



Deloitte Restructuring Inc.

La Tour Deloitte
1190 Avenue des
Canadiens-de-Montréal
Suite 500
Montreal QC H3B 0M7
Canada

Phone: 514-393-7115
Fax: 514-390-4103
www.deloitte.ca

C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-051702-161
ESTATE No.: 41-2191126

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 (120) 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*, 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 (120) Limited Partnership ("**Homco 120**") 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 120 was established for the sole purpose of holding the shares of a German corporation, Homco Realty Fund 120 GmbH ("**Homco 120 GmbH**"), which sole purpose was to own and operate a real estate property in The Netherlands.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") is the sole limited partner of Homco 120. The general partners of Homco 120 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (120) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (120) GP Inc., has full power and authority to manage the business and assets of Homco 120.

At the time of the bankruptcy, Homco 120 GmbH's only real estate property has been disposed of (without any equity for its shareholder, Homco 120) and, in December 2015, Homco 120 GmbH has entered in a voluntary dissolution process in Germany in December 2015.

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 Realty Fund 120 GmbH, 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 Homco 120.

Causes of insolvency

As of November 22, 2016, Homco 120 owes CAD 18,436,982 to its sole creditor, HII, and the estimated net realizable value of its assets is nil.

Homco 120 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 120's assets is lower than the value of its liabilities; (ii) Homco 120 no longer has a purpose as the entity it controlled, Homco 120 GmbH, sold its real estate property; and (iii) Homco 120 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for Homco 120 to file an assignment in bankruptcy. On November 22, 2016, Homco 120 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 120 as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to creditors:

Homco Realty Fund (120) Limited Partnership		
Statement of Affairs (CAD)		
As of November 22, 2016 (unaudited)	Book Value	Estimated Net Realization Value
Assets		
Receivable from Homco Realty Fund (120) GmbH	18,437,206	-
Investment in Homco Realty Fund (120) GmbH	152,651	-
	18,589,856	-
Liabilities (Note 1)		
Unsecured creditor - Intercompany		18,436,982
		18,436,982
Surplus (deficit) before professional fees		(18,436,982)

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.

A net realizable value of \$0 was estimated for the accounts receivable from Homco Realty Fund (120) GmbH as well as for the investment in Homco Realty Fund (120) GmbH as no funds are expected to be collected by Homco 120 in the course of the voluntary dissolution process initiated by Homco Realty Fund (120) GmbH.

C) Conservatory and protective measures

The Trustee implemented the following conservatory and protective measures:

- Sending of notices to its 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 120. 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 120]") 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

As illustrated in the Statement of Affairs, the proceeds that would be realized from the liquidation of Homco 120's assets are nil. As such, there is not going to be any distribution to Homco 120's creditors.

H) Trustee's remuneration

As explained above, the professional fees and disbursements of Deloitte, in its capacity as Trustee in the bankruptcy of Homco 120, 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 (120) Limited Partnership
and not in its personal capacity

Per:



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