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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.

– and –

HOMBURG SHARECO INC.

– and –

CHURCHILL ESTATES DEVELOPMENT LTD.

– and –

INVERNESS ESTATES DEVELOPMENT LTD.

– and –

CP DEVELOPMENT LTD.

– and –

NORTH CALGARY LAND LTD.

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mis-en-cause

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Monitor

EIGHTEENTH 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**") (and later North Calgary Land Ltd. ("**NCLL**")) (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 the Superior Court of Quebec (as amended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order, the Stay extends to the following limited partnerships which form an integral part of the business of the Debtors: Homco Realty Fund (52) Limited Partnership ("**Homco 52**"), Homco Realty Fund (88) Limited Partnership ("**Homco 88**"), Homco Realty Fund (89) Limited Partnership ("**Homco 89**"), Homco Realty Fund (92) Limited Partnership ("**Homco 92**"), Homco Realty Fund (94) Limited Partnership ("**Homco 94**") (following an amendment to the Initial Order on October 7, 2011), Homco Realty Fund (96) Limited Partnership ("**Homco 96**") (following an amendment to the Initial Order on May 31, 2012), Homco Realty Fund (105) Limited Partnership ("**Homco 105**"), Homco Realty Fund (121) Limited Partnership ("**Homco 121**"), Homco Realty Fund (122) Limited Partnership ("**Homco 122**"), Homco Realty Fund (142) Limited Partnership ("**Homco 142**") and Homco Realty Fund (199) Limited Partnership ("**Homco 199**") (collectively, the "**Applicant Partnerships**" and, together with the Debtors, the "**HII Parties**").

3. Samson Bélair/Deloitte & Touche Inc. 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, which Stay has been extended from time to time by order of the Court. On October 10, 2012, the Court last extended the Stay up until December 14, 2012 (the "**Stay Period**").

5. Since the Initial Order, the Monitor has filed reports with the Court and served same to the Service List from time to time. The Monitor filed seventeen such Monitor's reports prior to this eighteenth Monitor's report (the "**Eighteenth Report**"). Copies of all of the Monitor's reports 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.

PURPOSE OF THE EIGHTEENTH REPORT

6. This Eighteenth Report is intended to provide an update on the progress of the HII Parties' restructuring and related steps and confirm the support of the Monitor to the Debtors' Motion for an Eight Extension of the Stay Period. This report also addresses HII's cash position, developments from recent meetings with the mortgage lenders, the activities of the HII Parties and the Monitor, since the Sixteenth Report, and, generally, the restructuring process.

7. This Eighteenth Report is structured as follows:

   I- Restructuring initiatives;
   II- HII Parties' operations;
   III- Developments with the AFM;
   IV- Proposed restructuring plan;
   V- Debtors' cash flows from September 30 to November 24, 2012;

VI- Activities of the Monitor;
VII- Extension of the Stay Period; and
VIII- Conclusion and recommendations.

TERMS OF REFERENCE

8. In preparing this Eighteenth Report, the Monitor has relied upon audited and unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, subsequent motions filed with the Court (collectively, the "**Debtors' Motions**") and exhibits in support of same, 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 Eighteenth Report is based on assumptions of Management regarding future events, and actual results achieved will vary from this information and such variations may be material.

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

I. RESTRUCTURING INITIATIVES

UPDATE OF THE NEGOTIATIONS AND DISCUSSIONS WITH THE MORTGAGE LENDERS AND DECISIONS ON THE COMPOSITION OF THE RESTRUCTURED PORTFOLIO

10. Over the past several months, the relevant Homcos or their subsidiaries, the property manager and the Monitor have engaged in discussions and negotiations with the mortgage lenders with a view to possibly enhance the equity value of HII real estate portfolio for the benefit of its stakeholders. The status of these discussions and negotiations is as follows:

    i. ABN AMRO Bank N.V. ("**ABN**") is financing three (3) properties, all of which are considered "bad" properties. As further described in the Sixteenth Report, ABN has initiated a sale process in respect of these properties except in one case, where ABN has exercised foreclosure proceedings in view of a sale of the property. The HII Group has now concluded that the assets and liabilities of the relevant Homcos should be removed from its balance sheet prior to its emergence from CCAA.

    ii. Bank of Scotland ("**BOS**") is financing two (2) properties, both of which are considered "good" properties. As further described in the Sixteenth Report, BOS has requested an independent appraisal for these two (2) properties. The HII Group has yet to be provided with the appraisal for the two (2) properties. It remains the HII Group's intention to keep these two (2) properties in the restructured portfolio.

    iii. Frankfurter Hypotheken Bank ("**FHP**") (formerly Euro Hypo AG) is financing two (2) properties, both of which are considered "bad" properties. As further described in the Sixteenth Report, FHP has entered into discussions with the most significant tenants of these properties and there has not been any significant change or progress since. The HII Group has determined that the assets and liabilities of the relevant Homcos should be removed from its balance sheet prior to its emergence from CCAA.

iv. FGH Bank N.V. ("**FGH**") is financing four (4) properties under three stand-alone loans, one of which, is potentially "good" (Homco 92) as it is currently subject to a purchase offer that generates positive equity which may close early next year and the other three (3) are considered to be "bad" properties. FGH has agreed to a standstill agreement with respect to the loan agreements relating to two (2) "bad" properties (Homco 142), up and until January 1, 2013. It has been determined that the assets and liabilities relating to the "bad" properties should be removed from the HII Group's balance sheet.

v. HSH Nordbank AG ("**HSH**") is financing four (4) properties held by Coët B.V., a subsidiary of Homco 70, under a single loan. HSH has recently offered to extend the financing for these four (4) "good" properties for a period of two or three years. The HII Group has reviewed the extension terms proposed by HSH and has recently sent a revised term sheet for HSH's consideration. As mentioned in the Sixteenth Report, the HII Group and the Monitor have negotiated an agreement with the Trustee of the Series 5 Bonds regarding the terms of the redemption of the Bond 5 Security, which was subject to the Bondholders' approval. As further described in this Eighteenth Report, the Series 5 Mortgage Bondholders voted overwhelmingly in favor of the resolution. The agreement is subject to a favorable vote by the creditors on HII's Plan, sanction of the Plan by the Court and implementation of the Plan.

vi. SNS Property Finance B.V. ("**SNS**") is financing 13 properties which are all considered "bad" properties. The HII Group met with SNS in early October to discuss various courses of action to deal with these properties. During the month of November 2012, the HII Group has provided SNS with a proposal whereby the loans of six (6) properties (namely the properties held, directly or indirectly, by Homco 111, Homco 112, Homco 115, Homco 116, Homco 117 and Homco 119) would be rightsized and to conduct a sale process to dispose of the other properties. Shortly thereafter a meeting was held between the HII Group, the Monitor, SNS and their respective counsel during which SNS has confirmed its refusal to rightsize any loan. SNS indicated its willingness to consider a cash offer from the HII Group for the purchase of all or some of the properties it finances. The HII Group is currently reviewing the merit of making an offer to SNS. The assets and liabilities related to any property not being the object of an agreement with SNS should be removed from the HII Group's balance sheet prior to its emergence from CCAA.

vii. NIB Capital Bank N.V. ("**NIBC**") is financing one (1) property held by Valbonne Real Estate 2 B.V., a subsidiary of Homco 69. NIBC and the HII Group have recently discussed different options to refinance the loan for this "good" property and potentially extend its maturity date, but have yet to agree on acceptable terms. As outlined in (v) above, an agreement was reached regarding the security redemption of the Series 5 Mortgage Bondholders.

viii. Noteholders, acting through their agent Hatfield Phillips ("**Hatfield**"), are financing one (1) property, specifically the one held by Homco 98, which is currently considered as a "bad" property. There has not been any significant change or progress since the Sixteenth Report. The HII Group is now of the view that the assets and liabilities of the relevant Homco will likely be removed from its structure and balance sheet.

ix. As described in the Sixteenth Report, Falcon Private Bank Ltd ("**Falcon**") agreed to extend the maturity of the loan to Valbonne Real Estate 5 B.V. ("**Valbonne 5**"), a subsidiary of Homco 110, to the end of February 2013. The process to refinance the property indirectly held by Valbonne 5 is still ongoing and the HII Group received several expressions of interest from parties interested in replacing Falcon. The HII Group is reviewing the draft term sheets it has received and is continuing to negotiate with the interested parties but has also initiated discussions with Falcon to extend the maturity of the current loan. Falcon has agreed to provide a term sheet shortly.

x. Skandinaviska Enskilda Banken AB ("**SEB**") is financing 53 properties in the Baltics (under a single loan for the 53 properties). Meetings between the HII Group, the Monitor, representatives of the Baltic GP, the Baltic property manager and SEB were recently held and some progress was made by the parties on a potential extension of the current loan and leases. SEB has provided the HII Group with a formal offer on November 26, 2012, which would entail that the HII Group keeps most of the properties financed by SEB in the restructured portfolio in consideration for a cash payment, renegotiated rental terms and adjusted amortization schedules. After a thorough careful of this offer, the HII Group and the Monitor have shared with SEB the principal terms of a counter proposal on December 12, 2012. A call is scheduled on December 17, 2012 to continue discussions on the principal terms of the counter proposal.

xi. HSBC Bank Canada ("**HSBC**") is financing five (5) properties in Canada: "**Henderson Farms**" (Homco 121), Kai Mortensen Towers ("**Kai**") (Homco 88), "**Cristal Towers**" (Homco 105), "**Points North**" (NCLL) and "**Centron Park**" (CP). HSBC has been kept informed on a regular basis on the ongoing sale processes of these non-core Canadian properties. The status of said sale processes is more detailed in a separate section hereunder.

BONDHOLDER MEETINGS

11. As indicated in the Seventeenth Report, on October 24 and October 25, 2012, meetings of the Series 4 Mortgage Bondholders, the Series 5 Mortgage Bondholders and the Series 7 Mortgage Bondholders were held in the Netherlands. At said meetings, the relevant bondholders were asked to vote on a resolution seeking to authorize the Trustees to enter into the Supplemental Indentures providing for the terms pursuant to which the Mortgage Bondholders' secured portions of their claims will be dealt with.

12. At the meetings of the Series 4 Mortgage Bondholders and the Series 7 Mortgage Bondholders, the bondholders ratified the sale processes initiated by HII in connection with the relevant mortgaged properties, namely respectively Homburg Springs East (Homco 52) and Kai (Homco 88). Given the absence of value for the unsecured creditors, the respective bondholders also agreed that costs and expenses related to the sale process and the operations of these properties from September 1, 2012 will be advanced by HII and reimbursed out of the sale proceeds. On November 8, 2012, the Court granted to HII a charge to secure the reimbursement of these costs, which will rank ahead of all secured creditors, except for HSBC (with respect to Kai only).

13. With respect to the Series 5 Mortgage Bondholders, HII's units in Homco 69 and Homco 70 were pledged as collateral security in favour of the Series 5 Mortgage Bondholders (the "**Bond 5 Security**").

14. Valuations of the properties held indirectly by Homco 69 and Homco 70, which are located in Germany and the Netherlands (the "**Bond 5 Properties**") were obtained by the Monitor on behalf of the HII Group and the Trustees from two independent valuators. These valuations formed the basis of an offer made by HII to the Series 5 Mortgage Bondholders for the redemption of the Bond 5 Security, the whole as provided by a Supplemental Indenture and Circular.

15. As the Series 5 Mortgage Bondholders voted in favour of the resolution to approve the Supplemental Indenture, the Trustees have been authorized to release the Bond 5 Security upon

receipt of cash proceeds of €2,25M payable upon Plan implementation (the "**Bond 5 Security Lump Sum Cash Payment**"), as well as receipt of an unsecured corporate guarantee from HII or its successor to guarantee that the aggregate consideration received by the Series 5 Mortgage Bondholders – namely the Bond 5 Security Lump Sum Cash Payment and the dividend payable, in cash or equity, – total at least 50% of their total claims as determined pursuant to the Claims Process Order and the Plan.

16. An information meeting took also place for Series 6 Mortgage Bondholders. As the value in their collateral is uncertain and may be nil, no vote was required.

FILING OF HOMCO 190 AND HOMCO 191 AS APPLICANT PARTNERSHIPS

17. In May 2010, Homco Realty Fund (190) Limited Partnership ("**Homco 190**"), Homco Realty Fund (191) Limited Partnership ("**Homco 191**"), Homco 199 and Homco Realty Fund (12) Limited Partnership (which has since been dissolved into Homco 191), sold their interests in certain Canadian properties to Homburg Canada REIT LP (which was thereafter known as Canmarc REIT LP and which ultimately has become a property of Cominar REIT) (the "**REIT**") in the context of the initial public offering of the REIT.

18. Since this transaction, Homco 190 and Homco 191 do not own assets other than their claims against related entities.

19. As part of the steps leading to the implementation of the Plan, it is contemplated that Homco 190 and Homco 191 will be dissolved.

20. As such, it is necessary to add Homco 190 and Homco 191 to the Applicant Partnerships and amend the Claims Process Order to include these entities with a view to determining and settling any claims, including the intercompany claims between and among Homco 190, Homco 191, Homco 199 and HII.

REMOVAL OF HOMBURG L.P. MANAGEMENT INC. ("HLPM") AS GENERAL PARTNER OF CERTAIN PARTNERSHIPS

21. Following the approval of this Court of a transaction with the HCI Group to allow the HII Group to resolve the control issues resulting from its corporate and management structures, and as further described in the Tenth Report, a new general partner (the "**New GP**") was created for each of the Partnerships, and HLPM was either replaced by the New GP as general partner or the New GP became the "managing general partner" of the Partnership with HLPM acting as the "nominee general partner".

22. In light of the financial situation of certain of the Partnerships, the HII Group proceeded to remove HLPM as general partner of the Partnerships holding "good" properties. The New GP will remain the sole general partner of these Partnerships. A tax ruling was obtained from the relevant jurisdictions to confirm that the removal of HLPM as general partner would not trigger real estate transfer taxes ("**RETT**").

23. The HII Group, along with the Monitor, is currently assessing the alternatives with respect to HLPM.

SALE PROCESS OF CANADIAN PROPERTIES

24. As mentioned in past reports, the HII Group, in consultation with the Monitor, has determined that its Canadian properties constitute non-core assets which will not form part of the restructured portfolio. As such, sale processes have been initiated or will be initiated in relation to said non-core assets. The status of these sale processes is as follows:

    i. Homburg Springs West: Homco 94 and the Monitor have retained CBRE to conduct the sale process. The asking price has been set at $13.5 million;

    ii. Points North: NCLL and the Monitor retained Colliers to conduct the sale process. The asking price has been set at $32 million;

    iii. Cristal Towers: Homco 105 and the Monitor have retained CBRE to conduct the sale process for Cristal Towers. The asking price of Cristal Towers has been set at $8.5 million;

    iv. Homburg Springs East: Subsequent to the order rendered on November 8, 2012 whereby the Court granted a charge over the Homburg Springs East property to secure the funding of the sale process and carrying costs advanced by HII, Homco 52, the Monitor and CBRE finalized a listing agreement. The asking price has been set at $14M;

    v. Kai: Subsequent to the order rendered on November 8, 2012 whereby the Court granted a charge over the Kai property to secure the funding of the sale process and carrying costs advanced by HII, Homco 88, the Monitor and CBRE finalized a listing agreement. The asking price has been set at $39.8M;

    vi. Henderson Farms: As previously reported, Homco 121 and the Monitor were in the process of engaging Colliers as the broker to market and sell this property. However, in light of additional information received with respect to said property, it was determined by HII and the Monitor that additional marketing strategies should be obtained from brokers prior to determining the next steps regarding Henderson Farms; and

    vii. Centron Park: As provided in the Sixteenth Report, the HII Group and the Monitor have been considering all options to obtain the highest possible value from the Centron Park property. It has now concluded that the risks associated with the development of this property are too high in the current state of affairs. As such, the HII Group has determined that this property will be sold. Cominar REIT claims to have a right of first refusal which could be exercised in the event of a sale of the project, as well as an option to buy the property. On September 25, 2012, Cominar REIT indicated to HII that it may be interested in exercising its option to purchase the Centron Park asset and, in a meeting held on December 4, 2012, Cominar REIT reiterated this interest. The HII Group and the Monitor are currently assessing the issues related to Cominar REIT, including its alleged rights relating to the Centron Park property.

25. In the course of the sale process of Points North, Colliers requested certain additional information which would facilitate the sale process, including a real property report, a topographic map, drainage and environmental studies, cost schedules and pro forma analyses. According to information provided to the Monitor, most of the requested information would be in possession of Centron Construction Corp. (“**CCC**”), which has acted as agent for the HII Group in relation to most of its projects in

Alberta. Following formal requests of the Monitor and ensuing correspondence, CCC recently confirmed to the Monitor that it would provide the requested documents and information.

26. The Monitor has also been recently informed that CCC may have some documents and information relating to Kai (Homco 88), Cristal Towers (Homco 105) and Centron Park (CP). The Monitor expects that CCC will send such documents and information upon request.

II. HII PARTIES' OPERATIONS

HOLMAN GRAND

27. As further described in the Seventeenth Monitor's Report, on October 31, 2012, HII, with the consent of the Monitor, sent notices of disclaimers of the Ground Lease and other contracts in relation to the operation of the Hotel in accordance with the relevant provisions of the CCAA.

28. On November 1, 2012 HII gave notice of termination of employment to the hourly staff employees, the managers and the maintenance personnel, providing for termination of employment between November 15 and November 30, 2012. As at November 30, 2012, the employment of all employees related to the Hotel have been terminated, except for the former Hotel manager who has been retained in order to assist with the divestiture process of HII's assets in PEI, including the assets related to the operations of the Hotel.

29. Since November 30, 2012, the disclaimer of the Ground Lease has taken effect and HII has ceased funding the operating losses of the Hotel. HII has no remaining interest in the Hotel, other than its interest in the movable assets located in the Hotel (the "**Hotel Movables**"). As such, the sole expense that continues to be incurred by HII in relation to the Hotel pertains to the insurance of the Hotel Movables.

30. HII has held discussions with Cominar REIT and certain other parties regarding a possible sale of the Hotel Movables. These discussions are ongoing. On November 8, 2012, the Monitor received a letter from counsel to the Charlottetown Area Development Corporation ("**CADC**") which purports to hold a first charge on the Hotel Movables. Upon further review, it was further determined by HII that CADC does not hold any registered security interest against HII or the Hotel Movables. In further correspondence, CADC took the position that the Hotel Movables belong to Dyne, against which it has registered an interest (without any admission as to the validity or enforceability thereof). HII advised the Monitor that it rejects CADC's position and maintains that it is the owner of the Hotel Movables.

UPDATE ON HII; Q3 2012 CONSOLIDATED FINANCIAL RESULTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012

Financial Information Update

31. On November 14, 2012, HII released its latest interim consolidated financial results for the three-month period ended September 30, 2012. On a consolidated basis, HII's net loss was $21M for the three-month period ended September 30, 2012. The Company attributes this loss primarily to the continued decrease in the fair market values of its real estate assets, as a result of the continued depressed global economic and market conditions and to the expenses relating to CCAA filings, as a results of its restructuring initiatives. Excluding the fair market value decrease and the expenses relating to CCAA filings, HII would have generated $6M of net income from continuing operations before the compromise of any of HII's loans.

32. The table below illustrates the consolidated results of the HII Group for the three-month period ended September 30, 2012 :

HII and its affiliates Consolidated Statements of Income and Loss (C$000)	Three Months ended September 30, 2012 Unaudited
Total revenues	**30,417**
Property, operating expenses & costs of sale of properties developed for resale	9,264
Gross income from operations	**21,153**
Net adjustment to fair values	(18,097)
Interest expenses	(14,885)
Interest expense on liabilities subject to compromise	(12,700)
Expenses relating to CCAA filings	(9,057)
General and administrative	(3,182)
Foreign exchange gain (loss)	13,885
Other	1,606
	(42,430)
Net (loss) income from continuing operations	**(21,277)**
Net (loss) income from discontinued operations after tax	(79)
Net (loss) income	**(21,356)**

Source: Homburg Invest Inc. unaudited financial statements for the three months ended September 30, 2012.

Net Adjustment to FMV

33. The following table illustrates the fair value of the properties owned by the HII Group, allocated by geographical segment and by property type:

Homburg Invest Inc. Property allocation As at (C$000)	September 30, 2012 Fair Value	June 30, 2012 Fair Value
By geographical segment		
Germany	617,300	632,900
The Netherlands	236,700	278,700
Baltic States	144,300	148,200
North America	29,700	30,700
	1,028,000	**1,090,500**
By property type		
Office	827,800	868,100
Retail	79,500	81,500
Industrial	120,700	140,900
	1,028,000	**1,090,500**
Construction properties being developed for resale	16,000	16,900
Land and property held for future development	70,600	70,600
Investment properties under construction	70,600	70,700
	1,185,200	**1,248,700**

Source: Homburg Invest Inc. MD&A as at September 30, 2012 and as at June 30, 2012.

34. The main assets of HII on a consolidated basis, as of September 30, 2012, were comprised of income producing investment properties and investment properties under development and for resale.

35. As a result of independent third party appraisals and Management estimates, HII recorded a negative fair value adjustment on its property portfolio as at September 30, 2012. This adjustment is primarily related to the decline in the investment property values, as well as the decline in the fair values of the investment properties under development and for resale. Economic and market conditions in each jurisdiction are different and mortgage financing is specific to each region; the net equity value of each property is evaluated on an individual basis. In addition, some properties are not generating sufficient cash to cover costs and their related financial obligations. As indicated earlier, Management advised most mortgage lenders that, as of June 2012 (or July 2012 in one case) that HII would cease funding the negative cash flow properties with no potential upside, and this action was taken as planned.

Investment Properties

36. HII's investment properties had a total reported fair value of $1,028M as at September 30, 2012 compared to $1,091M as at June 30, 2012. The decrease of $63M is primarily due to the continuing weakening real estate market in Europe (Germany, The Netherlands and the Baltic States) demonstrated by the significant decrease in occupancy rates throughout 2010, 2011 and 2012, as well as unfavorable global market conditions.

37. The method used to perform the evaluation is based on contracted rent, budgeted expenses and market assumptions made regarding lease renewal for each property. The quality of the HII Group's real estate portfolio cash flows declined due to the current vacancy rate in commercial buildings which is exceptionally high in Europe. The situation resulted in the HII Group facing significant pressure to reduce rental rates in order to keep its tenants, which has negatively impacted the values.

Construction properties being developed for resale

38. The construction properties classified as being developed for resale are located in Canada and were valued at $16.0M as at September 30, 2012 compared to $17M as at June 30, 2012. The decrease of $1M is mainly due to the sale of certain units. The remaining assets are now composed of three buildings (essentially condominium units) including the investment properties of Churchill, Northumberland and Castello.

Land and property held for future development and investment properties under construction

39. The investment properties under development are comprised of the properties under construction and the various parcels of land held for future development in the Calgary region which have a total reported value of $141M as at September 30, 2012 compared to $141M as at June 30, 2012. No significant changes were noted.

Balance Sheet Analysis

40. The table below illustrates the unaudited interim consolidated balance sheet of HII and its affiliates as at September 30, 2012, compared to the last quarter as at June 30, 2012:

HII and its affiliates Consolidated Balance Sheets (C$000)	September 30, 2012 Unaudited	June 30, 2011 Unaudited
Assets		
Current assets	185,311	177,622
Long-term assets	1,294,930	1,365,413
	1,480,241	**1,543,035**
Liabilities		
Current liabilities	1,481,304	1,427,020
Long-term liabilities	414,408	505,467
	1,895,712	**1,932,487**
Total equity	**(415,471)**	**(389,452)**
Total liabilities and equity	**1,480,241**	**1,543,035**

Source: Homburg Invest Inc. unaudited financial statement as at September 30, 2012 and June 30, 2012.

41. As illustrated above, the financial situation of HII and its affiliates continued to deteriorate during the three-month period ending September 30, 2012, as illustrated by the decrease in the equity position of the HII Group from $(389,452)K at June 30, 2012 to $(415,471)K at September 30, 2012. The decrease is mainly attributable to the depreciation in value of the investment properties.

MOTION FOR DIRECTIONS ON TABERNA NOTES SUBORDINATION

42. In October, attorneys for the HII Group, the Monitor, the Taberna Noteholders and the Trustees held a meeting to discuss the most appropriate procedure to bring before the Court the debate relating to the claims of the Taberna Noteholders and the treatment of the latter in the Plan. During this meeting, it was ultimately agreed that HII would bring a motion for directions in relation to these issues.

III. DEVELOPMENTS WITH THE AFM

43. HII, the Monitor and their counsel have continued to meet and discuss with AFM with a view to keep them appraised of the restructuring plan as well as to discuss matters relating to the issuance of a new license, including disclosure issues.

44. As of the date of this Eighteenth Report, the decision of the AFM on HII's objection is still pending. HII, the Monitor and respective counsel met with AFM representatives in mid-October to give them a status update of the restructuring process and steps.

45. Following that meeting, on October 26, 2012, Dutch counsel for HII received a letter from the AFM indicating it was suspending its decision on HII's objection.

IV. PROPOSED RESTRUCTURING PLAN ("PLAN")

46. As described in the Fifteenth Report, the key objectives of the restructuring process are to enhance the value of the restructured portfolio and to generate liquidity from the sale of the non-core real estate assets for the benefit of HII's creditors.

47. As mentioned in several Monitor's reports, the need to appropriately structure the Plan in order to address all commercial and tax considerations is critical. The HII Group, the Monitor and their

respective counsel in Canada, the Netherlands and Germany have been working diligently on crafting a detailed restructuring step plan (the "**Step Plan**") exposing the sequential corporate steps and measures to be taken in order to ultimately allow the HII Group to emerge as a viable business, the whole without any corporate income tax and RETT liability. The process to finalize the restructuring step plan has been highly complex given the breadth of the business, its multi-jurisdictional character and the tax considerations.

48. During the month of October, a first draft of the Step Plan was circulated and then reviewed by the HII Group, the Monitor and their respective counsel in Canada, the Netherlands and Germany. The review process lasted several weeks and, in parallel, the draft of the Step Plan was shared with the AFM and the German and Dutch tax authorities to get their comments, if any.

49. On November 26, 2012, HII Group circulated the draft Step Plan to the Trustees. On November 28, 2012, HII Group, the Monitor and their respective counsel in Canada and the Netherlands met the Trustees and their respective advisors in Canada and Europe to review said draft Step Plan. Another purpose of the meeting was to discuss the key terms of the upcoming CCAA plan of arrangement (the "**Plan**") and the timeline of the restructuring process. During the meeting, HII committed to circulate a draft Plan on or before December 9, 2012.

50. On December 9, 2012, a draft Plan was circulated to the Monitor, the Trustees and their respective counsel in Canada, the Netherlands and Germany for their review and comments.

51. The draft Plan contemplates three main considerations to HII's unsecured creditors for the compromise of the debt, namely:

    - The issuance of shares in a new entity ("**Newco**"), which will be holding the restructured portfolio (the "**Equity Portion**");

    - The distribution of the cash available upon emergence of the CCAA process (the "**Current Cash Portion**"); and

    - A right to the distribution of HII's entitlement to the net sale proceeds realized from the sale of the non-core assets which will not have been sold upon the implementation of the Plan (the "**Future Cash Portion**").

52. Although there has been significant progress in the restructuring process and a draft Plan has been circulated, there are still issues that need to be resolved regarding the proposed restructuring of HII's financial and operational affairs. As discussed further in this Eighteenth Report, HII and the Monitor believe that the issues will be resolved in the coming weeks.

53. Currently, they are approximately 21 steps in the Step Plan, which, when implemented, will culminate in the restructuring the HII Group. Some of these steps form part of the draft Plan. The following represents a brief overview of the main restructuring steps needed for the HII Group to emerge from the CCAA proceedings as a viable business:

    - The bad assets that cannot generate any return for the creditors in a sale process – namely the properties of approximately twenty (20) Homcos, based on current information available – will be removed from the structure and balance sheet prior to the implementation of the Plan. Most of these assets have already been identified as further exposed hereinabove;

    - Newco will be incorporated as a Netherland N.V. and will be a Dutch public company;

- Through a series of steps, the good assets will be transferred to Newco. The HII Group, along with the Monitor, has now identified most of the assets that have equity and that will form part of the restructured portfolio held by Newco. The equity in these assets will ultimately constitute the value of the Equity Portion upon implementation of the Plan;

- The HII Group's non-core assets that have value for HII (either in its capacity as the most important unsecured creditor or as the shareholder or limited partner of the owning entity) will be sold and the net proceeds will be distributed to HII and will ultimately form the Future Cash Portion. The non-core asset comprises mainly the Canadian and US investment properties, uncompleted projects and land. For most assets, a sale process has started, but it is unlikely that all will be sold before emergence. A structure and a process will be put in place to distribute the Future Cash Portion post-emergence;

- Distribution to the unsecured creditors of the Current Cash Portion. The amount of the Current Cash Portion is subject to a number of factors, including (i) the result of the current negotiations with the mortgage lenders, (ii) the final composition of the restructured portfolio, (iii) the timing of the sale of any Canadian or US properties for which sale processes are currently ongoing, and (iv) any amount of RETT or of corporate income taxes which could be payable, as the case may be, upon implementation of the Plan;

- Ultimately, HII's unsecured creditors will become the shareholders of Newco, thus receiving the Equity Portion.

54. Significant progress has been made since the last extension order. Although a restructuring step plan and a draft Plan have been prepared, additional work, discussions, opinions and decisions on the matter below remain to be finalized before HII can file a definitive Plan and proceed to vote with a view to emerge from CCAA, each of which potentially having an impact on the value of the Equity Portion, the Current Cash Portion and/or the Future Cash Portion, including:

   i. Corporate structure and its impact on corporate tax and RETT obligations;

   ii. Negotiations with SEB, Falcon, HSH, SNS and BOS, which will ultimately have an impact on the value of the Equity Portion and of the Current Cash Portion;

   iii. Final capital structure: type of securities, prospectus, licence from the AFM, etc.;

   iv. Final determination of the claims;

   v. Treatment of intercompany claims;

   vi. Final resolution of subordination issues and determination of the treatment of the subordinated creditors in the Plan;

   vii. The result of sale processes of the non-core assets;

V. DEBTORS' CASH FLOWS FROM SEPTEMBER 30 TO NOVEMBER 24, 2012

55. The purpose of this section is as follows:

   i. Provide budget to actual analysis highlights by Debtor for the period from September 30 to November 24, 2012; and

ii. Provide commentary on the variances by Debtor.

OVERVIEW

56. 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 September 30 to November 24, 2012:

Cash variation for the period from September 30 to November 24, 2012 (C$000)						
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Funding between HII and its non-Petitioners	Funding between HII and its Petitioners	Adjusted closing cash balance
Homburg Invest Inc.	2,095	25,998	28,093	(229)	-	27,864
Homburg Shareco Inc.	39	-	39	-	-	39
Churchill Estates Development Ltd.	1,148	472	1,620	-	-	1,620
Inverness Estates Development Ltd.	492	(4)	488	-	-	488
CP Development Ltd.	569	(111)	458	-	-	458
North Calgary Land Ltd.	-	1	1	-	-	1
Total	4,343	26,356	30,699	(229)	-	30,470

Note 1: The Inverness opening balance has been adjusted, refer to Appendix B for additional information

57. For the budget to actual cash flow forecast analysis of HII, ShareCo, Churchill, Inverness, CP and NCLL for the period from September 30 to November 24, 2012, and commentary in respect of the analysis performed, please refer to Appendix B.

58. 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 November 25 and December 7, 2012:

i. Receipt of $595K related to the sale of a unit in Churchill which closed in September 2012; and

ii. Payment of $2,310K related to professional fees

59. 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.

<u>HII</u>

60. Total cash inflows for HII were $33,148.9K for the period noted, while total cash outflows were $7,150.1K, which resulted in a positive net cash variation of $25,998.8K compared to a budgeted negative net cash variation of $8,909.3K. This positive variance of $34,908.1K is mainly due to the unbudgeted sale of the Cedar properties for $23.7M, the unbudgeted receipt of $8.1M in restricted funds approved by the Court at the last extension hearing and the favorable variance from the payment of lower than budgeted professional fees.

<u>ShareCo</u>

61. For the period noted, total cash inflows and total cash outflows for ShareCo were nil, as was budgeted.

Churchill

62. For the period noted, total cash inflows for Churchill were $522.3K and total cash outflows were $50.2K, which resulted in a positive net cash variation of $472.1K compared to a budgeted positive net cash variation of $1,050.6K. The negative variance of $578.5K is related to a delay in the receipt of the proceeds of the condo sale.

Inverness

63. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $4.3K, which resulted in a negative net cash variation of $4.3K compared to a budgeted net cash variation of nil. The negative variance of $4.3K is mainly related to the payment of unbudgeted professional fees.

CP

64. For the period noted, total cash inflows for CP were nil and total cash outflows were $111.4K, which resulted in a negative net cash variation of $111.4K compared to a budgeted negative net cash variation of $70.0K. The favorable variance of $41.4K is mainly due to timing.

NCLL

65. For the period noted, total cash inflows for NCLL were nil and total cash outflows were nominal at $1.1K which resulted in a negative cash variation of $1.1K, compared to a budgeted negative net cash variation of nil. The unfavorable variance of $1.1K is due to unbudgeted office and administration expenses.

Cash budgeting

66. Since the Sixteenth Report, HII with the support of the Monitor has continued to perform budget to actual analysis for the six Debtors on a weekly basis.

67. As previously discussed, the cash balance presented in the weekly budget to actual analysis is based on an allocated cash method that is approximate due to timing and which does not equal the actual cash contained in the Debtors' bank accounts.

68. The Monitor will continue to provide Supplemental Reports that reconcile the overall cash inflows, cash outflows, opening and closing bank balances for all bank accounts of the HII Group by geographic location.

69. It is important to note that the GP Accounts are not included in the analysis below.

70. The table below provides the estimated cash balance analysis as at December 15, 2012:

Homburg Invest Inc.
Estimated cash balance for the period ending December 15, 2012 calculated as at November 24, 2012

(all amounts stated in CAD)		Amount
ACTUAL OPENING CASH BALANCE AS AT NOVEMBER 24, 2012	**A**	**30,469,600**
Forecasted cash inflows/(outflows) - November 24, 2012 to December 15, 2012		
Net cash inflow/(outflow) - Debtors		
Net cash inflow/(outflow) - HII		(4,280,524)
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Churchill		1,064,745
Net cash inflow/(outflow) - Inverness		-
Net cash inflow/(outflow) - CP		(10,000)
Net cash inflow/(outflow) - NCLL		-
Total net cash inflow/(outflow) - Debtors	**B**	(3,225,779)
Net cash inflow/(outflow) - Canadian entities excluding Debtors	**C**	4,220
Payments in transit		
HII - Wires in transit as at November 24, 2012		(817,796)
HII - Estimated outstanding cheques as at November 24, 2012		(1,894,124)
Holman - Estimated outstanding cheques as at November 24, 2012		(99,693)
Less: Total payments in transit	**D**	(2,811,613)
TOTAL NET CASH INFLOWS/(OUTFLOWS) - NOVEMBER 24, 2012 to DECEMBER 15, 2012	**E=B+C+D**	**(6,033,172)**
ESTIMATED ENDING CASH BALANCE AS AT DECEMBER 15, 2012, BEFORE OTHER ADJUSTMENTS	**F=A+E**	**24,436,428**
Net adjustment for disbursements/(receipts) not expected to occur from November 24 to December 15, 2012	**G**	-
ESTIMATED ENDING CASH BALANCE AS AT DECEMBER 15, 2012, AFTER OTHER ADJUSTMENTS	**H =F+G**	**24,436,428**

VI. ACTIVITIES OF THE MONITOR

71. This section summarizes other activities of the Monitor which are not expressly addressed in the previous sections.

CASH FLOW MONITORING

72. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Eighteenth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from September 30 to November 24, 2012, has been prepared together with commentary of cash variances, as presented in Appendix B.

73. 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.

74. 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 review.

CASH FLOW MONITORING OF THE HII GROUP

75. 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.

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

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

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

UPDATE ON CLAIMS PROCESS

78. As elaborated in previous Monitor reports, the Monitor received 233 claims representing a total of $2,066,727,037, including Intercompany Claims as well as Duplicate Claims.

79. As of the date of this Eighteen Report, HII and the Monitor, assisted by their respective legal counsel, have completed the review of most claims received.

80. Since the date of the Sixteenth Report, the Monitor has sent 33 notices of revision or disallowance to creditors in the form and manner prescribed in the Claim Process Order. The notices of revision or disallowance were sent in relation to "trade debts". The 10-day delay to appeal as per the Claim Process Order has expired for those notices. No motion in appeal of the Monitor's decisions has been filed within the delay.

81. The Monitor is currently in the process of finalizing the review of the claims received, including the restructuring claims and the claims related to Cominar REIT. The Monitor expects that this review will be completed in January 2013 and that further notices of revision or disallowance will be sent thereafter.

82. The Monitor, along with the HII Group, is also reviewing the Intercompany Claims to determine how same should be addressed in the context of the claims process and the Plan.

STAY NOTICES

83. As noted in previous reports, certain alleged creditors of the HII Parties have instituted proceedings against the latter or their assets. The Monitor has sent and continues to send Stay Notices to the respective creditors as well as file the Stay Notices in the respective Court's records. As at the date of this Eighteenth Report and since the Fifteenth Report, the Monitor has been advised of one additional proceeding filed against HII for which a Stay Notice was served and filed with the respective Court. The following table provides details of the one additional Stay Notice sent by the Monitor:

Plaintiff	Defendant(s)	Date of claim	Amount of claim $	Court name	Court file number	Date of Stay of Notice
Kai Construction Corporation	Homburg L.P. Management Incorporated (in its capacity as general partner of Homburg Realty Fund (88) Limited Partnership, as it then was, having since been replaced by HII (88) GP Inc.), Homburg Realty Fund (88) Limited Partnership, HII (88) GP Inc. (in its capacity as general partner of Humburg Realty Fund (88) Limited Partnership), and 1028167 Alberta Ltd.	10/22/2012	$1,502,053.87, plus interest and costs	Court of Queen's Bench of Alberta	1201-13338	11/16/2012

FORENSIC ANALYSIS UPDATE

84. Samson Bélair/Deloitte & Touche s.e.n.c.r.l. ("**Deloitte Forensic**") is currently reviewing the movements of cash in HII's bank accounts from January 1, 2006 to September 9, 2011 (the "**Forensic Period**"). The scope of the mandate is to understand the use of funds that have transited

in HII's bank accounts, analyse the use of the proceeds, obtain pursuant to the issuance of Bonds 4 to 11, acquisitions of properties and the payments and receipts related to entities controlled by Richard Homburg.

85. Although Deloitte Forensic has yet to complete procedures, on a summary basis, such procedures have allowed Deloitte Forensic to identify, at this stage:

    i. 186 bank accounts in the general ledger;

    ii. 928 transactions with entities controlled by Richard Homburg; and

    iii. 111,042 transactions with non-related entities.

86. Although there are still certain procedures that need to be completed, Deloitte Forensic is presently in the process of preparing a report that should be finalized in the coming weeks.

VII. EXTENSION OF THE STAY PERIOD

OVERVIEW

87. Pursuant to the Seventh Extension Order, the Stay Period was extended until December 14, 2012.

88. The HII Parties notified the Monitor of their intention to request an eighth extension of the Stay Period until January 31, 2013 (the "**Eighth Extension Period**"). This extension will allow, amongst other things, (i) to complete the drafting and the filing of the Plan, (ii) the continuation of the negotiations with the mortgage lenders, (iii) to complete the review of all or most of the claims filed pursuant to the Claims Process, subject to potential appeals of the Monitor's decisions as the case may be, (iv) to finalize the analysis of the corporate structure and tax issues relating to the Plan, and (v) to continue the conduct of the sale process of certain assets.

89. It is the Monitor's opinion that it is necessary to provide the HII Parties with the Eighth Extension 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 and to develop and file the Plan. The Monitor considers the HII Parties' restructuring process to be progressing well; however, more time is required in order to complete said restructuring.

EXTENDED 7-WEEK CASH FLOW FORECASTS

90. Management has provided the Monitor with new cash flow forecasts for the Eighth Extension Period. Management has adjusted the projected cash flows for the Debtors to January 31, 2013, corresponding to the end of the Eighth Extension Period.

91. The extended 7-week cash flow forecasts for HII, ShareCo, Churchill, Inverness, CP and NCLL, as well as additional commentary identifying the primary assumptions, are attached as Appendix C**.**

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

Extension - 7-week period ending January 31, 2013 (C$000)	December 16, 2012 Forecasted opening cash balance	Forecasted variation for the 7-week period (Appendix C)	Funding between HII and its non-Petitioners	January 31, 2013 Forecasted closing cash balance
Homburg Invest Inc.	20,777	(8,546)	900	**13,131**
ShareCo Inc.	39	-	-	**39**
Churchill Estates Development Ltd.	2,685	(51)	-	**2,634**
Inverness Estates Development Ltd.	487	-	-	**487**
CP Development Ltd.	447	20	-	**467**
NCLL	1	-	-	**1**
Total	24,436	(8,577)	900	**16,759**

HII

93. Forecasted cash inflows for the period are $600K and forecasted cash outflows for the period are $9,145.8K, resulting in a net outflow of $8,545.8K. This net outflow mainly results from minimal cash inflows and important restructuring related outflows, composed primarily of professional fees and funding of Coët Properties capital expenditures. HII's cash receipts will primarily be composed of receipts from GST/HST/VAT refunds.

94. The payroll figures included in the cash flow forecast reflect the latest increases in salary, as well as the payment of a quarterly bonus in November 2012.

95. 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.

96. Other expenditures are composed of funding to the Coët Properties which was introduced in the Ninth Report in order to pay for a portion of the required capital expenditures. In addition, Management forecasts additional bank fee payments during this period.

97. Following the closing of the Hotel, the only remaining cost to be incurred during the Period is insurance on the assets that are kept in the Hotel and still belong to HII. A transaction to sell the remaining assets is being contemplated.

98. As of the date of this Eighteenth Report, all expenses incurred to date and going forward have been or will be paid out of the funds available to HII.

ShareCo

99. The Monitor does not anticipate any cash inflows or outflows pertaining to ShareCo for the Eighth Extension Period.

100. At the time of this Eighteenth Report, there is nothing that would lead the Monitor to believe that ShareCo will need additional financing to meet current obligations during the Eighth Extension Period.

Churchill

101. Forecasted cash inflows for the period are nil and forecasted cash outflows for the period are $51.5K, resulting in a net inflow of $51.5K. This unfavorable variance is a result of the GST

remittance for a condo sale that occurred in the prior period and the regular monthly fees payable, such as condo fees and property taxes.

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

103. At the time of this Eighteenth Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet current obligations during the Eighth Extension Period.

Inverness

104. The Monitor does not anticipate any cash inflows or outflows pertaining to Inverness for the Eighth Extension Period. This is a result of the completion of the Inverness Transaction in June 2012.

105. Even though the Inverness cash flow does not provide for any inflows or outflows during the period, it is to be noted that an amount of approximately $3.6M is owed by Churchill to Inverness following the Inverness Transaction, which resulted in Inverness paying the full balance of Churchill's cross-collateralized mortgage. The reimbursement to Inverness will be made in due time.

CP

106. Forecasted cash inflows for the period are $40K and forecasted cash outflows for the period are $20K, resulting in a net outflow of $20K.

107. Cash inflows will be generated by funds in escrow to be received following the incurrence of construction costs from prior periods required to complete CP's obligation associated with the pre-filing sale of three of the CP properties.

108. As of the date of this Eighteenth Report, all expenses going forward will be paid out of funds available to CP.

109. At the time of this Eighteenth Report, there is nothing that would lead the Monitor to believe that CP will need additional financing to meet current obligations during the Eighth Extension Period.

NCLL

110. The Monitor does not anticipate any cash inflows or outflows pertaining to NCLL during the Eighth Extension Period.

111. At the time of this Eighteenth Report, nothing would lead the Monitor to believe that NCLL will need additional financing to meet current obligations during the Eighth Extension Period.

CASH POSITION AND USE OF RESTRICTED CASH

Restricted Cash

112. Pursuant to the Sixteenth Report, additional funding of $8,100K was requested from Restricted Cash during the Seventh Extension Period. For reference purposes, the table presented below provides a breakdown of the Restricted Cash requests since the start of the proceedings. The

restricted cash balance as at November 24, 2012 has decreased from the time of the Sixteenth Report as a result of the additional funding of $8,100K.

Summary of Restricted Cash Requests (C$000)				
Monitor's Report		**Date**		**Amount Requested**
Sixth Monitor's Report	Proceeds from Cominar sale	31-Jan-12		145,439
Transfer to Osler Trust Account	Funds sent to Osler's trust account (note 1)	1-Feb-12		(21,450)
RBC Securities	Commission	9-Feb-12		(915)
Net funds available from Cominar sale proceeds			**A**	**123,074**
Seventh Monitor's Report	Request from Restricted Cash	17-Feb-12		(10,000)
Ninth Monitor's Report	Request from Restricted Cash	10-Apr-12		(6,000)
Tenth Monitor's Report	Request from Restricted Cash	29-May-12		(11,000)
Thirteenth Monitor's Report	Request from Restricted Cash	17-Jul-12		(5,200)
Fifteenth Monitor's Report	Request from Restricted Cash	11-Sep-12		(3,000)
Sixteenth Monitor's Report	Request from Restricted Cash	4-Oct-12		(8,100)
Total requests from Restricted Cash			**B**	**(43,300)**
Interest on Restricted Cash	Cumulative interest received		**C**	**800**
Ending balance of Restricted Cash as at November 24, 2012			**=A+B+C**	**80,574**

Note 1: Subject to the Monitor's Motion for Directions in relation to security granted to Canmarc REIT

113. The funds held in the Osler's trust account could potentially be released to HII as a result of a judgment on the Monitor's Motion for directions in relation to Canmarc security, or as a result of the negotiations with the Cominar REIT or a final determination of the quantum of certain of the claims made by its related parties.

<u>Analysis of HII's cash funding requirements and results</u>

114. HII, with the assistance of the Monitor, conducted an analysis of the HII Group entities' cash flows to evaluate the cash position of the HII Group for the proposed extension to the Stay Period ending January 31, 2013.

115. The table below provides an overview of the estimated cash position of HII as at January 31, 2013:

Homburg Invest Inc.
Cash requirement

Number of weeks presented: 7 weeks **(all amounts stated in CAD)**		**December 16, 2012 to January 31, 2013 (7-week period)** Forecast
Estimated opening cash balance as at December 16, 2012	**A**	**24,436,428**
Net cash flow by Debtor - December 16, 2012 to January 31, 2013		
Net cash inflow/(outflow) - HII		(8,545,772)
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Churchill		(51,480)
Net cash inflow/(outflow) - Inverness		-
Net cash inflow/(outflow) - CP		20,000
Net cash inflow/(outflow) - NCLL		-
Net cash inflow/(outflow) - Debtors	**B**	**(8,577,252)**
Net cash flow by other Canadian entities - December 16, 2012 to January 31, 2013		
Net cash inflow/(outflow) - Others Canada		900,228
Net cash inflow/(outflow) - HII Group excluding Debtors	**C**	**900,228**
ESTIMATED TOTAL CASH INFLOW/(OUTFLOW) - ALL ENTITIES	**D=B+C**	**(7,677,024)**
ESTIMATED Surplus (Deficit) CASH from December 16, 2012 to January 31, 2013	**E=A+D**	**16,759,404**

116. The opening forecasted cash balance as at December 16, 2012 only includes the bank accounts controlled by the Debtors. European Euro and American dollar accounts have been converted to Canadian dollars at the foreign exchange rate as at November 23, 2012.

117. For the period ending January 31, 2013, it is forecasted that HII will have a cash surplus of $16,759,404. This amount is calculated based on the net cash flow variations as indicated in the table above. For additional information regarding the Debtors forecasted cash inflows and outflows to January 31, 2013, please refer to Appendix C of this Eighteenth Report. Please note that the analysis does not account for timing variances that may have occurred prior to the proposed Eighth Extension Period. The amount of those variances cannot be determined as the information to complete the analysis, such as bank statements for the month of December 2012 for the HII Group entities, is not available to Management and the Monitor at this time of this report.

118. Based on the analysis performed, it appears that the HII Group possesses sufficient funds to accomplish the various steps that are required to advance the restructuring of the HII Group until the expiry of the proposed Eighth Extension.

VIII. CONCLUSIONS AND RECOMMENDATIONS

119. 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.

120. It is the Monitor’s opinion that, for the reasons further elaborated in this Eighteenth Report, an extension of the Stay Period to January 31, 2013 should be granted to ensure that the HII Parties are able to implement certain essential restructuring initiatives and develop and file a viable plan (or plans) of arrangement with their creditors;

121. Based on discussions with Management and general supervision of the affairs of the HII Parties, it is the Monitor’s opinion that the HII Parties have acted and continue to act in good faith and with

due diligence, and that they will likely be able to finalize and file a Plan prior to the end of the sought Eighth Extension.

The Monitor respectfully submits this Eighteenth Report to the Court.

DATED AT MONTREAL, this 12th day of December, 2012.

Pierre Laporte, CPA, 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 (96) 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 8-week period of September 30 to November 24, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
REIT distributions	-	-	-
REIT unit sale proceeds	-	-	-
GST/HST received	986.8	602.3	384.5
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	31,778.7	-	31,778.7
	32,765.5	602.3	32,163.2
Hotel related receipts			
Hotel revenue	383.4	170.0	213.4
External Hotel Funding	-	139.3	(139.3)
Total cash inflows	**33,148.9**	**911.6**	**32,237.3**
Cash outflows			
Payroll	359.7	397.2	37.5
Rent expense	71.4	50.0	(21.4)
Restructuring related professional fees	5,608.9	7,800.0	2,191.1
Insurance	-	34.0	34.0
Office & admin	30.7	500.0	469.3
Director fees	114.0	175.0	61.0
KERP	-	-	-
CP obligation	-	-	-
Corporate bond principal repayment	-	-	-
Corporate bond interest payment	-	-	-
Junior subordinate debt principal repayment	-	-	-
Junior subordinate debt interest payment	-	-	-
HCSA interest payment	-	-	-
GST/HST paid	0.1	-	(0.1)
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Other expenditures	644.3	415.1	(229.2)
	6,829.1	9,371.3	2,542.2
Hotel disbursements			
Payroll	94.9	120.0	25.1
Management fee	-	12.0	12.0
PEI obligation	31.7	32.6	0.9
Property and other taxes	23.1	-	(23.1)
General operating expenses	171.3	285.0	113.7
Construction costs and held cheques	-	-	-
Mortgage principal & interest	-	-	-
Total hotel disbursements	321.0	449.6	128.6
Total cash outflows	**7,150.1**	**9,820.9**	**2,670.8**
Opening cash balance	**2,094.9**	**2,094.9**	**-**
Variation in cash balance	**25,998.8**	**(8,909.3)**	**34,908.1**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**28,093.7**	**(6,814.4)**	**34,908.1**
Funding between HII and its non-Petitioners	**(229.0)**	**-**	**(229.0)**
Funding between HII and its Petitioners	**-**	**-**	**-**
Adjusted ending cash balance	**27,864.7**	**(6,814.4)**	**34,679.1**

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

- In addition to the ending cash balance presented of $27,864.7K, please note that $1,738.5K is currently held in the Monitor's trust account as at November 24, 2012. This amount represents funds reserved for the KERP as indicated in paragraphs 10 to 13 of the Fourteenth Report and amounts received which are related to the Canoxy Place Subtenants.

Inflows

- GST/HST received were $986.8K, compared to a budgeted amount of $602.3K, resulting in a favorable variance of $384.5K. The favorable variance is due to an unbudgeted receipt of GST for the period related to the month of July 2012.

- Other receipts were $31.8M, compared to a budgeted amount of nil, resulting in a favorable variance of $31.8M. The favorable variance is due to receipts of $23.7M from the sale of Cedar assets (as indicated in the monitor's Seventeenth Report) and to an unbudgeted transfer of $8.1M from restricted funds approved by the Court (as requested in the Monitor's Sixteenth Report).

- Hotel revenues were $383.4K compared to a budgeted amount of $170.0K, resulting in a favorable variance of $213.4K. The favorable variance is due to higher than expected occupancy during the period noted.

- External funding receipts were nil compared to a budgeted amount of $139.3K representing an unfavorable variance of $139.3K. This unfavorable variance is a result of the non-funding from Cominar and/or province of PEI for the Hotel operations.

Outflows

- Payroll was $359.7K compared to a budgeted amount of $397.2K, resulting in a favorable variance of $37.5K. This favorable variance is due to timing.

- Rent expense was $71.4K compared to a budgeted amount of $50.0K, resulting in an unfavorable variance of $21.4K. This unfavorable variance is due to timing.

- Restructuring related professional fees were $5,608.9K compared to a budgeted amount of $7,800.0K, resulting in a favorable variance of $2,191.1K. This favorable variance is due to timing. Several cheques and wires for professional fees totaling approximately $2.5M were outstanding as of November 24, 2012.

- In accordance with the Court Order dated February 17, 2012, the payment of fees, disbursements and expenses of the Trustees of the Stichting Homburg Bonds and Stichting Homburg Capital Securities A (collectively, "**Stichting**") and their legal and financial advisors incurred since December 3, 2011 are to be advanced by HII. The following table presents a summary of the actual fees advanced to Stichting since the Court Order was implemented, which will be offset against any dividend payable to Stichting from HII:

Stichting Homburg invoice list					
Invoice	Date Range	Amount Per Invoice		Amount in $	
INVOICE nr 3.2012	Dec. 5, 2011 - Dec. 31, 2011	$	239,128	$	239,128
INVOICE nr 4.2012	Jan 1, 2012 - Jan. 31, 2012	$	265,486	$	265,486
INVOICE nr 5.2012	Feb 1, 2012 - Feb. 29, 2012	$	248,270	$	248,270
INVOICE nr 6.2012	Mar 1, 2012 - Mar 31, 2012	$	235,752	$	235,752
INVOICE nr 7.2012	Mar 1, 2012 - Mar 31, 2012	$	13,612	$	13,612
INVOICE nr 8.2012	Apr 1, 2012 - Apr 30, 2012	$	245,167	$	245,167
INVOICE nr 9.2012	Apr 1, 2012 - Apr 30, 2012	€	53,536	$	69,281
INVOICE nr 10.2012	May 1, 2012- May 31, 2012	$	218,794	$	218,794
INVOICE nr 11.2012	May 1, 2012- May 31, 2012	€	45,058	$	56,445
INVOICE nr 12.2012	June 1, 2012- June 30, 2012	$	261,074	$	261,074
INVOICE nr 13.2012	June 1, 2012- June 30, 2012	€	1,712	$	2,112
INVOICE nr 15.2012	July 1, 2012 - July 31, 2012	$	273,252	$	273,252
INVOICE nr 16.2012	July 1, 2012 - July 31, 2012	€	19	$	23
INVOICE nr 17.2012	Aug 1, 2012 - Aug 31, 2012	$	226,459	$	226,459
INVOICE nr 19.2012	Sept 1, 2012 - Sept 30, 2012	€	296,400	$	296,400
VAT Refund[1]	Invoices 3, 4 & 5	€	(70,352)	$	(86,667)
VAT Refund[1]	Invoices 6, 8 & 10	€	(59,975)	$	(74,993)
VAT Refund[2]	Invoices 7, 9 & 11	€	(13,800)	$	(17,256)
VAT Refund[1]	Invoices 12, 15 & 17	€	(54,455)	$	(70,536)
VAT Refund[2]	Invoices 13 & 16	€	(3)	$	(4)
Total (Converted on date paid)				**$**	**2,401,799**

Note 1: *VAT refunds were received for Invoices 3, 4, 5, 6, 8, 10, 12, 15 and 17 as no EU VAT was applicable.*

Note 2: *Invoices 7, 9, 11, 13 and 16 were revised as some of the fees charged were not related specifically to the settlement agreement. The fees excluded were related to services rendered at the request of HII in relation with bondholders meetings.*

- Insurance expense was nil compared to a budgeted amount of $34.0K, resulting in a favorable variance of $34.0K. This favorable variance is due to timing.

- Office and administrative expenditures were $30.7K compared to a budgeted amount of $500.0K, resulting in a favorable variance of $469.3K. This variance is mainly due to an unbudgeted VAT refund of $70K which lowered actual expenses, to budgeted IT expenses that have not been incurred during the period and to asset and management fees which used to be paid by HII to HREMS, but are now paid by the individual GP accounts of each individual homcos.

- Director fees were $114.0K compared to a budgeted amount of $175.0K, which resulted in a favorable variance of $61.0K. This variance is mainly due to timing.

- Other expenditures were $644.3K compared to a budgeted amount of $415.1K, which resulted in an unfavorable variance of $229.2K. This variance is mainly due to the payment of expenses which were not previously budgeted.

- Payroll at the Hotel was $94.9K compared to a budgeted amount of $120.0K, which resulted in a favorable variance of $25.1K. The favorable variance is mainly due to an over budgeted expense for the period.

- Property and other taxes at the Hotel were $23.1K compared to a budgeted amount of nil, which resulted in an unfavorable variance of $23.1K. The unfavorable variation is mainly due to timing.

- General operating expenses were $171.3K compared to a budgeted amount of 285.0K, which resulted in a favorable variance of $113.7K. The favorable variation is mainly due to the closing of the Hotel which resulted in cancellations of certain services.

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 8-week period of September 30 to November 24, 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**	**-**

<u>ShareCo budget to actual commentary</u>

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 8-week period of September 30 to November 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	521.2	1,150.0	(628.8)
GST collected	-	30.8	(30.8)
GST ITC refund	-	-	-
Rent	-	-	-
Other Receipts	1.1	-	1.1
Total cash inflows	**522.3**	**1,180.8**	**(658.5)**
Cash outflows			
Commissions	16.9	58.2	41.3
Advertising	-	-	-
R&M	7.8	4.0	(3.8)
Property tax	5.0	11.1	6.1
Professional fees	0.8	3.3	2.5
Insurance	-	0.6	0.6
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	19.7	23.8	4.1
GST remitted	-	29.2	29.2
Total cash outflows	**50.2**	**130.2**	**80.0**
Opening cash balance	**1,148.1**	**1,148.1**	**-**
Variation in cash balance	**472.1**	**1,050.6**	**(578.5)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**1,620.2**	**2,198.7**	**(578.5)**

<u>Churchill budget to actual commentary</u>

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

Inflows

- Condo sales were $521.2K during the period compared to a budgeted amount of $1,150.0K, which resulted in an unfavorable variance of $628.8K. The variance of $628.8K is mainly due to timing as a result of a delay in receipt of the proceeds of the condo sale.

- GST collections were nil during the period compared to a budgeted amount of $30.8K, which resulted in an unfavorable variance of $30.8K. The favorable variance of $30.8K is mainly due to timing as a result of a delay in the closure of the sale of a condo.

Outflows

- Commissions were $16.9K compared to a budgeted amount of $58.2K, which resulted in a favorable variance of $41.3K. The favorable variance of $41.3K is a result of timing as a projected condo sale did not close as planned.

- GST remittances were nil during the period compared to a budgeted amount of $29.2K, which resulted in a favorable variance of $29.2K. The favorable variance is a result of a delay in the closure of the sale of a condo.

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 8-week period of September 30 to November 24, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
Condo sales proceeds	-	-	-
Other receipts	-	-	-
GST collected	-	-	-
GST ITC refund	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Commissions	-	-	-
R&M	1.3	-	(1.3)
Property tax	-	-	-
Professional fees	3.0	-	(3.0)
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	-	-	-
GST remitted	-	-	-
Other expenditures	-	-	-
Total cash outflows	**4.3**	**-**	**(4.3)**
Funded opening cash balance	**-**	**-**	**-**
Adjustment for receipt in prior period	**491.5**	**-**	**491.5**
Variation in cash balance	**(4.3)**	**-**	**(4.3)**
Exchange rate (Gain / Loss)	-	-	**-**
Ending cash balance	**487.2**	**-**	**487.2**

<u>Inverness budget to actual commentary</u>

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

Inflows-Outflows

- The adjustment for receipt of $491.5K relates to an amount that was received in a prior period, the bulk of which relates to term deposits that have matured.

- No other significant transactions occurred during the period in Inverness Estates Development Ltd.

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 8-week period of September 30 to November 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Costs reimbursed from escrow	-	950.0	(950.0)
GST refund from previous months	-	-	-
Other receipts	-	-	-
Total cash inflows	**-**	**950.0**	**(950.0)**
Cash outflows			
Construction costs (1,2&3)	-	1,000.0	1,000.0
Construction costs (4&5)	33.4	20.0	(13.4)
Professional fees	47.9	-	(47.9)
Insurance	30.1	-	(30.1)
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Property tax	-	-	-
Other expenditures	-	-	-
Total cash outflows	**111.4**	**1,020.0**	**908.6**
Opening cash balance	**568.7**	**568.7**	**-**
Variation in cash balance	**(111.4)**	**(70.0)**	**(41.4)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**457.3**	**498.7**	**(41.4)**

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

- Costs reimbursed from escrow were nil compared to a budgeted amount of $950.0K, resulting in an unfavorable variance of $950.0K. The unfavorable timing variance is mainly due to construction costs that were expected to be incurred and reimbursed in the current period, but have now been postponed indefinitely.

Outflows

- Construction costs for buildings 1, 2 and 3 were nil compared to a budgeted amount of $1,000.0K, resulting in a favorable variance of $1,000.0K. The favorable timing variance is mainly due to construction costs that were expected to be incurred in the current period, but have now been postponed indefinitely.

- Professional fees were $47.9K compared to a budgeted amount of nil, resulting in an unfavorable variance of $47.9K. The unfavorable variance of $47.9K relates to engineering fees incurred in order to remove a lien on the property.

- Insurance costs were $30.1K compared to a budgeted amount of nil, resulting in an unfavorable variance of $30.1K. The unfavorable variance of $30.1K relates to the prepayment of insurance costs covering the period of January 2012 to 2013, which were not previously budgeted.

North Calgary Land Ltd.

The following is the budget to actual cash flow analysis for North Calgary Land Ltd. for the period noted:

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

	For the 8-week period of September 30 to November 24, 2012		
	Actual	Budget	Variance
Cash inflows			
GST/HST received	-	-	-
Other receipts	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Professional fees	-	-	-
Property tax	-	-	-
Insurance	-	-	-
Office & administrative	(1.1)	-	1.1
GST/HST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	**(1.1)**	**-**	**1.1**
Funded opening cash balance	**-**	**-**	**-**
Variation in cash balance	**1.1**	**-**	**1.1**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**1.1**	**-**	**1.1**

NCLL budget to actual commentary

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

Inflows-Outflows

- No significant transactions occurred during the period in North Calgary Land Ltd.

APPENDIX C

HII Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

Homburg Invest Inc.
Extended cash flow statement from November 25 to January 31, 2013

	16th report AMENDED				18th report							
Number of weeks:	64	65	66		67	68	69	70	71	72	73	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows												
GST/HST/VAT received	300,000	-	-	**300,000**	-	-	300,000	-	-	-	300,000	**600,000**
Other receipts	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total cash inflows	300,000	-	-	**300,000**	-	-	300,000	-	-	-	300,000	**600,000**
Cash outflows												
Payroll	124,462	-	94,462	**218,924**	-	94,462	-	94,462	-	94,462	-	**283,386**
Rent expense	25,000	-	-	**25,000**	-	-	25,000	-	-	-	25,000	**50,000**
Restructuring related professional fees	800,000	800,000	2,300,000	**3,900,000**	2,800,000	800,000	800,000	800,000	800,000	800,000	800,000	**7,600,000**
Insurance	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Office & administrative	50,000	50,000	50,000	**150,000**	50,000	50,000	50,000	50,000	50,000	50,000	50,000	**350,000**
Director fees	-	-	-	**-**	-	-	-	-	-	-	175,000	**175,000**
KERP	-	-	-	**-**	-	-	134,000	-	-	-	-	**134,000**
Hotel insurance	2,000	-	-	**2,000**	-	-	2,000	-	-	-	2,000	**4,000**
Other expenditures	284,600	-	-	**284,600**	549,386	-	-	-	-	-	-	**549,386**
Total cash outflows	1,286,062	850,000	2,444,462	**4,580,524**	3,399,386	944,462	1,011,000	944,462	850,000	944,462	1,052,000	**9,145,772**
Opening balance	**27,864,700**	**24,067,025**	**23,217,025**	**27,864,700**	**20,776,783**	**17,377,397**	**16,432,935**	**15,721,935**	**14,777,473**	**13,927,473**	**12,983,011**	**20,288,483**
Payments in transit	(2,811,613)	**-**	**-**	**(2,811,613)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Variation in cash balance (Petitioners)	(986,062)	(850,000)	(2,444,462)	**(4,280,524)**	(3,399,386)	(944,462)	(711,000)	(944,462)	(850,000)	(944,462)	(752,000)	**(8,545,772)**
Variation in cash balance (Non-Petitioners)	-	-	4,220	**4,220**	-	-	-	-	-	-	900,228	**900,228**
Exchange rate	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Adjusted ending cash balance	**24,067,025**	**23,217,025**	**20,776,783**	**20,776,783**	**17,377,397**	**16,432,935**	**15,721,935**	**14,777,473**	**13,927,473**	**12,983,011**	**13,131,239**	**13,131,239**

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.
2) The cash flow forecast for weeks 64 to 66, which was previously presented in the Sixteenth Report, has been amended by Management to reflect:
   a. the exclusion of all revenues and operating expenses following the closing of the Hotel;
   b. the delay in the payment of the payroll incentive from week 62 to week 64;
   c. the payroll increase related to additional fees to finalize the Hotel closure;
   d. the exclusion of the insurance expense already paid in a previous period;
   e. a reduction of office and administrative expenses as a result of asset and management fees which were previously paid by HII to HREMS, but are now paid by the individual GP accounts of each individual homco;

f. Change in other expenditures to reflect the delay in the payment of the license fee related to Yardi, the accounting system, and capital expenditures relating to Coët Properties that were not incurred during the previously budgeted period;
g. the insurance expense related to the Hotel chattels.

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 Subsection 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 cash balances as at November 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts			
GST/HST/VAT received	GST/HST/VAT refunds are expected to be received during weeks 64 to 73		X
Other receipts	Other receipts, no activity have been forecasted during the period	X	
Forecast cash disbursements			
Payroll	Based on previous payroll expenses plus incentive compensation and salary increases	X	
Rent expense	Rent at the Akerley Blvd. and Montreal locations	X	
Restructuring related professional fees	Essentially Deloitte, McCarthy Tétrault, Osler, Cohn & Wolfe, Allen & Overy, Clifford Chance, Coady Filliter, National, The Baltics HII lawyers and the Trustees fees	X	
Insurance	Directors and Officers insurance	X	
Office & administrative	Bank fees, travel, telephone, non-CCAA professional fees and other miscellaneous costs	X	
Director fees	Fees payable to Directors and Officers of HII	X	
KERP	Updated KERP amount presented under seal	X	
Hotel insurance	Insurance expenses to protect the furniture and other assets located in the Hotel		X
Other expenditures	Funding of Coët Properties in order to pay for a portion of the required CAPEX investment as presented in the Ninth Monitor's Report and license fee for Yardi, the accounting system.		X
Ending cash balance	Based on allocated cash transactions		X

ShareCo Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

Homburg ShareCo Inc.
Extended cash flow statement from November 25 to January 31, 2013

	16th report PUBLISHED				18th report							
Number of weeks:	64	65	66		67	68	69	70	71	72	73	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	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
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

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.

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

CASH FLOW STATEMENT

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

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.

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.

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 7-week period from December 16, 2012 to January 31, 2013. Occasionally, certain funds are transferred between HII and ShareCo.	X	
Opening cash balance	Based on allocated closing cash balances as at November 25, 2012	X	
Ending cash balance	Based on allocated cash transactions		X

Churchill Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

Churchill Estates Development Ltd.
Extended cash flow statement from November 25 to January 31, 2013

	16th report AMENDED				18th report							
Number of weeks	64	65	66		67	68	69	70	71	72	73	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows												
Condo sales proceeds	594,990	-	484,000	**1,078,990**	-	-	-	-	-	-	-	**-**
GST collected	29,750	-	24,200	**53,950**	-	-	-	-	-	-	-	**-**
GST ITC refund	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Other receipts	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total cash inflows	**624,740**	**-**	**508,200**	**1,132,940**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cash outflows												
Commissions	29,750	-	24,200	**53,950**	-	-	-	-	-	-	-	**-**
R&M	2,000	-	-	**2,000**	-	-	2,000	-	-	-	2,000	**4,000**
Property tax	4,200	-	-	**4,200**	-	-	4,200	-	-	-	4,200	**8,400**
Professional fees	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Insurance	250	-	-	**250**	-	-	250	-	-	-	250	**500**
Office & administrative	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Condo fees	7,795	-	-	**7,795**	-	-	7,795	-	-	-	7,795	**15,590**
GST remitted	-	-	-	**-**	-	22,990	-	-	-	-	-	**22,990**
Total cash outflows	**43,995**	**-**	**24,200**	**68,195**	**-**	**22,990**	**14,245**	**-**	**-**	**-**	**14,245**	**51,480**
Opening cash balance	**1,620,200**	**2,200,945**	**2,200,945**	**1,620,200**	**2,684,945**	**2,684,945**	**2,661,955**	**2,647,710**	**2,647,710**	**2,647,710**	**2,647,710**	**2,684,945**
Variation in cash balance	**580,745**	**-**	**484,000**	**1,064,745**	**-**	**(22,990)**	**(14,245)**	**-**	**-**	**-**	**(14,245)**	**(51,480)**
Exchange rate	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Ending cash balance	**2,200,945**	**2,200,945**	**2,684,945**	**2,684,945**	**2,684,945**	**2,661,955**	**2,647,710**	**2,647,710**	**2,647,710**	**2,647,710**	**2,633,465**	**2,633,465**

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.

2) The cash flow forecast for weeks 64 to 66, which was previously presented in the Sixteenth Report, has been amended by Management to reflect the revised timing of the impact of a condo sale in Churchill which closed on November 21, 2012. The proceeds are projected to be received in week 66.

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

CASH FLOW STATEMENT

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

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.

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.

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
<u>Opening cash balance</u>	Based on allocated cash balances as at November 25, 2012	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
Condo sales proceeds	No condominium sale is projected to close in the 7-week period of December 16, 2012 to January 31, 2013.		X
GST collected	Based on applicable taxes on forecasted 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. No activity has been forecasted during the period	X	
Other receipts	Net proceeds of the Inverness Transaction, no activity has been forecasted during the period	X	
<u>Forecast cash disbursements</u>			
Commissions	Commissions are based on 5% of the projected sales		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. No activity has been forecasted during the period		X
Insurance	Insurance expense for unsold condominiums	X	
Office & administrative	Bank fees and other miscellaneous costs. No activity has been forecasted during the period		
Condo fees	Condominium fees based on previous expenses	X	
GST remitted	GST paid based on applicable taxes on forecasted condo sales	X	
<u>Ending cash balance</u>	Based on allocated cash transactions		X

Inverness Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

Inverness Estates Development Ltd.
Extended cash flow statement from November 25 to January 31, 2013

	16th report PUBLISHED				18th report							
Number of weeks:	64	65	66		67	68	69	70	71	72	73	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200
Funding from HII	-	-	-	-	-	-	-	-	-	-	-	-
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Ending cash balance	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200	487,200

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.

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

CASH FLOW STATEMENT

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

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.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) Inverness'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 Inverness; and

(ii) Provide a reasonable basis for the Cash Flow Statement.

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 cash balances as at November 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts	Inverness was sold and no cash inflows are projected for this period	X	
Forecast cash disbursements	Inverness was sold and no cash outflows are projected for this period	X	
Closing cash balance	Based on allocated cash transactions		X

CP Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

CP Development Ltd.
Extended cash flow statement from November 25 to January 31, 2013

	16 report AMENDED				18th report							
Number of weeks:	64	65	66		67	68	69	70	71	72	73	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows												
Costs reimbursed from escrow	-	-	-	**-**	-	-	40,000	-	-	-	-	**40,000**
GST refund from previous month	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total cash inflows	**-**	**-**	**-**	**-**	**-**	**-**	**40,000**	**-**	**-**	**-**	**-**	**40,000**
Cash outflow												
Construction costs (1,2&3)	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Construction costs (4&5)	10,000	-	-	**10,000**	-	-	10,000	-	-	-	10,000	**20,000**
Professional fees	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Mortgage principal	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Mortgage interest	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Property tax	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Total cash outflows	**10,000**	**-**	**-**	**10,000**	**-**	**-**	**10,000**	**-**	**-**	**-**	**10,000**	**20,000**
Opening cash balance	**457,300**	**447,300**	**447,300**	**457,300**	**447,300**	**447,300**	**447,300**	**477,300**	**477,300**	**477,300**	**477,300**	**447,300**
Variation in cash balance	(10,000)	-	-	**(10,000)**	-	-	30,000	-	-	-	(10,000)	**20,000**
Exchange rate	-	-	-	**-**	-	-	-	-	-	-	-	**-**
Ending cash balance	**447,300**	**447,300**	**447,300**	**447,300**	**447,300**	**447,300**	**477,300**	**477,300**	**477,300**	**477,300**	**467,300**	**467,300**

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.

2) The cash flow forecast for week 65, which was previously presented in the Sixteenth Report, has been amended by Management to reflect the revised timing of the GST refund, which is no longer scheduled to be received, as the applied construction costs have been postponed indefinitely.

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

CASH FLOW STATEMENT

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

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.

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.

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 cash balances as at November 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 Cominar 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. The reimbursement in week 69 is related to prior expenses incurred which are planned to be returned to CP		X
GST refund from previous month	CRA has indicated that ongoing refunds will be released; however, no activity has been forecasted during the period		X
Forecast cash disbursements			
Construction costs (1, 2 & 3)	Projected construction costs provided by Cuthbert & Smith (consulting), including GST, no activity has been forecasted during the period		X
Construction costs (4&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, no activity has been forecasted during the period	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
Property tax	Based on previous property expenses, no activity has been forecasted during the period	X	
Ending cash balance	Based on allocated cash transactions		X

NCLL Extended 7-week cash flow forecast ($C)

Updated as of November 25, 2012

NCLL
Extended cash flow statement from November 25 to January 31, 2013

	16th report PUBLISHED				18th report							
Number of weeks:	26	27	28		29	30	31	32	33	34	35	
Beginning period:	25-Nov-12	2-Dec-12	9-Dec-12	TOTAL	16-Dec-12	23-Dec-12	30-Dec-12	6-Jan-13	13-Jan-13	20-Jan-13	27-Jan-13	TOTAL
Ending period:	1-Dec-12	8-Dec-12	15-Dec-12	3-Week Period	22-Dec-12	29-Dec-12	5-Jan-13	12-Jan-13	19-Jan-13	26-Jan-13	31-Jan-13	7-Week Period
	Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows												
GST/HST received	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows												
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST paid	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Funding from HII												
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Adjust ending cash balance	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100

Notes:

1) The opening cash balance reflects the allocated cash balance as at November 25, 2012.

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

CASH FLOW STATEMENT

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

HYPOTHETICAL ASSUMPTIONS

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

PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) NCLL'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 NCLL; and

(ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

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

(i) The past performance of NCLL;

(ii) The performance of other industry/market participants engaged in similar activities as NCLL;

(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 cash balances as at November 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts			
GST/HST received	Based on previous GST/HST reimbursements, no activity has been forecasted during the period		X
Other receipts	Other receipts, no activity has been forecasted during the period	X	
Forecast cash disbursements			
Professional fees	Legal and closing costs for sale of property, no activity has been forecasted during the period		X
Property tax	Property tax is paid in one yearly installment, no activity has been forecasted during the period	X	
Insurance	Insurance has been pre-paid for the year, no activity has been forecasted during the period	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
GST/HST paid	Based on previous GST/HST payments, no activity has been forecasted during the period	X	
Other expenditures	Other expenditures incurred, no activity has been forecasted during the period	X	
Ending cash balance	Based on allocated cash transactions		X