

District of Ontario  
Division No. 09 – Toronto  
Court No. 31-457864  
Estate No. 31-457864

In the Matter of the Bankruptcy of  
**NFC LAND HOLDINGS CORP.**  
Report of the Trustee on PRELIMINARY ADMINISTRATION  
For the First Meeting of Creditors  
January 14, 2015

**PRELIMINARY COMMENTS**

NFC Land Holdings Corp. ("NFCLH" or the "Company") filed an assignment in bankruptcy with the Official Receiver on December 18, 2014 and FTI Consulting Canada Inc. ("FTI") was appointed Trustee of the estate of the bankrupt (in such capacity, the "Trustee") by the Official Receiver on December 22, 2014, subject to confirmation of its appointment by the creditors.

In preparing this Report the Trustee relied on unaudited financial information and information collected during discussions and/or meetings with the Receiver of NFCLP. We have not carried out an audit or other review of the information, and accordingly express no opinion thereon.

**BACKGROUND**

On January 17, 2012, NFC Acquisition GP Inc., NFC Acquisition Corp., and NFC Land Holdings Corp. (together the "CCAA Entities") sought and obtained protection from its creditors pursuant to an initial order (the "Initial Order") under the Companies' Creditors Arrangement Act (Canada) (the "CCAA"). Pursuant to the Initial Order, FTI was appointed Monitor of the CMI Entities.

On February 22, 2012, FTI was appointed as Receiver (in such capacity, the "Receiver") pursuant to an Order of the Ontario Superior Court of all the assets, undertakings and properties of NFC Acquisition GP Inc., NFC Acquisition Corp., NFC Land Holdings Corp., New Food Classics., and NFC Acquisition L.P. (the "Receivership Entities") (the "Receivership").

All documents in their proceedings under the CCAA and Receivership can be found posted online at FTI's website: <http://cfcanada.fticonsulting.com/nfc/>.

On December 15, 2014 the Receiver sought and obtained an Order of the Ontario Superior Court (the "Bankruptcy Order") authorizing the Receiver to file assignments in bankruptcy on behalf of the Receivership Entities (in such capacity, the "Bankruptcy Entities").

NFCLH has significant obligations due and no cash to satisfy the obligations. NFCLH no longer has the capacity to meet its obligations generally as they become due.

**CONFLICT OF INTEREST**

No conflict of interest exists for FTI to act as Trustee of NFCLH.

As previously noted, on January 17, 2012, FTI was appointed as Monitor of the CCAA entities.

Furthermore, on February 22, 2012, FTI was appointed Receiver of the Receivership Entities.

#### **TAKING POSSESSION AND SAFEGUARDING THE ASSETS**

Currently, the Trustee has taken possession of all known assets.

#### **CONSERVATORY AND PROTECTIVE MEASURES**

The Trustee has made arrangements for storage of the books and records of the Bankruptcy Entities.

#### **STATEMENT OF AFFAIRS**

The Statement of Affairs ("SOA") was prepared in compliance with the provisions of the BIA on December 18, 2014 (being the date the assignment in bankruptcy was filed with the Official Receiver). The following is a summary of the assets and liabilities of CFI as reflected in the SOA:

	<b>Statement of Affairs</b>	
<b>Assets</b>		
Cash	\$	-
Other	\$	-
<b>Total Assets</b>	<b>\$</b>	<b>-</b>
<b>Liabilities</b>		
Unsecured Creditors	\$	8,436,917.00
Other	\$	-
<b>Total Liabilities</b>	<b>\$</b>	<b>8,436,917.00</b>
<b>Deficiency</b>	<b>\$</b>	<b>(8,436,917.00)</b>

#### **ASSETS**

The Company currently has no assets.

#### **UNSECURED CREDITORS**

All of NFCLH's liabilities are related to the pre-Receivership period.

#### **LEGAL PROCEEDINGS**

According to information available to the Trustee, no legal proceedings against the estate were commenced since the date of bankruptcy.

To date, the Trustee has not initiated any legal actions.

#### **TRANSFERS UNDERVALUE AND PREFERENCES**

To date, the Trustee has not identified any Transfers Under Value and Preferences, as all assets were dealt with under the CCAA & Receivership. The Trustee will report to and seek instructions from the estate inspector(s) regarding any findings.

**THIRD PARTY DEPOSITS/GUARANTEES**

The Trustee has received a deposit for its fees in the amount of \$10,000.

**ANTICIPATED REALIZATION AND DISTRIBUTION PROCESS**

Based on the estimated realizable assets of the Company, the Trustee is of the view that the unsecured creditor(s) will not receive any distribution.

DATED at the City of Toronto, in the Province of Ontario this 14<sup>th</sup> day of January, 2015.

FTI Consulting Canada Inc.

In its capacity as Trustee of NFC Land Holdings Corp. and not in its personal or corporate capacity

Per:

A handwritten signature in black ink, appearing to read "Paul Bishop", written over a light blue horizontal line.

**Paul Bishop**  
**Senior Managing Director**