



Deloitte Restructuring Inc.

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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01-MONTREAL
COURT No.: 500-11-051693-162
ESTATE No.: 41-2190984

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF THE
BANKRUPTCY OF:**

HII (114) GP INC., a legal person, duly incorporated under the laws of Nova Scotia, having its mailing address at P.O. Box 28059 Tacoma, Dartmouth, Nova Scotia, B2W 6E2, Canada, and having its chief place of business at 1000 De La Gauchetière Street West, Suite 2100, Montreal, Quebec, H3B 4W5, Canada

Bankrupt

– and –

DELOITTE RESTRUCTURING INC.

(Jean-Christophe Hamel, CPA, CA, CIRP, LIT,
designated responsible person) having its place of
business at 1190 avenue des Canadiens-de-Montréal,
Suite 500, Montreal, Quebec, H3B 0M7, Canada

Trustee

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The *Bankruptcy and Insolvency Act*, a federal act in Canada (the "**Act**"), provides for a first meeting of creditors to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

A) Background

HII (114) GP Inc. ("**GP114**") is a legal person duly incorporated under the laws of Nova Scotia, having its mailing address at P.O. Box 28059 Tacoma, Dartmouth, Nova Scotia, B2W 6E2, Canada, and having its chief place of business at 1000 De La Gauchetière Street West, Suite 2100, Montreal, Quebec, H3B 4W5, Canada. GP114 was established for the sole purpose of acting as the "managing" general partner of Homco Realty Fund (114) Limited Partnership ("**H114**").

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") is the sole limited partner of H114. As limited partner, HII is entitled to the profits of H114 and, in the event of a liquidation of H114, to any liquidation proceeds after the payment of all of the limited partnership's creditors, and thus has the ultimate beneficial interest of the property owned by H114.

The general partners of H114 are Homburg L.P. Management Inc. ("**HLPM**") (as "holding" general partner) and GP114 (as "managing" general partner). HLPM is indirectly owned by Homburg Canada Incorporated ("**HCI**"), whereas GP114 is a wholly owned subsidiary of HII. Pursuant to the limited partnership agreement, the "managing" general partner, GP114, has full power and authority to manage the business and assets of H114. The Trustee understands that, as per Nova Scotia law, HLPM and GP114, as general partners of H114, are liable for the debts and obligations owing by H114.

GP114 was established on April 9, 2012 in the course of the restructuring of the HII Group under the *Companies' Creditors Arrangement Act* (the "**CCAA**") (as further described below) to resolve certain "control issues" affecting the HII Group. As described in the second, fourth and fifth reports to the Superior Court of Québec (the "**CCAA Court**") submitted by Deloitte Restructuring Inc. (formerly Samson Bélair/Deloitte & Touche Inc.) ("**Deloitte**"), in its capacity as court-appointed monitor, the "control issues" resulted from the fact that HLPM, an entity indirectly controlled by Richard Homburg through HCI, was the sole general partner of H114 (and also of virtually all other limited partnerships which formed part of the HII Group's business).

H114 was established for the sole purpose of owning and operating a business complex with offices, workshops, storage spaces, shipping spaces and the parcel of land on which the premises have been erected. The real estate property was located in Tilburg, Netherlands. At the time of the bankruptcy of H114, which occurred on November 22, 2016, the property had been disposed of and the net proceeds had been paid as a partial reimbursement of the secured debt, as further explained in H114's Trustee preliminary report to the creditors (included in **Appendix A**).

Restructuring of HII

On September 9, 2011, HII and certain related entities (the "**HII CCAA Parties**") initiated a restructuring process under the *Companies' Creditors Arrangement Act* ("**CCAA**") by obtaining an initial order (as amended and extended from time to time, the "**Initial Order**") from the CCAA Court.

HII Group owned a diversified portfolio of real estate assets in Europe (the Netherlands, Germany and the Baltic States), Canada and the United States. As part of its restructuring, the HII Group ultimately determined that certain properties, including that of H114, constitute non-core properties that would not form part of the HII Group's restructured portfolio.

HII filed a plan of arrangement under the CCAA (as amended and restated, the "Plan"), and same has been sanctioned by the CCAA Court pursuant to an order rendered on June 5, 2013 (the "**Sanction Order**"). The plan implementation date took place from March 24 to March 27, 2014. Since the plan implementation date, the Liquidation Advisory Committee ("**LAC**") has been formed and is being consulted in respect of the wind-down of the HII Group entities (collectively with HII, the "**HII Group**"), including in respect to the bankruptcies. The LAC has approved the bankruptcy of GP114.

Causes of insolvency

As of November 22, 2016, H114 no longer has any asset and has been assigned into bankruptcy.

As mentioned above, the Trustee understands that, as per Nova Scotia law, GP114 is liable for the debts and obligations owing by H114. Due to the voluntary assignment in bankruptcy of H114 on November 22, 2016, all of H114's outstanding debt became due as of the date of the

bankruptcy. HLPM and GP114 would therefore be, as of today, liable for H114's outstanding debts and obligations.

GP114 was formed for the sole purpose of acting as general partner of H114 and, as such, has never held any asset. As general partner, GP114 has no economic interest in the limited partnership. GP114 no longer has a purpose given that H114 filed for bankruptcy (on November 22, 2016). A decision was therefore made to file an assignment in bankruptcy for GP114.

GP114 meets the definition of an "insolvent person" under the Act because it does not have asset enabling payment of its obligations, due and accruing due.

Bankruptcy

Consequently, for the reasons stated above, the decision was made for GP114 to file an assignment in bankruptcy. On November 22, 2016, GP114 filed an assignment in bankruptcy and Deloitte was appointed as trustee.

B) Trustee's preliminary evaluation of assets

Below is a summary of the assets and liabilities of GP114 as of November 22, 2016:

HII (114) GP Inc.	
Statement of Affairs (CAD)	
As of November 22, 2016 (unaudited)	
	Estimated Net Realization Value
Assets	-
Liabilities (Note 1)	
Unsecured creditors - Intercompany	115,866
	115,866
Deficit (before professional fees)	(115,866)

Note 1: Creditors will have the onus to prove their claims and only claims that are proved will constitute valid claims and receive a distribution if funds are available.

C) Conservatory and protective measures

The Trustee implemented the following conservatory and protective measures:

- Closing of all of GP114's remaining bank accounts and requesting the transfer of any funds that could be remaining in the Trustee's bank account;
- Sending of notices to the sole known creditor, HII, informing it about the bankruptcy and the first meeting of creditors;
- Publication of a notice to creditors in *The Globe and Mail* newspaper.

D) Information relating to provable claims

As of the time of this report, only a proof of claim from HII (intercompany claim) was received by the Trustee. As of the time of the preparation of this report, the Trustee has not yet completed its review of HII's proof of claim.

E) Legal proceedings, transfer at undervalue and preference payments

The Trustee has not initiated any legal proceedings and has not identified any transfer at undervalue or preference payments to date.

F) Details of fee guarantees

In an order dated October 10, 2012, the CCAA Court extended the definition of the "Administration Charge" granted in the Initial Order, such that it secures the professional fees and disbursements of Deloitte Restructuring Inc. (formerly Samson Bélair/Deloitte & Touche Inc.), in its capacity as Trustee in bankruptcy of GP114. The Plan and the Sanction Order further provide (i) for the creation of an "Administrative Reserve" for the purpose of paying the Administrative Reserve Costs", which include, *inter alia*, the "Bankruptcy Trustee Fees" (being "the fees and disbursements (including legal fees and disbursements) of Deloitte Restructuring Inc. acting as Trustee in Bankruptcy of any Non-Core Business Entity incorporated or formed under Canadian federal or provincial law [which includes Homco 114]") and (ii) that the "Administrative Charge" shall charge the "Cash Pool", the "Asset Realization Cash Pool", the "Cash Reserves" and the "Non-Core Business Assets" as such terms are defined under the Plan.

G) Projected distribution and Trustee's comments on anticipated asset realization

The Trustee estimates that there will not be any proceeds available for distribution to unsecured creditors as there is no asset in the Bankrupt's estate (as described above).

H) Trustee's remuneration

As explained above, the professional fees and disbursements of Deloitte, in its capacity as Trustee in the bankruptcy of GP114, are guaranteed by the "Administration Charge" and by the "Administrative Reserve" approved by the CCAA Court.

I) Other matters

None.

DATED AT MONTRÉAL, Quebec, this 13th day of December, 2016.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee of the estate of
HII (114) GP Inc.

Per:



Jean-Christophe Hamel, CPA, CA, CIRP, LIT
Vice-President

APPENDIX A



Deloitte Restructuring Inc.

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DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-051701-163
ESTATE No.: 41-2191124

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE
BANKRUPTCY OF:**

**HOMCO REALTY FUND (114) LIMITED
PARTNERSHIP**, a limited partnership formed under
the laws of Nova Scotia, having its mailing address at
P.O. Box 28059 Tacoma, Dartmouth, Nova Scotia,
B2W 6E2, Canada, and having its chief place of
business at 1000 De La Gauchetière Street West,
Suite 2100, Montreal, Quebec, H3B 4W5, Canada

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DELOITTE RESTRUCTURING INC.
(Jean-Christophe Hamel, CPA, CA, CIRP, LIT,
designated responsible person) having its place of
business at 1190 avenue des Canadiens-de-Montréal,
Suite 500, Montreal, Quebec, H3B 0M7, Canada

Trustee

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The *Bankruptcy and Insolvency Act*, a federal act in Canada (the "**Act**"), provides for a first meeting of creditors to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

A) Background

Homco Realty Fund (114) Limited Partnership ("**Homco 114**") is a limited partnership constituted under the laws of Nova Scotia, having its mailing address at P.O. Box 28059 Tacoma, Dartmouth, Nova Scotia, B2W 6E2, Canada, and having its chief place of business at 1000 De La Gauchetière Street West, Suite 2100, Montreal, Quebec, H3B 4W5, Canada. Homco 114 was established for the sole purpose of owning and operating a real estate property, namely a business complex with offices, workshops, storage spaces, shipping spaces and the parcel of land on which the premises have been erected. The real estate property was located in Tilburg, Netherlands.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") is the sole limited partner of Homco 114. The general partners of Homco 114 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (114) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (114) GP Inc., has full power and authority to manage the business and assets of Homco 114.

At the time of the bankruptcy, Homco 114's real estate property has been disposed of and the related proceeds have been distributed to the secured creditor, in partial reimbursement of its debt.

Restructuring of HII

On September 9, 2011, HII and certain related entities (the "**HII CCAA Parties**") initiated a restructuring process under the *Companies' Creditors Arrangement Act* ("**CCAA**") by obtaining an initial order (as amended and extended from time to time, the "**Initial Order**") from the Superior Court of Québec (the "**CCAA Court**").

HII Group owned a diversified portfolio of real estate assets in Europe (the Netherlands, Germany and the Baltic States), Canada and the United States. As part of its restructuring, the HII Group ultimately determined that certain properties, including that of Homco 114, constitute non-core properties that would not form part of the HII Group's restructured portfolio.

HII filed a plan of arrangement under the CCAA (as amended and restated, the "**Plan**"), and same has been sanctioned by the CCAA Court pursuant to an order rendered on June 5, 2013 (the "**Sanction Order**"). The plan implementation date took place from March 24, 2014 to March 27, 2014. Since the plan implementation date, the Liquidation Advisory Committee ("**LAC**") has been formed and is being consulted in respect of the sale of the non-core assets of the HII Group entities and the wind-down of the HII Group entities (collectively with HII, the "**HII Group**"), including in respect to the bankruptcies. The LAC has approved the sale of Homco 114's real estate property and the ensuing bankruptcy of Homco 114.

The net proceeds from the sale of Homco 114's real estate property were insufficient to reimburse the secured debt in full. The secured creditor was SNS Bank N.V. (now "Propertize") ("**SNS**" or "**Propertize**"). As part of the CCAA proceedings, Deloitte Restructuring Inc. (then Samson Bélair/Deloitte & Touche Inc.) had obtained an opinion from Dutch counsel dated December 21, 2012 confirming the validity and enforceability of SNS' security against Homco 114's real estate property and other assets. Following the sale of the real estate property and the payment of the net proceeds in partial reimbursement of the secured debt, Propertize renounced to the balance of its claim against Homco 114 (unsecured portion of its debt).

Causes of insolvency

As of November 22, 2016, Homco 114 owes CAD 115,866 to its sole creditor, HII, and no longer has any assets.

Homco 114 meets the definition of an "insolvent person" under the Act because, *inter alia*, the aggregate value of its assets is not, at fair valuation, sufficient to enable payment of its obligations, due and accruing due.

Bankruptcy

As (i) the value of Homco 114's assets is lower than the value of its liabilities; (ii) Homco 114 no longer has a purpose as its asset was sold; and (iii) Homco 114 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for Homco 114 to file an assignment in bankruptcy. On November 22, 2016, Homco 114 filed an assignment in bankruptcy and Deloitte Restructuring Inc. was appointed as trustee.

B) Trustee's preliminary evaluation of assets

Below is a summary of the Statement of Affairs as of November 22, 2016 which includes the estimated net realization value of the assets of Homco 114 as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to creditors:

Homco Realty Fund (114) Limited Partnership Statement of Affairs (CAD) As of November 22, 2016 (unaudited)		Estimated Net Realization Value
Assets		
Cash		-
		-
Liabilities (Note 1)		
Unsecured creditors - Intercompany		115,866
		115,866
Surplus (deficit) before professional fees		
		(115,866)

Note 1: Creditors will have the onus to prove their claims and only claims that are proved will constitute valid claims and receive a distribution if funds are available.

C) Conservatory and protective measures

The Trustee implemented the following conservatory and protective measures:

- Sending of notices to the sole known creditor informing it about the bankruptcy and the first meeting of creditors;
- Publication of a notice to creditors in *The Globe and Mail* newspaper.

D) Information relating to provable claims

As of the time of this report, only a proof of claim from HII (intercompany claim) was received by the Trustee. As of the time of the preparation of this report, the Trustee has not yet completed its review of HII's proof of claim.

E) Legal proceedings, transfer at undervalue and preference payments

The Trustee has not initiated any legal proceedings and has not identified any transfer at undervalue or preference payments to date.

F) Details of fee guarantees

In an order dated October 10, 2012, the CCAA Court extended the definition of the "Administration Charge" granted in the Initial Order, such that it secures the professional fees and disbursements of Deloitte Restructuring Inc. (formerly Samson Bélair/Deloitte & Touche Inc.), in its capacity as Trustee in bankruptcy of Homco 114. The Plan and the Sanction Order further provide (i) for the creation of an "Administrative Reserve" for the purpose of paying the Administrative Reserve Costs", which include, *inter alia*, the "Bankruptcy Trustee Fees" (being "the fees and disbursements (including legal fees and disbursements) of Deloitte Restructuring Inc. acting as Trustee in Bankruptcy of any Non-Core Business Entity

incorporated or formed under Canadian federal or provincial law [which includes Homco 114]) and (ii) that the "Administrative Charge" shall charge the "Cash Pool", the "Asset Realization Cash Pool", the "Cash Reserves" and the "Non-Core Business Assets" as such terms are defined under the Plan.

G) Projected distribution and Trustee's comments on anticipated asset realization

The Trustee estimates that there will not be any proceeds available for distribution to unsecured creditors as there is no asset in the Bankrupt's estate (as described above).

H) Trustee's remuneration

As explained above, the professional fees and disbursements of Deloitte, in its capacity as Trustee in the bankruptcy of Homco 114, are guaranteed by the "Administration Charge" and by the "Administrative Reserve" approved by the CCAA Court.

I) Other matters

None.

DATED AT MONTREAL, this 13th day of December, 2016.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee of the estate of
Homco Realty Fund (114) Limited Partnership
and not in its personal capacity



Per:
Jean-Christophe Hamel, CPA, CA, CIRP, LIT
Vice-President