TENTH SUPPLEMENTAL 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 Tenth Supplemental Report of the Monitor (the "**Tenth Supplemental Report**"), a budget to actual cash flow analysis will be presented for the two-month period of April 2013 to May 2013 (the "**Tenth Supplemental Period**"), with commentary for the HII Group on a consolidated basis, as well as by geographic region, including Canada, the Netherlands, Germany, USA and the Baltics.

TERMS OF REFERENCE

2. In preparing this Tenth Supplemental Report, the Monitor has relied upon unaudited financial information, the HII Group's records, the Motion for an Initial Order, the Initial Order and further orders issued by the Court, as well as 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 Tenth Supplemental Report are as defined in the previous reports of the Monitor and the Debtors' Motions.

4. A copy of this Tenth Supplemental Report and the previous reports of the Monitor are available on the Monitor's website at www.deloitte.com/ca/homburg-invest.

OVERVIEW OF TENTH SUPPLEMENTAL REPORT

5. For the Tenth Supplemental Report, the individual cash flow forecasts and actual results for the two-month period of April 2013 to May 2013 were combined by geographic region and then consolidated for budget to actual cash flow purposes. Please note that a foreign exchange impact exists as a result of varying source currencies being used in each applicable geographic region.

HII GROUP CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

6. The following is the budget to actual cash flow analysis for the Tenth Supplemental Period for the HII Group, which consists of Canada, the Netherlands, Germany, USA and the Baltics:

Budget to Actual Cash Flow Summary
April to May 2013
HII Group Consolidated

(C$000)	For the 2-month period of April to May 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	17,290	10,957	6,333
Other receipts	3,604	808	2,796
Proceeds of sale	4,021	2,393	1,628
Total Cash Inflow	**24,915**	**14,158**	**10,757**
Cash Outflow			
Payroll	507	468	(39)
Taxes	2,478	1,391	(1,087)
Mortgage principal and interest	16,153	13,954	(2,199)
Operating expenses	3,886	3,850	(36)
Professional fees	7,354	11,419	4,065
Capital expenditures	17	5	(12)
Other expenditures	10,100	127	(9,973)
Total Cash Outflow	**40,495**	**31,214**	**(9,281)**
Net Cash Flow	**(15,580)**	**(17,056)**	**1,476**
Opening Cash Balance	139,678	139,678	-
Add: Net Cash Flow	(15,580)	(17,056)	1,476
Add: FX Impact	(262)	-	(262)
Ending Cash Balance	**123,836**	**122,622**	**1,214**
Cash Balance per Bank	**123,836**		

HII Group consolidated budget to actual cash flow commentary

7. Total cash inflows for the HII Group were $24,915K for the period noted, while total cash outflows were $40,495K, which resulted in a negative net cash flow of $15,580K compared to a negative budgeted net cash flow of $17,056K.

Opening cash balances

8. The opening cash balances for each region as at April 1, 2013 reflect the allocated balances reflected in the Ninth Supplemental Report prior to applying the impact of foreign exchange and other transactions. As such, the HII Group consolidated opening cash balance will differ from the Ninth Supplemental Report's ending cash by the amount allocated to foreign exchange and other transactions listed in the Ninth Supplemental Report.

9. In order to provide a direct comparison, actual and budgeted transactions for each region have been converted at the relevant closing exchange rate as May 31, 2013.

10. As a result of the negative net cash flows of $15,580K and after taking into consideration a cumulative foreign exchange impact of negative $262K, which was not allocated regionally as at May 31, 2013, the opening cash balance of $139,678K as at April 1, 2013 decreased to $123,836K as at May 31, 2013.

11. A detailed explanation of the global cash inflow and outflow variances is presented on a regional basis. Accordingly, please refer to each of the regional budget to actual cash flow analyses performed in the upcoming sections for additional information.

CANADA CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
April to May 2013
Canada

(C$000)	For the 2-month period of April to May 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	8	-	8
Other receipts	3,023	808	2,215
Proceeds of sale	4,021	2,393	1,628
Total Cash Inflow	**7,052**	**3,201**	**3,851**
Cash Outflow			
Payroll	507	468	(39)
Taxes	124	51	(73)
Mortgage principal and interest	9,461	-	(9,461)
Operating expenses	445	702	257
Professional fees	7,056	11,369	4,313
Capital expenditures	-	5	5
Other expenditures	1,013	127	(886)
Total Cash Outflow	**18,606**	**12,722**	**(5,884)**
Net Cash Flow	**(11,554)**	**(9,521)**	**(2,033)**
Opening Cash Balance	121,708	121,708	-
Add: Net Cash Flow	(11,554)	(9,521)	(2,033)
Ending Cash Balance	**110,154**	**112,187**	**(2,033)**

Canada consolidated budget to actual cash flow commentary

13. Total cash inflows for Canada were $7,052K during the Tenth Supplemental Period, while total cash outflows were $18,606K, which resulted in a negative net cash flow of $11,554K compared to a negative budgeted net cash flow of $9,521K.

14. As a result of the negative net cash flow of $11,554K, the opening cash balance of $121,708K at April 1, 2013 decreased to $110,154K as at May 31, 2013.

15. The Monitor's comments on the consolidated cash inflow and outflow variances for Canada for the Tenth Supplemental Period are as follows:

Inflows

16. Rent receipts of $8K were received compared to a budgeted amount of nil resulting in a favorable variance of $8K. The favorable variance is mainly due to the receipt of unbudgeted rental revenues.

17. Other receipts of $3,023K were received compared to a budgeted amount of $808K resulting in a favorable variance of $2,215K. The favorable variance mainly relates to the unbudgeted receipt of $1,000K from Catalyst as a partial contribution towards HII's costs incurred in relation to negotiating and entering into the Restated Catalyst Support Agreement and to the receipt of unbudgeted GST refunds.

18. Proceeds of sale of $4,021K were received compared to budgeted receipts of $2,393K, resulting in a favorable variance of $1,628K. The favorable variance is mainly due to the unbudgeted sale of Homco 83's (Northumberland) mortgage free units for $1,257K, the sale of one mortgage free unit of Castello for $123K and the unbudgeted sale of 3 parking stalls at Club St-Denis for $115K.

Outflows

19. Payroll expenses were $507K compared to a budgeted amount of $468K, resulting in an unfavorable variance of $39K. The unfavorable variance of $39K is mainly due to timing.

20. Taxes were $124K compared to a budgeted amount of $51K, resulting in an unfavorable variance of $73K. The unfavorable variance of $73K is mainly due to timing.

21. Mortgage principal and interest charges of $9,461K were incurred, compared to a budgeted amount of nil for the same period, resulting in an unfavorable variance of $9,461K. This outflow is mainly related the payment of the mortgage principal and interest charges following the sale of CP. An unfavorable variance of $9,461K has occurred since this expense was budgeted in the previous period.

22. Operating expenses were $445K compared to a budgeted amount of $702K resulting in a favorable variance of $257K. The favorable variance of $257K is mainly due to lower than expected operating expenses.

23. Professional fees were $7,056K, compared to a budgeted amount of $11,369K, which resulted in a favorable variance of $4,313K. This favorable variance is mainly due to timing as payments were remitted in subsequent periods.

24. Other expenditures were $1,013K compared to a budgeted amount of $127K, resulting in an unfavorable variance of $886K. The unfavorable variance of $886K mainly relates to the unexpected payment of $491K resulting from the Cominar Global Settlement, as well as an amount of $519K for funding of the Baltics that was budgeted in a previous period.

THE NETHERLANDS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
April to May 2013
The Netherlands

(C$000)	For the 2-month period of April to May 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	5,161	3,560	1,601
Other receipts	26	-	26
Proceeds of sale	-	-	-
Total Cash Inflow	**5,187**	**3,560**	**1,627**
Cash Outflow			
Payroll	-	-	-
Taxes	187	244	57
Mortgage principal and interest	2,021	4,327	2,306
Operating expenses	1,086	1,297	211
Professional fees	231	-	(231)
Capital expenditures	-	-	-
Other expenditures	732	-	(732)
Total Cash Outflow	**4,257**	**5,868**	**1,611**
Net Cash Flow	**930**	**(2,308)**	**3,238**
Opening Cash Balance	7,191	7,191	-
Add: Net Cash Flow	930	(2,308)	3,238
Ending Cash Balance	**8,121**	**4,883**	**3,238**

Conversion rate used (Opening balance) 1.3042 as at 03/31/2013
Conversion rate used: (Closing balance) 1.3427 as at 05/31/2013
Source: Bank of Canada

The Netherlands consolidated budget to actual cash flow commentary

26. Total cash inflows for the Netherlands were $5,187K for the Tenth Supplemental Period, while total cash outflows were $4,257K, which resulted in a positive net cash flow of $930K compared to a budgeted negative net cash flow of $2,308K.

27. As a result of the positive net cash flow of $930K, the opening cash balance of $7,191K at April 1, 2013 increased to $8,121K as at May 31, 2013.

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

Inflows

29. Rent of $5,161K was received compared to a budgeted amount of $3,560K, resulting in a favorable variance of $1,601K. The favorable variance of $1,601K is primarily due to timing, as rent was budgeted to be received in regular monthly installments while certain tenants pay rent on a quarterly basis in accordance with their lease agreements.

30. Other receipts of $26K were received compared to budgeted other receipts of nil, resulting in a favorable variance of $26K. The other receipts mainly consist of the receipt of unbudgeted tax refunds.

Outflows

31. Taxes were $187K compared to a budgeted amount of $244K, resulting in a favorable variance of $57K. The favorable variance of $57K is mainly due to timing.

32. Mortgage principal and interest charges totaling $2,021K were incurred, compared to $4,327K budgeted for the same period, resulting in a favorable variance of $2,306K. The favorable variance of $2,306K is mainly due to timing and the fact that some payments are budgeted on a quarterly basis whereas the mortgage principal and interest payments are made on a monthly basis. In addition, certain of the homcos in the Netherlands are bankrupt, and therefore are not currently paying their mortgage principal and interest charges.

33. Operating expenses were $1,086K compared to a budgeted amount of $1,297K resulting in a favorable variance of $211K. This favorable variance of $211K is mainly due to lower than expected operating expenses.

34. Professional fees were $231K compared to a budgeted amount of nil, resulting in a negative variance of $231K. This negative variance of $231K is mainly due to the payment of unbudgeted non-CCAA related professional fees.

35. Other expenditures were $732K, compared to a budgeted amount of nil resulting in an unfavorable variance of $732K. This unfavorable variance is mainly due to the bankruptcy filings of Homco 76 and Homco 142 and related unbudgeted transfer of funds to the appointed trustees' trust account. The transfer of funds from Homco 76 ($272K) to the trustee's trust account was made following the receipt of an unbudgeted reimbursement of VAT while the transfer of funds from Homco 142 ($458K) represents the required transfer of the remaining funds of the company to its appointed trustee's trust account. The remaining variance of $2K represents unbudgeted miscellaneous expenses.

GERMANY CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
April to May 2013
Germany

(C$000)	For the 2-month period of April to May 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	11,050	2,263	8,787
Other receipts	-	-	-
Proceeds of sale	-	-	-
Total Cash Inflow	**11,050**	**2,263**	**8,787**
Cash Outflow			
Payroll	-	-	-
Taxes	1,928	749	(1,179)
Mortgage principal and interest	1,544	6,593	5,049
Operating expenses	387	188	(199)
Professional fees	22	-	(22)
Capital expenditures	-	-	-
Other expenditures	8,143	-	(8,143)
Total Cash Outflow	**12,024**	**7,530**	**(4,494)**
Net Cash Flow	**(974)**	**(5,267)**	**4,293**
Opening Cash Balance	2,914	2,914	-
Add: Net Cash Flow	(974)	(5,267)	4,293
Ending Cash Balance	**1,940**	**(2,353)**	**4,293**

Conversion rate used (Opening balance) 1.3042 as at 03/31/2013
Coversion rate used: (Closing balance) 1.3427 as at 05/31/2013
Source: Bank of Canada

37. The German budget to actual cash flow analysis is composed of all German properties. HII's ownership in Moto is 93%, through the direct ownership of Valbonne 5, which is fully owned by Homco 110. Consistent with prior reports, for the purposes of the German consolidated budget to actual cash flow analysis and commentary contained within, no adjustment was made to the budgeted cash flows, or actual cash balances, to reflect HII's 93% ownership in Moto since the cash flow budgets and actuals take into account the cash flows of Homco 110 as a whole. Any references made to the H110 structure is to be considered as the consolidated position of Moto, Valbonne 5 and H110.

Mortgage debt

38. As discussed in the Fourth Supplemental Report, one of the lenders of Homco 110 requested that excess cash received in the operating account be applied against its mortgage debt balance. As at May 31, 2013, the net mortgage balance is still at €(26,000)K.

Germany consolidated budget to actual cash flow commentary

39. Total cash inflows for Germany were $11,050K for the Tenth Supplemental Period, while total cash outflows were $12,024K, which resulted in a negative net cash flow of $974K compared to a budgeted negative net cash flow of $5,267K.

40. As a result of the negative net cash flow of $974K, the opening cash balance of $2,914K at April 1, 2013 decreased to $1,940K as at May 31, 2013.

41. The Monitor’s comments on the consolidated cash inflow and outflow variances for Germany for the Tenth Supplemental Period are as follows:

Inflows

42. Rent of $11,050K was received compared to a budgeted amount of $2,263K, resulting in a favorable variance of $8,787K. The variance is mainly due to timing as the rent receipts for Homco 110 are budgeted on a quarterly basis whereas rent receipts are received on a monthly basis.

43. 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 receipts of nil and other expenditures of $8,143K mainly consist of cash transfers to/from term deposits. These funds are generally taken from the rent proceeds in order to be invested. These investments are classified as other receipts when they mature and the balances are remitted back to Homco 110.

Outflows

44. Taxes of $1,928K were paid compared to a budgeted amount of $749K, resulting in an unfavorable variance of $1,179K. The unfavorable variance is mainly attributable to certain tax payments which were budgeted in future periods and other timing variances.

45. Combined mortgage principal and interest payments of $1,544K were made, compared to a budgeted amount of $6,593K, resulting in a favorable variance of $5,049K. The variance is mainly due to timing as the mortgage principal and interest payments for Homco 110 are budgeted on a monthly basis whereas payments are made on a quarterly basis.

46. Operating expenses were $387K compared to a budgeted amount of $188K, resulting in an unfavorable variance of $199K, which was mainly due to timing.

USA CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
April to May 2013
USA

(C$000)	For the 2-month period of April to May 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	461	470	(9)
Other receipts	36	-	36
Proceeds of sale	-	-	-
Total Cash Inflow	**497**	**470**	**27**
Cash Outflow			
Payroll	-	-	-
Taxes	-	160	160
Mortgage principal and interest	93	82	(11)
Operating expenses	322	235	(87)
Professional fees	30	18	(12)
Capital expenditures	-	-	-
Other expenditures	-	-	-
Total Cash Outflow	**445**	**495**	**50**
Net Cash Flow	**52**	**(25)**	**77**
Opening Cash Balance	2,323	2,323	-
Add: Net Cash Flow	52	(25)	77
Ending Cash Balance	**2,375**	**2,298**	**77**

Conversion rate used : (Opening balance) 1.0156 as at 03/31/2013
Coversion rate used: (Closing balance) 1.0339 as at 05/31/2013
Source: Bank of Canada

<u>USA consolidated budget to actual cash flow commentary</u>

48. The USA consolidated budget to actual cash flow analysis represents the cash flows from the HHUS properties only because, as noted in the Seventeenth Report and Eighth Supplemental Report, the Cedar properties were divested as a result of a sale transaction that closed on October 12, 2012.

49. Total cash inflows for the USA properties were $497K for the Tenth Supplemental Period, while total cash outflows were $445K, which resulted in positive net cash flow of $52K compared to a budgeted negative net cash flow of $25K.

50. As a result of the positive net cash flow of $52K, the opening cash balance of $2,323K as of April 1, 2013 increased to $2,375K as at May 31, 2013.

51. From the First Supplemental Report to the Sixth Supplemental Report, it was disclosed that HII made frequent transfers between operating bank accounts and an interest-earning cash management account. These cash management movements were captured in the other receipts and other expenditures. Since the time of the Seventh Supplemental Report and continuing with this Tenth Supplemental Report, these inter-account cash transfers have been excluded to better represent the actual cash position and net cash flow for the USA. The Monitor intends to continue to reflect the USA properties cash flows on this basis going forward. Please refer to the sections below for further information regarding the amounts listed as other receipts.

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

Inflows

53. Rent of $461K was received compared to a budgeted amount of $470K, resulting in a nominal unfavorable variance of $9K.

54. Other receipts of $36K were received compared to a budgeted amount of nil, resulting in a favorable variance of $36K. This variance is due to a refund received as a result of an overpayment of commissions made by HHUS pertaining to the Hurst Sale transaction in March 2013 that was subsequently refunded in April 2013.

Outflows

55. Taxes of nil were paid compared to a budgeted amount of $160K, resulting in a favorable variance of $160K. This variance is primarily due to timing and will be offset in future periods.

56. Operating expenses of $322K were paid compared to a budgeted amount of $235K, resulting in an unfavorable variance of $87K. This unfavorable variance is primarily due to unanticipated repairs and maintenance expenditures of $15K, deferred leasing commissions of $48K, disbursements related to certain tenant inducements of $11K, and other miscellaneous expenses of $13K at HHUS properties.

57. The remaining nominal variances noted for mortgage principal and interest, and professional fees primarily represent timing variances.

THE BALTICS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Cash Flow Summary
April to May 2013
Baltics

(C$000) Baltics	For the 2-month period of April to May 2013 Actual	Budget	Variance
Cash Inflow			
Rent	610	4,664	(4,054)
Other receipts	519	-	519
Proceeds of sale	-	-	-
Total Cash Inflow	**1,129**	**4,664**	**(3,535)**
Cash Outflow			
Operating expenses	1,280	1,142	(138)
Loan & Swap Interest	2,364	2,282	(82)
Mortgage Principal	670	670	-
Asset management fee	366	286	(80)
Professional fees	15	32	17
VAT payments	239	187	(52)
Capital expenditures	17	-	(17)
Other expenditures	212	-	(212)
Total Cash Outflow	**5,163**	**4,599**	**(564)**
Net Cash Flow	**(4,034)**	**65**	**(4,099)**
Opening Cash Balance	5,542	5,542	-
Add: Net Cash Flow	(4,034)	65	(4,099)
Ending Cash Balance	**1,508**	**5,607**	**(4,099)**

Conversion rate used (Opening balance) 1.3042 as at 03/31/2013
Conversion rate used (Closing balance) 1.3427 as at 05/31/2013
Source: Bank of Canada

Baltics consolidated budget to actual cash flow commentary

59. Total cash inflows for the Baltics were $1,129K for the Tenth Supplemental Period, while total cash outflows were $5,163K, which resulted in a negative net cash flow of $4,034K compared to a budgeted positive net cash flow of $65K.

60. As a result of the negative net cash flow of $4,034K, the opening cash balance of $5,542K at April 1, 2013 decreased to $1,508K as at May 31, 2013.

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

Inflows

62. Rent receipts were $610K compared to budgeted rent receipts of $4,664K resulting in an unfavorable variance of $4,054K. The unfavorable variance was primarily due to timing, as a quarterly rent payment from the anchor tenant was received in March 2013, while it was budgeted to be collected in April 2013.

63. Other receipts of $519K were collected compared to a budgeted amount of nil, resulting in a favorable variance of $519K. The favorable variance is mainly due to the receipt of $519K from HII as a reimbursement for HII restructuring expenses previously funded by the Baltics.

Outflows

64. Operating expenses of $1,280K were paid compared to a budgeted amount of $1,142K, resulting in an unfavorable variance of $138K. The unfavorable variance is mainly due to timing as unpaid balances due in prior months were paid during April 2013.

65. Loan and swap interest expenses of $2,364K were paid compared to a budgeted amount of $2,282K, resulting in an unfavorable variance of $82K. The unfavorable variance is mainly due the recent increase of the Euribor rates, which increased the value of the unhedged portion of the debt (€10M), and the resulting interest expense.

66. Asset management fees of $366K were paid compared to a budgeted amount of $286K, resulting in an unfavorable variance of $80K. The unfavorable variance is mainly due to timing as unpaid balances due in prior months were paid during April 2013.

67. VAT payments of $239K were paid compared to a budgeted amount of $187K resulting in an unfavorable variance of $52K. This unfavorable variance is mainly due to a VAT payment not originally budgeted in Homburg Baltic (ES) AST Investments UU, to a monthly payment of VAT in KUB Homburg LT Baltijos Investicijos 1 which was originally budgeted to be paid on a quarterly basis and to changes in Latvia's regulations which now require HII to pay VAT on capital expenditures directly to the Latvian government rather than to the vendor. Given that no capital expenditures were budgeted, no corresponding VAT payments were budgeted and as such, this also increased the unfavorable variance.

68. Other disbursements of $212K were paid compared to a budgeted amount of nil, resulting in an unfavorable variance of $212K. The unfavorable variance is mainly due to the payment of unbudgeted restructuring fees by the Baltics.