



**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.: 500-11-052454-176  
ESTATE No.: 41-2243465

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

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

**HOMBURG L.P. MANAGEMENT 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 REPORT TO THE CREDITORS ON PRELIMINARY ADMINISTRATION**

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**

Homburg L.P. Management Inc. ("**HLPM**") is a legal person, duly 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. HLPM was the general partner of a number of limited partnerships formed under Nova Scotia law. As per Nova Scotia law, the Bankrupt, as general partner, is liable for the debts and obligations incurred by the respective limited partnerships. These limited partnerships are insolvent and most of the limited partnerships are the object of formal insolvency proceedings (having filed voluntary assignments in bankruptcy). HLPM is indirectly controlled by 1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**").

### *Restructuring*

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**").

All entities held directly or indirectly by HII (collectively with HII, the "**HII Group**") owned a diversified portfolio of real estate assets in Europe (the Netherlands, Germany, and the Baltic States), Canada, and the United States. Most of the real estate assets were held by limited partnerships (the "**Homcos**"), of which HII was the limited partner and ultimate beneficiary.

As described in the Second Monitor's Report dated October 5, 2011 and the Fourth Monitor's Report dated December 2, 2011, at the initiation of the CCAA proceedings, HLPM was the sole general partner of almost all the Homcos of the HII Group, and was then under the control of Homburg Canada Inc., a company controlled by Richard Homburg. This led to certain "control issues" that are described in the Monitor's reports and that had to be addressed and resolved at the beginning of the CCAA proceedings.

On November 26, 2011, HII and the other CCAA parties filed with the CCAA Court a *Motion for Approval of a Purchase Agreement and for Ancillary Orders* seeking namely for the approval and ratification of a purchase agreement providing for a series of transactions, including *inter alia* an option for the HII Group to obtain title to the shares of HLPM.

On January 12, 2012, the CCAA Court rendered a judgment granting the Motion for Approval of a Purchase Agreement and for Ancillary Orders.

On April 2, 2012, HII and the other HII CCAA parties filed with the CCAA Court a *Motion for Approval of the Exercise of Certain Options* seeking namely an authorization of the reorganization of HLPM's share capital to provide HII with control of the voting rights in HLPM and replace HLPM's board of directors with HII nominees and replace HLPM's officers with individuals appointed by the new board of directors. Subsidiaries of HII were also to be incorporated in order to either replace HLPM as general partner of the Homcos or act as an additional general partner.

On April 11, 2012, the CCAA Court rendered the Order on the First Option Exercise, authorizing the above transactions, and the transactions were subsequently completed.

The effect of these transactions and other reorganization transactions completed subsequently is that, as of this date, HLPM is no longer a general partner of most of the Homcos, or at least no longer a "managing" general partner.

Although HLPM was removed as general partner (or at least as "managing" general partner) of the Homcos, it is liable for the outstanding obligations of said Homcos when it was a general partner. Many insolvent Homcos have been part of the CCAA proceedings; furthermore, many insolvent Homcos have been filed into bankruptcy, whereas the solvent Homcos have been dissolved (or will likely be in a near future).

The implementation of HII's plan of arrangement took place from March 24 to 27, 2014. Since the implementation of the plan of arrangement, the Liquidation Advisory Committee ("**LAC**") has been formed and is being consulted in respect of the wind-down of the HII Group entities, including in respect to the bankruptcies. The LAC has approved the bankruptcy of HLPM.

*Causes of insolvency*

As of April 24, 2017, HLPM owes CAD 289,094,451 to its creditors and the estimated net realizable value of its assets is CAD 6,225.

The Bankrupt was the general partner of a number of limited partnerships formed under Nova Scotia law. As per Nova Scotia law, the Bankrupt, as general partner, is liable for the debts and obligations incurred by the respective limited partnerships. These limited partnerships are insolvent and most of the limited partnerships are the object of formal insolvency proceedings (having filed voluntary assignments in bankruptcy). The amount of the claims listed in the Statement of Affairs are the amount of the claims against the limited partnerships as of the date of the bankruptcy proceedings of such limited partnerships. It is possible that these claims have been reduced thereafter, either in light of the realization of security and/or in light of a dividend recovery in the bankruptcy of the limited partnerships. The Bankrupt does not have the information regarding the potential reduction of the amount of the claims.

HLPM 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*

Consequently, for the reasons stated above, the decision was made for HLPM to file an assignment in bankruptcy. On April 24, 2017, HLPM filed an assignment in bankruptcy and Deloitte Restructuring Inc. ("**Deloitte**") was appointed as trustee.

**B) Trustee's preliminary evaluation of assets**

Below is a summary of the Statement of Affairs as of April 24, 2017 which includes the estimated net realization value of the assets of HLPM as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to creditors:

<b>Homburg L.P. Management Incorporated</b>	
<b>Statement of Affairs (CAD)</b>	
<b>As of April 24, 2017 (unaudited)</b>	
	<b>Estimated Net Realization Value</b>
<b>Assets</b>	
Cash	6,225
	<b>6,225</b>
<b>Liabilities (Note 1)</b>	
Unsecured creditors - Affiliated companies	178,002,397
Unsecured creditors - Non-affiliated companies	111,092,054
	<b>289,094,451</b>
<b>Surplus (deficit) before professional fees</b>	<b>(289,088,226)</b>

**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 HLPM's bank accounts and requesting the funds to be transferred to the Trustee;
- Publication of a notice to creditors in *The Globe and Mail* newspaper;
- Obtain an order from the Superior Court of Quebec, pursuant to subsection 187(12) of the Act, dispensing the Trustee from the requirement to send any notices to the creditors of all limited partnerships of which HLPM is or has been a general partner, including a notice in the prescribed form of the bankruptcy and of the first meeting of creditors.

**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 HLPM.

**G) Conflict of interest**

In addition to his role as Trustee in the bankruptcy of HLPM, Deloitte is also currently acting as Monitor or Bankruptcy Trustee of a number of entities related to the Bankrupt and to the HII Group. Deloitte however does not believe that its role as Trustee in the bankruptcy of HLPM or as Monitor or Bankruptcy Trustee of entities related to the Bankrupt puts it in a position of conflict of interest.

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

As the funds expected to be realized from the liquidation of the Bankrupt's assets will likely all be used to pay a portion of the Trustee's professional fees and disbursements, the Trustee estimates that there will not be sufficient funds available in the Bankrupt's estate to provide for a distribution to unsecured creditors.

**I) Trustee's remuneration**

The Trustee will seek approval of the estate inspector(s) appointed in the course of the administration of HLPM's bankruptcy, if any, to settle the Trustee's professional fees and disbursements out of the assets of the estate.

Further, as noted above, in an order dated October 10, 2012, the CCAA Court extended the definition of the "Administration Charge" granted in the Initial Order, such that said charge secures the professional fees and disbursements of Deloitte Restructuring Inc. (formerly Samson Bélair/Deloitte & Touche Inc.), in its capacity as Trustee in the bankruptcy of HLPM.

**J) Other matters**

None.

DATED AT MONTREAL, this 15<sup>th</sup> day of May, 2017.

**DELOITTE RESTRUCTURING INC.**

In its capacity as Trustee of the estate of  
Homburg L.P. Management Inc.



Per:

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