstrated interest in the property. Despite the fact that no formal offer has been received yet, active due diligence, as well as site visits, are currently being undertaken by several potential buyers. HII's European consultant, who is in communication with the potential buyers and with JLL, the real estate broker, indicated to the Monitor that a transaction generating equity to HII for the benefit of the Affected Creditors could close in the coming months.
18. While the sale process continues, all costs in connection with this property continue to be assumed by the individual entity, with no property costs to be assumed by HII (there

has been no shortfall, but if one would unexpectedly occur, it would be assumed by Propertize, the secured Lender). As previously reported to the Court, Homco 123 continues to be a cash flow positive entity and its financial situation allows it to make the monthly principal payments owed to Propertize, in an approximate amount of 50K Euros, hence increasing the equity for the benefit of the Affected Creditors and Homco 61 Affected creditors, for each passing month.

19. Propertize agreed that 50% of the budgeted expenses related to the three last extension periods be funded by Homco 123's cash being the object of Propertize's security, and Propertize has verbally confirmed to the HII Group's consultant that this commitment was valid for the budgeted expenses related to the Thirty-Fourth extension period.

BANKRUPTCY AND WINDING-UP OF NON-CORE BUSINESS ENTITIES

20. For efficiency purposes, no other HII Group entities filed for bankruptcy since the last extension of the Stay Period. It was decided to postpone the bankruptcy filings as much as possible so that all remaining HII Group Entities where a filing is deemed required will, to the extent possible, proceed at the same time in the most efficient fashion. As of the date of this report, 8 Homcos (including Homco 123), meaning 16 entities including their respective general partners, remain to be wound up or filed into bankruptcy in order to finalize the execution of the Plans.

II. DEBTOR'S CASH FLOWS

21. The purpose of this section is as follows:
 - i. Provide budget-to-actual analysis highlights for the period from December 1, 2019 to February 19, 2020; and,
 - ii. Provide explanations or comments on the variances.

OVERVIEW

22. The following table provides an overview of the opening cash balances, the closing cash balances, and the cash variations of HII for the period from December 1, 2019 to February 19, 2020:

Cash variation for the period from December 1, 2019 to February 19, 2020 (C\$000)						
Petitioner	Opening cash balance	Total variance	Subtotal	Funded by Administrative Reserve	Cash received from Homco 123	Adjusted ending cash balance
1810040 Alberta Ltd.	498	98	596	150	226	972

Note 1: This amount represents an amount paid previously on behalf of a Non-Petitioner and reimbursed to HI.

For the budget to actual cash flow forecast analysis of HII, for the period from December 1, 2019 to February 19, 2020, and commentaries in respect of the analysis performed, please refer to Appendix A of this Fifty-Third Report.

23. As of the date of this report, all appropriate and approved post-filing expenses have been paid, and will continue to be paid, in the normal course, out of the Administrative Reserve and the funds received from Homco 123.

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Homburg Shareco Inc.)

24. Total cash inflows for 1810040 Alberta Ltd. of \$237.2K, mostly relate to tax refunds, and the dissolution of Homco 116 and Hinvest Management and Accounting B.V. (which were not expected to be received during this period), while total cash outflows were \$130.6K, which resulted in a positive net cash variation of \$106.6K compared to the amount initially budgeted. As well, \$226.0K was received from Homco 123 as per the cost sharing agreement with Propertize.

III. ACTIVITIES OF THE MONITOR

25. This section summarizes other activities of the Monitor which are not specifically addressed in the previous sections.

CASH FLOW MONITORING

26. On a regular basis, the Monitor has continued to analyze the Debtor's cash flows. As explained in the previous section of this Fifty-Third Report, a budget-to-actual cash flow analysis of the Debtor for the period from December 1, 2019 to February 19, 2020 has been prepared together with commentaries of cash variances, as presented in Appendix A of this Fifty-Third Report.
27. As part of this process, the Monitor has also analyzed cash inflows and cash outflows from all of the bank accounts of HII Group Entities which have been neither liquidated nor bankrupted. All disbursements for services rendered to the HII Parties have been presented to the Monitor for review.

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

28. The Monitor has continued to post on its website all public information and documentation related to the HII Parties' restructuring process.

COMMUNICATIONS WITH CREDITORS

29. Since September 2011, the Monitor has made available a toll-free number (related to a call centre) and a mailbox in order to assist its communications with Affected Creditors and Homco 61 Affected Creditors. The Monitor has responded and continues to respond to each query in a timely manner.

IV. EXTENSION OF THE STAY PERIOD / FUNDING BY HOMCO 123

OVERVIEW

30. Pursuant to the Thirty-Third Extension Order, the Stay Period was extended up to and including February 28, 2020.
31. The Debtor's Application is seeking a thirty-fourth extension of the Stay Period until June 30, 2020 (the "**Thirty-Fourth Extension Period**"). This extension will allow mainly for the following:
- i. Complete the realization of the remaining Non-Core Business Asset (namely the Homco 123 property) with the objective of generating a significant amount of equity to the Affected Creditors;

- ii. Once the sale of Homco 123 is completed, and likely beyond the Thirty-Fourth Extension Period, proceed with the planning of the final distribution to the Affected Creditors and Homco 61 Affected Creditors pursuant to the Plans and complete all steps necessary in connection thereto, including the last bankruptcies to be filed; and
 - iii. Continue to keep creditors and other stakeholders informed and answer their queries.
32. It is the Monitor's view that it is in the best interests of the stakeholders to provide the HII Parties with the Thirty-Fourth Extension Period in order to allow the HII Parties and the Monitor to continue their progress towards finalizing the remaining steps provided in the Plans and exit the CCAA proceedings.

EXTENDED 4-MONTH CASH FLOW FORECASTS

33. The Debtors, with the support of the Monitor, prepared new cash flow forecasts for the Thirty-Fourth Extension Period, adjusting the projected cash flows for the period ending on June 30, 2020, namely the end of the Thirty-Fourth Extension Period.
34. The extended 4-month cash flow forecasts for HII as well as additional comments identifying the primary assumptions are attached as Appendix B.
35. Presented in the table below is a summary of the forecasted cash variations for HII

Extension - period ending June 30, 2020 (Appendix C)			
(C\$000)	Opening cash balance as of February 19, 2020	Forecasted cash variation for the period	Forecasted closing cash balance as at June 30, 2020
1810040 Alberta Ltd.	972	(155)	817

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Homburg Shareco Inc.)

36. Payroll is expected to remain constant during the period to reflect the expected workload of the remaining employees paid based on hourly fees to keep accounting and tax records updated. The sole remaining director and officer of HII is paid on a fixed monthly fee.
37. Rent expense is expected to be incurred during all the period, as the office is required to support the employees.
38. Professional fees are expected to remain nominal, except for the month of June 2020 in light namely of the work required to proceed with the sale process of the Homco 123 property, the final distribution, the bankruptcy filings of the remaining HII Group entities and/or the extension leading to the final distribution.
39. Office and administrative fees are expected to be at \$1K per month.
40. At the time of this Fifty-Third Report, there is nothing that would lead the Monitor to believe that HII will need additional financing to meet its current obligations during the Thirty-Fourth Extension Period.

V. POSITION OF THE VARIOUS CASH RESERVES

41. The following table presents an overview of the current balances in the Cash Pool and the various Cash Reserve accounts held by the Monitor pursuant to the HII/Shareco Plan:

Cash Reserves Accounts (C\$000)	
Trust Account	February 19, 2020
Cash Pool and Asset Realization Cash Pool	2,448
Administrative Reserve	7
Litigation Reserve	531
Disputed Claims Reserves	641
Directors' Charge Reserve	2,107

Cash Reserves Accounts (€000)	
Trust Account	February 19, 2020
Administrative Reserve	57

Note 1: This table excludes the equity anticipated to be generated by the Homco 123 property.

VI. CONCLUSIONS AND RECOMMENDATIONS

42. It is the Monitor's view that the HII Parties have acted in good faith and with due diligence in accordance with the CCAA and the Initial Order and the subsequent orders rendered by the Court.
43. It is the Monitor's opinion that, for the reasons further elaborated in this Fifty-Third Report, the Thirty-Fourth Extension, up to June 30, 2020, should be granted to the HII Parties in order to allow the Monitor and the HII Parties to pursue their efforts towards completing the remaining steps provided by the Plans, proceed with the final distribution and exit the CCAA proceedings.
44. The Monitor respectfully submits this Fifty-Third Report to the Court.

DATED AT MONTREAL, this 26th day of February 2020.



Pierre Laporte, FCPA, FCA, CIRP, LIT
Senior Vice-President

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Monitor

APPENDIX A

The following is the budget-to-actual cash flow analysis for 1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Homburg Shareco Inc.) for the period noted:

1810040 Alberta Ltd.
Budget-to-Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C\$000)

	For the 3-month period from		
	December 1, 2019 to February 19, 2020		
	Actual	Budget	Variance
Cash inflows			
Other receipts	237.2	10.0	227.2
Total cash inflows	<u>237.2</u>	<u>10.0</u>	<u>227.2</u>
Cash outflows			
Payroll	32.1	22.5	(9.6)
Rent expense	6.0	6.0	-
Restructuring related professional fees	69.6	110.0	40.4
Directors & Officers Insurance	-	-	-
Office & administrative	22.9	3.0	(19.9)
Other expenditures / Refund to Administrative Reserve	-	-	-
Total cash outflows	<u>130.6</u>	<u>141.5</u>	<u>10.9</u>
Opening cash balance	<u>498.2</u>	<u>498.2</u>	<u>-</u>
Funding Homco 123	-	55.5	(55.5)
Variation in cash balance	106.6	(131.5)	238.1
Exchange rate (Gain / Loss)	(10.6)	-	(10.6)
Ending cash balance	<u>594.2</u>	<u>422.2</u>	<u>172.0</u>
Funding from the Administrative Reserve	<u>149.8</u>	<u>-</u>	<u>149.8</u>
Cash received from Homco 123	<u>226.0</u>	<u>226.0</u>	<u>-</u>
Surplus (funding) between HII and its non-Petitioners	<u>1.5</u>	<u>-</u>	<u>1.5</u>
Adjusted ending cash balance	<u>971.5</u>	<u>648.2</u>	<u>323.3</u>

1810040 Alberta Ltd. budget-to-actual commentaries

The Monitor's comments on HII's total cash inflow and outflow variances during the period noted are as follows:

Ending cash balance

- The funding from the Administrative Reserve of \$149.8K reflects the funding received from the Monitor's trust account. As outlined in previous reports, at PID all HII cash was transferred to trust accounts controlled by the Monitor and accordingly, HII now submits funding requests to the Monitor. These funding requests are reviewed by the Monitor and funds are then transferred to HII to allow for the payment of post-PID expenses.

- For the Thirty-Third Extension, Propertize agreed that the budgeted disbursements related to the period be 50% funded by Homco 123's cash (currently pledged in favor of Propertize). Therefore Homco 123 will transfer cash of \$55.5K in February 2020 to HII to cover Propertize's share of the disbursements related to the Thirty-Third Extension Period.

Inflows

- Other receipts were \$237.2K compared to a budgeted amount of 10.0K, resulting in a favorable variance of \$227.2K. The favorable variance is mainly due to the unbudgeted receipt of \$2.8K of refunds related to Stichting Homburg invoices, and \$211.3K related to the dissolution of Hinvest Management and Accounting B.V., and Homco Realty Fund (116) Limited Partnership, which closed to close their respective bank accounts, and \$13.1K of unbudgeted HST refund.
- A transfer of \$226.0K of funds from Homco 123 to cover 50% of the disbursements for the Thirty-First and Thirty-Second extension periods was received during the current reporting period.

Outflows

- Payroll was \$32.1K compared to a budgeted amount of \$22.5K, resulting in an unfavorable variance of \$9.6K. This unfavorable variance is mainly due to a higher workload than originally anticipated.
- Restructuring related professional fees were \$69.6K compared to a budgeted amount of \$110.0K, resulting in a favorable variance of \$40.4K. This favorable variance is mainly due to timing.
- Office & Administrative expenses were \$22.9K compared to a budgeted amount of \$3.0K, resulting in an unfavorable variance of \$19.9K. This unfavorable variance is mainly due to timing.
- In accordance with the Court Order dated February 17, 2012 and February 7, 2014, the payment of fees, disbursements and expenses of the Trustees of the Stichting Homburg Bonds and Stichting Homburg Capital Securities A (collectively, "**Stichting**") and their legal and financial advisors incurred since December 3, 2011 are to be advanced by HII. The following table presents a summary of the actual fees advanced to Stichting since the Court Order was implemented, which will be offset against any dividend payable to Stichting from HII (see table on next page):

Stichting Homburg invoice list				
Invoice	Date Range	Amt. per Invoice	Amount in \$	
INVOICE nr 3.2012 to 25.2012	Dec. 5, 2011 - Dec. 31, 2012	\$ 4,090,960	\$	4,090,960
INVOICE nr 26.2013 to 49.2013	Dec 5, 2013 - Dec 31, 2013	\$ 4,510,612	\$	4,510,612
INVOICE nr 51.2014 to 68.2014	Jan 1, 2014 - Dec 31, 2014	\$ 1,738,085	\$	1,738,085
INVOICE nr 69.2015 to 80.2015	Jan 1, 2015 - Dec 31, 2015	\$ 693,966	\$	693,966
INVOICE nr 81.2016 to 92.2016	Jan 1, 2016 to Dec 31, 2016	\$ 348,951	\$	348,951
INVOICE nr 93.2017 to 104.2017	Jan 1, 2017 to Dec 31, 2017	\$ 268,017	\$	268,017
INVOICE nr 105.2018 to 116.2018	Jan 1, 2018 to Dec 31, 2018	\$ 151,161	\$	151,161
INVOICE nr 117.2019 to 128.2020	Jan 1, 2019 - Dec 31, 2019	\$ 110,848	\$	110,848
CREDIT NOTE C24.2016	Invoices 83, 84, 85, 86, 87	\$ (4,644)	\$	(6,579)
CREDIT NOTE C26.2017 to C29.2017	Invoices 89 to 100	\$ (24,656)	\$	(35,791)
CREDIT NOTE C30.2018 to C33.2018	Invoices 101 to 112	\$ (18,282)	\$	(28,006)
CREDIT NOTE C34.2019 to C37.2019	Invoices 113 to 124	\$ (13,898)	\$	(20,710)
CREDIT NOTE C38.2020	Invoices 125 to 127	\$ (3,010)	\$	(4,362)
VAT Refund ¹	Invoices 3 to 28	\$ (432,506)	\$	(563,776)
VAT Refund ⁵	Invoices 30 to 55	\$ (304,581)	\$	(436,744)
VAT Refund ¹⁰	Invoices 57 to 80	\$ (146,027)	\$	(208,488)
VAT Refund ¹⁷	Invoices 81 to 92	\$ (41,063)	\$	(59,400)
VAT Refund ²¹	Re: Foreign currency effects	\$ (100,000)	\$	(146,080)
Total (Converted on date paid)			\$	10,402,663

APPENDIX B
1810040 Alberta Ltd. - Extended 4-month cash flow forecast (\$C)

Updated as of February 19, 2020

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)
 Extended cash flow statement from February 19, 2020 to June 30, 2020

	52nd Report		53rd Report				
Beginning period: Ending period:	February 20 to 29	TOTAL	For the month of March	For the month of April	For the month of May	For the month of June	TOTAL 4-Month Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows							
Other receipts	-	-	5,000	-	5,000	-	10,000
Castello settlement	-	-	-	-	-	-	-
Total cash inflows	-	-	5,000	-	5,000	-	10,000
Cash outflows							
Payroll	7,500	7,500	7,500	7,500	7,500	7,500	30,000
Rent expense	2,000	2,000	2,000	2,000	2,000	2,000	8,000
Restructuring related professional fees	10,000	10,000	5,000	5,000	5,000	80,000	95,000
Directors & Officers Insurance	-	-	-	-	-	-	-
Office & administrative	1,000	1,000	1,000	1,000	1,000	1,000	4,000
Other expenditures	-	-	-	-	-	-	-
Total cash outflows	20,500	20,500	15,500	15,500	15,500	90,500	137,000
Opening balance	972,000	972,000	1,007,500	991,750	968,500	952,750	1,007,500
Payments in transit	-	-	-	-	-	-	-
Variation in cash balance (Petitioners)	(20,500)	(20,500)	(10,500)	(15,500)	(10,500)	(90,500)	(127,000)
Funding Homco 123 (50%)	-	-	(5,250)	(7,750)	(5,250)	(45,250)	(63,500)
Funding Homco 123 per monitors report	56,000	56,000	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-
Adjusted ending cash balance	1,007,500	1,007,500	991,750	968,500	952,750	817,000	817,000

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 19, 2020.
- 2) Payroll is expected to remain at \$7.5K per month to reflect the expected workload and agreement at a reduced amount with the sole director (in place since the beginning of 2019).
- 3) Rent expense is expected to be incurred during all the period as the office is required to support the employees.
- 4) Budgeted amounts for professional fees during the Thirty-Fourth Extension Period reflects the reduced level of work expected during the first three months in light of the extension request and the expected workload increase in June 2020 in light namely of the work required in connection with the sale of the Homco 123 property, the final distribution, the bankruptcy filings and other items to exit the CCAA proceedings.
- 5) Office and administrative fees are expected to be at \$1K per month.
- 6) Extending the proceedings and the sale process of the Homco 123 property is partly to the benefit of Propertize, the secured lender of Homco 123, as it avoids taking possession and realizing the property and/or reducing the value of the same due to the uncertainty. Propertize verbally agreed that the budgeted disbursements related to the Thirty-Fourth Extension period be 50% funded by Homco 123's cash currently pledged in favor of Propertize.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

CASH FLOW STATEMENT

A statement indicating, on a monthly basis, the projected cash flow of 1810040 Alberta Ltd., based on probable and hypothetical assumptions that reflect 1810040 Alberta Ltd.'s planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in 1810040 Alberta Ltd.'s judgment, but are consistent with the purpose of the Cash Flow Statement.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) 1810040 Alberta Ltd.'s cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of 1810040 Alberta Ltd.; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

Meaning that the assumptions are based on either one or more of the following factors:

- (i) The past performance of 1810040 Alberta Ltd.;
- (ii) The performance of other industry/market participants engaged in similar activities as 1810040 Alberta Ltd.;
- (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.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at February 19, 2020	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
GST/HST/VAT received	No refunds are forecasted for the period	X	
Other receipts	No receipts are forecasted for the period	X	
<u>Forecast cash disbursements</u>			
Payroll	Based on updated salaries and payment of applicable severances	X	
Rent expense	Office space in Halifax	X	
Restructuring related professional fees	Represent fees of Deloitte, McCarthy Tétrault, Osler, Clifford Chance, Loyens & Loeff, Terrealis and others	X	
Director and Officers Insurance	No Directors and Officers insurance fees are forecasted for the period	X	
Office & administrative	Bank fees, travel, telephone, non-CCAA professional fees and other	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
	miscellaneous costs		
Other expenditures	No disbursements are forecasted for the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	