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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
DIVISION No.: 01- Montreal
COURT. No.: 500-11-052455-173
ESTATE No.: 41-2243467

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 (52) 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 REPORT TO THE CREDITORS ON PRELIMINARY ADMINISTRATION

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 (52) Limited Partnership ("**Homco 52**") 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 52 was established for the sole purpose of owning and operating a real estate property, namely the Homburg Springs East Property (the "**Homburg Springs East**"), a vacant land of 160 acres located in Calgary, Alberta.

1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") is the sole limited partner of Homco 52. The general partners of Homco 52 are Homburg L.P. Management Inc. (as "holding" general partner) and HII (52) GP Inc. Pursuant to the limited partnership agreement, the "managing" general partner, HII (52) GP Inc., has full power and authority to manage the business and assets of Homco 52.

At the time of the bankruptcy, Homco 52's real estate property had been disposed of and the related proceeds have been distributed to the secured creditors (the holders of the Series 4 Bonds), in partial reimbursement of their debt, the whole pursuant to orders rendered by the CCAA Court, as further described below.

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* (the "**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**").

All entities held directly or indirectly by HII (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 Homco 52, 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 implementation of the Plan took place from March 24 to 27, 2014. Since the implementation of the Plan, 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 entities and the wind-down of the HII Group entities, including in respect to the bankruptcies. The LAC has approved the sale of Homco 52's real estate property and the ensuing bankruptcy of Homco 52.

The holders of the Series 4 Bonds issued by HII are the beneficiary of a guarantee from Homco 52 and security against the Homburg Springs East Property in order to secure their claim against HII. The amount of the claim of the holders of the Series 4 Bonds which was accepted by the Monitor as part of the CCAA proceedings is \$27,663,250.

On May 15, 2015, at the request of the Monitor, the CCAA Court issued an *Authorization of Sale and Vesting Order (Homburg Springs East Property)* authorizing the sale of the Homburg Springs East Property, and the closing of such sale occurred on May 19, 2015. The terms and context of the sale of the Homburg Springs East Property are further elaborated in the Monitor's Forty-First report filed as part of the CCAA proceedings.

On May 28, 2015, at the request of Stichting Homburg Bonds in its capacity as trustee of the Series 4 Bonds, as beneficiary to a security against the Homburg Springs East Property, the CCAA Court issued an *Order Authorizing a Distribution of the Remaining Net Proceeds Resulting from the Sale of Homco 52's Assets (the Homburg Springs East Property)*, authorizing and directing the Monitor to distribute to the holders of the Series 4 Bonds all remaining net proceeds resulting from the sale of the Homburg Springs East Property, as partial reimbursement of their claim. On or about June 17, 2015, in accordance with this latter order, the Monitor proceeded with this distribution, in a net amount of approximately \$4.9M, to the 519 holders of Series 4 Bonds. Following this distribution, Homco 52 has no assets remaining.

Causes of insolvency

As of April 24, 2017, Homco 52 owes CAD \$22,733,250 (less the amounts of the distributions

received from time to time pursuant to the Plan) to its creditors, namely the Series 4 bondholders, and no longer has any assets.

Homco 52 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 52's assets is lower than the value of its liabilities, (ii) Homco 52 no longer has a purpose as its asset was sold, and (iii) Homco 52 was not a core entity that was retained to form part of the HII Group's restructured portfolio, the decision was made for Homco 52 to file an assignment in bankruptcy. On April 24, 2017, Homco 52 filed an assignment in bankruptcy and Deloitte Restructuring Inc. ("**Deloitte**") was appointed as trustee.

B) Trustee's preliminary evaluation of assets

Below is a summary of the Statement of Affairs as of April 24, 2017:

Homco Realty Fund (52) Limited Partnership	
Statement of Affairs (CAD)	
As of April 24, 2017 (unaudited)	
	Estimated Net Realization Value
Assets	-
Liabilities (Note 1)	
Unsecured creditors - Series 4 Bonds (Note 2)	12,663,839
	<u>12,663,839</u>
Surplus (deficit) before professional fees	<u>(12,663,839)</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: *In reality, the claim of the holders of the Series 4 Bonds is for a higher amount, namely \$22,733,250 less the amounts of the distributions received from time to time pursuant to the Plan.*

C) Conservatory and protective measures

The Trustee implemented the following conservatory and protective measure:

- Publication of a notice to creditors in *The Globe and Mail* newspaper.

Please note that given the fact that the creditors of the estate of Homco 52 are already informed about the insolvency proceedings of the limited partnership and of the fact that the estate of Homco 52 contains no assets and is not expected to result in any further distributions to the creditors (and given the significant costs that would have been associated to sending notices to each holder of a Series 4 Bonds), an order was rendered by the Superior

Court of Québec on November 28, 2016, pursuant to subsection 187(12) of the Act, dispensing the Trustee from the requirement to send any notices to the holders of the Series 4 Bonds, including a notice in the prescribed form of the bankruptcy and of the first meeting of creditors.

D) Information relating to provable claims

As of the time of this report, no proof of claim has been received by the Trustee.

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 52. 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 52]"), 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) Conflict of interest

In addition to his role as Trustee in the bankruptcy of Homco 52, Deloitte is also currently acting as Monitor or Bankruptcy Trustee of a number of entities related to the Bankrupt and to the HII Group. Deloitte however does not believe that its role as Trustee in the bankruptcy of Homco 52 or as Monitor or Bankruptcy Trustee of entities related to the Bankrupt puts it in a position of conflict of interest.

H) 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).

I) Trustee's remuneration

As explained above, the professional fees and disbursements of Deloitte, in its capacity as Trustee in the bankruptcy of Homco 52, are guaranteed by the "Administration Charge" and by the "Administrative Reserve" approved by the CCAA Court.

J) Other matters

None.

DATED AT MONTREAL, this 15th day of May, 2017.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee of the estate of
Homco Realty Fund (52) Limited Partnership
and not in its personal capacity



Per:

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