



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.: 500-11-051704-167
ESTATE No.: 41-2191132

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 (142) 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 (142) Limited Partnership ("**Homco 142**") 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 142 was established for the sole purpose of holding shares of a German corporation, Homco Realty Fund 142 GmbH ("**Homco 142 GmbH**"), which sole purpose was to own and operate real estate properties in The Netherlands.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") is the sole limited partner of Homco 142. The general partners of Homco 142 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (142) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (142) GP Inc., has full power and authority to manage the business and assets of Homco 142.

At the time of the bankruptcy, Homco 142 GmbH is under German bankruptcy procedures and its real estate properties are under the control of the German bankruptcy trustee or have been disposed by the latter, for the benefit of the secured creditor.

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 those of Homco Realty Fund 142 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 142.

Causes of insolvency

As of November 22, 2016, Homco 142 owes CAD 11,168,952 to its sole creditor, HII, and the estimated net realizable value of its assets is nil.

Homco 142 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 142's assets is lower than the value of its liabilities; (ii) Homco 142 no longer has a purpose as the entity it controlled, Homco 142 GmbH, sold its real estate properties; and (iii) Homco 142 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for Homco 142 to file an assignment in bankruptcy. On November 22, 2016, Homco 142 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 142 as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to creditors:

Homco Realty Fund (142) Limited Partnership		
Statement of Affairs (CAD)		
As of November 22, 2016 (unaudited)	Book Value	Estimated Net Realization Value
Assets		
Receivable from Homco Realty Fund (142) GmbH	11,168,728	-
Investment in Homco Realty Fund (142) GmbH	76,325	-
	11,245,053	-
Liabilities (Note 1)		
Unsecured creditor - Intercompany		11,168,952
		11,168,952
Surplus (deficit) before professional fees		(11,168,952)

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

A net realizable value of \$0 was estimated for the accounts receivable from Homco Realty Fund (142) GmbH as well as for the investment in Homco Realty Fund (142) GmbH as no funds are expected to be collected by Homco 142 in the course Homco Realty Fund (142) GmbH's on-going German bankruptcy procedures.

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 142. 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 142]")

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 142's assets are nil. As such, there is not going to be any distribution to Homco 142'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 142, 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 (142) Limited Partnership
and not in its personal capacity

Per:



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