

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

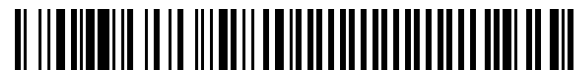
In re: § Case No. 16-50778 (CAG)
§
SANJEL (USA) INC., *et al.* § (Chapter 15)
§
Debtors in a foreign proceeding. § Jointly Administered
§

**LIMITED OBJECTION AND RESERVATION
OF RIGHTS OF MACBAIN PROPERTIES LTD.**

MacBain Properties Ltd. (“MacBain”), by and through its undersigned counsel, hereby submits this limited objection and reservation of rights (this “Limited Objection”) to the *Expedited Petition for Recognition as Foreign Main Proceeding Pursuant to Sections 1515 and 1517 of the United States Bankruptcy Code and Related Relief* [Doc. No. 9] (the “Recognition Petition”) and to the *Motion for an Order (I) Specifically Recognizing Canadian Court Order Authorizing Debtors to Borrow Under a Post-Petition Credit Facility, (II) Approving Liens on Assets Located in the Territorial Jurisdiction of the United States and (III) Granting Adequate Protection to Prepetition Secured Parties* [Doc. No. 13] (the “Financing Motion”, and together with the Recognition Petition, the “Monitor Pleadings”), respectively filed by PricewaterhouseCoopers Inc. (the “Monitor”), in its capacity as the court-appointed and authorized foreign representative (the “Foreign Representative”) of the above-captioned debtors (collectively, the “Debtors”). In support of this Limited Objection, MacBain respectfully states as follows:

Preliminary Statement

1. As noted in MacBain’s additional objections filed contemporaneously herewith, as well as in other objections filed by interested parties, these chapter 15 cases have proceeded at



a lightning speed pace, with the Monitor and Debtors requesting extraordinary relief in expedited fashion. The Debtors seek to sell substantially all of their assets in a private, confidential Canadian sale, including assets located in the United States, for an undisclosed amount and without revealing material terms to interested parties, including MacBain.

2. MacBain has serious concerns with respect to this entire process for which the Monitor seeks U.S.-Court approval, including regarding the Monitor's requested relief in both the Recognition Petition and the Financing Motion, as well as several additional pleadings to which MacBain has objected. First, with respect to the Recognition Petition, several of the Debtors, including those engaged in business with MacBain, are incorporated, located and do business in the United States. It is unclear to MacBain, and the Monitor has not demonstrated, how these entities may be considered having their "centers of main interest" in Canada, as required by chapter 15 of the Bankruptcy Code for a "foreign main proceeding" recognition.

3. Second, with respect to the Financing Motion, it appears to MacBain that the Debtors are seeking rubber-stamp approval of what can only be described as an expedited, straight liquidation for the benefit of the Debtors' secured creditor, without having sought legitimate restructuring alternatives that could provide substantial benefit to all creditors and parties in interest, including to MacBain. If that is accurate, the Debtors and the Monitor's request for postpetition financing is certainly illegitimate and runs afoul of the purposes for which protections are afforded to postpetition lenders under the Bankruptcy Code.

4. But given the expedited nature of the relief requested, MacBain has simply not had adequate opportunity to fully evaluate these critical issues, adjudication of which will have a tremendous impact not only on MacBain but on all interested parties. At the least, MacBain should be afforded an opportunity to further investigate the Monitor's unchecked assertions in

the Monitor Pleadings. This process may require discovery or, at the least, the informal exchange of documents and information among MacBain, the Monitor and the Debtors. Plainly put, the Debtors' purported emergency should not undermine the integrity of the U.S. bankruptcy process, central to which is transparency and fulsome involvement by creditors and parties in interest.

5. What is more, much of the relief requested by the Debtors may be moot (or substantially altered) pending the outcome of the April 28, 2016 hearing in the Canadian Companies Creditors Arrangement Act ("CCAA") proceeding, at which, among other things, the Canadian Court will consider whether such proceeding is proper, and whether there are legitimate alternatives to the Debtors' proposed "restructuring" plan. MacBain is perplexed as to why the Debtors and the Monitor would seek expedited relief from this Court, in an ancillary proceeding, before it even knows with any degree of certainty what the path forward will look like in the Canadian proceeding.

6. As such, at the very least, hearings here in the U.S. with respect to the relief requested in the Monitor Pleadings should be adjourned until the Monitor has presented to this Court a clear path for the Debtors' restructuring and until the Monitor has provided assurances that such a path has been inclusive of all parties in interest, is value maximizing, and in the best interests of the Debtors' creditors and estates.

Background

7. MacBain Properties Ltd. is a privately held real estate company, formed in 1993 and incorporated in Alberta, Canada, focused on the acquisition, development and management of both commercial and residential real estate assets in North America, including Canada and the United States.

8. MacBain, through various corporate affiliates and/or subsidiaries, owns real estate in Montana, Texas, Colorado, Wyoming and North Dakota (collectively, the “U.S. Properties”), as well as in the Canadian provinces of Alberta, British Columbia and Saskatchewan (collectively, the “Canadian Properties”, and together with the U.S. Properties, the “MacBain Properties”).

9. The primary tenants at the MacBain Properties – comprising industrial facilities, “work camp” facilities, raw land and commercial spaces – are the Debtors. Indeed, most of the MacBain Properties were custom built or purchased at the request and upon the direction, and for the specific use, of the Debtors.

10. As the Debtors recent financial difficulties have increased, MacBain, as a large unsecured creditor of the Debtors with a major stake in their successful reorganization, has attempted to work collaboratively with the Debtors to help (a) alleviate the Debtors’ financial burdens, and (b) find a solution for a viable restructuring, agreeing during this process to significant rent deferrals as well as incurring substantial upfront costs on behalf of the Debtors for critical environmental remediation work on several vacated properties.

11. On April 4, 2016 (the “Petition Date”), the Monitor filed petitions for relief under chapter 15 of the Bankruptcy Code for each of the Debtors.

12. On the Petition Date, the Monitor filed the Recognition Petition and the Financing Motion. A final hearing on the Monitor Pleadings is scheduled for April 26, 2016 at 10:30 a.m. (prevailing Central Time) (the “Hearing”).

Limited Objection and Reservation of Rights

13. MacBain files this Limited Objection to preserve its rights with respect to the Monitor Pleadings. As noted above, given the expedited nature of the pleadings in these chapter

15 cases, coupled with the uncertainty of the path forward in the CCAA proceedings, MacBain requires additional time to flesh out the issues raised in the respective Monitor Pleadings.

14. There is simply no reason to enter relief that severely impacts the rights of creditors and parties in interest when the Debtors themselves do not yet know the fate or direction of the cases before the Canadian court, and cannot know until at least the Canadian hearing on April 28, 2016. Indeed, without fully understanding that which is occurring in the Canadian proceedings, it is virtually impossible for U.S. creditors, including MacBain, to adequately object to the relief sought in the ancillary U.S. proceeding.

15. MacBain reserves all rights to raise additional objections to the Monitor Pleadings, including at the Hearing, and to supplement this Limited Objection and any other pleadings it has filed in these chapter 15 cases after it has had the opportunity to consider the outcome of the April 28, 2016 hearing in Canada.

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Conclusion

WHEREFORE, for the reasons set forth herein and for such other reasons as may be further presented at the Hearing, MacBain respectfully requests that the Court (a) sustain the Limited Objection, (b) adjourn the Hearing as it relates to the Monitor Pleadings, and (c) grant such other and further relief as is just and appropriate under the circumstances.

Dated: April 25, 2016

DLA PIPER LLP (US)

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 25, 2016, a true and correct copy of the foregoing pleading was served electronically upon those parties registered to receive electronic notice via the Court's CM/ECF system.

/s/ Vincent P. Slusher
Vincent P. Slusher