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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT No.: 500-11-041305-117

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

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

HOMBURG INVEST INC., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its registered office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

HOMBURG SHARECO INC., a legal person, duly constituted under the *Companies Act* (Nova Scotia), having its head office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CHURCHILL ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

INVERNESS ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CP DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mis-en-cause

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CA, CIRP, person in charge), having a place of business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec, H3B 4T9

Monitor

EIGHTH REPORT TO THE COURT
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. On September 9, 2011, Homburg Invest Inc. ("**HII**"), Homburg Shareco Inc. ("**Shareco**"), Churchill Estates Development Ltd. ("**Churchill**"), Inverness Estates Development Ltd. ("**Inverness**") and CP Development Ltd. ("**CP**") (collectively, the "**Debtors**") filed and obtained protection from their respective creditors under Sections 4, 5 and 11 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an Order rendered by this Honorable Court (as amended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order, the Stay extend to the following limited partnerships which form an integral part of the business of the Debtors: Homco Realty Fund (52) Limited Partnership, Homco Realty Fund (88) Limited Partnership ("**Homco 88**"), Homco Realty Fund (89) Limited Partnership, Homco Realty Fund (92) Limited Partnership, Homco Realty Fund (94) Limited Partnership (following an amendment to the Initial Order on October 7, 2011), Homco Realty Fund (105) Limited Partnership, Homco Realty Fund (121) Limited Partnership, Homco Realty Fund (122) Limited Partnership, Homco Realty Fund (142) Limited Partnership and Homco Realty Fund (199) Limited Partnership (collectively, the "**Applicant Partnerships**" and, together with the Debtors, the "**HII Parties**").

3. Samson Bélair/Deloitte & Touche Inc. ("**Deloitte**") was appointed as monitor (the "**Monitor**") under the CCAA.

4. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 in favor of the Debtors (as extended from time to time, the "**Stay Period**").

5. On September 19, 2011, the Monitor filed its First Report with the Court. The purpose of the First Report was to cover specifically the cash flow statement, in accordance with paragraph 23(1)(b) of the CCAA.

6. On October 5, 2011, the Monitor filed its Second Report with the Court. The purpose of the Second Report was, *inter alia*, to provide an overview of the HII Parties' corporate structure, operations, assets and liabilities, to describe certain issues affecting the HII Parties and, potentially, their restructuring and to present cash flow statements and forecasts.

7. On October 7, 2011, the Stay Period was extended until December 9, 2011 pursuant to an Order of the Court (the "**First Stay Period Extension Order**").

8. On November 4, 2011, the Monitor filed its Third Report with the Court. The purpose of the Third Report was to provide an overview of HII's proposed re-assignment and assignment of certain agreements and the release of its obligations under these agreements.

9. On December 2, 2011, the Monitor filed its Fourth Report with the Court. The purpose of the Fourth Report was, *inter alia*, to provide an update of the HII Parties' corporate structure, financial information and operations, to describe the HII Parties' Control Issues (as defined in the Fourth Report), the potential alternatives to resolve same and the decision of HII to opt for the alternative of entering into a purchase agreement (the "**Purchase Agreement**") with Homburg Canada Inc. and certain of its affiliates (the "**HCI Group**"), and to present cash flow statements and forecasts.

10. On December 8, 2011, the Stay Period was extended until March 16, 2012 pursuant to an Order of the Court (the "**Second Stay Period Extension Order**").

11. On January 10, 2012, the Monitor filed its Fifth Report with the Court. The purpose of the Fifth Report was to provide additional information regarding the Purchase Agreement and to provide an update of the Monitor's view on the motion to approve same. The Fifth Report described the developments since the Fourth Report and, in particular, the due diligence process conducted by the Monitor as a condition precedent to the closing of the transaction contemplated by the Purchase Agreement. The Fifth Report also provided an overview of the progress in the HII Parties' restructuring of operations and finances since the Fourth Report.

12. On January 19, 2012, the Monitor filed its Sixth Report with the Court. The purpose of the Sixth Report was to provide the Monitor's view on the motion for approval of the sale of the units held indirectly by HII in the capital of Canmarc REIT.

13. On February 17, 2012, the Monitor filed its Seventh Report with the Court in accordance with the instructions of the Court in the Second Stay Period Extension Order. The purpose of the Seventh Report was to provide an update on the progress of the HII Parties' restructuring, the financial situation of the HII Group, the sale of the Canmarc REIT units and other relevant information.

PURPOSE OF THE EIGHTH REPORT

14. This eighth report of the Monitor (the "**Eighth Report**") is intended to provide an update on the progress of the HII Parties' restructuring and related steps, and the approval of the motion for a third extension of the Stay Period (the "**Third Extension Motion**"). This report will thus review the developments since the Seventh Report as well as the measures taken by the HII Parties, in collaboration with the Monitor, since the Second Stay Period Extension Order, the current activities of the HII Parties and the Monitor and, generally, the restructuring process.

15. This Eighth Report is structured as follows:

    I- Financial information
    II- Restructuring options
    III- Update regarding the Purchase Agreement with the HCI Group
    IV- HII Parties' operations
    V- Communications with creditors
    VI- Developments with the AFM
    VII- Virtual Data Room
    VIII- Debtors' operations since January 29, 2012
    IX- Activities of the Monitor
    X- Extension of the Stay Period
    XI- Conclusion and recommendations

TERMS OF REFERENCE

16. In preparing this Eighth Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, and subsequent motions filed with the Court (collectively, the "**Debtors' Motions**") and exhibits in support of same, and its discussions with management of the HII Parties ("**Management**") and the HII Parties' and the Monitor's legal advisors. While the Monitor has analyzed the information, some in draft form, submitted in the limited time available, the Monitor has not performed an audit or otherwise verified such information. Forward looking financial information included in this Eighth Report is based on assumptions of Management regarding future events, and actual results achieved may vary from this information and such variations may be material.

17. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Eighth Report are as defined in the previous reports of the Monitor and the Debtors' Motions.

18. A copy of this Eighth Report and further reports of the Monitor are available on the Monitor's website at www.deloitte.com/ca/homburg-invest. The Monitor has also established a toll free number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the HII Parties' restructuring under the CCAA.

I- FINANCIAL INFORMATION

19. As envisaged in the Seventh Report, the individual 2012 cash flow projections (the "**2012 Individual Cash Flow Projections**") of each of the investment and development properties held by the HII Parties and all other entities related to HII (the "**HII Group**") were posted on the Data Room and made available on March 2, 2012.

20. Consolidated cash flow projections for the year ending December 31, 2012 per Limited Partner and per geographical region, including the detailed Portfolio Analysis (as defined hereunder), have been made available in the Data Room on March 13, 2012 (the "**Consolidated Cash Flow Projections**").

21. As elaborated hereunder, a financial model of the HII Group has been prepared by the HII Group with the support of the Monitor. This model is being used to evaluate several restructuring options that are being considered by the HII Group and the Monitor.

22. As the development of the restructuring plan is ongoing, the financial model is not yet available in the Data Room at this moment. On March 14, 2012, namely on the date of this Eighth Report, Management and the Monitor met with certain creditors and their representatives (namely, (i) the trustees (Stichtings) of the Mortgage Bondholders, the Corporate Bondholders and the Capital Securities A debentureholders (the "**Trustees**"); and (ii) the representatives of the Taberna Noteholders), at their request, in order to discuss the cash flow projections of the HII Group entities and certain proposed restructuring options.

II- RESTRUCTURING OPTIONS

GENERAL

23. As mentioned in the Seventh Report, since the Second Stay Period Extension Order, the Monitor and Management have been gathering and reviewing the relevant financial and operational information for each of the HII Group properties. During this lengthy process, numerous meetings have been held between Management, the property managers, the Monitor and certain lenders with regard to the investment and development properties. The key goals of this exercise were to categorize the investment properties between properties with value and positive cash flows and properties with little or no value and negative cash flows, to identify the restructuring options available to HII, the whole with a view to increase the value of the investment properties, to generate more liquidity and to determine which properties should remain in HII's portfolio at emergence of the CCAA.

24. Notwithstanding the efforts dedicated to this exercise that has been performed to date, discussions with the different parties, including discussions with mortgage lenders, have yet to be completed. The Monitor and Management have made progress in outlining the preliminary restructuring options that could allow HII to increase the value of its investment portfolio for the benefit of all stakeholders.

DETAILED ANALYSIS OF HII'S PROPERTY PORTFOLIO

25. As mentioned, the Monitor is assisting Management in the detailed analysis of each of the properties included in the HII Group ("**Portfolio Analysis**"). The Portfolio Analysis consists of categorizing each property based on the basis of detailed criteria that include geographical location, estimated fair market value, debt level, net operating income cash flow, vacancy rates, capital expenditure needs, tenants and renewal of their leases, and other particular criteria that could individually influence the profitability and value of the property.

26. The properties were categorized into five geographical regions: the Netherlands, Germany, the Baltics, Canada and the United States. Most of the HII Group's properties are investment

properties, except for properties located in Canada that are properties held for future development or developed properties held for resale.

27. The Monitor and Management then proceeded in preparing a portfolio classification matrix for investment properties that includes four categories:

    i. Category 1: Properties that have equity and generate positive cash flows;

    ii. Category 2: Properties that have equity and generate positive cash flows, but are subject to certain risks, including, in particular, risks in relation to lease renewals;

    iii. Category 3: Properties that have no equity and that do not currently generate positive cash flows, but that may have potential to generate equity or positive cash flows in the future;

    iv. Category 4: Properties that have no equity and a high vacancy rate, and that neither generate positive cash flows nor have potential to generate equity or positive cash flows in the future.

FORWARD LOOKING CASH FLOW PROJECTIONS AND MODELING

28. In view of identifying and establishing the profitability and liquidity issues of the HII Group, the Monitor and Management have built a comprehensive detailed integrated cash flow projection model that allows the HII Group to prepare projections at the individual property level and to consolidate them by geographical locations and at the corporate level.

29. Both the 2012 Individual Cash Flow Projections and the 2012 Cash Flow Consolidated Projections (collectively, the "**2012 Cash Flow Projections**") that are currently in the Data Room do not consider any restructuring options that are being currently contemplated.

30. The Monitor and Management are currently in the process of modeling, for the next 10 years, different scenarios using different assumptions which include the potential financial and operational restructuring options that HII could implement in the coming months. Cash flow projections for years 2013 and 2014 should be completed and posted in the Data Room shortly. These cash flow projections will include some of the restructuring options' assumptions.

POTENTIAL RESTRUCTURING INITIATIVES

31. After completing the categorization and the 2012 Cash Flow Projections, the Monitor and Management have identified several potential operational and financial initiatives that could improve profitability and liquidity and increase value for stakeholders in the coming years, which could include but not limited to one or several of the following courses of action as part of the HII Group's restructuring:

i. Negotiations and agreements with some of the mortgage lenders, including in relation to HII's decision to cease funding negative cash flow investment properties;

ii. Action plan regarding Canadian properties held for future development, which could include a development plan or a monetization/disposition process of some of the properties under development or held for sale.

iii. Action plan regarding the HHUS investment properties, which could include a plan to maintain ownership or a monetization/disposition process of some or all of the investment properties.

iv. Dividend payment and conversion of debt into equity, which could include:

   a. A dividend payment in cash that would be funded by the proceeds of the sale of the Canmarc REIT units, the proceeds of the proposed Cedar transactions (as further described hereunder) and, as the case may be, the disposition proceeds of any other properties; and

   b. Potential debt to equity conversion, which would allow for an allocation formula on future profitability and value.

LIQUIDITY IMPROVEMENT INITIATIVES

32. The Monitor and Management are presently working on a liquidity improvement plan that will allow the HII Group to reduce costs and increase liquidity upon emergence from the CCAA. These initiatives could include:

i. Rightsizing operating costs and selling, general and administrative costs;

ii. Optimizing capital expenditures to allow creation of value for category 1 and category 2 investment properties;

iii. Analyze the possibility of disposing some of the investment properties or properties held for future development that would necessitate further investments.

NEXT STEPS TO THE RESTRUCTURING OPTIONS

33. The Monitor and Management have been actively developing a step-by-step action plan for each of the mortgage lenders and are planning, once the exercise of certain options contemplated by the Purchase Agreement is completed (namely by the end of March 2012 as indicated hereunder), to meet with said mortgage lenders during the month of April 2012 to share the applicable action plan.

34. The cash flow projections will be dynamically updated as assumptions and discussions regarding restructuring options evolve. As discussions and meetings occur with the different stakeholders, the Monitor and Management will be modeling actual restructuring initiatives that are being implemented by the HII Group.

35. The Monitor and Management will also be analyzing the possibility of conducting sales processes on a geographical location basis to generate liquidity or should it prove difficult to implement the proposed restructuring initiatives.

RESTRUCTURING PLAN UNDER CCAA

36. Once the HII Group has a clear understanding of the restructuring options that can be implemented, it will put forward a full and comprehensive plan of arrangement to its creditors.

37. On March 14, 2012, the Monitor and Management met with representatives of the Mortgage Bonds, Corporate Bonds and Capital Bonds and representatives of the Taberna Noteholders to discuss the preliminary restructuring options that could be implemented by the HII Group.

38. The Monitor and Management are currently in discussions in order to determine the outline and eventual progression of the upcoming claims process. It is being contemplated that the HII Parties will apply to this Court for its approval of a claims process by the end of May 2012.

III- UPDATE REGARDING THE PURCHASE AGREEMENT WITH THE HCI GROUP

39. As indicated in the Seventh Report, the closing of the transaction contemplated by the Purchase Agreement was completed on February 17, 2012.

40. The HII Group, along with the Monitor and its Dutch and German counsel, has completed the analysis of the exercise of the options contemplated by the Purchase Agreement in a tax-efficient manner.

41. HII and the Monitor, together with their respective Dutch, German and Canadian counsel, have identified the most tax efficient structure which will align the corporate structure with underlying economic interests, the whole with a view to maximizing full and direct control over HII's partnership structure in the context of the restructuring.

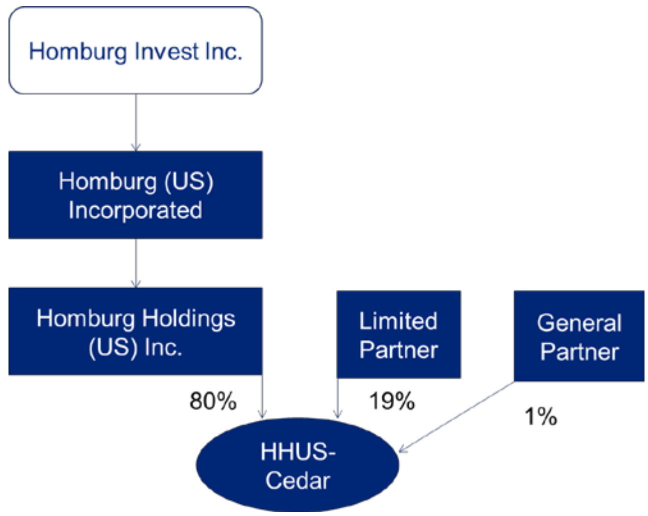
42. As provided under the Purchase Agreement, HII will shortly present a motion before the Court for authorization to proceed with the implementation of certain options. It is contemplated that, such motion would be presented on March 29, 2012.

IV- HII PARTIES' OPERATIONS

CEDAR PROPERTIES IN THE UNITED STATES

<u>Update on the proposed Cedar transactions</u>

43. As briefly described in the Seventh Report and demonstrated in the organizational chart below, HII through one of its subsidiaries, Homburg Holding (U.S.) Inc. ("**HHUS**"), holds nine limited partnerships (nine shopping centers, collectively the "**Cedar Partnerships**") in a joint venture with Cedar.



44. For the purposes of this Eighth Report, the Cedar Partnerships are defined as follows: Cedar-Aston Center LP ("**Aston**"); Cedar-Ayr Town Center LP ("**Ayr**"); Cedar-Scott Town Center LP ("**Scott**"); Cedar-Stonehedge LP ("**Stonehedge**"); Cedar-Parkway Plaza LP ("**Parkway**"); Cedar-Pennsboro Commons LP ("**Pennsboro**"); Cedar-Fieldstone Marketplace LP ("**Fieldstone**"); Cedar-Spring Meadow LP ("**Spring Meadow**"); and Cedar-Meadows Marketplace LP ("**Meadows**").

Breakdown of partnership interests for the nine Partnerships			
Partnership	HHUS Limited Partner Interest	Limited Partner	General Partner
Cedar-Aston Center, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Ayr Town Center, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Scott Town Center, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Stonehedge, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Parkway Plaza, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Pennsboro Commons, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Fieldstone Marketplace, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Spring Meadow, LP, a Delaware limited partnership	80%	19%	1%
Cedar-Meadows Marketplace, LP, a Delaware limited partnership	80%	19%	1%

45. Following HHUS' announcement on February 15, 2011 of its intention to dissolve the joint venture and consequently sell the related assets, HHUS commenced in July 2011 an auction process in order to identify potential purchasers of the Cedar Partnerships. CBRE Inc. and TD Securities Inc. were retained to advise HHUS and lead the auction process.

46. CBRE Inc. and TD Securities Inc. introduced the opportunity to the market to a total of approximately 5,000 potential investors. The investors contacted included private equity firms, real estate investment trusts and other investors located worldwide.

47. A total of 66 parties executed a confidentiality agreement and received a confidential information memorandum regarding the opportunity to purchase the Cedar Partnerships

48. Following the review of the memorandum and other information, nine parties expressed interest and provided offers.

49. Between July 2011 and early February 2012, HHUS engaged in active negotiations with interested parties and reviewed the proposed offers. The top bidders were given access to a virtual data room.

50. On February 17, 2012, HHUS executed an agreement with the selected party (the "**Selected Purchaser**") to purchase the assets of seven limited partnerships ("**Seven LP Purchase**") that is conditional to the approvals of the Monitor and of certain loan securitization servicers.

51. In order to complete this transaction, HHUS shall purchase Cedar's 20% interest in the Cedar Partnerships for cash consideration. On July 11, 2011, HHUS also executed an agreement with Cedar in this regard that is not subject to approval of the Monitor. On February 17, 2012, this agreement was amended to reflect the Seven LP Purchase.

52. In conjunction with the Seven LP Purchase, HHUS will dispose of 80% of its interest in the remaining two Cedar Partnerships to Cedar (Fieldstone and Meadows). On February 17, 2012, HHUS executed an amendment to its existing agreements with Cedar that were intended to obtain cooperation of Cedar essential to completing the Seven LP Purchase and allow HHUS to sell to Cedar its 80% interest in the remaining two Cedar Partnerships.

53. Each of the Cedar Partnerships has an outstanding mortgage loan and each mortgage loan has been sold into a securitization structure. Any transfer of the Cedar Partnerships or their assets requires the consent of several securitization servicers. This process usually requires a minimum of 45-60 days. HHUS is currently in the process of obtaining the securitization servicers' consent.

54. HHUS expects to yield after-tax proceeds of approximately US$24M following the closing of the proposed Cedar transactions. The Monitor is currently analyzing the proposed Cedar transactions.

55. Since the proposed Cedar transactions do not involve the HII Parties, it is not contemplated that the approval of the Court will be sought for the proposed Cedar transactions.

HOMCO REALTY FUND (110) LP ("HOMCO 110") - CAMPEON

56. Homco 110, through its subsidiary Valbonne Real Estate 5 BV ("**Valbonne 5**"), currently owns 93.37% of MoTo Objekt Campeon GmbH & Co. KG ("**Moto**"), which in turn owns what is likely the most valuable property of the HII Group, namely the Campeon Complex in Munich, Germany (the "**Campeon Property**"). Novella Grundstücks-Vermietungsgesellschaft mbH ("**Novella**") owns a 6.62% interest Moto.

57. Valbonne 5 under its financing agreement with Falcon International Bank ("**Falcon**"), which was expiring on February 29, 2012, Homco 110, on February 27, 2012, obtained an increase and extension of its loan providing for a €47M 3½-year reducing term loan facility (the "**New Falcon Credit Agreement**"). The New Falcon Credit Agreement includes, as a condition for the renewed financing, an obligation for Homco 110 to purchase the 6.62% ownership in Moto currently owned by Novella prior to May 31, 2012. The New Falcon Credit Agreement, however, requires Homco 110 to use any cash flow surplus (after the payment of all of the operating expenses as well as the required repayment of debt to the secured creditors) to reimburse the balance of the outstanding loan to be provided by Falcon (minimum of €3.6M quarterly, including interest). In the recent years, the cash flow surpluses generated by Homco 110 were an important source of income for HII. Homco 110 was distributing approximately €3M on a quarterly basis to HII as income. The exercise of the Novella option would allow Falcon to register a second rank mortgage directly on

the Campeon Property. The New Falcon Credit Agreement also provides for a facility fee of €450,000.

58. On April 26, 2006, Novella concluded an agreement with Den Texhoek Pensioen B.V. (“**Den Texhoek**”) in which Novella had the option to sell to Den Texhoek its 6.62% ownership in Moto between January 1, 2012 and February 28, 2012 for €7.8M under certain conditions (the “**Novella Put Option**”). The Novella Put Option was extended to May 31, 2012. Novella also indicated to Homco 110 that it would agree to sell its ownership in Moto to Homco 110 for the same price and under the same terms as the ones provided in the Novella Put Option.

59. Management and the Monitor are currently analyzing the estimated value of the 6.62% ownership in Moto and whether or not this value exceeds the €7.8M compensation requested by Novella for the purchase of its ownership in Moto (as per the Novella Put Option). The New Falcon Credit Agreement also includes the required financing for the acquisition of the 6.62% ownership in Moto for €7.8M

60. The New Falcon Credit Agreement does not include any penalty for early reimbursement such that, concurrently with the efforts to estimate the value of Moto, Management and the Monitor are also searching for other alternatives, if any, which would allow them to replace the New Falcon Credit Agreement without having to commit to using all of the cash flow surpluses of Homco 110 to repay its debt obligation.

CONDOMINIUM PROJECTS OF CHURCHILL AND INVERNESS

Update on the Motion to Leave to Appeal the Romspen Judgment

61. On January 23, 2012, the Court had dismissed the motion presented by a secured creditor, Romspen Investment Corporation (“**Romspen**”) (the “**Romspen Motion**”), seeking a lift of the stay of proceedings against Churchill and Inverness for the purpose of commencing foreclosure proceedings against the mortgaged condominium units of the Inverness and Churchill’s projects (the “**Mortgaged Condominiums**”).

62. On March 1, 2012, the Court of Appeal of Quebec heard a Motion for Leave to Appeal the Romspen Judgment presented by Romspen. As of the date of this Eighth Report, Romspen’s Motion for Leave to Appeal is under advisement with the Court of Appeal.

Sales of Mortgaged Condominiums since the Seventh Report

63. In the Seventh Report, it was mentioned that thirteen (13) purchase agreements of Inverness Mortgaged Condominiums were signed and that Inverness anticipated completing these sales in the near future. Inverness completed a total of six (6) sales of the Inverness Mortgaged Condominiums. Consequently, the net sale proceeds of these sales, totaling approximately $1.1M, were remitted to Romspen as partial reimbursement of its loans. The remittances to Romspen since the Seventh Report are presented in Appendix B of this Eighth Report. Other remittances to Romspen subsequent to the period covered in this Eighth Report are listed below in paragraph 65.

64. When compared to the appraisals of the Mortgaged Condominiums filed by Romspen as exhibits to the Romspen Motion (the “**Appraisals**”), these six (6) sales, in the aggregate, were made at a slight discount to the individual “market values” of the Mortgaged Condominiums according to the Appraisals (the Appraisals do not include individual “liquidation values”).

65. Also, subsequent to the period covered by this Eighth Report, it has come to the Monitor's attention that four additional Inverness Mortgaged Condominiums have been sold. The net sale proceeds remitted to Romspen are, respectively, $146K, $148K, $205K and $162K, for a total $661K.

66. Finally, since the Seventh Report, the Monitor was advised that four (4) purchase agreements of Churchill Mortgaged Condominiums were signed and that Churchill anticipated completing these sales in the near future.

Update on the Inverness bulk sale

67. As indicated in the Seventh Report, Inverness received two bulk purchase offers from the same purchasing group related to the purchase of the remaining unsold Inverness project's condominiums. The first proposal provides for the purchase of 20 of the remaining unsold units while the second proposal provides for the purchase of all of the unsold remaining units (23).

68. The Debtors and the Monitor are currently negotiating with the purchasing group regarding the final terms of a formal purchase offer. As negotiations with the purchasing group progress, the Debtors and the Monitor are also updating/finalizing their analysis of the different alternatives available with regard to the Inverness project (which includes the potential bulk sale of all or some of the remaining unsold units) as well their analysis of the estimated net present value of all of those alternatives.

69. Should the Debtors and the Monitor come to the conclusion that the best alternative with regard to the Inverness project is to accept a formal purchase offer from the purchasing group, prior to proceeding with a transaction, the Debtors and Monitor would first discuss this alternative with Romspen as well as seek the authorization of the Court to proceed with the contemplated transaction. It is contemplated that such authorization would be sought prior to the end of March 2012.

LEASE OBLIGATIONS IN CANOXY PLACE

70. On March 1, 2012, the Court of Appeal of Quebec heard a Motion for Leave to Appeal the Judgment on Re-Assignment and Assignment of Agreements and Releases of Obligations rendered by the Court on December 5, 2011 presented by Statoil Canada Ltd ("**Statoil**"). The Judgment on Re-Assignment and Assignment of Agreements and Releases of Obligations is executory notwithstanding appeal. As of the date of this Eighth Report, Statoil's Motion for Leave to Appeal is under advisement with the Court of Appeal.

71. As mentioned in the Seventh Report, the issues discussed in the Fifth Report relating to the claim of The Cadillac Fairview Corporation Limited for outstanding rent due for the period up to and including December 5, 2011 and the funds held by Avison Young Real Estate Alberta Inc. remain pending until a judgment is rendered on Statoil's Motion for Leave to Appeal.

SALES TAX ISSUES

72. In November 2011, Management informed the Monitor that the Canada Revenue Agency (the "**CRA**") was withholding GST and HST refunds owed to CP and HII since September 2011. Management and the Monitor discussed the issue with CRA's officials in December 2011 and January 2012 and were under the impression that upon completion of various routine audit procedures, the refund balances owed would be settled within a couple of weeks. The refunds owed

are $213K in GST refunds to CP and $1,731K in HST refunds to HII. The CRA subsequently completed its field work audit procedures in February 2012 but have yet to communicate the refund status to Management or the Monitor.

73. Given the significant amounts owed, Management and the Monitor and their respective legal counsel are reviewing the Debtors' options regarding these sales tax issues.

V - COMMUNICATIONS WITH CREDITORS

74. As indicated previously, on March 14, 2012, being the date of this Eighth Report, Management and the Monitor met with the Trustee and the representatives of Taberna Noteholders.

75. A meeting of each category of Bondholders, including those of the Mortgage Bonds, the Corporate Bonds, and the Capital Securities A debentures, is currently being contemplated to be held in the Netherlands during the week of May 7, 2012. This meeting will serve, *inter alia*, to inform the Bondholders of the restructuring developments and alternatives, as well as permit, to the extent possible, an efficient claims process.

VI- DEVELOPMENTS WITH THE AFM

Developments with the AFM since the Seventh Report

76. On February 23, 2012, the AFM heard the HII Group's Objection to the Revocation Decision. As of the date of this Eighth Report, a decision of the AFM under the Objection to the Revocation Decision has not been rendered.

VII- VIRTUAL DATA ROOM

77. On an ongoing basis, the HII Group, in collaboration with the Monitor, continues to add relevant information pertaining to the affairs of the HII Group on the Monitor's Data Room.

78. As indicated in the Seventh Report, since the beginning of January, subject to the prior execution of a non-disclosure agreement, the HII Group has granted access to the Data Room to every creditor who has requested access. As of the date of this report, no new creditors have requested access to the Data Room and a total of 16 representatives of several creditor groups, namely the Trustees and the Taberna Noteholders, have requested and obtained access to this Data Room.

79. As previously indicated, the 2012 Cash Flow Projections have been made available in the Monitor's Data Room.

VIII- DEBTORS' OPERATIONS SINCE JANUARY 29, 2012

80. The purpose of this section is as follows:

    i. Provide budget to actual analysis highlights by Debtor for the period from January 29, 2012 to February 25, 2012; and

    ii. Provide commentary on the variances by Debtor.

Overview

81. The following table provides an overview of the allocated opening cash balances, the allocated cash closing balances, and the cash variations by Debtor for the period from January 29, 2012 to February 25, 2012:

Cash variation for the period of January 29, 2012 to February 25, 2012 ($C000)					
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Funding by HII	Adjusted closing cash balance
Homburg Invest Inc.	21,698	107,900	129,598	(119)	129,479
Homburg Shareco Inc.	39	-	39	-	39
Churchill Estates Development Ltd.	(67)	480	413	-	413
Inverness Estates Development Ltd.	(78)	(16)	(94)	94	-
CP Development Ltd.	54	(78)	(24)	24	-

82. For the budget to actual cash flow forecast analysis of HII, Shareco, Churchill, Inverness, and CP for the period from January 29, 2012 to February 25, 2012, and commentary in respect of the analysis performed, please refer to Appendix B.

83. The following significant transactions, excluding the normal receipts and disbursements arising from operations, have occurred subsequent to the last day of the budget to actual analysis, between February 26, 2012 and March 12, 2012:

   i. Professional fees paid include $1,281K for services rendered to the HII Parties related to the CCAA proceedings; and

   ii. Professional fees of $505K were paid by the HII Parties to the Trustees of the Bondholders in accordance with the Order on the Trustees' Amended Motion for the Payment of Fees, Disbursements and Expenses dated February 15, 2012, whereby the HII Parties are to advance to the Trustees reasonable fees and expenses of the Trustees and their legal and financial advisors that are to be fully set off against any distribution made to the Bondholders in the future. This is the first payment made to either the Trustees or their legal or financial advisors.

   iii. As previously indicated, four condominium sales have been completed on March 1, 2012 in Inverness.

84. As of the date of this report, all appropriate and approved post-filing expenses were paid, and will continue to be paid, in the normal course out of the respective entity's working capital.

HII

85. Total cash inflows for HII were $116,259K for the period noted, while total cash outflows were $8,359K, which resulted in a positive net cash variation of $107,900K compared to a budgeted negative net cash variation of $1,077K.

Shareco

86. For the period noted, total cash inflows and total cash outflows for Shareco were nil, as it was budgeted.

Churchill

87. For the period noted, total cash inflows for Churchill were $514K and total cash outflows were $34K, which resulted in a positive net cash variation of $480K compared to a budgeted negative net cash variation of $25K.

Inverness

88. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $16K, which resulted in a negative net cash variation of $16K compared to a budgeted negative net cash variation of $15K.

CP

89. For the period noted, total cash inflows for CP were $20K and total cash outflows were $98K, which resulted in a negative net cash variation of $78K compared to a budgeted positive net cash variation of $8K.

IX- ACTIVITIES OF THE MONITOR

Cash flow monitoring of the HII Parties

90. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Eighth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from January 29, 2012 to February 25, 2012, has been prepared together with commentary of cash variances, as presented in Appendix B.

91. As part of this process, the Monitor, on a daily basis, also analyzes cash inflows and cash outflows from all of the HII Parties' bank accounts.

92. In accordance with the Initial Order, any disbursements for services rendered to the HII Parties prior or subsequent to the date of the Initial Order were presented to the Monitor for approval.

Cash flow monitoring of the HII Group

93. On a monthly basis, budget to actual cash flow forecast analyses of the HII Group have been prepared. The objective of these analyses is to monitor the cash flows which transact through the HII Group since any excess should ultimately be distributed back to HII.

94. In Appendix D, a supplemental report prepared by the Monitor is presented. This report summarizes the monthly cash flow variances for January 2012 for the HII Group.

95. Also, in accordance with the Initial Order, the Monitor assisted Management during its analysis of the disbursements to be made pertaining to the HII Group.

Notifying and reporting duties performed by the Monitor

96. Within five (5) business days, the Monitor made available on its website all public information and documentation related to the HII Parties' restructuring process.

Documentation relating to assets

97. As indicated in the Fifth Report and Seventh Report, the Monitor was assisting the HII Group to gather relevant documentation to develop a fact sheet by property used to analyze the financial situation of each property in the HII Group. The gathering and analysis of said documentation are well-advanced and are being used to assist the Monitor and Management in assessing each property considered in the restructuring initiatives.

Active participation in the decision-making relating to the resolution of the Control Issues

98. The Monitor and its counsels actively participated in the analysis leading to the closing of the transaction contemplated by the Purchase Agreement and continue to be actively involved in the ongoing discussions leading to the eventual exercise of the options contemplated thereunder.

Communications with certain creditors or claimants

99. As indicated in the Seventh Report, some alleged creditors of the HII Parties have instituted proceedings against the latter or their assets. The Monitor has sent notices of the Stay to the claimants and filed said notices in the respective court records. As at the date of this Eighth Report, the Monitor has been advised of one additional proceeding filed against HII for which a notice of stay will be served and filed in the applicable court record.

Analysis of the proposed Cedar transactions by the Monitor

100. The Monitor is currently analyzing the proposed Cedar transactions, and upon completion of its analysis, the analysis will be made available to this Court.

X- EXTENSION OF THE STAY PERIOD

101. Pursuant to the Second Extension Order, the Stay Period was extended until March 16, 2012.

102. The HII Parties notified the Monitor of their intention to request a third extension to the Stay Period to May 31, 2012 in order to allow them to continue to stabilize their operations and eventually prepare and submit to this Court and its creditors a plan of arrangement under the CCAA.

103. It is the Monitor's opinion that it is necessary to provide the HII Parties with a third extension to the Stay Period in order to ensure that the HII Parties continue to evaluate the different restructuring options available to them for the benefit of their stakeholders. The Monitor considers the HII Parties' restructuring process to be progressing well; however, more time is required in order to develop a viable restructuring plan.

Extended 14-week cash flow forecasts

104. Management has provided the Monitor with new cash flow forecasts for the third extension of the Stay Period. Management has adjusted the projected cash flows for the Debtors to June 2, 2012, which will cover the requested third extension to the Stay Period.

105. The extended 14-week cash flow forecasts for HII, Shareco, Churchill, Inverness and CP, as well as additional commentary identifying the primary assumptions, are attached as Appendix C.

106. Presented in the table below is a summary of the cash variations for each of the Debtors:

Extended 14-week cash flow forecast ($C000)					
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Funding by HII	Adjusted closing cash balance
Homburg Invest Inc.	129,598	(13,406)	116,192	(280)	115,912
Homburg ShareCo Inc.	39	-	39	-	39
Churchill Estates Development Ltd.	414	(91)	323	-	323
Inverness Estates Development Ltd.	(95)	(121)	(216)	216	-
CP Development Ltd.	(24)	(40)	(64)	64	-

Note: The $13.4M cash requirement for the 14-week forecast is partially funded by approximately $9.8M of the Amended Cominar Bid proceeds as stated in paragraph 128 of this Eighth Report

<u>HII</u>

107. Cash inflows for the period are $1.7M and cash outflows for the period are $15.1M, resulting in a net outflow of $13.4M. This is a result of the payment to the HCI Group of the second installment pursuant to the Purchase Agreement, professional fees, payroll, operating expenses and head lease obligations.

108. Following the sale of the Canmarc REIT units, HII's cash receipts will primarily be composed of GST/HST refunds pending their release from the CRA and receipts from the Holman Grand Hotel.

109. As previously noted by the Monitor, GST/HST refunds owed to HII and CP are currently being held back by the CRA. Management and the Monitor are currently discussing with the CRA in order to attempt to have the funds released.

110. Professional fees in conjunction with the restructuring of the HII Group are included in HII's projected cash flow and are based on the historical figures experienced and revised to reflect the estimated fees going forward.

111. HII continues to incur significant costs related to its secure head lease obligations. HII's head lease obligations are approximately $233K a month; however, this amount can be decreased in the event that HII finds additional tenants which may reduce or offset these obligations.

112. As of the date of this Eighth Report, all expenses incurred to date and going forward have been or will be paid out of HII's working capital.

113. With the Court approved Purchase Agreement between the HCI Group and the HII Group, one of the associated installments has been included in the extended 14-week cash flow forecast. The timing of these installments is such that the first was paid in February, and the second and third are to be paid in April and June, respectively. Each installment is for $3.5M.

<u>Shareco</u>

114. The Monitor does not anticipate any cash inflows or outflows pertaining to Shareco for the extended 14-week cash flow forecast ending June 2, 2012.

115. At the time of this Eighth Report, there is nothing that would lead us to believe that Shareco will need additional financing to meet current obligations between now and June 2, 2012.

Churchill

116. Cash inflows for the period are $437K and cash outflows for the period are $528K, resulting in a net outflow of $91K. This unfavorable variance is a result of condo fees incurred and GST/HST remitted.

117. The Churchill extended 14-week cash flow forecast assumes that the majority of cash inflows will be generated by the sale of condominium units.

118. Gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Churchill directly.

119. As of the date of this Eighth Report, all expenses going forward will be paid out of Churchill's working capital.

Inverness

120. Cash inflows for the period are $420K and cash outflows for the period are $541K, resulting in a net outflow of $121K. This unfavorable variance is a result of condo fees incurred and property taxes remitted.

121. The Inverness extended 14-week cash flow forecast assumes that the cash inflows will be generated by the sale of condominium units.

122. Gross sales proceeds from the Inverness units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Inverness directly.

123. Should Inverness continue to have insufficient cash receipts, HII will continue to support the operations of Inverness.

CP

124. Cash inflows for the period are nil and cash outflows for the period are $40K, resulting in a net outflow of $40K. This unfavorable variance is a result of construction costs incurred for buildings 4 and 5.

125. The Monitor does not anticipate any cash inflows and only nominal outflows pertaining to CP for the extended 14-week cash flow forecast ending June 2, 2012.

126. All expenses incurred to date and going forward will be paid out of CP's working capital should there be sufficient funds.

Amended Cominar Bid Proceeds

127. In accordance with the Court order dated January 20, 2012, only $10.0M of the funds from the sale proceeds from the Amended Cominar Bid are available to HII for the purposes of funding the liquidity requirements of the HII Group during its restructuring under the CCAA. The remainder of the funds in excess of $10.0M, representing approximately $113.1M, will be transferred to an investment account, for segregation and accounting purposes. These funds can only be accessed by HII with approval of the Court.

128. It is forecasted that an amount of $9.8M from the $10M available is to be used until June 2, 2012.Consequently, the HII Parties are expected to have sufficient liquidity to fund the operation during the extension period.

129. However it is important to indicate that the forecasted cash is highly influenced by certain assumptions, namely certain condo sales in the Canadian Partnerships, which may not materialize. Should these assumptions not hold true or if negative timing variances are experienced, the HII Parties may require additional funding for its restructuring efforts.

XI- CONCLUSION AND RECOMMENDATIONS

130. It is the Monitor’s view that the HII Parties have acted in good faith and with due diligence in accordance with the Initial Order.

131. It is the Monitor’s opinion that an extension of the Stay Period to May 31, 2012 will allow the HII Parties to continue to restructure their operations and to eventually develop a viable plan of arrangement for the benefit of all stakeholders and that the extension will not prejudice any of the HII Parties’ creditors.

132. Based on the Monitor’s discussions with the HII Parties’ representatives, it is the Monitor’s opinion that the HII Parties have acted and continue to act in good faith and with due diligence, and will continue to work towards the development of a viable plan of arrangement.

The Monitor respectfully submits this Eighth Report to the Court.

DATED AT MONTREAL, this 15th day of March 2012.

Pierre Laporte, CA, CIRP
President

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
In its capacity as Court-Appointed Monitor

APPENDICES

APPENDIX A

THE ENTITIES Mis en Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (88) LIMITED PARTNERSHIP
HOMCO REALTY FUND (89) LIMITED PARTNERSHIP
HOMCO REALTY FUND (92) LIMITED PARTNERSHIP
HOMCO REALTY FUND (94) LIMITED PARTNERSHIP
HOMCO REALTY FUND (105) LIMITED PARTNERSHIP
HOMCO REALTY FUND (121) LIMITED PARTNERSHIP
HOMCO REALTY FUND (122) LIMITED PARTNERSHIP
HOMCO REALTY FUND (142) LIMITED PARTNERSHIP
HOMCO REALTY FUND (199) LIMITED PARTNERSHIP

APPENDIX B

The following is the budget to actual cash flow analysis for HII for the period noted:

Homburg Invest Inc.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the four-week period of January 29, 2012 to February 25, 2012		
	Actual	Budget	Variance
Cash inflows			
REIT distributions	340.4	698.0	(357.6)
REIT unit sale proceeds	115,733.8	-	115,733.8
Jamieson sublease receipts	-	-	-
GST/HST received	-	-	-
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	71.4	-	71.4
	116,145.6	698.0	115,447.6
Hotel related receipts			
Hotel revenue	113.5	100.0	13.5
Hotel construction draw	-	-	-
Total cash inflows	**116,259.1**	**798.0**	**115,461.1**
Cash outflows			
Commissions	-	-	-
Payroll	189.6	150.0	(39.6)
Rent expense	18.1	20.0	1.9
Professional fees	4,154.3	1,300.0	(2,854.3)
Insurance	17.1	17.0	(0.1)
Office & admin	94.6	60.0	(34.6)
Director fees	-	-	-
KERP	-	-	-
Capital tax	-	-	-
Jamieson obligation	-	-	-
Canoxy obligation	-	-	-
PEI obligation	147.7	81.2	(66.5)
Montreal obligation	70.7	70.7	-
CP obligation	85.7	81.0	(4.7)
Corporate bond principal repayment	-	-	-
Corporate bond interest payment	-	-	-
Junior subordinate debt principal repayment	-	-	-
Junior subordinate debt interest payment	-	-	-
HCSA interest payment	-	-	-
GST/HST paid	-	-	-
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Other expenditures	3,548.0	-	(3,548.0)
	8,325.8	1,779.9	(6,545.9)
Hotel disbursements			
Payroll	22.9	48.0	25.1
Management fee	-	-	-
Property and other taxes	-	-	-
Insurance	1.7	-	(1.7)
General operating expenses	8.8	47.0	38.2
Construction costs and held cheques	-	-	-
Mortgage principal & interest	-	-	-
Total hotel disbursements	33.4	95.0	61.6
Total cash outflows	**8,359.2**	**1,874.9**	**(6,484.3)**
Opening cash balance	**21,698.2**	**21,698.2**	**-**
Variation in cash balance	**107,899.9**	**(1,076.9)**	**108,976.8**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**129,598.1**	**20,621.3**	**108,976.8**
Funding from HII	**(118.5)**	**(123.1)**	**4.6**
Adjusted cash balance	**129,479.6**	**20,498.2**	**108,981.4**

HII budget to actual commentary

The Monitor's comments on HII's total cash inflow and outflow variances during the period noted are as follows:

Ending cash balance

- As previously indicated in Appendix B of the Seventh Report, in addition to the ending cash balance presented of $129,598.1K, please note that $1,795.6K is currently held in the Monitor's trust account as at February 25, 2012. This amount represents funds reserved for the KERP and as indicated in paragraphs 94 to 96 of the Fifth Report, amounts received which are related to the Canoxy Place Subtenants.

Inflows

- Cash inflows from REIT distributions were $340.4K compared to a budgeted amount of $698.0K, resulting in an unfavorable variance of $357.6K. The unfavorable variance is attributed to the discontinuation of REIT distributions following the sale of the REIT Units that were associated to the Amended Cominar Bid. No additional REIT distributions were to be received by HII except for the remaining December amount which, as mentioned in paragraph 68.i of the Seventh Report, was received at the end of January in the amount of $237.5K. Subsequently, REIT distributions in the amount of $102.9K were inadvertently received for the units held in a trust account at Osler following the sale of the REIT Units associated to the Amended Cominar Bid, these funds were repaid to Canmarc REIT at the beginning of March.

- The favorable variance of $115,733.8K in REIT Units sale proceeds relates to the remaining balance owed with respect to the Amended Cominar Bid. Please refer to paragraph 33 of the Seventh Report for the detailed allocation.

- Other receipts were $71.4K compared to a budgeted amount of nil, resulting in a favorable variance of $71.4K. The favorable variance mainly consists of a corporate income tax reimbursement in the amount of $46.5K from the Government of Alberta and interest earned on the HII Account.

- Hotel revenues were $113.5K compared to a budgeted amount of $100.0K, resulting in a favorable variance of $13.5K. The favorable variance is due to greater than expected occupancy during the Period.

Outflows

- Professional fees were $4,154.3K compared to a budgeted amount of $1,300.0K, resulting in an unfavorable variance of $2,854.3K. As previously communicated, additional professional fees in excess of the budgeted amount continue to be incurred as a result of the Company's and the Monitor's legal counsel, and professionals spending significant amounts of time on numerous material issues during the CCAA filing, such as the procedures, discussions and due diligence surrounding the professional services associated to the Monetization Transaction, the Cominar Offer and the sale of the REIT Units.

- Office and administrative expenditures were $94.6K, compared to a budgeted amount of $60.0K, which resulted in an unfavorable variance of $34.6K. The unfavorable variance is due to director expenses and listing fees.

- PEI obligation was $147.7K compared to a budgeted amount of $81.2K, which resulted in an unfavorable variance of $66.5K. The unfavorable variance is related to free rent incentives negotiated with tenants under the head lease, which HII is required to fund.

- Other expenditures were $3,548.0K compared to a budgeted amount of nil, which resulted in an unfavourable variance of $3,548.0K. Of this payment, $3,500.0K represents the first instalment of the Cash Payment to the HCI Group following the Purchase Agreement dated November 17, 2011. At the time of the budget validation process the amounts were contingent on several factors, including Court approval, accordingly no amounts were budgeted creating a permanent unfavourable variance.

- General operating expenditures at the Hotel had a favorable variance of $38.2K during the period. The favorable variance is due to stricter expense policies.

ShareCo Inc.

The following is the budget to actual cash flow analysis for ShareCo for the period noted:

Homburg ShareCo Inc.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the four-week period of January 29, 2011 to February 25, 2012		
	Actual	Budget	Variance
Cash inflows			
Mortgage bond issuance	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Interest payments - mortgage bonds	-	-	-
Repayment of Bonds	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash outflows	**-**	**-**	**-**
Opening cash balance	**39.1**	**39.1**	**-**
Variation in cash balance	**-**	**-**	**-**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**39.1**	**39.1**	**-**

ShareCo Inc. budget to actual commentary

The Monitor's comments on ShareCo's total cash inflow and outflow variances during the period noted are as follows:

Inflows-Outflows

- No transactions occurred during the period in ShareCo.

Churchill

The following is the budget to actual cash flow analysis for Churchill for the period noted:

Churchill Estates Development Ltd.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the four-week period of January 28, 2012 to February 25, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
Condo sales proceeds	514.0	400.0	114.0
GST collected	-	20.0	(20.0)
GST ITC refund	-	-	-
Rent	-	-	-
Total cash inflows	**514.0**	**420.0**	**94.0**
Cash outflows			
Commissions	-	20.0	20.0
Advertising	-	-	-
R&M	0.9	3.0	2.1
Property tax	3.8	6.9	3.1
Professional fees	-	1.0	1.0
Insurance	-	-	-
Mortgage principal	-	379.0	379.0
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	28.9	18.3	(10.6)
GST remitted	-	16.8	16.8
Total cash outflows	**33.6**	**445.0**	**411.4**
Opening cash balance	(66.5)	(66.5)	**-**
Variation in cash balance	**480.4**	**(25.0)**	**505.4**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**413.9**	**(91.5)**	**505.4**
Funding from HII	**-**	**91.5**	**(505.4)**
Funded ending cash balance	**413.9**	**-**	**-**

Churchill budget to actual commentary

The Monitor's comments on Churchill's total cash inflow and outflow variances during the period noted are as follows:

Inflows

- During the Period, one unit was sold; no mortgage was associated to the sold unit thus, net proceeds were transferred to Churchill directly.

Outflows

- Condo fees experienced an unfavorable timing variance of $10.6K.

Inverness

The following is the budget to actual cash flow analysis for Inverness for the period noted:

Inverness Estates Development Ltd.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the four-week period of January 29, 2011 to February 25, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	200.0	(200.0)
GST collected	-	10.0	(10.0)
GST ITC refund	-	-	-
Total cash inflows	**-**	**210.0**	**(210.0)**
Cash outflows			
Commissions	-	10.0	10.0
Advertising	-	-	-
R&M	2.8	3.0	0.2
Property tax	-	-	-
Professional fees	-	1.0	1.0
Insurance	-	-	-
Mortgage principal	-	189.0	189.0
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	13.3	12.8	(0.5)
GST remitted	-	8.7	8.7
Total cash outflows	**16.1**	**224.5**	**208.4**
Opening cash balance	**(78.4)**	**(78.4)**	**-**
Variation in cash balance	**(16.1)**	**(14.5)**	**(1.6)**
Exchange rate (Gain / Loss)	**-**	**-**	**-**
Ending cash balance	**(94.5)**	**(92.9)**	**(1.6)**
Funding from HII	**94.5**	**92.9**	**1.6**
Funded ending cash balance	**-**	**-**	**-**

Inverness budget to actual commentary

The Monitor's comments on Inverness' total cash inflow and outflow variances during the period noted are as follows:

Inflows

- During the Period six units were sold, however no proceeds of sales were received since the gross sales proceeds from the Inverness units, which are financed, are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Inverness directly.

- The following table displays the amounts that have been remitted to the mortgage lender during the period noted:

Inverness Estates Development Ltd. 2012 Condo Sales ($C000)								
Sale	Building, Unit	Cash closing date	Sale price	GST (Net of rebates)	Deposit	Other expenses (condo fees, legal fees)	Proceeds received in the lawer's trust account on sale	Amount remitted to mortgage lendor
1	C, 310	8-Feb-12	207.4	6.6	(10.0)	0.6	204.6	204.6
2	C, 120	10-Feb-12	151.0	4.8	(10.0)	(0.9)	144.9	144.9
3	C, 422	17-Feb-12	159.9	5.1	(5.0)	(6.6)	153.4	153.4
4	C, 104	17-Feb-12	205.4	6.6	(5.0)	(9.5)	197.5	197.5
5	C, 417	17-Feb-12	213.2	6.8	(5.0)	(9.5)	205.5	205.5
6	B, 402	22-Feb-12	210.3	6.7	(10.9)	(2.8)	203.3	203.3
Total			**1,147.2**	**36.6**	**(45.9)**	**(28.7)**	**1,109.2**	**1,109.2**

Outflows

- As demonstrated above, the sales proceeds from the Inverness units sold during the period noted were financed, as such all proceeds were remitted to the lender.

CP

The following is the budget to actual cash flow analysis for CP for the period noted:

CP Development Ltd.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the four-week period of January 29, 2012 to February 25, 2012		
	Actual	Budget	Variance
Cash inflows			
Costs reimbursed from escrow	-	650.0	(650.0)
GST refund from previous months	-	50.0	(50.0)
Other receipts	19.8	-	19.8
Total cash inflows	**19.8**	**700.0**	**(680.2)**
Cash outflows			
Construction costs (1,2&3)	59.5	682.5	623.0
Construction costs (4&5)	-	10.0	10.0
Operating expenses	-	-	-
Professional fees	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
GST paid	-	-	-
Other expenditures	38.1	-	(38.1)
Total cash outflows	**97.6**	**692.5**	**594.9**
Opening cash balance	**53.8**	**53.8**	**-**
Variation in cash balance	**(77.8)**	**7.5**	**(85.3)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(24.0)**	**61.3**	**(85.3)**
Funding from HII	**24.0**	**(61.3)**	**85.3**
Funded ending cash balance	**-**	**-**	**-**

CP budget to actual commentary

The Monitor's comments on CP's total cash inflow and outflow variances during the period noted are as follows:

Inflows

- All cash inflows related to CP are reimbursements of expenditures incurred by CP in previous periods; there were no costs reimbursed from escrow during the period. The majority of expenditures are to be reimbursed net of GST from the funds in escrow. Maintenance and security expenditures are the primary costs that are not reimbursed from escrow.

- Other receipts were $19.8K compared to a budgeted amount of nil, resulting in a favorable variance of $19.8K. The favorable variance of the Other receipts mainly consists of a partial reimbursement on a deposit CP had given to an outside party for the sale of buildings 1, 2 and 3.

Outflows

- Construction costs for buildings 1, 2 and 3 were $59.5K compared to a budgeted amount of $682.5K, resulting in a favorable variance of $623.0K. The favorable variance is mainly due to the fact that the interior construction costs for buildings 1, 2 and 3 have been completed and the company is pursuing tenants to rent the premises prior to initiating additional work on the building. Some additional exterior work remains however, work has temporarily ceased for the winter months. The cost incurred during the period noted represent holdbacks on work completed in previous periods. Additional construction costs will continue to be incurred and reimbursed from escrow, as work resumes in spring 2012.

- Other expenditures were $38.1K compared to a budgeted amount of nil, resulting in an unfavorable variance of $38.1K. The unfavorable variance is due to a payment of $38.1K paid in renewal fees for a letter of credit issued to the City of Calgary.

APPENDIX C

HII 14-week cash flow forecast ($C)
Updated as of February 25, 2012

Number of weeks: 14	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Beginning period:	**26-Feb-12**	**4-Mar-12**	**11-Mar-12**	**18-Mar-12**	**25-Mar-12**	**1-Apr-12**	**8-Apr-12**	**15-Apr-12**	**22-Apr-12**	**29-Apr-12**	**6-May-12**	**13-May-12**	**20-May-12**	**27-May-12**
Ending period:	**3-Mar-12**	**10-Mar-12**	**17-Mar-12**	**24-Mar-12**	**31-Mar-12**	**7-Apr-12**	**14-Apr-12**	**21-Apr-12**	**28-Apr-12**	**5-May-12**	**12-May-12**	**19-May-12**	**26-May-12**	**2-Jun-12**
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows														
REIT distributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REIT unit sale proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jamieson sublease receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST received	-	-	-	-	400,000	-	-	-	394,050	-	-	-	391,800	-
Other receipts	134,875	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel related receipts														
Hotel revenue	24,750	29,250	29,250	29,250	29,250	24,800	24,800	24,800	24,800	33,750	33,750	33,750	33,750	45,000
Hotel construction draw	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	159,625	29,250	29,250	29,250	429,250	24,800	24,800	24,800	418,850	33,750	33,750	33,750	425,550	45,000
Cash outflows														
Commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	75,000	-	75,000	-	100,000	-	75,000	-	75,000	-	75,000	-	75,000
Rent expense	25,000	-	-	-	-	25,000	-	-	-	25,000	-	-	-	25,000
Professional fees	650,000	650,000	650,000	650,000	750,000	750,000	750,000	750,000	750,000	475,000	475,000	475,000	475,000	475,000
Insurance	17,000	-	-	-	-	17,000	-	-	-	17,000	-	-	-	17,000
Office & admin	15,000	20,000	20,000	20,000	20,000	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Director fees	-	-	-	-	-	-	-	-	175,000	-	-	-	-	-
KERP	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jamieson obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canoxy obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PEI obligation	81,240	-	-	-	-	76,265	-	-	-	76,265	-	-	-	76,265
Montreal obligation	70,700	-	-	-	-	71,350	-	-	-	71,350	-	-	-	71,350
CP obligation	81,000	-	-	-	-	85,660	-	-	-	85,660	-	-	-	85,660
Corporate bond principal repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate bond interest payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt principal repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt interest payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCSA interest payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	3,500,000	-	-	-	-	-	-
Hotel disbursements														
Payroll	-	26,000	-	26,000	-	25,000	-	25,000	-	30,000	-	30,000	-	30,000
Management fee	-	-	-	-	-	4,000	-	-	-	4,000	-	-	-	4,000
Property and other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating expenses	12,000	12,000	12,000	12,000	12,000	25,000	25,000	25,000	25,000	25,000	35,000	35,000	35,000	35,000
Construction costs and held cheques	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal & interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total hotel disbursements	12,000	38,000	12,000	38,000	12,000	54,000	25,000	50,000	25,000	59,000	35,000	65,000	35,000	69,000
Total cash outflows	951,940	783,000	682,000	783,000	782,000	1,231,775	827,500	4,427,500	1,002,500	936,775	562,500	667,500	562,500	946,775
Opening cash balance	**129,598,100**	**128,805,785**	**128,052,035**	**127,399,285**	**126,645,535**	**126,292,785**	**125,085,810**	**124,283,110**	**119,880,410**	**119,296,760**	**118,393,735**	**117,864,985**	**117,231,235**	**117,094,285**
Variation in cash balance	(792,315)	(753,750)	(652,750)	(753,750)	(352,750)	(1,206,975)	(802,700)	(4,402,700)	(583,650)	(903,025)	(528,750)	(633,750)	(136,950)	(901,775)
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	**128,805,785**	**128,052,035**	**127,399,285**	**126,645,535**	**126,292,785**	**125,085,810**	**124,283,110**	**119,880,410**	**119,296,760**	**118,393,735**	**117,864,985**	**117,231,235**	**117,094,285**	**116,192,510**
Funding from HII	**(199,982)**	**(199,982)**	**(199,982)**	**(208,657)**	**(208,657)**	**(233,639)**	**(233,639)**	**(233,639)**	**(232,340)**	**(256,938)**	**(256,938)**	**(256,938)**	**(255,658)**	**(279,871)**
Adjusted cash balance	**128,605,803**	**127,852,053**	**127,199,303**	**126,436,878**	**126,084,128**	**124,852,171**	**124,049,471**	**119,646,771**	**119,064,420**	**118,136,797**	**117,608,047**	**116,974,297**	**116,838,627**	**115,912,639**

Note: The cash flow forecast for weeks 25, 26 and 27, which was previously presented in the Fourth Monitor’s Report, has been updated by Management.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of HII as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect HII's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in HII's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) HII's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of HII; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

Meaning that the assumptions are based on either one or more of the following factors:

- (i) The past performance of HII;
- (ii) The performance of other industry/market participants engaged in similar activities as HII;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated closing cash balances as at February 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Canmarc REIT distribution	No further distributions are expected from Canmarc REIT following the close of the Amended Conimar Bid	X	
Canmarc REIT unit sales proceeds	HII has sold all of its remaining Canmarc REIT units as part of the Amended Conimar Bid	X	
Jamieson head lease receipts	This head lease obligation is related to an agreement between Homburg Invest Inc. and Jamieson. The contract was resiliated with the final amount paid in the month of October 2011.	X	
GST refunded	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted.	X	
Other receipts	An amount of $134,875 is expected to be received from Osler which represents the portion of the RBC Advisory fees paid by HII to RBC in connection with the sale of the Pledged Units.	X	
Hotel receipts	Based on a forecast provided by Management based on the number of room bookings and expected number of room bookings.		X
Forecast cash disbursements			
Commissions	No commissions are forecast as HII has sold all of its remaining Canmarc REIT units as part of the Amended Conimar Bid	X	
Payroll	Based on previous payroll expenses plus incentive compensation	X	
Rent expense	Rent at the Nova Scotia (Akerley Blvd.) and Montreal locations	X	
Head lease obligations (Jamieson, Canoxy)	This head lease obligation was related to an agreement between Homburg Invest Inc. and BCIMC, and Homburg Invest Inc. and Cadillac Fairview. The contracts were resiliated with the final amount paid for the month of October 2011.	X	
Head lease obligations (Montreal, PEI, CP)	This lease obligation is related to an agreement between Homburg Invest Inc. and Canmarc REIT for which Homburg Invest Inc. has the obligation to pay a lease to Canmarc REIT associated to the Homburg financial building, CP and CN building. Canmarc REIT units have been pledged relating to this head lease.	X	
Professional fees	Deloitte, McCarthy Tétrault, Osler, Ernst & Young (auditors), Cohn & Wolfe, Allen & Overy, Clifford Chance, National, and other professionals		X
Insurance	D&O insurance	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Office & admin	Bank fees, travel, telephone and other miscellaneous costs	X	
Director fees	Fees payable to Directors and Officers of HII	X	
KERP	Amount was fully funded prior to filing.	X	
Capital tax	Based on previous years' tax		X
Corporate bond principal payment	Amount stayed by proceedings	X	
Corporate bond interest payment	Amount stayed by proceedings	X	
Junior subordinate debt principal payment	Amount stayed by proceedings	X	
Junior subordinate debt interest payment	Amount stayed by proceedings	X	
HCSA interest payment	Amount stayed by proceedings	X	
GST remitted	Based on the taxable receipts of the previous month and applicable tax rates Payable on the last day of each month	X	
Other expenditure	With the Purchase Agreement having been approved by the Court, one of the associated instalments has been included in the extended 14-week cash flow forecast. The timing of these instalments is such that the first was paid in February, and the second and third are to be paid in April and June, respectively. Each instalment is for $3.5M.	X	
Hotel disbursements			
Payroll	Based on Management's assumptions related to occupancy and required staff	X	
Management fee	Based on the Management Agreement with 163086 Canada Inc.	X	
Property and other taxes	Based on previous property and other tax expenses	X	
Insurance	Based on previous insurance expenses	X	
General operating expenses	Based on previous G&A expenses		X
Construction costs	Remaining construction has currently been halted	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Mortgage principal & interest	Amount stayed by proceedings	X	
<u>Closing cash balance</u>	Based on allocated cash transactions		X

ShareCo 14-week cash flow forecast ($C)
Updated as of February 25, 2012

Number of weeks:	14	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Start Date:	2/26/12														
Beginning period:		26-Feb-12	4-Mar-12	11-Mar-12	18-Mar-12	25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	6-May-12	13-May-12	20-May-12	27-May-12
Ending period:		3-Mar-12	10-Mar-12	17-Mar-12	24-Mar-12	31-Mar-12	7-Apr-12	14-Apr-12	21-Apr-12	28-Apr-12	5-May-12	12-May-12	19-May-12	26-May-12	2-Jun-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows															
Mortgage bond issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows															
Interest payments - mortgage bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance		39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100
Variation in cash balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100

Note: The cash flow forecast for weeks 25, 26 and 27, which was previously presented in the Fourth Monitor’s Report, has been updated by Management.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of ShareCo, as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect ShareCo's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in ShareCo's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) ShareCo's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of ShareCo; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

Meaning that the assumptions are based on either one or more of the following factors:

- (i) The past performance of ShareCo;
- (ii) The performance of other industry/market participants engaged in similar activities as ShareCo;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
General cash flow assumptions	This entity holds four series of asset-backed mortgage bonds. The mortgage bonds are 7-year bonds issued in series and secured by a first or second charge over specific assets and a corporate guarantee. As the debt is entirely affected by the Stay Period, there will not be any cash inflows or outflows relating to the debt in ShareCo for the fourteen (14) weeks from February 26, 2012 to June 2, 2012. Occasionally, certain funds are transferred between HII and ShareCo.	X	
Opening cash balance	Based on allocated closing cash balances as at February 25, 2012	X	
Closing cash balance	Based on allocated cash transactions		X

Churchill 14-week cash flow forecast ($C)
Updated as of February 25, 2012

Number of weeks	14	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Beginning period:		26-Feb-12	4-Mar-12	11-Mar-12	18-Mar-12	25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	6-May-12	13-May-12	20-May-12	27-May-12
Ending period:		3-Mar-12	10-Mar-12	17-Mar-12	24-Mar-12	31-Mar-12	7-Apr-12	14-Apr-12	21-Apr-12	28-Apr-12	5-May-12	12-May-12	19-May-12	26-May-12	2-Jun-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows															
Condo sales proceeds		-	-	-	-	-	-	-	-	-	-	-	-	-	400,000
GST collected		-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
GST ITC refund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent		-	-	-	-	-	5,500	-	-	-	5,500	-	-	-	5,500
Total cash inflows		**-**	**-**	**-**	**-**	**-**	**5,500**	**-**	**-**	**-**	**5,500**	**-**	**-**	**-**	**425,500**
Cash outflows															
Commissions		-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Advertising		-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&M		3,000	-	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000
Property tax		6,900	-	-	-	-	6,900	-	-	-	6,900	-	-	-	6,900
Professional fees		-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Insurance		250	-	-	-	-	250	-	-	-	250	-	-	-	250
Mortgage principal		-	-	-	-	-	-	-	-	-	-	-	-	-	379,000
Mortgage interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Condo fees		16,797	-	-	-	-	16,797	-	-	-	16,797	-	-	-	16,797
GST remitted		-	-	-	-	-	-	-	-	-	20,000	-	-	-	-
Total cash outflows		**26,947**	**-**	**-**	**-**	**-**	**26,947**	**-**	**-**	**-**	**46,947**	**-**	**-**	**-**	**426,947**
Opening cash balance		**413,900**	**386,953**	**386,953**	**386,953**	**386,953**	**386,953**	**365,506**	**365,506**	**365,506**	**365,506**	**324,059**	**324,059**	**324,059**	**324,059**
Variation in cash balance		(26,947)	-	-	-	-	(21,447)	-	-	-	(41,447)	-	-	-	(1,447)
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		**386,953**	**386,953**	**386,953**	**386,953**	**386,953**	**365,506**	**365,506**	**365,506**	**365,506**	**324,059**	**324,059**	**324,059**	**324,059**	**322,612**

Notes:
1) The cash flow forecast for weeks 25, 26 and 27, which was previously presented in the Fourth Monitor's Report, has been updated by Management.

2) Gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all net proceeds from future sales will flow to Churchill directly.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of Churchill as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect Churchill's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in Churchill's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) Churchill's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Churchill; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

Meaning the assumptions are based on either one or more of the following factors:

- (i) The past performance of Churchill;
- (ii) The performance of other industry/market participants engaged in similar activities as Churchill;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated closing cash balances as at February 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	One condominium is projected to be sold in the forecast period.		X
GST collected	Based on applicable taxes on forecast condo sales		X
GST ITC refund	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted.	X	
Rent	Churchill is forecasting to receive rent receipts relating to rental of a condominium unit		X
Forecast cash disbursements			
Commissions	Commissions are based on 5% of the projected sales.		X
Advertising	Advertising expenses are based on previous expenses.	X	
R&M	Repairs and maintenance expenses are based on previous expenses.	X	
Property tax	Property tax is paid in monthly installments.	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been pre-paid for the year.	X	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Condominium fees based on previous expenses	X	
GST remitted	GST paid on expenses listed in this cash flow	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Closing cash balance</u>	Based on allocated cash transactions		X

Inverness 14-week cash flow forecast ($C)
Updated as of February 25, 2012

Inverness Estates Development Ltd.
Amended cash flow statement as of February 26, 2012

Number of weeks:	**14**	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Start Date:	**2/26/12**														
Beginning period:		**26-Feb-12**	**4-Mar-12**	**11-Mar-12**	**18-Mar-12**	**25-Mar-12**	**1-Apr-12**	**8-Apr-12**	**15-Apr-12**	**22-Apr-12**	**29-Apr-12**	**6-May-12**	**13-May-12**	**20-May-12**	**27-May-12**
Ending period:		**3-Mar-12**	**10-Mar-12**	**17-Mar-12**	**24-Mar-12**	**31-Mar-12**	**7-Apr-12**	**14-Apr-12**	**21-Apr-12**	**28-Apr-12**	**5-May-12**	**12-May-12**	**19-May-12**	**26-May-12**	**2-Jun-12**
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows															
Condo sales proceeds		-	-	-	-	-	-	-	-	200,000	-	-	-	200,000	-
GST collected		-	-	-	-	-	-	-	-	10,000	-	-	-	10,000	-
GST ITC refund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**210,000**	**-**	**-**	**-**	**210,000**	**-**
Cash outflows															
Commissions		-	-	-	-	-	-	-	-	10,000	-	-	-	10,000	-
Advertising		-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&M		3,000	-	-	-	-	3,000	-	-		3,000	-	-	-	3,000
Property tax		56,500	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees		-	-	-	-	-	-	-	-	1,000	-	-	-	1,000	-
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	-	-	-	-	-	-	189,000	-	-	-	189,000	-
Mortgage interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Condo fees		11,982	-	-	-	-	11,982	-	-		11,598	-	-	-	11,213
GST remitted		-	-	-	8,675	-	-	-	-	8,701	-	-	-	8,720	-
Total cash outflows		**71,482**	**-**	**-**	**8,675**	**-**	**14,982**	**-**	**-**	**208,701**	**14,598**	**-**	**-**	**208,720**	**14,213**
Opening cash balance		**(94,500)**	**(165,982)**	**(165,982)**	**(165,982)**	**(174,657)**	**(174,657)**	**(189,639)**	**(189,639)**	**(189,639)**	**(188,340)**	**(202,938)**	**(202,938)**	**(202,938)**	**(201,658)**
Variation in cash balance		(71,482)	-	-	(8,675)	-	(14,982)	-	-	1,299	(14,598)	-	-	1,280	(14,213)
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		**(165,982)**	**(165,982)**	**(165,982)**	**(174,657)**	**(174,657)**	**(189,639)**	**(189,639)**	**(189,639)**	**(188,340)**	**(202,938)**	**(202,938)**	**(202,938)**	**(201,658)**	**(215,871)**
Funding from HII		**165,982**	**165,982**	**165,982**	**174,657**	**174,657**	**189,639**	**189,639**	**189,639**	**188,340**	**202,938**	**202,938**	**202,938**	**201,658**	**215,871**
Funded ending cash balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes:

1) The cash flow forecast for weeks 25, 26 and 27, which was previously presented in the Fourth Monitor’s Report, has been updated by Management.

2) Gross sales proceeds from the Inverness units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all net proceeds from future sales will flow to Inverness directly.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of Inverness as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect Inverness' planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in Inverness' judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) Inverness' cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Inverness; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

Meaning that the assumptions are based on either one or more of the following factors:

- (i) The past performance of Inverness;
- (ii) The performance of other industry/market participants engaged in similar activities as Inverness;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated closing cash balances as at February 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	Based on Management's monthly condo sales report		X
GST collected	Based on applicable taxes on forecast condo sales		X
GST ITC refund	No GST ITC refund forecast for Inverness Estates Development Ltd.	X	
Forecast cash disbursements			
Commissions	Based on 5% commissions on condo sales		X
Advertising	Based on previous advertising expenses	X	
R&M	Based on previous R&M expenses	X	
Property tax	Based on previous property expenses, paid semi-annually	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been prepaid.	X	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Based on previous condominium fees	X	
GST remitted	Based on GST paid on expenses incurred in the period of the cash flow	X	
Closing cash balance	Based on allocated cash transactions		X

CP 14-week cash flow forecast ($C)
Updated as of February 25, 2012

Number of weeks: 14	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Beginning period:	26-Feb-12	4-Mar-12	11-Mar-12	18-Mar-12	25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	6-May-12	13-May-12	20-May-12	27-May-12
Ending period:	3-Mar-12	10-Mar-12	17-Mar-12	24-Mar-12	31-Mar-12	7-Apr-12	14-Apr-12	21-Apr-12	28-Apr-12	5-May-12	12-May-12	19-May-12	26-May-12	2-Jun-12
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows														
Costs reimbursed from escrow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST refund from previous month	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash outflow														
Construction costs (1,2&3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction costs (4&5)	10,000	-	-	-	-	10,000	-	-	-	10,000	-	-	-	10,000
Head lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	**10,000**	**-**	**-**	**-**	**-**	**10,000**	**-**	**-**	**-**	**10,000**	**-**	**-**	**-**	**10,000**
Opening cash balance	**(24,000)**	**(34,000)**	**(34,000)**	**(34,000)**	**(34,000)**	**(34,000)**	**(44,000)**	**(44,000)**	**(44,000)**	**(44,000)**	**(54,000)**	**(54,000)**	**(54,000)**	**(54,000)**
Variantion in cash balance	(10,000)	-	-	-	-	(10,000)	-	-	-	(10,000)	-	-	-	(10,000)
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	**(34,000)**	**(34,000)**	**(34,000)**	**(34,000)**	**(34,000)**	**(44,000)**	**(44,000)**	**(44,000)**	**(44,000)**	**(54,000)**	**(54,000)**	**(54,000)**	**(54,000)**	**(64,000)**
Funding from HII	**34,000**	**34,000**	**34,000**	**34,000**	**34,000**	**44,000**	**44,000**	**44,000**	**44,000**	**54,000**	**54,000**	**54,000**	**54,000**	**64,000**
Funded ending cash balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note: The cash flow forecast for weeks 25, 26 and 27, which was previously presented in the Fourth Monitor's Report, has been updated by Management.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of CP as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect CP's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in CP's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) CP's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of CP; and
(ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

Meaning assumptions are based on either one or more of the following factors:

(i) The past performance of CP;
(ii) The performance of other industry/market participants engaged in similar activities as CP;
(iii) Feasibility studies;
(iv) Marketing studies; or
(v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated closing cash balances as at February 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Costs reimbursed from escrow	Funds in escrow received from Canmarc REIT following the sale of three of the CP Development Ltd. properties. The funds are released from the escrow account once the construction costs have been paid.		X
GST refund from previous month	Based on applicable taxes on forecast expenses		X
Forecast cash disbursements			
Construction costs (1, 2 and 3)	No construction costs are projected for the forecast time period	X	
Construction costs (4 and 5)	Carrying costs for properties 4 and 5 for which construction has been halted (insurance, taxes and maintenance), including GST		X
Professional fees	No professional fees as per Management's assumptions	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
GST paid	GST is included in construction costs.	X	
Closing cash balance	Based on allocated cash transactions		X

APPENDIX D

SUPPLEMENTAL REPORT TO THE EIGHTH REPORT TO THE COURT
SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

PURPOSE OF THE SUPPLEMENTAL REPORT

1. In this Supplemental Report to the Eighth Report of the Monitor (the "**Third Supplemental Report**"), the following will be addressed:

   (i) An update of the cash management monitoring processes enacted by Management and the Monitor to provide a complete summary of cash receipts and disbursements for the HII Group, including those entities located in Canada, the Netherlands, Germany, USA and the Baltics; and,

   (ii) Present budget-to-actual analysis for the month of January 2012 (the "**Third Supplemental Period**"), with commentary for all of the HII Group, consolidated globally, as well as by region, including Canada, the Netherlands, Germany, USA and the Baltics.

TERMS OF REFERENCE

2. In preparing this Third Supplemental Report, the Monitor has relied upon unaudited financial information, the HII Group's records, the Motion for Initial Order, further orders issued by the Court and its discussions with Management of the HII Group and their financial and legal advisors.

3. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Third Supplemental Report are as defined in the First Report, the Second Report, the Third Report, the Fourth Report, the Supplemental Report, the Fifth Report, the Sixth Report, the Seventh Report, the Second Supplemental Report, the Eighth Report the Motion for Initial Order and further orders issued by the Court.

GLOBAL CASH MANAGEMENT PROCESS

4. For the Supplemental Report, the individual cash flow forecast and actual results for the two-month period of September and October 2011 were combined by geographic region and then consolidated for budget to actual analysis purposes. Similar analysis was prepared for the Second Supplemental Report covering the months of November and December 2011. The purpose of the Third Supplemental Report is to provide the equivalent analysis for January 2012. Please note that foreign exchange impacts exist and are mostly due to varying source currencies being used in the various regions.

5. In the Second Supplemental Report, it was noted that the monthly cash flow forecasts for the period of November 2011 to December 2012 for Canada, the Netherlands, Germany, USA and the Baltics were in the process of being validated by Management and the Monitor. The validation process of the cash flow forecasts is now complete, and as expected, revisions were made to the draft monthly cash flow forecasts previously presented. As a result, the budget figures included in the analysis within the Third Supplemental Report represent the validated amounts and may, or may not, reflect the amounts as

previously presented. Please note that the validated cash flow forecasts for the period of November 2011 to December 2012 could be revised following the receipt of new or updated information, and as such, the validated cash flow forecasts could be subject to change at a future date.

HII GROUP'S CONSOLIDATED GLOBAL BUDGET TO ACTUAL ANALYSIS

6. The following is the global consolidated budget to actual cash flow analysis for the month of January 2012 for the HII Group, which consists of Canada, the Netherlands, Germany, the USA and the Baltics:

Cash Flow Summary
January 2012
HII Group Consolidated

(C$000) HII Group Consolidated	For the month of January Actual	Budget	Variance
Cash Inflow			
Rent	11,395	10,249	1,146
Other receipts	125,454	116,668	8,786
Proceeds of sale	976	245	731
Total Cash Inflow	**137,825**	**127,162**	**10,663**
Cash Outflow			
Payroll	164	200	36
Taxes	1,267	648	(619)
Mortgage principal	11,994	4,985	(7,009)
Mortgage interest	526	4,615	4,089
Operating expenses	2,056	2,172	116
Professional fees	1,685	6,643	4,958
Capital expenditures	96	258	162
Other expenditures	13,270	50	(13,220)
Total Cash Outflow	**31,058**	**19,571**	**(11,487)**
Net Cash Flow	**106,767**	**107,591**	**(824)**
Opening Cash Balance	27,516	27,516	-
Add: Net Cash Flow	106,767	107,591	(824)
Add: FX Impact and Other Transactions	(881)	-	(881)
Ending Cash Balance	**133,402**	**135,107**	**(1,705)**
Cash Balance per Bank	**133,402**		

Global consolidated budget to actual commentary

7. Total cash inflows for HII Group were $137,825K for the period noted, while total cash outflows were $31,058K, which resulted in a positive net cash flow of $106,767K compared to a budgeted net cash flow of $107,591K.

Opening cash balances

8. The opening cash balances for each region as at January 1, 2012 reflect the allocated balances per the Second Supplemental Report prior to applying the impact of foreign exchange and other transactions. As such, the Global consolidated opening cash balance will differ from the Second Supplemental Report's ending cash by the amount allocated to foreign exchange and other transactions.

9. In order to provide a direct comparison, actual and budgeted transactions for each region have been converted at the closing exchange rate as at January 31, 2012.

10. As a result of the positive net cash flow of $106,767K, the opening cash balance of $27,516K increased to $133,402K after taking into consideration foreign exchange impact and other transactions of $(881)K, which were not allocated regionally as at December 31, 2011.

11. The other receipts favorable variance of $8,786K and the other expenditures unfavorable variance of $13,220K were generated primarily as a result of frequent cash management transactions from the operating bank accounts to interest-earning cash management bank accounts.

12. A detailed explanation of the global cash inflow and outflow variances is presented on a regional basis; therefore, please refer to each of the regional budget to actual variance analyses performed below for additional information.

CANADA CONSOLIDATED CASH FLOWS

13. The following is the consolidated budget to actual cash flow analysis for Canada for the Third Supplemental Period :

Cash Flow Summary
January 2012
Canada

(C$000) Canada	For the month of January Actuals	Budget	Variances
Cash Inflow			
Rent	112	141	(29)
Other receipts	117,301	116,664	637
Proceeds of sale	976	245	731
Total Cash Inflow	**118,389**	**117,050**	**1,339**
Cash Outflow			
Payroll	162	200	38
Taxes	177	49	(128)
Mortgage principal	175	245	70
Mortgage interest	-	34	34
Operating expenses	393	613	220
Professional fees	1,596	6,402	4,806
Capital expenditures	30	5	(25)
Other expenditures	771	-	(771)
Total Cash Outflow	**3,304**	**7,548**	**4,244**
Net Cash Flow	**115,085**	**109,502**	**5,583**
Opening Cash Balance	**15,243**	**15,243**	**-**
Add: Net Cash Flow	**115,085**	**109,502**	**5,583**
Ending Cash Balance	**130,328**	**124,745**	**5,583**

Canada consolidated budget to actual commentary

14. Total cash inflows for Canada were $118,389K during the Third Supplemental Period, while total cash outflows were $3,304K, which resulted in a positive net cash flow of $115,085K compared to a budgeted net cash flow of $109,502K.

15. As a result of the positive net cash flow of $115,085K, the opening cash balance of $15,243K increased to $130,328K as at January 31, 2012.

16. Consistent with the Second Supplemental Report, the Hotel receipts previously disclosed as a separate line item have been included in the other receipts line item.

17. The Monitor’s comments on the consolidated cash inflow and outflow variances for Canada for the Third Supplemental Period are as follows:

Inflows

18. Cash receipts from proceeds of sale of $976K were received compared to budgeted receipts of $245K, resulting in a favorable variance of $731K. This favorable variance can be attributed to the following:

    i. No condo unit sales were budgeted at Lougheed Estates (Homco 122) during the Third Supplemental Period whereas 19 units were sold. Proceeds received following the payment of transaction costs and mortgages were $891K compared to the budgeted amount of nil resulting in a favorable variance of $891K.

    ii. The budgeted amount of $245K represents the anticipated sale of one unit in Inverness for $200K and the sale of one parking spot for $45K at Homco 144. Neither of these budgeted sales materialized during the Third Supplemental Period.

19. Other receipts are primarily composed of amounts received from the Amended Cominar Bid in January. The positive variance for other receipts of $637K is mainly cash transfers between ShareCo and HII. As mentioned in previous Monitor's reports, Management occasionally uses the ShareCo European account as a holding account for various HII European transactions.

Outflows

20. For the month of January 2012, taxes in the amount of $177K were paid compared to the budgeted amount of $49K, which resulted in a negative cash variance of $128K. The negative cash variance mainly relates to unbudgeted HST, tourism levy and payments to the Receiver General.

21. A favorable variance of $4,806K for professional fees was incurred during the Third Supplemental Period. This favorable variance is mostly attributable to timing as a significant portion of invoiced professional fees were paid at the end of December 2011. As previously communicated, additional professional fees in excess of the budgeted amount continue to be incurred as a result of the Company's and the Monitor's legal counsel, and professionals spending significant amounts of time on numerous material issues during the CCAA filing, such as the procedures, discussions and due diligence surrounding the Purchase Agreement, and professional services associated to the Amended Cominar Bid and the sale of the REIT Units.

22. Other expenditures of $771K were incurred compared to budgeted other expenditures of nil, resulting in an unfavorable variance of $771K. This variance pertains to intercompany transfers from HII to ShareCo. Management occasionally uses the ShareCo European account as a holding account for various HII European transactions.

THE NETHERLANDS CONSOLIDATED CASH FLOWS

23. The following is the consolidated budget to actual cash flow analysis for the Netherlands for the Third Supplemental Period:

Cash Flow Summary
January 2012
Netherlands

(C$000) Netherlands	For the month of January Actual	Budget	Variance
Cash Inflow			
Rent	3,421	2,382	1,039
Other receipts	276	-	276
Proceeds of sale	-	-	-
Total Cash Inflow	**3,697**	**2,382**	**1,315**
Cash Outflow			
Payroll	-	-	-
Taxes	248	175	(73)
Mortgage principal	2,975	1,459	(1,516)
Mortgage interest	-	2,240	2,240
Operating expenses	492	315	(177)
Professional fees	2	124	122
Capital expenditures	-	-	-
Other expenditures	-	-	-
Total Cash Outflow	**3,717**	**4,313**	**596**
Net Cash Flow	**(20)**	**(1,931)**	**1,911**
Opening Cash Balance	(2,831)	(2,831)	-
Add: Net Cash Flow	(20)	(1,931)	1,911
Ending Cash Balance	**(2,851)**	**(4,762)**	**1,911**

Conversion rate used (Opening balance) 1.3193 as at 12/31/2011
Conversion rate used (Closing balance) 1.3120 as at 01/31/2012
Source: Bank of Canada

Mortgage debt

24. As indicated in Appendix C of the Seventh Monitor's Report, during the month of November 2011, a mortgage debt of €14,250K for Homco 76 has matured and has not yet been renewed. The outstanding debt has been applied to Homco 76's operating account, placing the account further into overdraft. Management continues its discussions with the lender of Homco 76, to attempt to rectify this situation. The overdrawn amount is treated as debt and is not included in the closing balance of the Netherlands' cash flows since discussions are pending between Management and the lender. Until an agreement is reached between Management and the lender of Homco 76, all inflows are to be applied to the matured loan balance.

The Netherlands consolidated budget to actual commentary

25. Total cash inflows for the Netherlands were $3,697K for the Third Supplemental Period, while total cash outflows were $3,717K, which resulted in a negative net cash flow of $20K compared to a budgeted negative net cash flow of $1,931K.

26. As a result of the negative net cash flow of $20K, the opening cash balance of $(2,831)K decreased to $(2,851)K as at January 31, 2012.

27. The Monitor's comments on the consolidated cash inflow and outflow variances for the Netherlands for the Third Supplemental Period are as follows:

Inflows

28. Rent of $3,421K was received compared to a budgeted amount of $2,382K, resulting in a positive timing variance of $1,039K during the Third Supplemental Period.

29. Other receipts of $276K were received compared to budgeted other receipts of nil, resulting in a positive variance of $276K. The other receipts generally consist of VAT receipts and a transfer from HII, which were not budgeted and will result in a permanent variance.

Outflows

30. Mortgage principal and interest charges totaling to $2,975K were incurred, compared to $3,699K budgeted for the same period. The favorable variance of $724K is principally attributable to timing.

31. Operating expenses totaling $492K were incurred, compared to $315K budgeted for the same period resulting in an unfavorable variance of $177K. The unfavorable variance of $177K is mainly costs associated with fire damages at Homco 142. These costs are expected to be reimbursed from insurance proceeds in a future period.

GERMANY CONSOLIDATED CASH FLOWS

32. The following is the consolidated budget to actual cash flow analysis for Germany for the Third Supplemental Period:

Cash Flow Summary
January 2012
Germany

(C$000) Germany	For the month of January Actual	Budget	Variance
Cash Inflow			
Rent	6,021	1,683	4,338
Other receipts	26	-	26
Proceeds of sale	-	-	-
Total Cash Inflow	**6,047**	**1,683**	**4,364**
Cash Outflow			
Payroll	-	-	-
Taxes	716	168	(548)
Mortgage principal	5,718	218	(5,500)
Mortgage interest	-	882	882
Operating expenses	80	49	(31)
Professional fees	-	59	59
Capital expenditures	66	253	187
Other expenditures	4,337	50	(4,287)
Total Cash Outflow	**10,917**	**1,679**	**(9,238)**
Net Cash Flow	**(4,870)**	**4**	**(4,874)**
Opening Cash Balance	6,549	6,549	-
Add: Net Cash Flow	(4,870)	4	(4,874)
Ending Cash Balance	**1,679**	**6,553**	**(4,874)**

Conversion rate used (Opening balance) 1.3193 as at 12/31/2011
Conversion rate used (Closing balance) 1.3120 as at 01/31/2012
Source: Bank of Canada

33. The German budget to actual analysis is composed of all German properties. HII's ownership in Homco 110 is 93%. Consistent with prior reports, for the purposes of the German consolidated budget to actual analysis and commentary contained within, no adjustment was made to the budgeted cash flows, or actual cash balances, to reflect HII's 93% ownership since the cash flow budgets and actuals take into account the cash flows of Homco 110 as a whole.

Mortgage debt

34. As indicated in Appendix C of the Seventh Monitor's Report, during the month of December 2011, mortgage debt of €41,000K for Homco 110 matured. Prior to renewal of the mortgage debt, the entire amount of €41,000K was applied to Homco 110's operating account resulting in a net deficit of €40,944K when combined with the opening account balance of €56K. It was the Monitor's understanding that the loan renewal was to occur in early January 2012 for the deficit amount €41,000K and that the deficit

balance would remain on the operating account until a renewal facility was arranged. Subsequent to the application of the loan against the operating account, a cash receipt of €3,638K was deposited into the operating account. Upon further inquiry in late February, the Monitor was informed that the cash received of €3,638K was applied against the operating account deficit by the bank, resulting in a net balance after other transactions of €(37,880)K, consequently Homco 110's mortgage debt was refinanced on February 27, 2012. As part of the refinancing, the lender of Homco 110 requested that on an ongoing basis excess cash received in the operating account be applied against its mortgage debt balance. Management is currently in discussion with the bank regarding this arrangement.

Germany consolidated budget to actual commentary

35. Total cash inflows for Germany were $6,047K for the Third Supplemental Period, while total cash outflows were $10,917K, which resulted in a negative net cash flow of $4,870K compared to a budgeted net cash flow of $4K.

36. As a result of the negative net cash flow of $4,870K, the opening cash balance of $6,549K decreased to $1,679K.

37. The Monitor's comments on the consolidated cash inflow and outflow variances for Germany for the Third Supplemental Period are as follows:

Inflows

38. Rent of $6,021K was received compared to a budgeted amount of $1,683K, resulting in a positive variance of $4,338K during the Third Supplemental Period. The variance is mainly due to timing as rent receipts were budgeted on a quarterly basis, where in fact, they are received on a monthly basis.

Outflows

39. Taxes of $716K were paid compared to a budgeted amount of $168K, resulting in an unfavorable variance of $548K. The unfavorable variance is attributable to VAT tax payments of $658K related to fiscal 2011 which were not included in the budgeted amounts.

40. Combined mortgage principal and interest payments of $5,718K were made compared to a budgeted amount of $1,100K, resulting in an unfavorable variance of $4,618K. The variance is primarily related to the adjustment of $4,772K (€3,638K at 1.312) previously mentioned in paragraph 34, which was applied against the overdraft of the operating account.

41. In order to earn interest income on excess funds contained in Homco 110's operating accounts, cash transfers are regularly made to and from the operating bank accounts into short-term term deposits. These cash movements are captured in the other receipts and other expenditures line items. As a result of this form of cash management, other expenditures of $4,337K mainly consist of cash transfers to term deposits. These investments are not classified as cash inflows until they mature and the balances are remitted back to H110. The Monitor receives the investment statements monthly.

USA CONSOLIDATED CASH FLOWS

42. The following table presents the consolidated budget to actual cash flow analysis for the USA for the Third Supplemental Period:

Cash Flow Summary
January 2012
USA

(C$000) USA	For the month of January Actual	Budget	Variance
Cash Inflow			
Rent	1,548	1,536	12
Other receipts	7,851	-	7,851
Proceeds of sale	-	-	-
Total Cash Inflow	**9,399**	**1,536**	**7,863**
Cash Outflow			
Payroll	2	-	(2)
Taxes	63	78	15
Mortgage principal	131	131	-
Mortgage interest	526	524	(2)
Operating expenses	296	313	17
Professional fees	29	10	(19)
Capital expenditures	-	-	-
Other expenses	8,146	-	(8,146)
Total Cash Outflow	**9,193**	**1,056**	**(8,137)**
Net Cash Flow	**206**	**480**	**(274)**
Opening Cash Balance	2,930	2,930	-
Add: Net Cash Flow	206	480	(274)
Ending Cash Balance	**3,136**	**3,410**	**(274)**

Conversion rate used (Opening balance) 1.017 as at 12/31/2011
Conversion rate used (Closing balance) 1.0052 as at 01/31/2012
Source: Bank of Canada

USA consolidated budget to actual commentary

43. The USA budget to actual analysis is composed of both Cedar and HHUS properties. HII's ownership through a joint venture in the Cedar properties, which represents a significant portion of the USA cash flows, equals 80%. For the purposes of the USA consolidated budget to actual analysis and commentary contained within, no adjustment was made to the budgeted cash flows, or actual cash balances, to reflect HII's 80% ownership since the cash flow budgets and actuals take into account the cash flows of Cedar as a whole.

44. Total cash inflows for the USA were $9,399K for the period noted, while total cash outflows were $9,193K, which resulted in a positive net cash flow of $206K compared to a budgeted positive net cash flow of $480K.

45. As a result of the positive net cash flow of $206K, the opening cash balance of $2,930K increased to $3,136K as at January 31, 2012.

46. The Monitor's comments on the consolidated cash inflow and outflow variances for the USA for the Second Supplemental Period are as follows:

Inflows

47. In order to earn interest income on excess funds contained in HHUS's operating accounts, frequent cash transfers are regularly made to and from the operating bank accounts to an interest-earning cash management bank account. These cash movements are captured in the other receipts and other expenses line items. As a result of this form of cash management, other receipts of $7,851K represent the vast majority of cash transfers received from the cash management account. These other receipts are offset by other expenses in the amount of $8,146K. The negative net variance of $295K represents a timing variance resulting from HHUS's cash management practices.

48. Rent of $1,548K was received compared to a budgeted amount of $1,536K, resulting in a nominal favorable variance of $12K.

Outflows

49. The negative variance of $8,146K attributed to other expenditures has been explained in the Inflows section of the USA budget to actual commentary.

50. During the month of January 2012, HHUS received its fourth quarter distribution from Cedar in the amount of approximately $1,160K; however, as the cash balances presented in the table include the bank accounts of both Cedar and HHUS, the net impact on the ending cash balance of transferring the cash from the Cedar bank accounts to an HHUS account was nil.

51. Cash outflows, excluding other expenses of $8,146K, totaled $1,047K compared to budgeted cash outflows of $1,056K excluding other expenditures, resulting in a nominal negative cash flow variance of $9K.

THE BALTICS CONSOLIDATED CASH FLOWS

52. The following is the consolidated budget to actual cash flow analysis for the Baltics for the Third Supplemental Period:

Cash Flow Summary
January 2012
Baltics

(C$000)	For the month of January		
Baltics	Actual	Budget	Variance
Cash Inflow			
Rent	293	4,507	(4,214)
Other receipts	-	4	(4)
Proceeds of sale	-	-	-
Total Cash Inflow	**293**	**4,511**	**(4,218)**
Cash Outflow			
Operating expenses	622	601	(21)
Loan interest & swap	2,341	2,278	(63)
Mortgage	654	654	-
Asset management fee	173	281	108
Professional fees	58	48	(10)
VAT payment	63	178	115
Capital expenditures	-	-	-
Other expenditures	16	-	(16)
Total Cash Outflow	**3,927**	**4,040**	**113**
Net Cash Flow	**(3,634)**	**471**	**(4,105)**
Opening Cash Balance	5,625	5,625	-
Add: Net Cash Flow	(3,634)	471	(4,105)
Ending Cash Balance	**1,991**	**6,096**	**(4,105)**

Conversion rate used (Opening balance) 1.3193 as at 12/31/2011
Conversion rate used (Closing balance) 1.3120 as at 01/31/2012
Source: Bank of Canada

<u>Baltics consolidated budget to actual commentary</u>

53. Total cash inflows for the Baltics were $293K for the Third Supplemental Period, while total cash outflows were $3,927K, which resulted in a negative net cash flow of $3,634K compared to a budgeted net cash flow of $471K.

54. As a result of the negative net cash flow of $(3,634)K, the opening cash balance of $5,625K decreased to $1,991K.

55. The Monitor's comments on the consolidated cash inflow and outflow variances for the Baltics for the Third Supplemental Period are as follows:

Inflows

56. Rent receipts were $293K compared to budgeted rent receipts of $4,507K resulting in an unfavorable variance of $4,214K. The unfavorable variance was mainly due to SEB Bank who paid in advance the quarterly payment which was due on January 1st.

Outflows

57. Asset management fees were $173K compared to a budget of 281K, resulting in a favorable variance of $108K. The favorable variance is due to timing, as amounts were budgeted on a quarterly basis when in fact, they are paid on a monthly basis.

58. VAT payments were $63K compared to a budgeted VAT payment of $178K resulting in a favorable variance of $115K. The VAT payments were expected to be made on a quarterly basis when in fact they are being made on a monthly basis creating a favorable timing variance.