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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-053976-185
ESTATE No.: 41-2342700

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 (96) 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 (96) Limited Partnership (**H96**) 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. H96 was established for the sole purpose of holding the shares of a Canadian corporation, North Calgary Land Ltd. (**NCLL**), which sole purpose was to own and operate real estate properties in Calgary, Alberta.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) (**HII**) is the sole limited partner of H96. The general partners of H96 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (96) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (96) GP Inc., has full power and authority to manage the business and assets of H96.

NCLL filed for bankruptcy on the same day as H96. Also, as of the date of NCLL's bankruptcy, a Canadian Receiver had already been appointed to conduct the sale of NCLL's real estate properties for the benefit of its secured creditor. On the same day as the appointment of the Canadian Receiver (May 23, 2017), an Approval and Vesting Order had also been granted by the Superior Court of Québec (the "**CCAA Court**") to authorize the sale of NCLL's real estate properties by the Canadian Receiver. The sale of the real estate properties was expected to close in the months to come.

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 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, including those of NCLL, 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 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 wind-down of the HII Group, including with respect to the bankruptcies. The LAC has approved the bankruptcy of H96.

Causes of insolvency

As of January 25, 2018, H96 owed C\$28,835,092 to its sole creditor, HII.

H96 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 H96's assets is lower than the value of its liabilities; (ii) H96 no longer has a purpose as the entity it controlled, NCLL, no longer operates its real estate properties and the entity is under bankruptcy; and (iii) H96 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for H96 to file an assignment in bankruptcy. On February 8, 2018, H96 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 January 25, 2018, which includes the estimated net realization value of the assets of H96 as well as the estimated deficit following the distribution of the estimated proceeds from the liquidation of the assets to creditors:

Homco Realty Fund (96) Limited Partnership Statement of Affairs (CAD) As of January 25, 2018 (unaudited)		Net Book Value	Estimated Net Realization Value
Assets			
Shares of North Calgary Land Ltd.		100	-
Account receivable - Intercompany (North Calgary Land Ltd.)		28,835,092	-
			-
Liabilities (Note 1)			
Unsecured creditors - Intercompany (1810040 Alberta Ltd.)			28,835,092
			28,835,092
Surplus (deficit) before professional fees			(28,835,092)

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 H96. 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 H96]") 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 will be realized from the liquidation of H96's assets are nil. As such, there is not going to be any distribution to H96'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 H96, 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 (96) Limited Partnership
and not in its personal capacity

Per:



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