

June 26, 2015

Via email

Caroline Lafontaine
Acting Registrar
Justice Building
427 Queen Street
Fredericton, New Brunswick
E3B 1B7

Dear Ms. Lafontaine,

Subject: 663230 NB Inc. – Estate No. 51-2000260; Court No. 21256

Please find enclosed the Proposal Trustee's First Report relating to 663230 NB Inc. –Estate No. 51-2000260; Court No. 21256 motion to be heard on July 8, 2015 at 2:00 p.m. on the application of the Company by Registrar LeBlanc.

We trust you will find the enclosed to be in order. If you have any questions please feel free to contact the undersigned at your convenience.

Sincerely,

DELOITTE RESTRUCTURING INC.
Acting in its capacity as Proposal Trustee of
663230 NB Inc.
and not in its personal capacity

Per:



Jean B. Goguen, CMA, CIRP
Vice President

Enclosure (Trustee's First Report)

c: Service List

Estate No: 51-2000260
Court No: 21256
Division No: 02-Fredericton

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

663230 NB INC.

First Report of the Trustee pursuant to sections 50.4(7)(b)(ii) and 50.4(9) of the Bankruptcy and Insolvency Act ("BIA")

1. INTRODUCTION AND BACKGROUND

- 1.1 663230 NB Inc. and 663231 NB Inc (the "Numbered Companies") were incorporated in New Brunswick on April 13, 2012 following the acquisition of the Clarion Hotel from Place de l'Assomption Limitée / Assomption Place Limited ("Assomption"). As consideration for the assets, Assomption was provided a \$500,000 promissory note on August 31, 2012.
- 1.2 The Numbered Companies were amalgamated into 663230 NB Inc. ("663230" or the "Company") on August 1, 2014. The Company is equally owned by Serge Lemieux, Eric Long and Guy Long.
- 1.3 The Company owns and operates a 103-unit hotel located at 100 Rice Road, Edmundston, New Brunswick. In addition to the hotel, there is a restaurant operating under the banner Frank's Bar & Grill, and banquet and meeting facilities (collectively, the "Property").
- 1.4 The Company entered into a licensing agreement on June 29, 2012 with License (Canadian) OPS Limited Partnership (the "Licensor") to operate under the Starwood brand as a Four Points by Sheraton Hotel ("Four Points").
- 1.5 The Property is located within a commercial complex owned and operated by Assomption. On August 31, 2012, the Company entered into several operating agreements (collectively, the "Shared Services") with Assomption, as follows:
 - i. Meeting Room Lease agreement;
 - ii. Reimbursement of Electricity Cost Agreement; and
 - iii. Heat, Ventilation and Air Conditioning ("HVAC") System Agreement.
- 1.6 On May 26, 2015, the Company received a demand for repayment ("Demand Letter") of outstanding amounts owing under the Shared Services agreements from Assomption. The Demand Letter stated that a failure to pay all amounts outstanding would result in the interruption of Shared Services on May 31, 2015. A copy of the Demand Letter is attached as Appendix A.
- 1.7 On May 29, 2015, the Company 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. A copy of the Certificate of the NOI as issued by the Office of the Superintendent of Bankruptcy ("OSB") is attached as Appendix B.

2. TERMS OF REFERENCE

- 2.1 In preparing this report (the “First Report”), the Proposal Trustee has relied upon financial information received from the Company and discussions with the Company’s management (“Management”) and Cox & Palmer, the Company’s legal counsel.
- 2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that the First Report may not disclose all significant matters about the Company. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Proposal Trustee does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of the First Report.
- 2.3 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 First Report. Any use which any party makes of the First Report, or any reliance or decisions to be made is the sole responsibility of such party.
- 2.4 All dollar amounts identified in the First Report are expressed in Canadian dollars.
- 2.5 The purpose of the First Report is to inform this Court on the status of:
- i. the financial position of the Company and the causes of its financial difficulties;
 - ii. the actual results to date against the initial statement of projected cash flows filed on June 8, 2015 (the “NOI Cash Flow”) and forecasted cash flows for the remaining period consideration (the “First Extension Cash Flow”);
 - iii. the Company’s progress towards a restructuring plan;
 - iv. the Company’s request for an Administration Charge Order (the “Administrative Charge”), and
 - v. the Proposal Trustee’s position on the Company’s application for a 45 day extension to the stay of proceedings.

3. FINANCIAL POSITION AND CAUSES OF FINANCIAL DIFFICULTY

3.1 The Company has experienced operational losses since it began operations in 2012. Based on internal financial statements presented by Management as of May 31, 2015, the Company's financial performance is summarized as follows:

(CAD \$000s)	May 31, 2015 (10 months)	July 31, 2014 (12 months)	July 31, 2013 (12 months)
Revenues			
Hotel revenue	1,494	1,380	544
Food & beverage revenue	1,320	1,462	591
	<u>2,814</u>	<u>2,842</u>	<u>1,135</u>
Expenses			
Hotel expenses	1,919	2,180	1,163
Food & beverage expenses	1,190	1,575	657
	<u>3,109</u>	<u>3,755</u>	<u>1,820</u>
Operating Income	<u>(295)</u>	<u>(913)</u>	<u>(685)</u>
Interest on long-term debt	254	292	64
Income taxes	-	-	-
Depreciation and amortization (Note 1)	-	316	416
EBITDA	<u>(41)</u>	<u>(305)</u>	<u>(205)</u>

Note 1: Depreciation and amortization entries are made annually and have not yet been made for fiscal 2015.

3.2 Based on internal financial statements presented by Management as of May 31, 2015, the Company's financial position is summarized as follows:

(CAD \$000s)	May 31, 2015 (10 months)	July 31, 2014 (12 months)	July 31, 2013 (12 months)
Assets			
Cash (Note 1)	46	-	-
Other current assets	436	338	309
Fixed & other assets	5,508	5,693	5,743
	<u>5,990</u>	<u>6,031</u>	<u>6,052</u>
Liabilities			
Bank overdraft	542	37	5
Accounts payable and other current liabilities (Note 1)	668	899	1,553
Long term debt	3,945	3,873	3,143
Due to shareholders	727	821	586
	<u>5,882</u>	<u>5,630</u>	<u>5,287</u>
Equity			
	<u>108</u>	<u>400</u>	<u>766</u>
	<u>5,990</u>	<u>6,031</u>	<u>6,052</u>

Note 1: The Company has written \$542 in cheques which it does not have sufficient funds to honor. These cheques have not been provided to suppliers. For presentation purposes the value of these cheques has been reclassified from 'Cash' to 'Accounts payable and other current liabilities'.

3.3 Management attributes the causes of financial difficulty to:

- i. lost revenue and unanticipated capital expenditures at the time of purchase in 2012;
- ii. unexpected costs relating to a labour dispute;
- iii. hotel occupancy rates below projections provided by Four Points;
- iv. operating costs, specifically Shared Services, materially greater than projected; and
- v. non-recurring expenses pertaining to on-going disputes with Assomption.

3.4 In accordance with the terms of the Asset Purchase Agreement with Assomption, the Company has filed a claim requesting indemnity payments for sustained losses related to:

- i. a capital revitalization project undertaken at the time of purchase which resulted in capital expenditures of approximately \$1.6 million more than anticipated;
- ii. lost revenues in 2012 related to delays in operations due to the longer than expected capital revitalization program, and
- iii. damages paid to former employees related to a subsequent employer grievance filed in 2013.

As at the date of this report, Assomption has not settled the outstanding indemnity claims of the Company.

3.5 Upon entering into the Licensor agreement with Four Points in 2012, the Company was provided with projections detailing anticipated occupancy rates. To date, the Company has experienced actual occupancy rates well below the provided forecasts.

3.6 Shared Services, including electricity and HVAC, are provided by Assomption in conjunction with the Shared Services agreements. Management commissioned a third-party review of the experienced costs versus anticipated market-rate costs for facilities of a similar size and nature. The third-part review indicated that the Company may be paying rates in excess of fair market value.

4. CASH FLOW PROJECTIONS AND PRELIMINARY RESULTS

4.1 Cash Flow projections prepared by the Company for the 13-week period ending August 27, 2015 were filed with the OSB on June 8, 2015. A copy of the NOI Cash Flow is attached as Appendix C.

4.2 The NOI Cash Flow was prepared on the assumption that:

- i. the Company's cash flow lender, Caisse Populaires Acadiennes ("Caisse"), will continue to provide access to the Company's \$100,000 line of credit;
- ii. critical suppliers and vendors will continue to support the Company during the NOI period; and
- iii. the Company will continue to experience normal occupancy levels at the hotel, banquet facilities and restaurant during the NOI period.

4.3 The Proposal Trustee monitored the actual cash flow results for the three week period ended June 18, 2015 ("Variance Analysis"). A copy of the detailed actual to budget variance analysis, including commentary surrounding material variances, will be provided in a supplemental report on or before July 6, 2015.

4.4 An initial review of the Variance Analysis as compared to the NOI Cash Flow projections demonstrates that the Company has achieved a favorable variance in overall cash flows of \$60,070 as demonstrated below:

		Three weeks ended: June 18, 2015		
		Actual	Projected	Variance
Operating Account				
Opening balance		-	-	-
Cash receipts		260,663	225,495	35,168
Cash disbursements		(172,999)	(197,901)	24,902
Net cash flows		87,664	27,594	60,070
Transfer to line of credit		(80,626)	(27,594)	(53,033)
Closing balance		7,038	-	7,038
Line of Credit				
Opening balance	A	(80,424)	(61,066)	(19,358)
Transfer from operating account	B	80,424	27,594	52,830
Interest on line of credit		203	-	203
		80,626	27,594	53,033
Closing balance	A+B	-	(33,472)	33,472

- 4.5 The Proposal Trustee confirms that all required employee payroll remittances since the NOI filing have been made to the Canada Revenue Agency.
- 4.6 The Company is continuing to maintain a Canadian dollar account with Caisse. The Proposal Trustee is not aware of any other operating bank accounts being maintained by the Company.
- 4.7 The Company has prepared, and the Proposal Trustee has reviewed, the First Extension Cash Flow, a 13 week cash flow for the weeks ending June 25 to September 17, 2015 using similar assumptions as the NOI Cash Flow. A copy of the First Extension Cash Flow is attached as Appendix D.

5. PRELIMINARY RESTRUCTURING PLAN

- 5.1 The ability of the Company to file a viable proposal will largely be dependent on the following:
 - i. continued occupancy for the hotel, restaurant and banquet facilities at historical rates during the NOI period;
 - ii. a renegotiation or replacement of Shared Services; and
 - iii. Management's ability to negotiate an acceptable agreement with creditors.
- 5.2 The Company, in conjunction with the Proposal Trustee, has taken the following steps in respect of the Company's restructuring:
 - i. continued essential repairs and maintenance to the Property;
 - ii. conducted a preliminary review of cost containment alternatives to reduce on-going operating costs;
 - iii. conducted preliminary discussions with existing shareholders to explore potential restructuring alternatives and a revised business plan;
 - iv. engaged a real property appraiser to perform a valuation of the land and building in support of the potential sale of the Property;
 - v. conducted a preliminary meeting with the Licensor to negotiate revised terms for the franchise agreement; and
 - vi. terminated the Meeting Room Lease agreement with Assumption.
- 5.3 A summary of the Company's creditor profile, as reported in the NOI filing, is provided below:

Category	Count	Value (CAD \$000s)
Secured	3	3,911
Preferred	-	-
Unsecured	64	677
	67	4,588

- 5.4 The creditor balances have been extracted from the records of the Company and may be subject to adjustments once reconciled with creditor claims. The Proposal Trustee has been contacted by several creditors who have advised that the amount listed in the NOI filing is different than their respective books and records. The Proposal Trustee advises that it is not aware of any material discrepancies from the books and records of the Company.

5.5 The Proposal Trustee notes the Company is paying post-filing obligations in the normal course of operations and within negotiated credit terms.

6. ADMINISTRATION CHARGE

6.1 A preliminary analysis of the Company's financial situation concluded that filing an NOI was the only available strategy to stabilize the Company and generate a recovery for its stakeholders.

6.2 The Company requires the services of its legal counsel, the Proposal Trustee and the Proposal Trustee's legal counsel (the "Insolvency Professionals") to assist in the NOI proceedings. With the exception of a small retainer provided to its legal counsel, the Company may not have the resources available to cover these costs.

6.3 Pursuant to Subsection 64.2(1) of the BIA, this Court may order security or charge to cover certain costs.

6.4 The Proposal Trustee understands that the Company is requesting from this Court that an order be granted that provides for a charge that ranks in priority over the claim of any secured creditor or persons in these proceedings (the "Proposed Administrative Charge Order").

6.5 The Company is requesting that the Proposal Trustee, counsel to the Proposal Trustee and the Company's counsel, as security for professional fees and disbursements incurred both before and after the granting of the Proposed Administration Charge Order, shall be entitled to the benefits of a charge on all of the property of 663230, which shall not exceed an aggregate of the amount of \$60,000 as security for their professional fees and disbursements incurred at the normal rate and charges of the Proposal Trustee, the Proposal Trustee's legal counsel and legal counsel of the Company, both before and after the marking of this Proposed Administration Charge Order in respect to these NOI proceedings.

6.6 The Company believes it is critical to the success of its restructuring to have such a charge in place to ensure that the Insolvency Professionals are protected with respect to their fees and costs.

6.7 Based on the foregoing, the Proposal Trustee recommends that the Proposed Administrative Charge Order pursuant to s. 64.2(1) of the BIA be granted by this Court and believes that it is appropriate under all of the circumstances.

7. PRELIMINARY RESTRUCTURING PLAN

7.1 In the Proposal Trustee's opinion, the Company has acted, and continues to act, in good faith and with due diligence. In this regard, as detailed in section 5.2 of this First Report, the Company has undertaken several restructuring steps since the filing of the NOI.

7.2 As provided herein, the ability of the Company to file a viable proposal is dependent on:

- i. continued occupancy of the hotel, restaurant and banquet facilities during the NOI period. The Proposal Trustee held discussions with Management regarding projected vacancies, sales and operating costs. The Company revised its projections by taking into account the initial restructuring initiatives taken to date. The Proposal Trustee has monitored the NOI Cash Flows since the NOI filing and advises that no material variances exist which would indicate that the filing of the NOI has not negatively impacted the Company;
- ii. a renegotiation or replacement of the Shared Services. The Company has held discussions with alternative service providers for Shared Services and is in the process of obtaining quotes for the installation of a stand-alone HVAC system. Further, the

Company has engaged in discussions with New Brunswick Power regarding the establishment of a stand-alone power meter; and

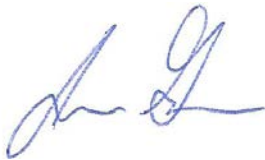
- iii. management's ability to implement a restructuring plan and make a proposal to creditors.
- 7.3 The Proposal Trustee believes that a 45-day extension will enhance the prospects of the Company filing a viable proposal to its creditors. As described in subsection 4.2, the Company has taken meaningful steps in relation to a restructuring plan; however, the Company has not had adequate time to implement material restructuring changes to date.
- 7.4 The Proposal Trustee is of the opinion that no creditor would be materially prejudiced by the extension as requested by the Company.
- 7.5 In the absence of an extension, the Company will not be in a position to file a proposal before June 28, 2015.
- 7.6 Based on the foregoing, the Proposal Trustee supports the Company's application for an Order extending the amount of time for the Company to file a proposal to creditors.

All of which is respectively submitted to this Court this 26th day of June, 2015.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee under the Proposal of
663230 NB Inc.
and not in its personal capacity.

Per:



Jean B. Goguen, CMA, CIRP
Vice President

APPENDIX A:

DEMAND LETTER FROM PLACE DE L'ASSOMPTION



PLACE DE L'ASSOMPTION LTÉE
ASSUMPTION PLACE LTD

Le 26 mai 2015

Eric Long
Président
663230 NB Inc.
100, rue Rice
Edmundston NB E3V 1T4

Objet : Hôtel Clarion, Edmundston – Avis formel au sujet des arrérages

Monsieur Long,

Nous accusons réception du courriel du 25 mai 2015 de votre représentante légale, Me Lucie Laboissonnière, duquel nous comprenons que 663230 NB Inc. n'entend pas nous rembourser les arrérages dus en vertu des ententes suivantes :

- Meeting Room Lease (« bail »);
- Reimbursement of Cost of Electricity Agreement («entente d'électricité»); et
- HVAC System Agreement (« entente d'HVAC »);

Si nous n'acceptons pas de modifier l'entente d'HVAC afin d'y réduire, et ce de façon rétroactive, le nombre de pieds carrés sur lesquels le calcul des frais est effectué.

Place de L'Assomption avait accepté de considérer, lors d'une rencontre qui s'est déroulé le 22 janvier dernier entre les parties, modifier l'entente d'HVAC afin de satisfaire à la demande de 663230 NB Inc. Cela a toutefois toujours été conditionnel à ce que 663230 NB Inc. paie les arrérages dus à Place de L'Assomption. Par conséquent, Place de L'Assomption vous avise qu'elle ne signera pas l'addenda à l'entente d'HVAC.

Place de L'Assomption a vendu l'hôtel maintenant connu sous le nom d'Hôtel Clarion à Edmundston à 663230 NB Inc. le 31 août 2012. Depuis cette date, 663230 NB Inc. a négligé à de nombreuses reprises de verser les sommes dues en vertu des ententes ci-dessus. Place de L'Assomption a tenté à de nombreuses reprises d'obtenir la collaboration de 663230 NB Inc. et s'est montrée plus qu'accommodante et patiente. Place de L'Assomption a aussi maintenu en vigueur l'entente d'électricité et ce malgré le fait que 663230 NB Inc. ait négligé de se prémunir de son propre compteur dans les délais impartis en vertu de la clause 7 de cette même entente.

Nous nous voyons donc dans l'obligation de constater que 663230 NB Inc. ne respecte pas ses engagements en vertu des ententes ci-dessus.

Nous vous avisons donc, qu'en date du 26 mai 2015, 663230 NB Inc. est en arrérages au montant de cent quatre-vingt-seize mille neuf cent trente-six dollars et trente sous (**196,936.30\$**) en vertu des ententes décrites ci-dessus.

SIÈGE SOCIAL / HEAD OFFICE

770 MAIN, MONCTON, NB, CANADA E1C 1E7 • (506) 853-5420 • TÉLÉC./ FAX: (506) 853-5449

Les sommes dues se répartissent comme suit :

- **54 689.11\$** pour le paiement des loyers en vertu du bail
 - comprend le loyer ainsi que les ajustements pour l'escalation des salles faisant l'objet du bail pour l'année 2014
- **11 884.41\$** pour le remboursement des coûts d'électricité de l'entente d'électricité
- **130 362.78\$** pour le remboursement des frais en vertu de l'entente d'HVAC
 - comprend les ajustements pour l'escalation de l'HVAC pour 2014

Vous trouverez ci-dessous un tableau décrivant avec plus de détails les sommes dues :

Date	Description	Factures	Paiements	Balance
2014				
Septembre	1 140927	5,605.79 \$		5,605.79 \$
	1 Facture d'HVAC	12,147.78 \$		17,753.57 \$
Octobre	1 141027	5,605.79 \$		23,359.36 \$
	1 Facture d'HVAC	12,147.78 \$		35,507.14 \$
Novembre	1 141127	5,605.79 \$		41,112.93 \$
	1 Facture d'HVAC	12,147.78 \$		53,260.71 \$
Décembre	1 141227	5,605.79 \$		58,866.50 \$
	1 Facture d'HVAC	12,147.78 \$		71,014.28 \$
2015				
Janvier	1 150127	5,908.84 \$		76,923.12 \$
	1 Facture d'HVAC	13,624.92 \$		90,548.04 \$
Février	1 150227	5,908.84 \$		96,456.88 \$
	1 Facture d'HVAC	13,624.92 \$		110,081.80 \$
Mars	1 150327	5,908.84 \$		115,990.64 \$
	1 Facture d'HVAC	13,624.92 \$		129,615.56 \$
	25 1009	1,277.60 \$		130,893.16 \$
	25 1010	13,647.06 \$		144,540.22 \$
	25 1026	1,444.15 \$		145,984.37 \$
Avril	1 150427	5,908.84 \$		151,893.21 \$
	1 Facture d'HVAC	13,624.92 \$		165,518.13 \$
	30 Facture d'Électricité	11,884.41 \$		177,402.54 \$
Mai	1 150527	5,908.84 \$		183,311.38 \$
	1 Facture d'HVAC	13,624.92 \$		196,936.30 \$

Montant total dû au 26 mai 2015

196,936.30 \$

Nous vous mettons donc formellement en demeure de rembourser la somme due en vertu du bail et de l'entente d'électricité au plus tard le 5^{ième} jour suivant réception de la présente sans quoi nous n'aurons d'autre alternative que de procéder de la façon décrite ci-après et ce sans aucun autre avis ni délai:

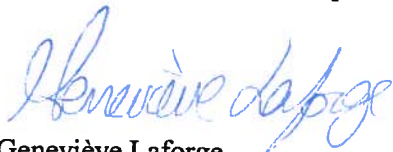
1. Considérer le bail (« Meeting Room Lease ») immédiatement résolu en conformité avec les dispositions du bail (notamment la clause 15.01 b)); et
2. Procéder à la déconnection du service d'électricité de l'hôtel en conformité avec la clause 6 de l'entente.

Nous vous mettons aussi formellement en demeure de rembourser la somme due en vertu de l'entente d'HVAC dans les quinze (15) jours suivant la réception de la présente sans quoi nous n'aurons d'autre alternative que de considérer cette entente comme résolue et de cesser l'approvisionnement en eau au profit de l'hôtel et ce sans aucun autre avis ni délai. Place de L'Assomption Inc. ne pourra en aucun cas être tenu responsable de tout dommage que 663230 NB Inc. pourrait encourir en raison des agissements de Place de L'Assomption Inc.

Enfin, nous vous rappelons aussi que les montants suivants seront dus à Place de L'Assomption par 663230 NB Inc. dès le 1^{er} juin prochain et s'ajouteront aux arrérages décrits ci-dessus :

Loyer :	5 908.84\$
HVAC :	13 624.92\$

Veillez donc agir en conséquence.



Geneviève Laforge
Conseillère juridique principale

c.c: Me Lucie Laboissonnière
Mme Louise Tingley, BDC
M. André Lebel, Caisses populaires acadiennes

APPENDIX B:

6630321 NB INC. NOTICE OF INTENTION TO FILE A PROPOSAL CERTIFICATE



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of New Brunswick
Division No. 02 - Fredericton
Court No. 21256
Estate No. 51-2000260

In the Matter of the Notice of Intention to make a
proposal of:

663230 NB Inc.
Insolvent Person

DELOITTE RESTRUCTURING INC/RESTRUCTURATION
DELOITTE INC
Trustee

Date of the Notice of Intention: May 29, 2015

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 01, 2015, 08:17

E-File/Dépôt Electronique

Official Receiver

Maritime Centre , 1505 Barrington Street, 16th Floor, Halifax, Nova Scotia, Canada, B3J3K5, (877)376-9902

Canada

APPENDIX C:

NOI CASH FLOW

863230 NB Inc.
WEEKLY CASH FLOW PROJECTION

	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
	Jun01	Jun11	Jun18	Jun25	Jul02	Jul09	Jul16	Jul23	Jul30	Aug06	Aug13	Aug20	Aug27	
Opening Cash	\$ (61,069)	\$ (32,079)	\$ (50,161)	\$ (33,472)	\$ (101,280)	\$ (84,177)	\$ (84,680)	\$ (88,597)	\$ (124,979)	\$ (97,510)	\$ (114,592)	\$ (88,917)	\$ (106,090)	\$ (61,066)
Operating Inflows														
Hotel Rooms	\$ 56,109	\$ 39,676	\$ 39,676	\$ 39,676	\$ 45,660	\$ 45,660	\$ 45,680	\$ 45,660	\$ 45,660	\$ 58,751	\$ 58,751	\$ 58,751	\$ 58,751	\$ 538,440
Restaurant & Convention	\$ 13,748	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 391,748
City of Edmonton	\$ -	\$ 9,040	\$ -	\$ -	\$ 9,040	\$ -	\$ -	\$ -	\$ -	\$ 9,040	\$ -	\$ -	\$ -	\$ 27,120
Meeting Rooms	\$ 522	\$ 600	\$ 500	\$ 400	\$ 200	\$ 200	\$ 300	\$ 300	\$ 500	\$ 400	\$ 500	\$ 500	\$ 500	\$ 5,422
Other	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 875	\$ 11,375
Total Operating Inflows	\$ 71,254	\$ 87,691	\$ 72,551	\$ 72,451	\$ 87,275	\$ 78,235	\$ 78,335	\$ 78,335	\$ 78,535	\$ 100,568	\$ 91,626	\$ 91,826	\$ 91,826	\$ 1,074,105
Operating Outflows														
Cost of goods sold	\$ 5,561	\$ 7,581	\$ 30,581	\$ 22,811	\$ 5,561	\$ 5,561	\$ 31,561	\$ 5,561	\$ 22,611	\$ 5,561	\$ 7,581	\$ 37,561	\$ 22,611	\$ 210,440
Operating expenses	\$ 36,700	\$ 20,527	\$ 19,690	\$ 28,167	\$ 36,700	\$ 26,527	\$ 19,650	\$ 27,857	\$ 16,060	\$ 41,377	\$ 27,150	\$ 20,527	\$ 23,480	\$ 344,482
Salaries	\$ -	\$ 57,000	\$ -	\$ 60,100	\$ -	\$ 61,000	\$ -	\$ 61,000	\$ 1,100	\$ 85,000	\$ -	\$ 65,000	\$ 1,100	\$ 371,300
Professional fees	\$ -	\$ 13,000	\$ 5,000	\$ 26,000	\$ 7,000	\$ 5,000	\$ 8,000	\$ 5,000	\$ 10,000	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 112,000
HST payable	\$ -	\$ 1,680	\$ 650	\$ 3,380	\$ 910	\$ 650	\$ 1,040	\$ 37,193	\$ 1,300	\$ 650	\$ 1,300	\$ 650	\$ 1,690	\$ 51,103
Total Operating Outflows	\$ 42,261	\$ 98,778	\$ 55,861	\$ 140,258	\$ 50,771	\$ 98,738	\$ 80,251	\$ 136,712	\$ 51,071	\$ 117,588	\$ 46,011	\$ 128,738	\$ 61,801	\$ 1,089,334
Net weekly cash flows	\$ 28,992	\$ (18,088)	\$ 16,689	\$ (67,806)	\$ 37,103	\$ (20,504)	\$ 18,083	\$ (58,377)	\$ 27,463	\$ (17,022)	\$ 45,615	\$ (37,112)	\$ 29,735	\$ (15,229)
Cumulative cash from operations	\$ (32,079)	\$ (50,161)	\$ (33,472)	\$ (101,280)	\$ (64,177)	\$ (84,680)	\$ (88,597)	\$ (124,979)	\$ (97,510)	\$ (114,592)	\$ (88,917)	\$ (106,090)	\$ (76,295)	\$ (91,524)
Operating loan availability	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Surplus/Deficit	\$ 67,927	\$ 48,839	\$ 66,528	\$ (1,280)	\$ 35,823	\$ 15,320	\$ 33,403	\$ (24,973)	\$ 2,490	\$ (14,532)	\$ 31,083	\$ (6,030)	\$ 23,705	\$ 8,476

663230 NB Inc.
Insolvent Person
Delicate Restructuring Inc.
Trustee under the Notice of Intention to file a Proposal for
863230 NB Inc.
and not in its personal capacity

APPENDIX D:

FIRST EXTENSION CASH FLOW

663230 NB Inc.
 Summary Cash Flow Projection
 For the weeks ending June 25 to August 14, 2015

	Jun 25	Jul 2	Jul 9	Jul 16	Jul 23	Jul 30	Aug 6	Aug 13	Aug 20	Aug 27	Sept 3	Sept 10	Sept 17	Total
Opening Cash	\$ 7,038	\$ (31,180)	\$ (67,692)	\$ (34,971)	\$ (39,275)	\$ (45,371)	\$ 1,246	\$ 542	\$ 84,565	\$ 90,677	\$ 153,225	\$ 119,322	\$ 157,510	\$ 7,038
Operating Inflows														
Hotel Rooms	\$ 56,000	\$ 55,000	\$ 70,000	\$ 61,000	\$ 72,000	\$ 87,000	\$ 83,500	\$ 122,000	\$ 112,000	\$ 98,000	\$ 77,000	\$ 60,000	\$ 79,000	\$ 1,032,590
Restaurant & Convention	\$ 20,000	\$ 20,000	\$ 22,000	\$ 25,000	\$ 21,000	\$ 21,000	\$ 24,000	\$ 28,000	\$ 32,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 12,000	\$ 273,000
Meeting Rooms	\$ 500	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 750	\$ 750	\$ 750	\$ 750	\$ 800	\$ 800	\$ 800	\$ 9,400
City of Edmudston	\$ -	\$ 9,040	\$ -	\$ -	\$ -	\$ -	\$ 9,040	\$ -	\$ -	\$ -	\$ 9,040	\$ -	\$ -	\$ 27,120
Other	\$ -	\$ -	\$ 4,017	\$ -	\$ -	\$ 7,354	\$ 2,658	\$ 381	\$ 2,437	\$ 1,000	\$ 5,000	\$ 2,500	\$ -	\$ 45,751
Collectible Receivables	\$ 1,161	\$ 10,546	\$ 45,821	\$ 6,313	\$ 1,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,217
Total Operating Inflows	\$ 77,661	\$ 95,286	\$ 142,538	\$ 93,013	\$ 102,612	\$ 111,738	\$ 130,049	\$ 149,750	\$ 149,750	\$ 121,250	\$ 107,840	\$ 83,100	\$ 97,400	\$ 1,455,988
Operating Outflows														
Cost of goods sold	\$ 17,050	\$ 15,000	\$ -	\$ 26,000	\$ -	\$ 17,050	\$ -	\$ 2,000	\$ 32,000	\$ 17,050	\$ -	\$ -	\$ 17,050	\$ 143,200
Operating expenses	\$ 38,328	\$ 60,297	\$ 37,517	\$ 32,261	\$ 38,688	\$ 31,121	\$ 63,103	\$ 34,911	\$ 32,688	\$ 36,001	\$ 59,053	\$ 39,261	\$ 36,988	\$ 540,203
Salaries	\$ 59,000	\$ -	\$ 61,000	\$ 11,300	\$ 61,000	\$ -	\$ 62,000	\$ -	\$ 62,000	\$ -	\$ 82,000	\$ -	\$ 62,000	\$ 429,000
Professional fees	\$ 1,500	\$ 56,500	\$ 11,300	\$ 11,300	\$ 9,040	\$ 16,950	\$ 5,650	\$ 28,815	\$ 16,950	\$ 5,650	\$ 14,690	\$ 6,650	\$ 5,650	\$ 189,645
HST payable	\$ -	\$ -	\$ 27,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,756
Total Operating Outflows	\$ 115,878	\$ 131,797	\$ 109,817	\$ 97,317	\$ 108,708	\$ 65,121	\$ 130,753	\$ 65,726	\$ 143,638	\$ 58,701	\$ 135,743	\$ 44,911	\$ 121,688	\$ 1,329,803
Net weekly cash flows	D = B-C	\$ (38,218)	\$ (36,512)	\$ 32,721	\$ (4,304)	\$ (6,096)	\$ 46,617	\$ (704)	\$ 84,024	\$ 6,112	\$ 62,549	\$ (33,903)	\$ 36,189	\$ (24,289)
Projected Cash Position	A+D	\$ (31,180)	\$ (67,692)	\$ (34,971)	\$ (39,275)	\$ (45,371)	\$ 1,246	\$ 542	\$ 84,565	\$ 90,677	\$ 153,225	\$ 119,322	\$ 157,510	\$ 133,222
Line of Credit availability		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Surplus/Deficit		\$ 68,820	\$ 32,308	\$ 65,029	\$ 80,725	\$ 54,629	\$ 101,246	\$ 100,542	\$ 184,565	\$ 190,677	\$ 263,225	\$ 219,322	\$ 257,510	\$ 233,222

[Signature]
 663230 NB Inc.
 Insolvent Person
 Deloitte Restructuring Inc.
 Trustee under the Notice of Intention to file a Proposal for
 663230 NB Inc.
 and not in his personal capacity