

**Estate No:** 51-1965976  
**Court No:** 38866  
**District No:** 02  
**Division No:** 01-Halifax

## **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:**

### **3258042 NOVA SCOTIA LIMITED**

#### **Fifth Report of the Trustee pursuant to the Bankruptcy and Insolvency Act ("BIA")**

#### **1. INTRODUCTION AND BACKGROUND**

- 1.1 3258042 Nova Scotia Limited ("3258042" or the "Company") was incorporated in Nova Scotia on October 20, 2011. The shares of 3258042 are 90% owned by Peter Hendrickson, President, and 10% owned by Robert Barrett.
- 1.2 3258042 is based in Dartmouth, Nova Scotia. The Company owns and operates a 213,389 square foot commercial facility located at 180 Thornhill Drive in Dartmouth (the "Property"). The Company has several tenants under lease for the usage of the facility, occupying approximately 173,500 square feet of the facility. As of April 30, 2015, approximately 50,000 square feet is vacant and available for lease.
- 1.3 The Company's major tenant, Tour Tech East Limited ("Tour Tech"), is a related entity which services the entertainment industry through the provision of professional audio, lighting and staging rentals installation and distribution, servicing Canada and the eastern United States. Tour Tech's operations occupy approximately 120,000 square feet of the Property. Historically, Tour Tech has not paid rent to the Company; however, Tour Tech has paid the operating costs of the Property. The Trustee has been advised that property taxes related to the Property have not been paid since 2013.
- 1.4 On February 19, 2015, 3258042 and Tour Tech received a demand for repayment of outstanding amounts owing and a notice of intention to enforce security from the Business Development Bank of Canada ("BDC"). The Property is financed with BDC.
- 1.5 On February 20, 2015, Tour Tech filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4 of the BIA. Deloitte Restructuring Inc. ("Deloitte" or the "Proposal Trustee") was appointed as the trustee under the NOI.
- 1.6 On February 27, 2015, 3258042 filed a NOI pursuant to Section 50.4 of the BIA. Deloitte was appointed as the Proposal Trustee.
- 1.7 On March 20, 2015, the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "Court") granted an order approving an extension of time to allow the Company to work towards filing a proposal to its creditors to May 7, 2015.
- 1.8 On May 7, 2015, the Court granted an order approving an extension of time to allow the Company to work towards filing a proposal to its creditors to June 19, 2015.
- 1.9 On June 19, 2015, this Court granted an order approving an extension of time to make a proposal to and including July 14, 2015.
- 1.10 On July 14, 2015, the Company filed a proposal with the Official Receiver.

- 1.11 On August 4, 2015 the meeting of creditors (the “Creditors Meeting”) was convened to consider the Proposal of the Company. The outcome of the meeting was the Proposal had been accepted but was not binding on the Class 1 Secured Creditors.
- 1.12 On August 4, 2015, BDC appointed PwC Inc. as Receiver of Tour Tech.
- 1.13 Subsequent to the Creditors Meeting, BDC, PwC, Tour Tech and the Proposal Trustee engaged in discussions with a new party (the “Interested Party”) who had expressed an interest in both Tour Tech and 3258042.
- 1.14 On August 21, 2015, the Proposal Trustee filed a Material Adverse Change Report pursuant to Sections 50. (10)(i) and 50.(10)(a.1) with this Court. A copy of this report was also provided to the Official Receiver and known creditors.
- 1.15 On August 24, 2015, the Proposal Trustee provided notice of the September 10, 2015 hearing for the approval of the Proposal pursuant to Section 58(b) of the BIA.
- 1.16 On September 9, 2015, legal counsel to the Proposal Trustee received correspondence from legal counsel to the Interested Party. The correspondence outlined that the Interested Party had reached an agreement with BDC regarding a purchase of the BDC security and advised that the Interested Party was interested in funding the Proposal pending completion of due diligence.
- 1.17 On September 9, 2015, legal counsel to the Proposal Trustee emailed notification to the parties on the Service List that the hearing for the approval of the Proposal scheduled for September 10, 2015 had been adjourned to September 30, 2015.
- 1.18 On September 21, 2015, the Proposal Trustee filed the Report of Trustee on Proposal pursuant to Section 58(d) of the BIA.
- 1.19 On September 21, 2015, the Proposal Trustee provided notice of the September 30, 2015 hearing for the approval of the Proposal pursuant to Section 58(b) of the BIA.

## **2. TERMS OF REFERENCE**

- 2.1 In preparing this report (“the Fifth Report”), the Proposal Trustee has relied upon financial information of the Company and discussions with the Company’s management.
- 2.2 The Proposal Trustee 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 the Fifth Report. Any use which any party makes of the Fifth Report, or any reliance or decisions to be made on the Fifth Report, is the sole responsibility of such party.
- 2.3. The purpose of the Fifth Report is to inform this Court on the status of:
  - i. the proposed actions of the Interested Party; and
  - ii. the Proposal Trustee’s intended course of action.

### **3. ACTIONS OF INTERESTED PARTY**

3.1 On September 25, 2015, legal counsel to the Proposal Trustee received correspondence from legal counsel to the Interested Party. The correspondence advised that after completion of the due diligence phase, the Interested Party determined they were no longer interested in funding the Proposal.

### **4. INTENDED COURSE OF ACTION**

4.1 The Proposal Trustee is of the view that the decision by the Interested Party to not fund the Proposal has caused the Proposal to be frustrated and therefore no longer reasonable for the Court to approve.

4.2 It is the Proposal Trustee's intended course of action to:

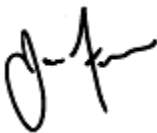
- (i) file this report with the Official Receiver on September 25, 2015; and
- (ii) distribute this report to the known creditors of the Company and post on the Proposal Trustee's website.

All of which is respectively submitted to this Court this 25<sup>th</sup> day of September 2015.

#### **DELOITTE RESTRUCTURING INC.**

In its capacity as Trustee under the Proposal of  
3258042 Nova Scotia Limited  
and not in its personal capacity.

Per:



James Foran, CPA, CA, CIRP  
Vice President