EXECUTIVE SUMMARY
SECOND REPORT TO THE COURT DATED OCTOBER 5, 2011
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR

Notice

The contents of this document reflect some important sections of the Second Monitor's Report submitted to the Court by Samson Bélair/Deloitte and Touche Inc. in it is capacity as Monitor under the Companies' Creditors Arrangement Act . The contents do not necessarily reflect integrally all subjects cover in the Second Monitor's Report. A copy of this Second Monitor's Report is available on the Monitor's website at www.deloitte.com/ca/homburg-invest.

Overview

1. Homburg Invest Inc. ("**HII**") is an international real estate investment and development company incorporated under the *Business Corporations Act (Alberta, Canada)* and having its registered office in Halifax, Nova Scotia, Canada, and its chief place of business in Montreal, Quebec.

2. HII owns and develops a diversified portfolio of commercial real estate, including office, retail, industrial, hospitality and development properties throughout Europe (the Netherlands, Germany and the Baltics) and the United States. HII also owns, directly or indirectly, land assets for development and development properties in Canada.

Corporate Structure and Governance Issues

3. On September 9, 2011, HII and some of its affiliates (collectively the "**Debtors**" or the "**Companies**") filed and obtained protection from their creditors under Section 4, 5 and 11 of the *Companies' Creditors Arrangement Act* ("**CCAA**") pursuant to an Order rendered by this Honorable Court (the "**Initial Order**"). Pursuant to this Initial Order, a stay of proceedings was granted in favor of the Debtors.

4. Pursuant to the Initial Order, Samson Bélair/Deloitte & Touche Inc. ("**Deloitte**") was appointed as monitor to the Debtors under the CCAA.

5. The Class A Subordinate Voting Shares and the Class B Multiple Voting Shares of HII are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbols HII.A and HII.B, respectively. The Class A Shares are also listed and admitted to trading on Eurolist by NYSE Euronext under the symbol HII.

6. Richard Homburg is the controlling shareholder of HII and holds, directly and indirectly, approximately 46.2% of the outstanding Class A Shares and Class B Shares, such shares carrying approximately 72.5 % of the total votes attached to such shares. The remaining Class A Shares and Class B Shares are held by investors across Canada, the United States and Europe.

7. On March 22, 2011, in the course of an investigation being conducted by the Netherlands' Authority for Financial Markets (the "**AFM**"), Richard Homburg announced his resignation as Chairman of the board, Chief Executive Officer and Director of HII. Jan Schöningh, formerly President or North American operations of HII, was appointed as President and Chief Executive Officer of HII. The investigation by the AFM and governance issues are further described on pages 13 to 17 of the Second Monitor's Report.

8. HII is structured as a holding company. The majority of HII's real estate assets are held, directly or indirectly, through limited partnerships (the "**Partnerships**"), the balance being held directly or through corporations.

9. The general partner of all of the Partnerships, except one, is Homburg L.P. Management Incorporated (the "**General Partner**"), having its head office in Halifax, Nova Scotia, Canada. Homburg Management Incorporated is controlled by Homburg Canada Inc. ("**HCI**"), a company controlled by Richard Homburg.

10. The General Partner is not entitled to the profits of the Partnerships. However, pursuant to the Limited Partnership Agreements, the General Partner has full power and authority to transact the business of the Partnerships and to deal with the assets for the use and benefit of the Partnerships.

11. Not all of the real estate assets are directly held by the Partnerships; at least nineteen (19) are held in the name of the General Partner or an entity it controls, which, as discussed hereinafter, raises certain issues and concerns as to HII's effective control over said assets.

12. The corporate structure differs depending on the locations of the properties and is further elaborated on pages 5 to 9 of the Second Monitor's Report.

__Assets of HII and its affiliates__

13. HII and its affiliates owned 125 properties as at June 30, 2011 (office, retail, industrial and residential) in the following locations: Canada, United States, the Netherlands, Germany and the Baltic States. The following table illustrates the property allocation based on geography and type. It also gives the total gross square footage.

Homburg Invest Inc. Property allocation As at June 30, 2011	Buildings	Fair Value (C$000)	Gross Sq. Ft. ('000 000)
By geographical segment			
Germany	16	785,300	2.5
The Netherlands	32	451,400	3.7
Baltic States	53	229,200	1.0
North America	11	21,300	0.3
	112	**1,487,200**	**7.5**
By property type			
Office	77	1,165,100	5.1
Retail	7	113,000	0.3
Industrial	28	209,100	2.1
	112	**1,487,200**	**7.5**
Land and property held for future development	6	108,200	
Construction properties being developed for resale	4	32,700	
Investment properties under construction	3	94,500	-
	125	**1,722,600**	**7.5**

Source: Homburg Invest Inc. interim MD&A
Amounts exclude assets available for sale

14. As illustrated above, the majority of the assets of the HII group are in Europe and mainly relate to office and industrial space.

15. Appendices B to E of the Second Monitor's Report include detailed lists of the real estate properties held by HII and its affiliates, by geographical regions.

16. As at June 30, 2011, the book values of investment properties of approximately $1,487M include 112 properties (office, retail and industrial).

17. Investment properties under development (9 properties) includes various parcels of land held for future developments in the Calgary region which are intended for hospitality and commercial properties and a one building in Montreal, Quebec. It also included properties under construction, which consist of a parcel of land in Calgary, Alberta that is being developed into a four building office campus, a parcel of land in

Charlottetown, Prince Edward Island that is being developed into a hotel and a 440 unit condominium complex in Calgary, Alberta.

18. The assets classified as held for sale include investment properties in Canada and in the United States.

19. The properties under development for resale (4 properties) consist of condominium units located in Calgary, Alberta, condominium units located in Grande Prairie, Alberta and condominium units located in Charlottetown, Prince Edward Island.

20. All of HIIs' investments have been essentially financed by typical mortgages as well as with mortgage bonds, corporate bonds, and junior subordinated notes.

21. In addition to these assets, HII also owned an investment in an associate of approximately $152M as of June 30, 2011, which represents equity investment in Canmarc REIT, a portion of which, namely approximately $37.4M, has been sold through a bought deal to a syndicate of underwriters on September 13, 2011.

Creditors of HII and its affiliates

Homburg Invest Inc. Consolidated listing of creditors (Unaudited - Prepared by Management) (C$000)	June 30, 2011	Secured	Unsecured	% of total creditors
Accounts payable	103,715	-	103,715	5.41%
Other liabilities	10,960	-	10,960	0.57%
Derivative financial instruments	19,387	-	19,387	1.01%
Income taxes payable	9,674	-	9,674	0.50%
Construction financing	32,837	32,837	-	1.71%
Provisions	23,344	-	23,344	1.22%
Mortgages	1,081,678	1,081,678	-	56.46%
Mortgage bonds	143,994	143,994	-	7.52%
Corporate non asset-backed bonds	435,609	-	435,609	22.74%
Junior subordinated notes	54,658	-	54,658	2.85%
Total creditors	**1,915,856**	**1,258,509**	**657,347**	**100%**
Other potential liabilities				
Headlease obligation	233,500	7,620	225,880	
HCI claim	30,000	-	30,000	
REIT liability	116,000	100,000	16,000	
Baltic swap	2,916	-	2,916	
Total potentail liabilities	382,416	107,620	274,796	
Total	**2,298,272**	**1,366,129**	**932,143**	

Note: Some liabilities are not considered as creditors and were not included in this table.

22. HII and its affiliates first and second largest groups of creditors (excluding the traditional mortgages) are composed of holders of corporate non-asset backed bonds (the "**Corporate Bonds**"), and mortgage bonds (the "**Mortgage bonds**"), for a total value of $579.6M.

23. The accounts payable are mostly composed of trade payables for $77M, non-construction demand loans for $11.3M prepaid rents and deposits for $1.5M, related payables for $4.5M as well as certain other payables.

24. The majority of the mortgage liabilities is owned by the Partnerships' or, as the case may be, the subsidiaries of HII, having title to the properties and such mortgage liabilities are secured by the related properties. The mortgages are considered long term debt at both fixed and variable interest rates. Most of these mortgages have not been guaranteed by HII. Mortgages principal maturities include loans of $38.6M which were in default of their lending covenants as at June 30, 2011. Consequently, these mortgages in default are considered due in 2011.

25. The Mortgage Bonds are seven-year bonds issued in series and secured by a first and second charge over specific assets and corporate guarantee.

26. The Corporate Bonds are seven-year bonds issued in series and have a corporate guarantee pledged as collateral.

27. The Junior Subordinated Notes matures in 2036 and the interest coverage and net worth ratios were in default as at June 30, 2011.

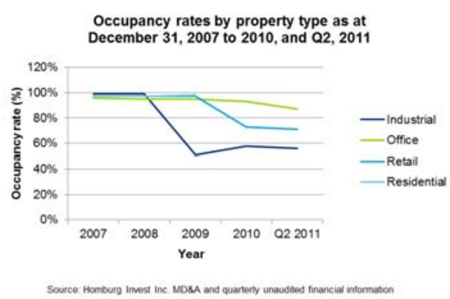
28. The table presented above does not include the Capital Securities A debentures, totaling $35.1M, which have been classified as equity in the audited consolidated financial statements.

HII and its affiliates' insolvency situation

29. The information management provided to the Monitor demonstrates that HII and its affiliates interest coverage ratio decreases on a yearly basis, which appears to be explained by losses mainly caused by a decrease in the occupancy rates as indicated in the table below. As of June 30, 2011, the interest coverage ratio set out in the junior subordinated note indentures was in default.

30. As shown in the following graph and based on financial statements, HII and its affiliates, historical results demonstrate:

   i. A significant decrease in global occupancy rates, which results necessarily in reductions of revenue and liquidity;



   ii. HII and its affiliates, consolidated historical balance sheet demonstrates for the last four years a deterioration of the debt to equity ratio from 5.78 as of December 31, 2008 to 35.52 as of June 30, 2011. Consequently, the financial condition of HII and its affiliates continues to deteriorate year after year.

   iii. HII and its affiliates' equity has significantly deteriorated from approximately $611M as at December 31, 2008 to approximately $57M as at June 30, 2011. This significant deterioration is mainly explained by the decrease in the fair market value of the investment properties and the losses incurred by the operations.

   iv. Finally, HII and its affiliates are facing a significant liquidity crisis. They obviously will not be able to meet their financial obligations as they become due without selling valuable assets and accordingly decreasing the value of the business and future chances for a successful restructuring.

Next steps

31. Management is currently reviewing, with the support of the Monitor, the financial situation of each entity and each property. This review is being done in parallel with an assessment of the potential solutions to solve the issues and concerns as to HII's effective control over its assets, which issues must be solved in order to successfully restructure HII's business and finances.

32. As a result of this work, management may determine to stop supporting those entities which are obviously not performing, which have negative equity, and which deteriorate the cash position of the performing entities without any positive value for the global corporate structure and subject to any potential negative consequences for HII.

33. Management has already identified six (6) properties, which are assets of 6 entities not included in the Homburg Parties which may be removed from the corporate structure. Once management will have obtained legal opinions from HII's legal advisors regarding the obligations regarding these entities, a final decision will be taken.

34. In the end, the Debtors' objective is to evaluate the different restructuring options available to them for the benefit of all their stakeholders, including their creditors.

35. The Monitor, as part of its duties, continues to supervise the cash flows of HII and the other Petitioners and Appendices H and I of the Second Monitor's Report include further information on these cash flows.