



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.: 500-11-053981-185
ESTATE No.: 41-2342751

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

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

HII (117) GP 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 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

HII (117) GP Inc. (**GP117**) is 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. GP117 was established for the sole purpose of acting as the "managing" general partner of Homco Realty Fund (117) Limited Partnership (**H117**).

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) (**HII**) is the sole limited partner of H117. As limited partner, HII is entitled to the profits of H117 and, in the event of a liquidation of H117, to any liquidation proceeds after the payment of all of the limited partnership's creditors, and thus, has the ultimate beneficial interest of the property owned by H117.

The general partners of H117 are Homburg L.P. Management Inc. (**HLPM**) (as "holding" general partner) and GP117 (as "managing" general partner). HLPM is indirectly owned by Homburg Canada Incorporated (**HCI**), whereas GP117 is a wholly-owned subsidiary of HII. Pursuant to the limited partnership agreement, the "managing" general partner, GP117, has full power and authority to manage the business and assets of H117. The Trustee understands that, as per Nova Scotia law, HLPM and GP117, as general partners of H117, are liable for the debts and obligations owed by H117.

GP117 was established on April 9, 2012, in the course of the restructuring of the HII Group entities (collectively with HII, the "**HII Group**") under the *Companies' Creditors Arrangement Act* (**CCAA**) (as further described below) to resolve certain "control issues" affecting the HII Group. As described in the second, fourth and fifth reports to the Superior Court of Québec (the "**CCAA Court**") submitted by Deloitte Restructuring Inc. (formerly Samson Bélair/Deloitte & Touche Inc.) ("**Deloitte**"), in its capacity as court-appointed monitor, the "control issues" resulted from the fact that HLPM, an entity indirectly controlled by Richard Homburg through HCI, was the sole general partner of H117 (and also of virtually all other limited partnerships which formed part of the HII Group's business).

H117 was established for the sole purpose of holding the shares of Homco Realty Fund (117) B.V. ("**H117 BV**"), which sole purpose was to own and operate an office building of 1,909 m² leasable floor area with 21 parking places, yard, and subsoil. The real estate property was located in Roermond, Netherlands. At the time of the bankruptcy of H117, which occurred on February 8, 2018, the property had been disposed of and the net proceeds had been paid as a partial reimbursement of the secured debt of H117 BV, as further explained in H117's Trustee preliminary report to the creditors (included in **Appendix A**).

Restructuring of HII

On September 9, 2011, HII and certain related entities (the "**HII CCAA Parties**") initiated a restructuring process under the CCAA by obtaining an initial order (as amended and extended from time to time, the "**Initial Order**") from 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 H117 BV, 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**"), 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 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 GP117.

Causes of insolvency

As of January 25, 2018, H117 owes C\$3,140,585 to affiliated companies.

As (i) the value of H117's assets is lower than the value of its liabilities; (ii) H117 no longer has a purpose as the asset of H117 BV was sold; and (iii) H117 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for H117 to file an assignment in bankruptcy. On February 8, 2018, H117 filed an assignment in bankruptcy and Deloitte Restructuring Inc. was appointed as trustee.

As mentioned above, the Trustee understands that, as per Nova Scotia law, GP117 is liable for the debts and obligations owed by H117. Due to the voluntary assignment in bankruptcy of H117 on February 8, 2018, all of H117's outstanding debt became due as of the date of the bankruptcy. H117 and GP117 would therefore be, as of today, liable for H117's outstanding debts and obligations.

GP117 was formed for the sole purpose of acting as general partner of H117 and, as such, has never held any asset. As general partner, GP117 has no economic interest in the limited partnership. GP117 no longer has a purpose given that H117 filed for bankruptcy (on February 8, 2018).

GP117 meets the definition of an "insolvent person" under the Act because it does not have assets enabling payment of its obligations, due, and accruing due.

Bankruptcy

Consequently, for the reasons stated above, the decision was made for GP117 to file an assignment in bankruptcy. On February 8, 2018, GP117 filed an assignment in bankruptcy and Deloitte was appointed as trustee.

B) Trustee's preliminary evaluation of assets

Below is a summary of the Statement of Affairs of GP117 as January 25, 2018:

HII (117) GP Inc.	
Statement of Affairs (CAD - Note 2)	
As of January 25, 2018 (unaudited)	
	Estimated Net Realization Value
Liabilities (Note 1)	
Unsecured creditors - Intercompany (1810040 Alberta Ltd.)	2,266,786
Unsecured creditors - Intercompany (Homco Realty Fund (117) B.V.)	<u>873,798</u>
	3,140,584
Surplus (deficit) before professional fees	<u>(3,140,584)</u>

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 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 (formerly Samson Bélair/Deloitte & Touche Inc.), in its capacity as Trustee in bankruptcy of GP117. 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 acting as Trustee in Bankruptcy of any Non-Core Business Entity incorporated or formed under Canadian federal or provincial law [which includes H117]") 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 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 GP117, are guaranteed by the "Administration Charge" and by the "Administrative Reserve" approved by the CCAA Court.

I) Other matters

None.

DATED AT MONTRÉAL, Quebec, this 1st day of March, 2018.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee of the estate of
HII (117) GP Inc.

Per:



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

APPENDIX A



Deloitte Restructuring Inc.
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C A N A D A
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DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-053980-187
ESTATE No.: 41-2342748

SUPERIOR COURT
Commercial Division

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

**HOMCO REALTY FUND (117) 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

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TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

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A) Background

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At the time of the bankruptcy, H117 BV's real estate property had been disposed of and the related proceeds had been distributed to H117 BV's 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, including that of H117, constitute non-core properties 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 with respect to the sale of the non-core assets of the HII Group entities and the wind-down of the HII Group, including in respect to the bankruptcies. The LAC has approved the sale of H117 BV's real estate property and the ensuing bankruptcy of H117.

Causes of insolvency

As of January 25, 2018, H117 owes C\$3,140,585 to affiliated companies.

H117 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 H117's assets is lower than the value of its liabilities; (ii) H117 no longer has a purpose as the real estate property of H117 BV was sold,; and (iii) H117 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for H117 to file an assignment in bankruptcy. On February 8, 2018, H117 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 (117) 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.)		2,266,786
Unsecured creditors - Intercompany (Homco Realty Fund (117) B.V.)		<u>873,798</u>
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The Trustee implemented the following conservatory and protective measures:

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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 H117. 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 H117]") 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 GP117, 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 (117) Limited Partnership
and not in its personal capacity

Per:



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