



Deloitte Restructuring Inc.
Purdy's Wharf Tower II
1969 Upper Water Street
Suite 1500
Halifax, NS B3J 3R7
Canada

Tel: 902-721-5661
Fax: 902-423-5820
www.deloitte.ca

C A N A D A
DISTRICT OF NOVA SCOTIA
DIVISION No.: 01 – Halifax
COURT No.: 44457
ESTATE No.: 51-2682884

SUPREME COURT OF
NOVA SCOTIA IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF: **Civic Homes Limited**, a Company formed under the laws of Nova Scotia, having its head office at 10 Ilsey Avenue, Dartmouth, NS B3B 1L3

Bankrupt

– and –

DELOITTE RESTRUCTURING INC.
(James Foran, CPA, CA, CIRP, LIT)
having its place of business at 1969 Upper Water Street, Suite 1500, Halifax NS, B3J 3R7
Licensed Insolvency Trustee

SECTION A – BACKGROUND

Civic Homes Limited (“**Civic**”) was incorporated on September 23, 2004 and was managed by Mr. Mohsen Teimouri, the sole director. The shares of Civic are equally owned by the Mohsen Teimouri Family Trust (2016) and the Seyed-Ali Koushesh Family Trust (2016).

Civic was a residential construction company based in Dartmouth, Nova Scotia. The primary assets of Civic consist of undeveloped land adjacent to the Number 7 Highway and Loon Lake in Westphal, Nova Scotia (PID 41332503) and four townhouses (the “**Loonview Development**”). According to the books and records of Civic, these assets carry a net book value of approximately \$6.8 million.

On April 30, 2020 (the “**Receivership Date**”), the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) granted an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the Receiver/Manager (the “**Receiver**”) without security, of all of the assets, undertakings and properties of Civic acquired for, or used in relation to a business carried on by Civic.

On July 7, 2020 the Court granted an order (the “**Sales Process Approval Order**”) approving the Receiver to proceed with its proposed sales process for the assets as contained in its First Report dated June 26, 2020.

On October 13, 2020, the Court granted an order (the “**Sales Approval and Vesting Order**”) approving the sale of the Loonview Development to Loon Lake Developments Limited (“**Loon Lake**”). The transaction was subsequently closed on October 30, 2020.

On October 13, 2020, the Court granted an order (the “**Bankruptcy Order**”) authorizing the Receiver to make an assignment in bankruptcy on behalf of Civic. On October 26, 2020 (the “**Date of Bankruptcy**”), the Receiver assigned Civic into bankruptcy and Deloitte was named the Licensed Insolvency Trustee (the “**Trustee**”), such appointment to be affirmed at the first meeting of creditors to be held on November 10, 2020.

Information regarding the Receivership estate can be found at the Receiver’s website which is <https://www.insolvencies.deloitte.ca/en-ca/Pages/Civic-Homes-Limited.aspx>.

SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURED CREDITORS

As at the Date of Bankruptcy, a preliminary evaluation of the book value of Civic’s assets and liabilities were:

Civic Homes Limited	
Summary of assets and liabilities	
(\$CAD)	
As at October 26, 2020	
Assets:	
Current	-
Non-current	<u>6,810,723</u>
	<u>6,810,723</u>
Liabilities:	
Secured creditors	7,261,068
Unsecured creditors	<u>4,379,606</u>
	<u>11,640,674</u>

Note: The information above was provided to the Trustee by Civic and has not been audited, reviewed or otherwise verified.

The only asset recorded in the books and records of Civic relates to capitalized construction costs associated with the Loonview Development.

Deloitte, in its role as Receiver of Civic, engaged Cox and Palmer ("**Cox**") as independent legal counsel to the estate. Cox has provided Deloitte with legal opinions that confirm the validity of the registered encumbrances against Civic from Royal Bank of Canada ("**RBC**"), Loon Lake and Dexter Construction Company Limited.

SECTION C – BOOKS AND RECORDS

The Receiver is in possession of Civic's books and records. The Trustee will have access to the books and records and will continue to assess the completeness of the books and records.

SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

Deloitte, in its capacity as Receiver, took conservatory and protective measures on the assets of Civic. As discussed in Section A above, information regarding these measures can be located at our website.

SECTION E – RELEVANT INFORMATION RELATING TO PROVABLE CLAIMS AND A DESCRIPTION OF CREDITORS

Based on the books and records of Civic, there are three secured creditors owed approximately \$7.3 million and 17 unsecured creditors with unsecured amounts owing of \$4.4 million.

The Trustee has received one proof of claim as at the date of this report.

SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS

Based on a preliminary review of the books and records of Civic, the Trustee is not aware of any legal proceedings against Civic at this time. The Trustee is aware that the principal of Civic has engaged legal counsel and is considering pursuing legal avenues to contest the magnitude of Loon Lake's encumbrance.

The Trustee is currently investigating the sale of a motor vehicle to a related company that occurred in April 2020. At the date of this report, the Trustee has not concluded its investigation.

SECTION G – DETAILS OF THIRD-PARTY DEPOSITS OR GUARANTEES

The fees and disbursements of the bankrupt estate will be covered by an administrative charge granted by the Court on April 30, 2020.

SECTION H – TRUSTEE'S INTENTION TO ACT FOR SECURED CREDITORS

The Trustee was appointed Receiver on April 30, 2020 by the Court.

SECTION I – PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS

Based on the activities in the Receivership estate, namely the sale proceeds relating to the sale of the Loonview Development as compared to the magnitude of registered encumbrances, the Trustee does not anticipate a distribution will be made from the bankrupt estate.

SECTION J – OTHER

On September 6, 2019, Deloitte was retained by RBC to perform financial consulting services relating to Civic.

Dated at Halifax, Nova Scotia this 9th day of November, 2020.

DELOITTE RESTRUCTURING INC

Acting in its capacity as
Licensed Insolvency Trustee of Civic Homes Limited
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read 'J. Foran', with a stylized flourish at the end.

James Foran
Senior Vice President