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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-053982-183
ESTATE No.: 41-2342752

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

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

**HOMCO REALTY FUND (118) 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

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* (the "**Act**"), a federal act in Canada, 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 (118) Limited Partnership (**H118**) 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. H118 was established for the sole purpose of holding the shares of Homco Realty Fund (118) B.V. (**H118 BV**), which sole purpose was to hold leasehold interests on a land located in Roermond, Netherlands.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) (**HII**) is the sole limited partner of H118. The general partners of H118 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (118) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (118) GP Inc., has full power and authority to manage the business and assets of H118.

At the time of the bankruptcy, H118 BV's asset had been disposed of and the related proceeds had been distributed to its secured creditor, in partial reimbursement of its debt.

Restructuring of HII

HII Group entities (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. As part of its restructuring, the HII Group ultimately determined that certain properties/assets, including that of H118 BV, constitute non-core properties/assets that would not form part of the HII Group's restructured portfolio.

HII filed a plan of arrangement under the *Companies' Creditors Arrangement Act (CCAA)* (as amended and restated, the "**Plan**"), which has been sanctioned by the CCAA Court pursuant to an order rendered on June 5, 2013 (the "**Sanction Order**"). The plan implementation 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 and the wind-down of the HII Group, including with respect to the bankruptcies. The LAC has approved the sale of H118 BV's asset and the ensuing bankruptcy of H118.

Causes of insolvency

As of January 25, 2018, H118 owes C\$6,983,239 to affiliated companies.

H118 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 H118's assets is lower than the value of its liabilities; (ii) H118 no longer has a purpose as the asset of H118 BV was sold; and (iii) H118 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for H118 to file an assignment in bankruptcy. On February 8, 2018, H118 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 Summary of Assets and Liabilities as of January 25, 2018:

Homco Realty Fund (118) Limited Partnership Summary of Assets and Liabilities (CAD - Note 2) As of January 25, 2018 (unaudited)		Estimated Net Realization Value
Liabilities (Note 1)		
Unsecured creditors - Intercompany (1810040 Alberta Ltd.)		6,983,239
		6,983,239
Surplus (deficit) before professional fees		(6,983,239)

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.

Note 2: Amounts were converted using Bank of Canada's exchange rate as of December 31, 2017 (1.5052 EUR/CAD).

C) Conservatory and protective measures

The Trustee implemented the following conservatory and protective measures:

- Sending of notices to all known creditors informing them 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 H11 (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 H11'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 H118. 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 H118]") 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 with an estimated realizable value 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 H118, are guaranteed by the "Administration Charge" and by the "Administrative Reserve" approved by the CCAA Court.

I) Other matters

None.

DATED AT MONTREAL, this 1st day of March, 2018.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee of the estate of
Homco Realty Fund (118) Limited Partnership
and not in its personal capacity

Per:



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