

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

Mis en cause

- and -

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

Monitor

**FIFTY-SECOND 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 December 20, 2019 (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-one such Monitor's reports (as well as some supplemental reports) prior to this fifty-second report of the Monitor (the "**Fifty-Second 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-SECOND REPORT

6. This Fifty-Second 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 December 17th, 2019 (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-Second 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-Second 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-Second 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-Second 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 dispositions of non-core assets, the proceeds of which are expected to increase the ultimate recovery for the Affected Creditors, explains mainly why the final distribution has not yet taken place.

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-First Report on October 26, 2018, at the time of the request for the Thirty-First 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. This final distribution is currently anticipated to occur following the completion of the realization of any equity over the remaining property (Homco 123). As detailed hereunder, the sale of Homco 123 is taking more time than initially expected, for reasons outside of the control of the HII Group and the Monitor. The equity that is anticipated to be realized out of the sale of this property and ensuing liquidation of Homco 123 remains significant for the Affected Creditors.

RESOLUTION OF DISPUTED CLAIMS

14. Since the Fifty-First 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).
15. Cash is being held in reserve by the Monitor in connection with the remaining Disputed Claims of the Bond 6 Claim Holders, in conformity with the Plans.

POTENTIAL CLAIM RELATING TO VALBONNE REAL ESTATE 2 B.V. BANKRUPTCY ("VALBONNE 2")

16. Valbonne 2 is a former indirect subsidiary of HII, which was transferred to Geneva on Plan Implementation Date, pursuant to the HII/Shareco Plan. The shares of Valbonne 2 were held by Homco 69, of which HII was the limited partner. Valbonne 2 held a building located in Bochum, Germany. The Monitor understands that Valbonne 2 was declared bankrupt in the Netherlands on or about December 9, 2015, namely more than 20 months after PID.
17. As indicated in the Fifty-First Report, in March 2019, namely five years after PID, certain former direct or indirect directors of Valbonne 2 (the "**Directors**"), who were in that position on or prior to Plan Implementation Date, received correspondence from Valbonne 2's Dutch bankruptcy trustee (the "**Valbonne 2 Bankruptcy Trustee**"). This correspondence, and a draft report appended thereto, suggested that the Directors could

be personally liable to the estate of Valbonne 2, for an amount up to approximately 2.4 million Euros, in connection with certain transactions which were implemented in accordance with the HII/Shareco Plan and the HII/Shareco Sanction and Vesting Order.

18. This suggestion of potential liability by the Valbonne 2 Bankruptcy Trustee was vigorously contested by the HII Group and its Directors. In consultation with the Monitor and its counsel, Canadian and Dutch counsel of the HII Group and its Directors coordinated the preparation of a response to the Valbonne 2 Bankruptcy Trustee, providing detailed explanations and a number of supporting documents.
19. Following this response, in October 2019, Dutch counsel for the Directors received a letter from the Valbonne 2 Bankruptcy Trustee, indicating that he will not proceed with a claim against the Directors in connection with the transactions raised in its correspondence of March 2019, such that this closes the matter with respect to a potential implication for the CCAA proceedings.

SALE PROCESS / REALIZATION OF NON-CORE ASSETS

20. As indicated in the previous monitor reports, only one (1) property remains to be sold, namely the one held by Homco 123. The HII Group's consultant in Europe, in consultation with the Monitor, has continued on a regular basis its discussions with Propertize the lender, in order to determine the best course of action to dispose of its interest in the remaining property, in the best interest of the Affected Creditors. The Monitor is regularly kept informed of the progress, holding regular calls with the HII Group's consultant in Europe and the real estate broker (Jones Lang Lasalle) in charge of marketing this property.
21. The status of the disposition process in respect of this property is, as of the date of this Fifty-Second Report, the following:
 - i. The Homco 123 property continues to be held by the HII Group and the same sale process of this property, as reported to this Court in the Monitor's previous reports, is currently ongoing. 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).
 - ii. In the fall of 2019, after many months of litigation, mediation and negotiations between the Homco 123 tenant and the provincial authority responsible for the issuance of safety and environmental permit, the latter firstly issued the new permit, subject to certain conditions, which includes certain capital expenditures for the building. The issuance of this permit was a key condition in order to reassure potential buyers as to the long-term presence of the tenant, and to allow for an assessment of the potential impact on the property's value arising from the necessary capital expenditures.
 - iii. While the capital expenditures required are being assessed, the HII Group requested an updated appraisal of the property held by Homco 123, which was provided by Cushman & Wakefield as of December 6, 2019, and is filed herewith **under seal** as Appendix C. Also, with the support of its broker, the HII Group started a sale process approaching some of the potential buyers in order to request non-binding offer by mid-December. Despite the fact that no written offer or expression was received, mostly because of the short period, the interest demonstrated by the parties as well as the value established by the Cushman & Wakefield appraisal confirm that there is potentially significant equity on this property, which equity is for the ultimate benefit of the Affected Creditors.

- iv. The required amount of capital expenditures remains to be determined, as well as the possible impact the structure of the transaction, but, considering the long-awaited issuance of the permit and the recent interest manifested by some potential buyers, it is reasonable to believe that one or more formal offers could be obtained by the end of February 2020, and that a sale transaction could even be completed by then.
- v. According to the parties who are in communication with potential buyers and who have knowledge of the market, namely the HII Group's consultant, the real estate broker (JLL) and Propertize, the only way to realize the expected equity on the Homco 123 property is by extending the delays, in order to provide to the sale process sufficient time to obtain the anticipated offer.
- vi. As previously reported to the Court, Homco 123 continue to be a cash flow positive entity and its financial situation allows it to reimburse 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, for each passing month.
- vii. Propertize had agreed that 50% of the budgeted expenses related to the Thirty-Second Extension period 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-Third extension period.

BANKRUPTCY AND WINDING-UP OF NON-CORE BUSINESS ENTITIES

- 22. During the last extension period, no other HII Group entities filed for bankruptcy. 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, eight (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.
- 23. As mentioned in the Fifty-First Report, in the matter of the bankruptcy of Castello Development Ltd. ("**Castello**"), a settlement was entered into by Deloitte, in its capacity as trustee to the bankruptcy, and the Condominium Corporation, in order to liquidate the contingent and unliquidated claims of the Condominium Corporation filed with Deloitte as part of the CCAA proceedings of Castello and subsequently as part of the bankruptcy proceedings. This settlement avoided litigation which would have been lengthy and costly. The settlement allowed for the finalization of the bankruptcy matter and for a final distribution to be made to the creditors of Castello, including HII, as part of the bankruptcy proceedings. This settlement is thus for the benefit of HII's creditors, as it will increase the amount of the final distribution to the Affected creditors (the final distribution to HII, for the ultimate benefit of the Affected Creditors, was for an amount of approximately \$433K).

II. DEBTOR'S CASH FLOWS

- 24. The purpose of this section is as follows:
 - i. Provide budget-to-actual analysis highlights for the period from July 1, 2019 to November 30, 2019; and,
 - ii. Provide explanations or comments on the variances.

OVERVIEW

25. 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 July 1, 2019 to November 30, 2019:

Cash variation for the period from July 1, 2019 to November 30, 2019 (C\$000)							
Petitioner	Opening cash balance	Total variance	Subtotal	Funded by Administrative Reserve	Cash transfer of Castello settlement to trust account	Cash to be received from Homco 123	Adjusted ending cash balance
1810040 Alberta Ltd.	674	4	678	253	(433)	226	724

For the budget to actual cash flow forecast analysis of HII, for the period from July 1, 2019 to November 30, 2019, and commentaries in respect of the analysis performed, please refer to Appendix A of this Fifty-Second Report.

26. 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 funding received from Homco 123 (as discussed in section IV hereunder).
27. As part of the Plan Transactions completed in the context of the implementation of the HII/Shareco Plan, HII transferred most of its available cash into the Monitor's trust accounts. Since PID, HII submits periodic requests to the Monitor which transfers sufficient funds to cover the appropriate and approved post-filing expenses for the following week from the Administrative Reserve, as outlined in the Thirty-Fifth Report.

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

28. Total cash inflows for 1810040 Alberta Ltd., mostly relate to tax refunds, and the dissolution of Homco 119 (which were not expected to be received during this period), and the Castello settlement, were \$486.8K for the period noted, while total cash outflows were \$477K, which resulted in a positive net cash variation of \$9.8K compared to the amount initially budgeted.
29. As mentioned above, Propertize agreed that 50% of the budgeted disbursements related to the period be funded by Homco 123's cash (currently pledged in favour of Propertize). Therefore Homco 123 will transfer \$226K of cash to HII, in December 2019, to cover Propertize's share of the disbursements, in accordance with the agreement.
30. The settlement of the Condominium Corporation's claim mentioned above in the matter of the bankruptcy of Castello will allow for the finalization of this bankruptcy proceeding and for a final distribution, including approximately \$433K to HII.

III. ACTIVITIES OF THE MONITOR

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

CASH FLOW MONITORING

32. On a regular basis, the Monitor has continued to analyze the Debtor's cash flows. As explained in the previous section of this Fifty-Second Report, a budget-to-actual cash flow analysis of the Debtor for the period from July 1, 2019 to November 30, 2019 has

been prepared together with commentaries of cash variances, as presented in Appendix A of this Fifty-Second Report.

33. 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

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

COMMUNICATIONS WITH CREDITORS

35. 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. As previously reported, on January 1, 2019 the toll-free number in the Netherlands (call centre) was cancelled for cost reduction purposes.
36. Following PID, the First Distribution and the several subsequent distributions, the Monitor received a large number of phone calls and emails, by sequence, from Affected Creditors and Homco 61 Affected Creditors (mostly after each distribution date). 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

37. Pursuant to the Thirty-Second Extension Order, the Stay Period was extended up to and including December 20, 2019.
38. The Debtor's Application is seeking a thirty-third extension of the Stay Period until February 28, 2020 (the "**Thirty-Third 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 returning a significant amount of equity to the Affected Creditors;
 - ii. Once the sale of Homco 123 completed, and likely beyond the Thirty-Third 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.
39. It is the Monitor's view that it is in the best interests of the stakeholders to provide the HII Parties with the Thirty-Third 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 2-MONTH CASH FLOW FORECASTS

40. The Debtors, with the support of the Monitor, prepared new cash flow forecasts for the Thirty-Third Extension Period, adjusting the projected cash flows for the period ending on February 28, 2020, namely the end of the Thirty-Third Extension Period.
41. The extended 2-month cash flow forecasts for HII as well as additional comments identifying the primary assumptions are attached as Appendix B.
42. Presented in the table below is a summary of the forecasted cash variations for HII

Extension - period ending February 28, 2020 (Appendix C)			
(C\$000)	Opening cash balance as of November 30, 2019	Forecasted cash variation for the period	Forecasted closing cash balance as at February 28, 2020
1810040 Alberta Ltd.	724	150	874

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

43. 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. As mentioned in the Fiftieth Report, an agreement intervened with the HII Group's sole remaining director reducing his monthly fee payable, starting in February 2019, until the final distribution and the end of the CCAA proceedings. As for the consultant assisting HII in the liquidation of the European assets and properties, including Homco 123's property, his remuneration is also a fixed monthly fee, of which 50% is paid by Propertize, and is included in the professional fees.
44. Rent expense is expected to be incurred during all the period, as the office is required to support the employee.
45. Professional fees in connection with the restructuring of the HII Group are expected to be higher in the month February 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.
46. Office and administrative fees are expected to be at \$1K per month.
47. At the time of this Fifty-Second 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-Third Extension Period.

V. POSITION OF THE VARIOUS CASH RESERVES

48. 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	November 30, 2019
Cash Pool and Asset Realization Cash Pool	2,577
Administrative Reserve	1
Litigation Reserve	529
Disputed Claims Reserves	639
Directors' Charge Reserve	2,101

Cash Reserves Accounts (€000)	
Trust Account	November 30, 2019
Administrative Reserve	57

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

VI. CONCLUSIONS AND RECOMMENDATIONS

49. 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.
50. It is the Monitor's opinion that, for the reasons further elaborated in this Fifty-Second Report, the Thirty-Third Extension, up to February 28, 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.
51. The Monitor respectfully submits this Fifty-Second Report to the Court.

DATED AT MONTREAL, this 17th day of December 2019.



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 5-month period from		
	July 1, 2019 to November 30, 2019		
	Actual	Budget	Variance
Cash inflows			
Other receipts	53.8	15.0	38.8
Castello settlement received	433.0	400.0	33.0
Total cash inflows	486.8	415.0	71.8
Cash outflows			
Payroll	64.3	37.5	(26.8)
Rent expense	10.0	10.0	-
Restructuring related professional fees	384.3	75.0	(309.3)
Directors & Officers Insurance	-	-	-
Office & administrative	18.4	5.0	(13.4)
Other expenditures / Refund to Administrative Reserve	-	-	-
Total cash outflows	477.0	127.5	(349.5)
Opening cash balance	673.8	673.8	-
Funding Homco 123	-	(56.3)	56.3
Variation in cash balance	9.8	287.5	(277.7)
Exchange rate (Gain / Loss)	(10.4)	-	(10.4)
Ending cash balance	673.2	905.0	(231.8)
Funding from the Administrative Reserve	253.2	-	253.2
Cash to be received from Homco 123	226.0	133.2	92.8
Castello settlement transfer to Trust Account	(433.0)	-	(433.0)
Surplus (funding) between HII and its non-Petitioners	4.8	-	4.8
Adjusted ending cash balance	724.2	1,038.2	(314.0)

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 \$253.2K 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-Second 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 \$226.0K in December 2019 to HII to cover their share of the disbursements related to the Thirty-First and Thirty-Second Extension Periods.
- The final distribution to the creditors of Castello, including approximately \$433.0K to HII, was made in December 2019. The funds are held in trust and will form part of the final distribution to the Affected Creditors.

Inflows

- Other receipts were \$53.8K compared to a budgeted amount of 15.0K, resulting in a favorable variance of \$38.8K. The favorable variance is mainly due to the unbudgeted receipt of \$5.5K of refunds related to Stichting Homburg invoices, and \$33.3K of unbudgeted receipts related to HST tax refunds.
- The settlement of the Condominium Corporation's claim in the matter of the bankruptcy of Castello was settled which allowed the finalization of the bankruptcy proceedings and to proceed with a final distribution to the creditors of Castello, including \$433.0K to HII.

Outflows

- Payroll was \$64.3K compared to a budgeted amount of \$37.5K, resulting in an unfavorable variance of \$26.8K. This unfavorable variance is mainly due to a higher workload than originally anticipated.
- Restructuring related professional fees were \$384.3K compared to a budgeted amount of \$75.0K, resulting in an unfavorable variance of \$309.3K. Approximately \$200.2K of this unfavorable variance relates to the claim made by the Valbonne 2 Bankruptcy Trustee, and \$96.6K relates to the monitor fees.
- Office & Administrative expenses were \$18.4K compared to a budgeted amount of \$5.0K, resulting in an unfavorable variance of \$13.4K. 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 126.2019	Jan 1, 2019 - Oct 31, 2019	\$ 89,972	\$	89,972
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)
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)			\$	10,386,148

APPENDIX B
1810040 Alberta Ltd. - Extended 2-month cash flow forecast (\$C)

Updated as of November 30, 2019

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)
 Extended cash flow statement from December 1, 2019 to February 29, 2020

	51st Report		52nd Report		
	December 1 to 31	TOTAL	For the month of January	For the month of February	TOTAL 2-Month Period
Beginning period:					
Ending period:					
	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows					
GST/HST/VAT received	5,000	5,000	5,000	-	5,000
Other receipts	-	-	-	-	-
Total cash inflows	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Cash outflows					
Payroll	7,500	7,500	7,500	7,500	15,000
Rent expense	2,000	2,000	2,000	2,000	4,000
Restructuring related professional fees	15,000	15,000	15,000	80,000	95,000
Directors & Officers Insurance	-	-	-	-	-
Office & administrative	1,000	1,000	1,000	1,000	2,000
Other expenditures	-	-	-	-	-
Total cash outflows	<u>25,500</u>	<u>25,500</u>	<u>25,500</u>	<u>90,500</u>	<u>116,000</u>
Opening balance	724,000	724,000	929,500	919,250	929,500
Payments in transit	-	-	-	-	-
Variation in cash balance (Petitioners)	(20,500)	(20,500)	(20,500)	(90,500)	(111,000)
Funding Homco 123 (50%)	-	-	10,250	45,250	55,500
Funding Homco 123 per monitors report	226,000	226,000	-	-	-
Exchange rate	-	-	-	-	-
Adjusted ending cash balance	<u>929,500</u>	<u>929,500</u>	<u>919,250</u>	<u>874,000</u>	<u>874,000</u>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at November 30, 2019.
- 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-Third Extension Period reflects the reduced level of work expected during the first month in light of the extension request and the expected workload increase in February 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. The scope of the work in connection with the unexpected issue relating to the letter of the Valbonne 2 Dutch trustee is unknown at this time.
- 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 reduce the value of the same due to the uncertainty. Propertize verbally agreed that the budgeted disbursements related to the Thirty-Third 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 November 30, 2019	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	

APPENDIX C
UNDER SEAL

Valuation report by Cushman & Wakefield as of December 6, 2019