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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-FIRST 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 Bélair/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 favor 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 July 31, 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 such Monitor's reports (as well as some supplemental reports) prior to this fifty-first report of the Monitor (the "**Fifty-First Report**"). Copies of all of the Monitor's reports are available on the Monitor's website at [www.insolvencies.deloitte.ca](http://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-FIRST REPORT**

6. This Fifty-First 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 July 5<sup>th</sup>, 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-First 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-First 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-First 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-First 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, the Monitor has continued to diligently monitor the execution of the Plans with the objective to proceed with a last distribution to the Affected Creditors. As explained in previous reports, delays regarding the dispositions of non-core assets, for which proceeds will affect the recovery for the Affected creditors, explained 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 Fiftieth 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) and resolution of any other material issue. 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. Based on the latest information provided to the Monitor and as further described below, it is contemplated that the sale could occur in the last quarter of 2019.

### **RESOLUTION OF DISPUTED CLAIMS**

14. Since the Fiftieth 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 Geneba 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 mentioned in the Debtors' Application, 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. This correspondence, and a draft report appended thereto, suggest that the Directors may 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. The Monitor is advised that the HII Group and the Directors intend to vigorously dispute any liability in connection with the bankruptcy of Valbonne 2 and that they have retained Dutch counsel to prepare a response to Valbonne 2's trustee.
19. The understanding from the Monitor is that the transactions being questioned by the Valbonne 2's Dutch bankruptcy trustee are transactions that were implemented in accordance with the HII/Shareco Plan and the HII/Shareco Sanction and Vesting Order. Further, the Directors benefit from the release provided by the HII/Shareco Plan and by the HII/Shareco Sanction and Vesting Order.
20. The Monitor provided information to the HII Group's and the Directors' counsel in respect of elements relevant to the potential claim of the Valbonne 2 Dutch trustee, and will be following the situation closely with a view to limit the impact of the situation on the timing and the amount of the final distribution to HII's creditors.

#### **SALE PROCESS / REALIZATION OF NON-CORE ASSETS**

21. As indicated in the Fiftieth report, only one (1) property remains to be sold, namely Homco 123. The HII Group, in consultation with the Monitor, has continued on a regular basis its discussions with Propertize (as successor of SNS, the secured creditor on this property), 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 and the HII Group's consultant in Europe has had regular discussions with the tenant of the property and with the broker who markets this property.
22. The status of the disposition process in respect of this property is, as of the end of June 2019, 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 continues 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. Despite the fact that the disposition process of the Homco 123 property continue to be delayed, important steps have been achieved during the Thirty-First Extension. The provincial authority responsible for the issuance of safety and environment permits, following the intervention of the expert appointed by the Dutch Court in July 2018, has formally stated it agrees to support the issuance of the new permit, subject to certain conditions attached to it. One of these conditions consist in agreeing to the concepts and amount related to "Repair Provisions" (i.e. investment required in the building, additional procedures, flow of goods, storage requirements) for the issuance of the permit. A document in this respect was provided to the parties for analysis, consultation and remarks. The HII Group and the Monitor have not yet had access to

- the document, as Homco 123 is not officially a “party”, but expects to be provided with all relevant information subject to signing a non-disclosure agreement.
- iii. The understanding of the HII Group’s consultant is that, while the Court case remains ongoing, to the extent the tenant and the provincial authority agree on the Repair Provisions and related conditions for the issuance of the permit, the permit would be issued, without the need to continue the Court proceedings.
  - iv. Given the situation, the current cash position of Homco 123 could allow for coverage of some investments that will be required, if necessary in order to maximize the realization value. It is however expected that most if not all investments would be assumed by the eventual buyer and/or the tenant and considered them in the selling price.
  - v. Considering this new information, the Homco 123’s tenant expects to be able to have the permit agreement and an estimate on the CAPEX required in the coming months. This information will allow for negotiation of an exit strategy with a potential buyer, avoiding extra discounts due to uncertainty. In the current situation, it is reasonable to consider that a sale could occur by the end of 2019.
  - vi. According to the parties in The Netherlands, namely the HII Group’s consultant, the broker (JLL) and Propertize, the only way to realize the significant equity over the Homco 123 property is by extending the delays, in order to allow for the completion of the different steps stated in the previous paragraph, namely the issuance of the permit, the determination of the Repair Provisions and the CAPEX evaluation, prior to an accelerated solicitation and eventual acceptance of a binding offer. A letter from the broker issued on July 8, 2019 is attached as Appendix C to this Fifty-First Report.
  - vii. As previously reported to the Court, Homco 123 is 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 of HII each month that passes.
  - viii. Propertize had agreed that 50% of the budgeted expenses related to the Thirty-First 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-Second extension period.

### ***BANKRUPTCY AND WINDING-UP OF NON-CORE BUSINESS ENTITIES***

23. 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 partner, remain to be wound up or filed into bankruptcy in order to finalize the execution of the Plans.
24. In the matter of the bankruptcy of Castello Development Ltd. (“**Castello**”), a settlement intervened between 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 then as part of the bankruptcy proceedings. This settlement avoids a litigation which would have been lengthy and costly, and will allow 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 the HII's creditors, as it will increase the amount of the final distribution. The settlement documentation is under review by the Condominium Corporation and the settlement is expected to be finalized in the coming weeks.

## II. DEBTOR'S CASH FLOWS

25. The purpose of this section is as follows:
- i. Provide budget-to-actual analysis highlights for the period from October 20, 2018 to June 30, 2019; and,
  - ii. Provide explanations or comments on the variances.

### OVERVIEW

26. 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 October 20, 2018 to June 30, 2019:

Petitioner	Cash variation for the period from October 20, 2018 to June 30, 2019 (C\$000)									
	Opening cash balance	Total variation in cash balance	Exchange rate (gain / loss)	Subtotal	Surplus (funding) between HII and its Non-Petitioners (Note 1)	Funded by Administrative Reserve	Cash to be received from Homco 123	Castello settlement to be received	Adjusted ending cash balance	
1810040 Alberta Ltd.	714	(300)	14	428	(2)	248	133	400	1,207	

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

For the budget to actual cash flow forecast analysis of HII, for the period from October 20, 2018 to June 30, 2019, and commentaries in respect of the analysis performed, please refer to Appendix A of this Fifty-First Report.

27. As of the date of this report, all appropriate and approved post-filing expenses were 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 the section IV hereunder).
28. 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.)

29. 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, were \$506.1K for the period noted, while total cash outflows were \$806.7K, which resulted in a negative net cash variation of \$300.6K compared to the amount initially budgeted.
30. As mentioned in this report, 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 \$133.2K in July 2019 to HII to cover their share of the disbursements related to the Thirty-First Extension Period.

31. 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 in the coming weeks, including approximately \$400.0K to HII.

### **III. ACTIVITIES OF THE MONITOR**

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

#### **CASH FLOW MONITORING**

33. On a regular basis, the Monitor has continued to analyze the Debtor's cash flows. As explained in the previous section of this Fifty-First Report, a budget-to-actual cash flow analysis of the Debtor for the period from October 20, 2018 to June 30, 2019 has been prepared together with commentaries of cash variances, as presented in Appendix A of this Fifty-First Report.
34. As part of this process, the Monitor has also analyzed cash inflows and cash outflows from all of the HII Parties' bank accounts not liquidated or being filed into bankruptcy. 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**

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

#### **COMMUNICATIONS WITH CREDITORS**

36. Since September 2011, the Monitor has made available a toll-free number (related to a call center) and a mailbox in order to assist its communications with Affected Creditors and Homco 61 Affected Creditors. On January 1, 2019 the toll-free number in the Netherlands (call center) was cancelled for cost reduction purposes.
37. Following PID, the First Distribution and the several subsequent distributions that have been made, the Monitor has 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.
38. The distributions to most of the creditors, namely all holders of Mortgage Bond Claims and Corporate Bond Claims, are made by way of wire transfers based on the banking information included in the Letters of Instructions submitted to the Monitor. The Monitor is pursuing its efforts to contact the creditors who did not provide a Letter of Instructions or for which the banking details provided were incomplete or erroneous in order to proceed with the distributions to which they are entitled. As of the date of this Fifty-First Report, as indicated previously and notwithstanding the Monitor's efforts, only 10 creditors (out of approximately 9000) are yet to provide the relevant information requested for distribution purposes. An amount of approximately \$10K is reserved as pending payments in regard of these 10 creditors, in accordance with the Plans.

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

##### OVERVIEW

39. Pursuant to the Thirty-First Extension Order, the Stay Period was extended up to and including July 31, 2019.
40. The Debtor's Application is seeking a thirty-second extension of the Stay Period until December 20, 2019 (the "**Thirty-Second Extension Period**"). This extension will allow mainly to:
- i. Complete the realization of the remaining Non-Core Business Asset (namely the Homco 123 property) with the objective to return a significant amount of equity to the Affected Creditors;
  - ii. Deal with the potential claim of the Valbonne 2 Dutch trustee and limit its impact on the timing and the amount of the final distribution to the Affected Creditors and Homco 61 Affected Creditors;
  - iii. Once (i) and (ii) are completed, 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,
  - iv. Continue to keep creditors and other stakeholders informed and answer their queries.
41. It is the Monitor's view that it is in the best interests of the stakeholders to provide the HII Parties with the Thirty-Second 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 5-MONTH CASH FLOW FORECASTS

42. The Debtors, with the support of the Monitor, prepared new cash flow forecasts for the Thirty-Second Extension Period, adjusting the projected cash flows for the period ending on December 20, 2019, namely the end of the Thirty-Second Extension Period.
43. The extended 5-month cash flow forecasts for HII as well as additional comments identifying the primary assumptions are attached as Appendix B.
44. Presented in the table below is a summary of the forecasted cash variations for HII:

Extension - period ending December 20, 2019 (Appendix C)			
(C\$000)	Opening cash balance as of June 30, 2019	Forecasted cash variation for the period	Forecasted closing cash balance as at December 20, 2019
1810040 Alberta Ltd.	1,207	(89)	1,118

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

45. 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, his remuneration is also a fixed monthly fee, of which 50% is paid by Propertize, and is included in the professional fees.

46. Rent expense is expected to be incurred during all the period as the office is required to support the employee.
47. Professional fees in connection with the restructuring of the HII Group are expected to be higher in the month December 2019 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. Given the preliminary status of the claim of the Valbonne 2 trustee, costs in connection with the handling of this claim are difficult to estimate at this stage.
48. Office and administrative fees are expected to be at \$1K per month.
49. At the time of this Fifty-First 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-Second Extension Period.

## V. POSITION OF THE VARIOUS CASH RESERVES

50. 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:

<b>Cash Reserves Accounts (C\$000)</b>	
<b>Trust Account</b>	<b>June 30, 2019</b>
Cash Pool and Asset Realization Cash Pool	2,384
Administrative Reserve	9
Litigation Reserve	525
Disputed Claims Reserves	633
Directors' Charge Reserve	2,082

<b>Cash Reserves Accounts (€000)</b>	
<b>Trust Account</b>	<b>June 30, 2019</b>
Administrative Reserve	57

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

**VI. CONCLUSIONS AND RECOMMENDATIONS**

51. 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.
52. It is the Monitor's opinion that, for the reasons further elaborated in this Fifty-First Report, the Thirty-Second Extension, up to December 20, 2019, 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.
53. The Monitor respectfully submits this Fifty-First Report to the Court.

DATED AT MONTREAL, this 8<sup>th</sup> day of July 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 8-month period from October 20, 2018 to June 30, 2019		
	Actual	Budget	Variance
<b>Cash inflows</b>			
Other receipts	506.1	30.0	476.1
<b>Total cash inflows</b>	<b>506.1</b>	<b>30.0</b>	<b>476.1</b>
<b>Cash outflows</b>			
Payroll	131.1	80.8	(50.3)
Rent expense	20.0	16.8	(3.2)
Restructuring related professional fees	598.5	190.4	(408.1)
Directors & Officers Insurance	-	-	-
Office & administrative	57.1	8.4	(48.7)
Other expenditures / Refund to Administrative Reserve	-	-	-
<b>Total cash outflows</b>	<b>806.7</b>	<b>296.4</b>	<b>(510.3)</b>
<b>Opening cash balance</b>	<b>713.8</b>	<b>713.8</b>	<b>-</b>
Funding Homco 123	-	133.2	(133.2)
Variation in cash balance	(300.6)	(266.4)	(34.2)
Exchange rate (Gain / Loss)	14.4	-	14.4
<b>Ending cash balance</b>	<b>427.6</b>	<b>580.6</b>	<b>(153.0)</b>
<b>Funding from the Administrative Reserve</b>	<b>247.8</b>	<b>-</b>	<b>247.8</b>
<b>Cash to be received from Homco 123</b>	<b>133.2</b>	<b>-</b>	<b>133.2</b>
<b>Castello settlement to be received</b>	<b>400.0</b>	<b>-</b>	<b>400.0</b>
<b>Surplus (funding) between HII and its non-Petitioners</b>	<b>(1.6)</b>	<b>-</b>	<b>(1.6)</b>
<b>Adjusted ending cash balance</b>	<b>1,207.0</b>	<b>580.6</b>	<b>626.4</b>

### 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 \$247.8K 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-First 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 \$133.2K in July 2019 to HII to cover their share of the disbursements related to the Thirty-First Extension Period.
- The settlement of the Condominium Corporation's claim in the matter of the bankruptcy of Castello is currently being documented. This settlement will allow to finalize the bankruptcy proceedings and to proceed with a final distribution to the creditors of Castello, including approximately \$400.0K to HII.

### **Inflows**

- Other receipts were \$506.1K compared to a budgeted amount of 30.0K, resulting in a favorable variance of \$476.1K. The favorable variance is mainly due to the unbudgeted receipt of \$10.9K of refunds related to Stichting Homburg invoices, and \$465.2K of unbudgeted receipts related to the dissolution of the company Homco 119 which was expected to be received, but not during the current period.

### **Outflows**

- Payroll was \$131.1K compared to a budgeted amount of \$80.8K, resulting in a unfavorable variance of \$50.3K. This unfavorable variance is mainly due to a higher workload than originally anticipated.
- Restructuring related professional fees were \$598.5K compared to a budgeted amount of \$190.4K, resulting in an unfavorable variance of \$408.1K. This relates principally to payments of invoices for services rendered prior to the period which had not been invoiced before, as well as, to a lesser extent, covering costs accrued in regard of the bankruptcies of several Homcos.
- Office & Administrative expenses were \$57.1K compared to a budgeted amount of \$8.4K, resulting in an unfavorable variance of \$48.7K. 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, 2011 - 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 - Dec 31, 2016	\$ 348,951	\$	348,951
INVOICE nr. 93.2017 to 104.2017	Jan 1, 2017 - Dec 31, 2017	\$ 268,017	\$	268,017
INVOICE nr. 105.2018 to 116.2018	Jan 1, 2018 - Dec 31, 2018	\$ 151,161	\$	151,161
INVOICE nr. 117.2019 to 121 2019	Jan 1, 2019 to May 31, 2019	\$ 47,594	\$	47,594
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)	\$	(35,790.98)
CREDIT NOTE C30.2018 to C33.2018	Invoices 101 to 112	€ (18,282)	\$	(28,005.95)
CREDIT NOTE C34.2019	Invoices 113,114,115	€ (4,067)	\$	(6,163.95)
CREDIT NOTE C35.2019	Invoices 116,117,118	€ (3,941)	\$	(5,917.41)
VAT Refund <sup>1</sup>	Invoices 3 to 28	€ (432,506)	\$	(563,776)
VAT Refund <sup>5</sup>	Invoices 30 to 55	€ (304,581)	\$	(436,744)
VAT Refund <sup>10</sup>	Invoices 57 to 80	€ (146,027)	\$	(208,488)
VAT Refund <sup>17</sup>	Invoices 81 to 92	€ (41,063)	\$	(59,400)
VAT Refund <sup>21</sup>	Re: Foreign currency effects	€ (100,000)	\$	(146,080)
<b>Total (Converted on date paid)</b>			<b>\$</b>	<b>10,352,400</b>

**APPENDIX B**  
**1810040 Alberta Ltd. - Extended 5-month cash flow forecast (\$C)**

**Updated as of June 30, 2019**

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)  
 Extended cash flow statement from July 1, 2019 to December 20, 2019

	<b>50th Report</b>		<b>51st Report</b>					
Beginning period:	July 1 to 31	TOTAL	For the month of	For the month of	For the month of	For the month of	For the month of	TOTAL
Ending period:			August	September	October	November	December	5-Month Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Cash inflows</b>								
GST/HST/VAT received	5,000	5,000	5,000	-	5,000	-	5,000	15,000
Other receipts	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>15,000</b>
<b>Cash outflows</b>								
Payroll	7,500	7,500	7,500	7,500	7,500	7,500	7,500	37,500
Rent expense	2,000	2,000	2,000	2,000	2,000	2,000	2,000	10,000
Restructuring related professional fees	15,000	15,000	15,000	15,000	15,000	15,000	80,000	140,000
Directors & Officers Insurance	-	-	-	-	-	-	-	-
Office & administrative	1,000	1,000	1,000	1,000	1,000	1,000	1,000	5,000
Other expenditures	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	<b>25,500</b>	<b>25,500</b>	<b>25,500</b>	<b>25,500</b>	<b>25,500</b>	<b>25,500</b>	<b>90,500</b>	<b>192,500</b>
<b>Opening balance</b>	<b>1,207,000</b>	<b>1,207,000</b>	<b>1,199,250</b>	<b>1,191,500</b>	<b>1,178,750</b>	<b>1,171,000</b>	<b>1,158,250</b>	<b>1,199,250</b>
Payments in transit	-	-	-	-	-	-	-	-
Variation in cash balance (Petitioners)	(20,500)	(20,500)	(20,500)	(25,500)	(20,500)	(25,500)	(85,500)	(177,500)
Funding Homco 123 (50%)	12,750	12,750	12,750	12,750	12,750	12,750	45,250	96,250
Exchange rate	-	-	-	-	-	-	-	-
<b>Adjusted ending cash balance</b>	<b>1,199,250</b>	<b>1,199,250</b>	<b>1,191,500</b>	<b>1,178,750</b>	<b>1,171,000</b>	<b>1,158,250</b>	<b>1,118,000</b>	<b>1,118,000</b>

**Notes:**

- 1) The opening cash balance reflects the allocated cash balance as at June 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-Second Extension Period reflects the reduced level of work expected during the first four months in light of extension request and the expected workload increase in December 2019 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-Second 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
<b><u>Opening cash balance</u></b>	Based on allocated closing cash balances as at June 30, 2019	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>			
GST/HST/VAT received	No refunds are forecasted for the period	X	
Other receipts	No receipts are forecasted for the period	X	
<b><u>Forecast cash disbursements</u></b>			
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	

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

**APPENDIX C**

JLL Letter dated July 8, 2019 (extension of sale process)

# Recommend for postponement



Location: Platinawerf 22-28

Date: 8 July 2019

To: Hinvest REMSBV: Peter van Jaarsveld

From: JLL: Koen der Kinderen

Dear Mr. Van Jaarsveld,

Last October we informed/requested you about the restart of the sales process for the property located at Platinawerf 22-28 in Beuningen.

As you know we are still waiting for the binding decision of the High Court regarding the environmental permit. Therefore parties appointed an environmental expert / mediator to examine this business case. The expert asked the court for more time to finalize the outcome of his investigation. The court has granted this request and the expert has delivered his final report. We are now waiting for the binding decision of the Court on this report. The outcome hereof is essential for the sales process and we therefore recommend for another postponement till 31 December 2019.

We suggest to continue assisting us developing the market until permit situation and its investment implications are fully known.

Yours sincerely,

Koen der Kinderen  
Consultant MidCap Investments Team