

May 4, 2015

Via email

Phyllis Perry
Deputy Registrar in Bankruptcy
5th Floor, Summit Place
1601 Lower Water Street

Dear Ms. Perry,

Subject: Tour Tech. East Limited – Estate No. 51-1963560; Court No. 38848


Please find enclosed the Proposal Trustee's Report relating to the Tour Tech. East Limited motion to be heard on May 7, 2015 at 10:00am by Registrar Creagan.

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
Tour Tech. East Limited
and not in its personal capacity

Per:



James Foran, CA, CIRP
Vice President

Enclosure (Trustee's Third Report)

c: Service List

Estate No: 51-1963560
Court No: 38848
District No: 02
Division No: 01-Halifax

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:
TOUR TECH. EAST LIMITED**

**Third 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 Tour Tech. East Limited ("Tour Tech" or the "Company") was incorporated in Nova Scotia on September 4, 1984. The shares of Tour Tech are 90% owned by Peter Hendrickson, President, and 10% owned by Robert Barrett.
- 1.2 Tour Tech is based in Dartmouth, Nova Scotia. The Company services the entertainment industry through the provision of professional audio, lighting and staging rentals, installation and distribution, servicing Canada and the eastern United States. The Company also services the film industry through its two large sound stages, which provide acoustically optimized recording space.
- 1.3 Tour Tech owns and operates its sound stage business out of a 40,445 square foot commercial facility located at 170 Thornhill Drive, Dartmouth, Nova Scotia (the "Property"). The Company is currently attempting to dispose of the Property.
- 1.4 Tour Tech operates its production rental, installation, distribution and corporate operations out of a 213,389 square foot commercial facility located at 180 Thornhill Drive, Dartmouth, Nova Scotia. The property is owned and operated by 3258042 Nova Scotia Limited ("3258042"), a related entity.
- 1.5 On January 13, 2015, the Toronto Dominion Bank ("TD"), the operating lender for Tour Tech, received two Requirement to Pay notices from the Canada Revenue Agency ("CRA").
- 1.6 On January 28, 2015, Tour Tech received a notice of default on outstanding amounts owing and a Notice of Intention to Enforce Security from Roynat Lease Finance.
- 1.7 On February 19, 2015, Tour Tech received a demand for repayment of outstanding amounts owing and a Notice of Intention to Enforce Security from TD.
- 1.8 On February 19, 2015, Tour Tech received a demand, for both Tour Tech and 3258042, for repayment of outstanding amounts owing and Notices of Intention to Enforce Security from the Business Development Bank of Canada ("BDC").
- 1.9 On February 20, 2015, Tour Tech filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4 of the BIA. Deloitte Restructuring Inc. ("Deloitte" or the "Proposal Trustee") was appointed as the trustee under the NOI.
- 1.10 On February 27, 2015, 3258042 filed a NOI pursuant to Section 50.4 of the BIA. Deloitte was appointed as the Proposal Trustee.

- 1.11 On March 4, 2015, the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (this “Honorable Court”) granted an order providing for an administrative charge (the “Administrative Charge”) and interim financing charge (the “DIP Financing”) in favor of the BDC (the “DIP Order”).
- 1.12 The DIP Order was amended and restated by this Honourable Court on March 20, 2015 with effect from March 4, 2015 (the “Amended DIP Order”). A copy of the Amended DIP Order is attached as Appendix A.
- 1.13 On March 20, 2015, this Honourable Court granted an order approving an extension of time to make a proposal (the “Extension Order”) to and including May 7, 2015. A copy of this Extension Order is provided as Appendix B.

2. TERMS OF REFERENCE

- 2.1 In preparing this report (“the Third Report”), the Proposal Trustee has relied upon financial information of the Company, and discussions with the Company’s management (“Management”) and Boyne Clarke, 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 Third 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 Third 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 Third Report. Any use which any party makes of the Third Report, or any reliance or decisions to be made on the Third Report, is the sole responsibility of such party.
- 2.4 All dollar amounts identified in the Third Report are expressed in or converted to Canadian dollars.
- 2.5 The purpose of the Third Report is to inform this Honourable Court on the status of:
- i. the actual results to date against the forecasted statement of projected cash flows filed on March 18, 2015 with this Honourable Court (the “First Extension Cash Flow”) and the revised forecasted cash flows (the “Second Extension Cash Flow”) for the remaining period of consideration;
 - ii. the Company’s DIP Financing;
 - iii. the Company’s progress in establishing a restructuring plan, including the sale of the Property and discussions with potential investors; and
 - iv. the Proposal Trustee’s position on the Company’s application for a 45 day extension to the stay of proceedings.

3. CASH FLOW PROJECTIONS AND PRELIMINARY RESULTS

- 3.1 The First Extension Cash Flow prepared by the Company for a 13-week period March 20 to June 12, 2015 was filed with this Honourable Court on March 18, 2015.

- 3.2 The First Extension Cash Flow was prepared based on the following assumptions:
- i. customers, specifically event promoters, will continue to support the Company through the restructuring process;
 - ii. suppliers will continue to support the Company through the restructuring process on a cash on delivery basis;
 - iii. no payments will be made to creditors during the restructuring process outside of cash payments for post-filing obligations; and
 - iv. the Company will receive DIP Financing to provide sufficient liquidity to fund the Company's operations.
- 3.3 The Proposal Trustee has monitored the actual cash flow results for the six week period ending April 24, 2015. The Company has experienced a favourable variance in net cash flows of \$43,310, primarily attributable to a \$50,000 DIP Financing advance being required earlier than forecast. Total cash inflows were significantly lower than forecast. However, the unfavourable variance was mostly offset by a favourable variance in total cash outflows. A copy of the detailed actual to budget variance analysis is attached as Appendix C.
- 3.4 The Company has prepared and the Proposal Trustee has reviewed, the Second Extension Cash Flow, a 13 week cash flow for the weeks ending May 1 to July 24, 2015 using similar assumptions as the First Extension Cash Flow. A copy of the Second Extension Cash Flow is attached as Appendix D.
- 3.5 In the Proposal Trustee's report dated March 18, 2015, the Proposal Trustee provided this Honorable Court with information regarding a transaction whereby Tour Tech provided post-dated cheques totaling \$36,750 to an unrelated Nova Scotia numbered company. The Proposal Trustee had determined the entity was not a creditor of Tour Tech, but rather a creditor of Peter Hendrickson personally. At the request of the Proposal Trustee, the Company issued stop payment orders on both cheques.
- 3.6 During the week of March 23, 2015 the Proposal Trustee became aware that on March 19, 2015, and without the knowledge of the Proposal Trustee, Mr. Hendrickson had disbursed \$35,000 of Company funds to settle the above noted personal obligation. On March 25, 2015, the Proposal Trustee advised BDC of the transaction. Mr. Hendrickson returned the funds in full to the Company's bank account and BDC was advised of the same on March 27, 2015.
- 3.7 The Proposal Trustee confirms that all required post-filing employee and employer remittances have been made to CRA since the filing of the NOI.
- 3.8 The Company continues to maintain operating bank accounts at the Royal Bank of Canada ("RBC"). The Company has a US dollar and a Canadian dollar account at RBC and the cash flow analysis as presented is based on the activity in these accounts only.
- 3.9 The Proposal Trustee has reviewed the TD operating accounts since the NOI filing to confirm that no disbursements have been made from these accounts. Since the date of the NOI filing, \$1,213 of collections were received into the TD account. The amounts received in this account were off-set by TD.
- 3.10 The Proposal Trustee notes that post-filing Accounts Payable as at April 30, 2015 totaled \$26,313. A copy of the post-filing accounts payable is attached as Appendix E. The Company is paying post-filing obligations in the normal course of operations and within negotiated credit terms.

4. DIP FINANCING

- 4.1 The Company entered into an agreement with BDC dated March 3, 2015 to provide DIP Financing (the "DIP Agreement"). A copy of this agreement was previously provided to this Honorable Court.
- 4.2 The DIP Agreement contained conditions precedent, underlying conditions and events of default (the "Covenants") that require the Company's compliance in order to access DIP Financing.
- 4.3 Since receiving the initial draw of DIP Financing on March 11, 2015, the Proposal Trustee is aware that the Company has violated the DIP Agreement as follows:
- i. the Company did not pay when due all fees and expenses set out in the BDC Offer. The Company did not pay the administration fee for the month of April, as it was under the understanding BDC would take it directly from the RBC account. The monthly fee of \$500 was deducted at the time of the recent DIP Financing disbursement;
 - ii. the Company used the DIP Loan for the purposes other than that set out in the BDC Offer, without permission from the DIP Lender. As disclosed herein, Company funds were used to pay a personal debt of Mr. Hendrickson. These funds have now been fully replenished;
 - iii. the Company did not provide a detailed listing of equipment owned by the Company that is not necessary to maintain and support the current level of operations by March 31, 2015. The Company provided the listing to BDC one day later on April 1, 2015;
 - iv. the Company did not provide monthly prepared financial statements (balance sheet, income statement and cash flow statement) showing actual results achieved compared to projected results, along with notes and management comments on variances, within 20 days of month-end. The Company provided the monthly financial statements for March two days later on April 22, 2015;
 - v. the Company did not comply with the financial projections set forth in the cash flow projections. The Company has experienced variances in both projected inflows and outflows during the NOI period; and
 - vi. the Company did not comply with a financial covenant that stated cumulative actual of total receipts for any given four week period shall not vary negatively from the amount forecasted in the cash flow projection for the same period by more than 20 percent. The Company was offside of this covenant for the weeks ended March 27, April 10, April 17 and April 24 respectively.
- 4.4 The Company informed BDC of the Covenant violations in a timely fashion. As of the date of this report, BDC has not taken any action but has advised the Company that it reserves all of its rights based on the violations.

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 support from customers and suppliers during the NOI period;
 - ii. continued availability of DIP Financing;
 - iii. closing a sale of the Property;
 - iv. Management's ability to implement a restructuring plan and make a proposal to creditors; and
 - v. successful restructuring of 3258042.

- 5.2 On April 20, 2015, the Company made a request (the "Second Request") to access the DIP Financing in the amount of \$50,000. A copy of the Second Request is attached to Appendix F.
- 5.3 On April 21, 2015, in light of the Covenant violations discussed herein, and a clause in the DIP Agreement that states "the Proposal Trustee shall confirm that the disbursement requested in the draw notice is compliant with the terms and conditions of this Letter of Offer", BDC requested that the Proposal Trustee communicate in writing with respect to its knowledge regarding this issue. On April 22, 2015 the Proposal Trustee provided its findings to BDC.
- 5.4 On April 24, 2015, BDC disbursed the funds per the Second Request. A copy of the disbursement approval is attached as Appendix G.
- 5.5 In the Proposal Trustee's report dated March 18, 2015, the Proposal Trustee advised this Honorable Court that the Property was subject to a purchase and sale agreement (the "Original PSA") that was scheduled to close on June 30, 2015.
- 5.6 On March 27, 2015, the Company advised the Proposal Trustee that the party to the Original PSA (the "First Offeror") was unable to waive its final due diligence clause and was requesting an extension until April 30, 2015.
- 5.7 On March 27, 2015, the Company, its real estate broker, the Proposal Trustee and BDC held a conference call to discuss the merits of providing the requested extension to the First Offeror. It was agreed that the extension request would be granted; however, the Company retained the ability upon 5 days' notice to terminate the Original PSA.
- 5.8 On April 2, 2015, the Company received a letter of intent (the "LOI") from an interested party (the "Second Offeror") to purchase the Property.
- 5.9 On April 7, 2015, legal counsel to the Company wrote to the Second Offeror advising that the Company would not be accepting the terms and conditions of the LOI, but would entertain an offer on a standard purchase and sale agreement
- 5.10 On April 20, 2015, the Company received an offer on a standard purchase and sale agreement from the Second Offeror.
- 5.11 On April 24, 2015, the Company advised a representative of the Second Offeror that they had decided to not accept the offer as presented.
- 5.12 On April 28, 2015, the Company was advised by a representative of the First Offeror that they were unable to satisfy the final clause of their due diligence and as such were withdrawing their offer to purchase the Property.
- 5.13 On April 28, 2015, legal counsel for the Company communicated with a representative of the Second Offeror outlining terms and conditions that would be acceptable to the Company.
- 5.14 On April 29, 2015, the Proposal Trustee communicated with a representative of the Second Offeror requesting a meeting to discuss acceptable terms and conditions on the Property.
- 5.15 On April 30, 2015, the Company received another offer on a standard purchase and sale agreement from the Second Offeror.
- 5.16 On May 3, 2015, a representative of the Company and the Proposal Trustee met with a party (the "Financial Partner"). As a result of that meeting, the Company has accepted an offer to purchase the Property. The Proposal Trustee intends to file a supplemental report prior to May 7, 2015 addressing the process leading up to the sale of the Property and the factors to be considered for Court approval of the sale.

- 5.17 Subsequent to the March 20, 2015 hearing, the Company, in conjunction with the Proposal Trustee, has held investment discussions with the following parties:
- i. a strategic partner (the "Strategic Partner") who is currently involved in the industry;
 - ii. the Financial Partner who had previously expressed interest in an investment in the Company;
 - iii. a lender (the "Lender") whose primary business is to provide capital to distressed Companies; and
 - iv. a real property lender (the "Real Property Lender") whose primary business is to provide capital against real property.
- 5.18 On March 18, 2015, the Company, in conjunction with the Proposal Trustee, initiated discussions with the Strategic Partner. The Company provided the Strategic Partner with historical financial information.
- 5.19 On April 1, 2015, the Proposal Trustee held a discussion with the Real Property Lender with respect to a recapitalization of the real estate in 3258042 whereby additional capital would be available to assist the Company's restructuring plan.
- 5.20 The Proposal Trustee discussed this potential recapitalization strategy with BDC, as it would require BDC consent. Based on those discussions, the Proposal Trustee advised the Real Property Lender that the Company would not be moving forward further with this application.
- 5.21 On April 28, 2015, the Company provided the Strategic Partner with forward looking financial information to further supplement its decision making process. The Company is currently working to provide additional financial information to the Strategic Partner and the Proposal Trustee anticipates further discussions regarding a potential investment.
- 5.22 On April 12, 2015, Peter Hendrickson held an initial meeting with the Financial Partner regarding a potential investment in the Company. Subsequent to this initial meeting, both the Company and the Proposal Trustee have held discussions with respect to a potential investment. The Proposal Trustee met with the Financial Partner on May 1, 2015 to discuss a potential investment. These talks continue to progress.
- 5.23 On April 17, 2015, the Company, in conjunction with the Proposal Trustee, held a discussion with the Lender regarding a potential loan facility to both the Company and 3258042. Subsequent to the initial meeting, the Lender was provided with both historical and forward looking financial information.
- 5.24 On April 29, 2015, the Proposal Trustee held a discussion with the Lender. Due to the magnitude of the interest costs under such a facility, it was agreed by all parties that this avenue would no longer be explored.

6. STAY EXTENSION APPLICATION

- 6.1 As discussed above, the ability of the Company to file a viable proposal is dependent on:
- i. continued support from customers and suppliers during the NOI period. The Proposal Trustee has held several discussions with Peter Hendrickson regarding conversations between the Company and special event promoters who have indicated that they will continue to support the Company during the NOI period;
 - ii. availability of DIP Financing. On April 24, 2015, the Company received the Second Request;

- iii. closing a sale of the Property;
 - iv. Management's ability to implement a restructuring plan and make a proposal to creditors; and
 - v. successful restructuring of 3258042.
- 6.2 The Proposal Trustee is of the opinion that the Company continues to act in good faith and with due diligence in connection with the preparation of a restructuring plan and a proposal to creditors.
- 6.3 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 5, the Company has taken several meaningful steps in relation to a restructuring plan and, in conjunction with the Proposal Trustee, has estimated the required capital required to implement the plan. However, the Company has not had adequate time to enact material restructuring changes, raise additional capital for the purpose of funding a proposal or reach terms with exit investors.
- 6.4 The Proposal Trustee is of the opinion that no creditor would be materially prejudiced by the extension as requested by the Company.
- 6.5 In the absence of a 45-day extension, the Company will not be in a position to file a proposal before May 7, 2015. The Proposal Trustee has performed preliminary realization schedules in a liquidation scenario and based on the appraised value of the Company's assets and the quantum of secured indebtedness, it believes that realizations for unsecured creditors will be higher in a Proposal than in bankruptcy.
- 6.6 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 Honourable Court this 4th day of May, 2015.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee under the Proposal of
Tour Tech East Limited
and not in its personal capacity.

Per:



James Foran, CA, CIRP
Vice President

**Appendix A: Supreme Court of Nova Scotia in Bankruptcy and Insolvency
Amended DIP Order**

2015

Estate No. 51-1963560
Court No. 38848
District No. 02
Division No. 01-Halifax

**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY & INSOLVENCY**

Court Administration
MAR 20 2015
Halifax, N.S.



In the Matter of:

THE PROPOSAL OF TOUR TECH. EAST LIMITED

AMENDED AND RESTATED ORDER

BEFORE THE REGISTRAR IN BANKRUPTCY:

UPON this Court issuing an Order March 4, 2015 in response to a motion made by Tour Tech. East Limited (the "Company"), an insolvent person, pursuant to sections 50.6 and 64.2 of the *Bankruptcy & Insolvency Act* ("the *BIA*"), providing for interim financing from Business Development Bank of Canada ("BDC") and an administrative charge (the "**DIP Order**");

AND UPON it appearing that the DIP Order omitted a provision confirming the priority of the charge in favour of BDC and included provisions dealing with the property and assets of 3258042 Nova Scotia Limited, who was not a party to the motion;

AND UPON it appearing that the DIP Order should be amended and restated as described herein;

IT IS HEREBY ORDERED:

Service

1. The time for service of this motion be and it is hereby abridged, and it is declared that the Notice of Motion is properly returnable today;
2. To the extent necessary any required notice periods with respect to this motion are hereby abridged;
3. Any lack or deficiency in service of this motion are hereby waived and excused;
4. Service on the secured creditors of the Company shall be sufficient service for the purposes of this motion.

DIP Loan

5. Pursuant to s. 50.6 of the BIA, the Company is hereby authorized and empowered to obtain and borrow under a credit facility from BDC in order to finance the Company's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$300,000 unless permitted by further Order of this Court.
6. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Company and BDC dated March 3, 2015 (the "Commitment Letter").
7. The Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by BDC pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to BDC under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
8. Pursuant to s. 50.6(3) of the BIA, BDC shall be entitled to the benefit of and is hereby granted a charge (the "DIP Charge") on all the property, assets and undertaking of the Company (collectively, the "Property"), which DIP Charge constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any Person. The DIP Charge shall not secure an obligation that exists before March 4, 2015. The DIP Charge shall have the priority set out in paragraph 14 hereof.
9. The filing, registration or perfection of the DIP Charge shall not be required, and such charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect. Notwithstanding the foregoing, BDC may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge.
10. Notwithstanding any other provision of this Order:
 - (a) BDC may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, BDC, upon 3 business days notice to the Company and the

Deloitte Restructuring Inc. in its capacity as proposal trustee of the Company, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by BDC to the Company against the obligations of the Company to BDC under the Commitment Letter, the Definitive Documents or the DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

the foregoing rights and remedies of BDC shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

11. BDC shall be treated as unaffected in any proposal filed by the Company under the BIA with respect to any advances made under the Definitive Documents.

Administration Charge

12. The Trustee, counsel to the Trustee, and the Company's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") pursuant to section 64.2 of the BIA, said charge being a first ranking charge over the personal property of the Company, ranking in priority to all mortgages, charges, liens or security interests, trusts, deemed trusts and other encumbrances, contractual, statutory or otherwise, held by or for the benefit of any person, which charge shall not exceed an aggregate amount of \$75,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Trustee and such counsel, both before and after the making of this Order in respect of these proceedings.

Subsequent Proceedings

13. The charges created herein shall not be rendered invalid or unenforceable, and the rights and remedies of the chargees shall not be limited or impaired in any way, by (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any bankruptcy order issued subsequent hereto; or (iii) any negative covenants, prohibitions or similar provisions with respect to borrowings, incurring debt or the creation of encumbrances contained in any existing loan documents or other agreements and, notwithstanding any provision to the contrary in any Agreement:
 - (a) The creation of the charges and the performance of the Commitment Letter shall not create, or be deemed to constitute, a breach of any agreement to which the Company is a party;

- (b) None of the chargees shall have any liability to any person as a result of a breach of any agreement caused by or resulting from the grant of the charges or the operation of the Commitment Letter;
- (c) Payments made by the Company pursuant to this order, and the granting of the charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law.

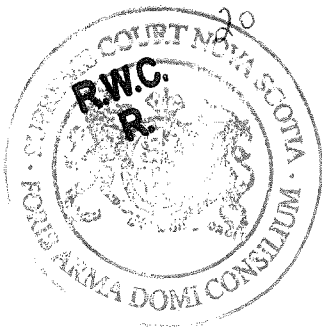
Priority of the DIP Charge and Administrative Charge

- 14. The priorities of the Administration Charge and the DIP Charge, as among them, on the personal property of the Company shall be as follows :
 - (a) First – Administration Charge (to the maximum amount of \$75,000); and
 - (b) Second – DIP Charge

Effective Date and Time

- 15. This Order and all of its provisions are effective as of 12:01 a.m. local time on March 4, 2015.

Issued March 4, 2015.





Deputy Registrar in Bankruptcy

IN THE SUPREME COURT
COUNTY OF HALIFAX, N.S.

I hereby certify that the foregoing is a true copy of the original order on file herein.

Dated the *20th* day of *March*,
A.D., 2015


DEPUTY REGISTRAR

PHYLLIS PERRY
Deputy Registrar of Bankruptcy

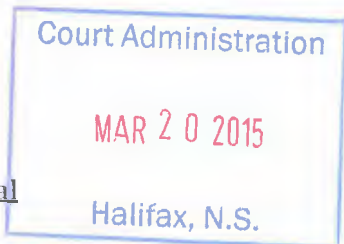
**Appendix B: Supreme Court of Nova Scotia in Bankruptcy and Insolvency
Extension Order**

2015

Estate No. 51- 1963560
Court No. 38848
District of Nova Scotia
Division No. 01-Halifax



**SUPREME COURT OF NOVA SCOTIA
IN BANKRUPTCY & INSOLVENCY**



In the Matter of: **THE PROPOSAL OF TOUR TECH. EAST LIMITED**

Order Approving Extension of Time to Make a Proposal

Before the Honourable Richard W. Cregan, Q.C., Registrar in Bankruptcy

Upon Tour Tech. East Limited (the "Applicant"), having made motion for an Order to extend the time for the filing of a proposal pursuant to section 50.4(9) of the *Bankruptcy & Insolvency Act*;

An Upon reading the Second Report of Deloitte Restructuring Inc. (the "Trustee"), the Affidavit of Peter Hendrickson, and the other materials on file herein;

And Upon hearing from counsel for the Applicant, the Trustee, and such other counsel as appeared;

It is ordered that:

SERVICE

1. To the extent necessary any required notice periods with respect to this motion are hereby abridged;
2. Any lack or deficiency in service of this motion is hereby waived and excused;
3. Service on those persons set out in the Affidavit of Service filed on this motion shall be sufficient service for the purposes of this motion;

EXTENSION OF TIME TO MAKE A PROPOSAL

4. The time to file a Proposal in the proceeding is extended for 45 days commencing from and including the 22nd day of March, 2014, to and including May 7, 2015.

EFFECTIVE TIME & DATE

5. This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

Issued March 20, 2015

Dated the 20th day of March
A.D., 2015

Phyllis Perry
DEPUTY REGISTRAR

Phyllis Perry
PHYLLIS PERRY
Deputy Registrar of Bankruptcy
Deputy Registrar

PHYLLIS PERRY

Appendix C: Actual to First Extension Cash Flow Variance Analysis

Tour Tech East Limited
Forecast to Actual Cash Flow Variance Analysis

	Mar-20		Mar-27		Apr-03		Apr-10		Apr-17		Apr-24		Cumulative			Notes
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Variance	
Opening Cash	141,997	141,997	73,657	81,598	59,482	55,757	85,296	113,966	38,007	76,926	39,688	9,206	141,997	141,997	-	
Operating Inflows																
Existing AR	200	-	1,926	68	1,345	-	2,975	426	-	1,150	575	-	7,021	1,644	(5,378)	
New sales	74,677	88,126	83,526	2,432	59,095	85,463	52,610	25,029	57,745	7,306	88,671	81,611	416,324	289,966	(126,358)	
Total Operating Inflows	74,877	88,126	85,452	2,500	60,440	85,463	55,585	25,454	57,745	8,456	89,246	81,611	423,346	291,610	(131,736)	1
Operating Outflows																
Cost of goods sold	15,813	930	17,397	2,333	20,596	5,993	19,306	2,793	20,328	7,741	26,482	6,012	119,922	25,802	94,120	2
Operating expenses	22,025	14,919	2,913	2,065	2,995	7,787	3,150	3,340	17,025	6,288	13,113	24,876	61,222	59,275	1,947	
Compensation	19,888	28,783	72,150	58,944	3,867	13,473	73,250	56,361	1,544	3,548	50,700	35,150	221,399	196,259	25,139	3
Professional fees	85,490	68,891	7,168	-	7,168	-	7,168	-	17,168	58,599	7,168	-	131,329	127,489	3,839	4
Other	-	35,000	-	(35,000)	-	-	-	-	-	-	-	-	-	-	-	
HST payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Outflows	143,217	148,523	99,628	28,341	34,626	27,254	102,874	62,494	56,064	76,176	97,463	66,038	533,871	408,825	125,046	
Operating cash flow	(68,339)	(60,397)	(14,176)	(25,841)	25,814	58,209	(47,288)	(37,040)	1,681	(67,720)	(8,217)	15,574	(110,526)	(117,215)	6,690	
Closing cash (before DIP)	73,657	81,600	59,482	55,757	85,296	113,966	38,007	76,926	39,688	9,206	31,471	24,781	31,471	24,781	(6,690)	
DIP funding												50,000	-	50,000	(50,000)	
Closing cash (after DIP)	73,657	81,600	59,482	55,757	85,296	113,966	38,007	76,926	39,688	9,206	31,471	74,781	31,471	74,781	43,310	

1. The Operating Inflows unfavorable variance of \$131,736 was primarily attributable to actual sales being lower than forecast.
2. The Cost of Goods Sold favorable variance of \$94,120 was primarily attributable to lower sales as discussed above.
3. The Compensation favorable variance of \$25,139 was primarily attributable to outstanding compensation cheques as at week ending April 24, 2015 in the amount of \$7,425 and savings due to the efforts of management to reduce staffing levels and manage costs.
4. The Professional Fees favorable variance of \$3,839 is primarily attributable to timing differences.

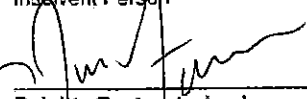
Appendix D: Second Extension Cash Flow

**Tour Tech East Limited
Summary Cash Flow**

	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017	NOV 2017	DEC 2017	JAN 2018	FEB 2018	MAR 2018	APR 2018
	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted	Budgeted
Opening Cash	74,782	104,538	59,417	51,292	29,201	55,780	21,698	8,776	29,056	90,850	55,040	64,756	80,494
Operating Inflows													
Existing AR	87,015	42,337	8,169	21,566	8,661	24,748	-	575	3,872	35,906	35,124	35,699	35,124
New sales	16,944	18,314	10,001	34,955	23,863	25,504	44,239	47,157	137,014	11,710	324,695	212,574	48,175
Total Operating Inflows	103,959	60,651	18,170	56,521	32,524	50,252	44,239	47,732	140,886	47,616	359,819	248,273	83,299
Operating Outflows													
Cost of goods sold	22,767	13,283	3,979	12,378	7,123	11,005	9,688	10,453	30,854	10,428	78,800	54,372	18,243
Operating expenses	8,695	5,050	15,750	15,395	5,250	8,850	13,410	5,050	7,450	8,850	13,410	7,250	5,050
Compensation	27,736	40,440	19,565	40,839	18,673	54,479	19,062	51,949	25,788	54,148	32,893	60,913	26,456
Professional fees	15,005	47,000	37,000	10,000	25,000	10,000	15,000	10,000	15,000	10,000	25,000	10,000	15,000
Total Outflows	74,203	105,772	76,294	78,612	55,946	84,334	57,160	77,452	79,092	83,426	150,103	132,535	64,749
Operating cash flow	29,756	(45,121)	(58,125)	(22,091)	(23,421)	(34,082)	(12,921)	(29,720)	61,793	(35,810)	209,716	115,738	18,551
Closing cash (before DIP)	104,538	59,417	1,292	29,201	5,780	21,698	8,776	(20,944)	90,850	55,040	264,756	180,494	99,044
DIP funding	-	-	50,000	-	50,000	-	-	50,000	-	-	(200,000)	(100,000)	-
Closing cash (after DIP)	104,538	59,417	51,292	29,201	55,780	21,698	8,776	29,056	90,850	55,040	64,756	80,494	99,044



Tour Tech East Limited
Insolvent Person



Deloitte Restructuring Inc.
Trustee under the Notice of Intention to File a Proposal
for Tour Tech East Limited
and not in its personal capacity

Appendix E: April 30, 2015 Post-Filing Accounts Payable Listing

TOUR TECH EAST LIMITED
Vendor Aged Summary As at Apr 30, 2015

<u>Name</u>	<u>Total</u>
DELOITTE RESTRUCTURING INC.	21,296.08
HALIFAX WATER COMMISSION (443239)	258.94
HALIFAX WATER COMMISSION (556495)	491.69
HALIFAX WATER COMMISSION (596028)	1,516.96
IRVING ENERGY DISTRIBUTION AND MARKETING	44.35
RYDER TRUCK RENTAL CANADA LTD	778.32
TD CANADA TRUST BUSINESS VISA	<u>1,926.52</u>
Total outstanding:	<u><u>26,312.86</u></u>

Generated On: Apr 30, 2015

Appendix F: Company Second Request for DIP Financing

DRAW NOTICE

To: Business Development Bank of Canada
Business Restructuring
70 York Street, Suite 1202
Toronto, Ontario
M5J 1S9

RE: Debtor-in-Possession Financing

Dear Sir or Madam,

We refer you to the Letter of Offer of debtor-in possession financing entered into on March 3, 2015 between for Tour Tech East Limited, as Borrower, and BDC, as DIP Lender. Capitalized terms which are used but not defined in this draw notice have the meaning given to them in the Letter of Offer.

We confirm our draw notice concerning a disbursement as follows:

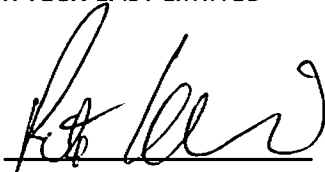
Amount of disbursement: \$50,000

Disbursement date: April 20, 2015

As of the date hereof, we confirm that based on the actual results for the four week period ending April 17th, 2015, as compared to the NOI Cash Flow filed with the Court for the three weeks ending March 13, 2015 and the Revised Cash Flow filed with the Court for the week ending March 20, 2015, Tour Tech calculated the cumulative four week rolling total receipts and total disbursements to have a 53% unfavourable variance and a 21.8% favourable variance, respectively, as compared to the Company's cash flow projections and is off side with its covenant calculation .

We also confirm the execution of the previous draw by each of the parties.

TOUR TECH EAST LIMITED

Per: 
Name:
Title:

Appendix G: Business Development Bank of Canada Disbursement Agreement



April 24, 2015

Mr. Peter Hendrickson
Tour Tech. East Limited
170 THORNHILL DRIVE
DARTMOUTH, NS
B3B 1V3

Re: Loan Account No. 329747-22

Dear Mr. Hendrickson:

Please be advised that funds from the above mentioned BDC loan will be disbursed as follows:

Loan Number 329747-22

On April 24, 2015, funds in the amount of \$49,500.00 will be deposited electronically to the account you have indicated to BDC. Please note that the amount of \$500.00 has been retained to be applied against the April 2015 monthly management fee. A wire processing fee may be charged by your financial institution upon receipt of the funds, in which case the amount of the fee will be deducted from the amount wired.

This is the 2nd disbursement on this Loan, leaving an undisbursed balance of \$150,000.00.

We confirm your agreement that all borrowed funds shall be used in accordance with the "Loan Purpose and Funding" set out in the Letter of Offer.

Please find enclosed a copy of the legal invoice received from Cox & Palmer dated March 31, 2015 in the amount of [REDACTED], which is payable by the company. We require that this invoice be paid directly to Cox & Palmer from the company's available funds over the next 2 weeks. Please confirm when payment is made.

We trust the foregoing is satisfactory. Should you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,


Sophie Gauthier
Director, Business Restructuring
Phone: (506) 851-3638
1-888-INFO BDC (463-6232)
Sophie.Gauthier@bdc.ca


Russell French
Assistant Vice-President, BRU

c.c. James Foran, Senior Manager, Deloitte via email jforan@deloitte.ca

Encl.