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CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF QUEBEC  
COURT. No.: 500-11-041305-117

SUPERIOR COURT  
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

**NINETEENTH 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 the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an Order rendered by the Superior Court of Quebec (as amended and extended 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**”), Homco Realty Fund (190) Limited Partnership (“**Homco 190**”) and Homco Realty Fund (191) Limited Partnership (“**Homco 191**”) (following an amendment to the Initial Order on December 14, 2012 in the case of both Homco 190 and Homco 191) 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 December 14, 2012, the Court last extended the Stay up until February 8, 2013 (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 eighteen such Monitor’s reports prior to this nineteenth Monitor’s report (the “**Nineteenth Report**”). Copies of all of the Monitor’s reports are available on the Monitor’s website at [www.deloitte.com/ca/homburg-invest](http://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 NINETEENTH REPORT

6. This Nineteenth 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 Eighth Extension of the Stay Period. This report also addresses HII’s cash position, developments from recent meetings with the mortgage lenders, developments with respect to the sale of non-core assets, a sale transaction and global settlement with Cominar REIT, the plan of compromise and reorganization (the “**Plan**”), the activities of the HII Parties and the Monitor, since the Eighteenth Report, and, generally, the restructuring process.

7. This Nineteenth Report is structured as follows:
  - I- Restructuring initiatives;
  - II- HII Parties' operations;
  - III- Developments with the AFM;
  - IV- Letter of interest received from Catalyst;
  - V- Overview of the Plan;
  - VI- Debtors' cash flows from November 25, 2012 to January 19, 2013;
  - VII- Activities of the Monitor;
  - VIII- Extension of the Stay Period; and
  - IX- Conclusion and recommendations.

## TERMS OF REFERENCE

8. In preparing this Nineteenth 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 Nineteenth 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 Nineteenth 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 CORE ASSETS FORMING PART 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 the HII Group's real estate portfolio for the benefit of its stakeholders.
11. The status of these discussions and negotiations, for the core assets, is as follows:
  - i. BOS is financing two (2) properties, both of which are considered core properties. As further described in the Sixteenth Report, BOS requested an independent appraisal for these two (2) properties and these appraisals have recently been provided, in draft form to the HII Group. It remains the HII Group's intention to keep these two (2) properties in the restructured portfolio. The HII Group is maintaining its objective to resolve the financial issues related to the BOS properties before the transfer of these core properties to Newco pursuant to the Plan.
  - ii. In January 2013, Falcon and the HII Group entered into an agreement providing for the refinancing of the property indirectly held by Valbonne 5. The HII Group and Falcon are currently finalizing the financing documentation, which should be completed in February 2013.

- iii. As reported in the Eighteenth Report, there have been ongoing negotiations between the HII Group, the Monitor, the Baltic GP, the Baltic property manager and SEB and material progress has been made since that time. On January 21, 2013, HII received from SEB a revised term sheet underlying the terms and conditions of an extension of the current loan. Under this term sheet, the HII Group would keep all properties financed by SEB in the restructured portfolio in consideration for a cash payment, renegotiated rental terms and adjusted amortization schedules. The HII Group and the Monitor are currently reviewing this term sheet.
  - iv. HSH is financing four (4) properties held by Coët B.V., a subsidiary of Homco 70, under a single loan. HSH has offered to extend the financing for these four (4) core properties for a period of three years. The HII Group and HSH are in the process of negotiating the extension terms. An amended term sheet is anticipated to be received from HSH in early February 2013, which should be acceptable based on the ongoing discussions with HSH.
  - v. NIBC is financing one (1) property, which is considered a core property, held by Valbonne Real Estate 2 B.V., a subsidiary of Homco 69. NIBC and the HII Group have over the last months discussed different options to refinance the loan for this core property and potentially extend its maturity date.
12. The status of these discussions and negotiations, for the non-core assets, is as follows:
- i. SNS is financing 13 properties which are all considered non-core properties. The HII Group met with SNS several times over the last months to discuss various courses of action to deal with these properties. The HII Group made a final offer to SNS, which was not accepted. In the absence of any significant change or progress, the HII Group is of the view that the assets and liabilities of the relevant Homcos will likely be removed from its structure and balance sheet.
  - ii. As reported in the Eighteenth Report, ABN was financing three non-core properties of the HII Group. As further elaborated hereunder, the Homcos which owed these properties, namely Homco 71, Homco 72 and Homco 76, filed voluntary assignments in bankruptcy on December 31, 2012, such that these properties no longer form part of the HII Group's portfolio.
  - iii. As indicated in the Eighteenth Report, FHP (formerly EuroHypo) is financing two (2) properties, both of which are considered non-core 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. The HII Group is currently in discussion with FHP to determine the course of action with a view to remove these properties from the HII Group balance sheet.
  - iv. FGH is financing four (4) properties under three stand-alone loans, one of which in respect of one (1) property in which there is equity for the HII Group (held by Homco 92) and the others in respect of three (3) non-core properties (held by Homco 102 and Homco 142, an Applicant Partnership). As described in the Eighteenth Report, the HII Group entered into discussions with some tenants with a view to improve the terms and conditions of the leases related to the properties with the potential to be part of the restructured portfolio. FGH has agreed to a standstill agreement with respect to the loan agreements relating to the non-core

properties, up and until February 1, 2013. It has been determined that the assets and liabilities relating to the properties of Homco 102 and Homco 142 should be removed from the HII Group's balance sheet, and the HII Group is currently in discussion with FGH to determine the course of action relating thereto. In regards to the property held by Homco 92, an agreement of sale has been concluded and is conditional upon the Court approval, as elaborated hereunder.

- v. Noteholders, acting through their agent Hatfield, are financing one (1) property, owned by Homco 98, which is currently considered a non-core asset. There has not been any significant change or progress since the Sixteenth Report. The assets and liabilities of the relevant Homco will likely be removed from the HII Group structure and balance sheet.
- vi. HSBC is financing five (5) properties in Canada: "Henderson Farms" (Homco 121), "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 the section hereunder.

## ***SALE PROCESS OF NON CORE ASSETS***

### ***Canadian Properties***

- 13. As mentioned in the Eighteenth Report, 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 and the status of same is as follows:
  - i. Centron Park (CP): This property has been the object of an agreement in principle for a sale transaction, subject to the approval of the Court, as part of a global settlement with Cominar REIT, the whole as further described hereunder;
  - ii. Points North (NCLL): NCLL and the Monitor hired Colliers to conduct the sale process of the Points North property. On January 23, 2013, after several weeks of negotiations with an interested party, a conditional offer to buy this property was accepted by NCLL and the Monitor. The purchaser has made a deposit with the Monitor and is currently performing due diligence on the property;
  - iii. Cristal Towers (Homco 105): Homco 105 and the Monitor have retained CBRE to conduct the sale process for Cristal Towers. On January 23, 2013, after several weeks of negotiations with an interested party, a letter of intent to acquire the property has been accepted by Homco 105 and the Monitor. A conditional agreement of purchase and sale is currently being circulated and, once executed, will result in the purchaser paying a deposit and starting its due diligence on the property;
  - iv. Homburg Springs West (Homco 94): The Monitor, Homco 94 and CBRE are continuing to market the property for sale and to date, offers have yet to be received;
  - v. Homburg Springs East (Homco 52): The Monitor, Homco 52 and CBRE are continuing to market the property for sale and to date, offers have yet to be received;

- vi. Kai Towers (Homco 88): The Monitor, Homco 88 and CBRE are continuing to market the property for sale and to date, offers have yet to be received; and
  - vii. Henderson Farms (Homco 121): The HII Group and the Monitor are currently in discussions with several brokers with the intent of determining shortly a strategic plan for realizing value with respect to this property, if any.
14. As mentioned in the Eighteenth Monitor's Report, the Monitor requested that Centron Construction Corp. ("CCC"), which acted as agent for the HII Group in relation to most of its projects in Alberta is in possession of documents and information in relation to certain Canadian properties, provide the Monitor with such documents and information. On January 21, 2013, the Monitor received from CCC a series of documents and information in relation to the Points North property and was informed that documents and information in relation to other properties would be forthcoming. In the event that such documents are not received shortly, the Monitor will seek assistance of the Court in relation to this matter.

### US Properties

15. Although HII and CBRE have entertained discussions with the interested party that submitted a pre-emptive offer on the entire HHUS asset portfolio, HII and CBRE decided to list the properties at \$18M.
16. The Monitor will continue to report on material developments to the Court.

### ***GLOBAL SETTLEMENT WITH THE COMINAR GROUP AND RELATED SALE TRANSACTION IN RELATION TO THE CENTRON PARK PROPERTY***

17. As indicated in the previous Monitor's Reports, a number of issues and disputes were pending involving Cominar REIT and their related entities (collectively, the "**Cominar Group**"). Amongst others:
- i. On May 30, 2012, the Monitor filed a Motion for directions in relation to Security granted in favour of Canmarc REIT (the "**Canmarc Motion for Directions**") and, on July 20, 2012, the Cominar Group filed an Intervention and Contestation of said motion (the "**Cominar Contestation**");
  - ii. On June 13, 2012, following notices of disclaimers in relation to four (4) head leases, the Cominar Group filed a Motion for an Order Preventing the Debtors to Disclaim certain Head Leases (together with the Canmarc Motion for Directions and the Cominar Contestation, the "**Cominar Proceedings**");
  - iii. On July 13, 2012, in the course of the "general" claims process, the Cominar Group filed proofs of claim pertaining to 13 different issues, many against various HII Parties, totaling more than \$67M (without duplicating the amounts of the claims filed against multiple HII Parties);
  - iv. On January 18, 2013, in the course of the claims process pertaining to Homco 190 and Homco 191, the Cominar Group filed four (4) proofs of claim (duplicating some of the ones already filed against other entities), totaling more than \$18M; and

- v. Most of the proofs of claim filed were litigious and/or contingent or unliquidated, such that they would likely have resulted in litigation.
18. In parallel, the Cominar Group, which already owns buildings 1, 2 and 3 of the Centron Park property (following a transaction with the HII Group prior to the filing date), claimed to benefit from an option to acquire and a right of first refusal over buildings 4 and 5, owned by CP. In the context of the sale of the HII Group's non core assets, the Cominar Group manifested a serious interest in buying this property from CP.
  19. It is in this context that, over the past few months, the Monitor, the HII Group and the Cominar Group entertained discussions and negotiations in an attempt to reach a global settlement of all of the pending issues involving the Cominar Group.
  20. On January 30, 2013, the HII Group, the Monitor and the Cominar Group reached an agreement in principle to settle the Cominar Proceedings and all the proofs of claim of the Cominar Group, and for the sale of the Centron Park property (the "**Cominar Global Settlement**").
  21. The Cominar Global Settlement, provides that :
    - i. The Centron Park property will be sold to Cominar for a purchase price of \$20.5M;
    - ii. All the claims filed by the Cominar Group against the HII Parties, whether secured or unsecured, and the Cominar Proceedings are being settled as follows:
      - a. A lump sum payment of approximately \$6.2M to be paid from the amounts held in escrow totaling \$24,414,341 with Osler (namely approximately \$1.6M held by Osler Calgary following the sale of building 1, 2 and 3 of the Centron Park property and approximately \$4.6M held by Osler Montréal following the acquisition of the Canmarc Reit units by the Cominar Reit). The balance of the funds held in escrow will be released to Homco 199, and will eventually increase the Cash Pool to be distributed pursuant to the Plan;
      - b. An unsecured proven claim against HII for an amount of approximately \$1.6M; and
      - c. HII will assign all of its rights, if any, in the movable assets located in the Holman Grand Hotel (the "**Hotel Assets**").
  22. The Monitor is of the view that the Cominar Global Settlement's terms and conditions are fair, reasonable and in the best interest of the HII Group's stakeholders in general.
  23. More particularly, the Monitor is of the view that the terms for the sale of the Centron Park property (the "**Centron Park Sale**"), are reasonable and favorable for HII and CP and their stakeholders, for the following reasons:
    - i. This sale is consistent with the HII Group's restructuring plan, namely to dispose of its Non-Core Assets for the benefit of its stakeholders;
    - ii. The purchase price falls within the range of values obtained by the Monitor for the Centron Park property, from four different real estate brokers, when it was contemplated that a broker would be hired for the sale of this property;

- iii. Absent the Centron Park Sale, additional costs would be incurred by CP, namely in relation to commission fees, ongoing municipal taxes and mortgage interest in the context of a sale process. These incremental costs could vary between \$300K and \$750K.
  - iv. The Centron Park Sale allows the conclusion of the Cominar Global Settlement, which is fair and reasonable and in the best interest of the HII Group and their stakeholders.
24. In light of the estimated liquidation value of the Hotel Assets, the carrying costs of the Hotel Assets and the outstanding factual and legal issues pertaining to rights over same, and in view of the fact that the assignment of HII's rights in the Hotel Assets allows the conclusion of the Cominar Global Settlement, the Monitor is of the view that the assignment of the Hotel Assets should be authorized by the Court.

#### ***FILING OF HOMCO 61***

25. The HII Group seeks to add Homco 61 as an Applicant Partnership pursuant to the Initial Order and to amend the Claims Process Order. Homco 61 is insolvent as it is unable to meet its obligations as they become due.
26. The HII Group, in consultation with the Monitor, established that the outstanding claims against Homco 61 should be addressed within the CCAA proceedings.
27. Depending on the outcome of the claims process and of other pending issues, Homco 61 may be added as a party to the Plan.

#### ***FILING OF CASTELLO***

28. Castello Development LTD. ("**Castello**") is to be amalgamated into HII as part of the steps leading to the implementation of the Plan.
29. As such, it is necessary to add Castello to the Applicant Partnerships and amend the Claims Process Order to include this entity with a view to determining and settling any claims, including the intercompany claims between and among Castello and HII.

#### ***BANKRUPTCIES OF HOMCO 71, HOMCO 72 AND HOMCO 76***

30. In the course of the CCAA proceedings, the HII Group made a thorough analysis of its portfolio with a view to identify non-core properties.
31. As already mentioned in previous Monitor's Reports, starting in June, 2012, HII halted the funding of the operating deficits of most of the non-core properties, including the property held directly by Homco 71, Homco 72 and Homco 76.
32. On December 31, 2012, considering that no agreement could be reached with ABN on acceptable financing terms going forward, each of Homco 71, Homco 72 and Homco 76 filed voluntary assignments into bankruptcy. Deloitte & Touche Inc. was appointed as trustee (the "**Trustee**").
33. On January 18, 2013, the first creditors' meetings were held in each of these bankruptcies out of Halifax, Nova Scotia where the respective Homcos have their head office, and in parallel by videoconference in Amsterdam, the Netherlands, given that the bankrupt Homco's properties are located in the Netherlands as are most of their creditors.



34. During the creditors' meetings, the Trustee confirmed having obtained legal opinions confirming the validity and enforceability of ABN's security. Hence the Trustee confirmed having no interest in the secured assets of the bankrupts, namely the properties, the rent receivables and the movable assets located in the properties, given the fact that there was no interest for the estate. The Trustee will realize upon the other nominal assets of the bankrupts, for the benefit of the estate, in accordance with the *Bankruptcy and Insolvency Act*.

#### ***MOTION FOR DIRECTIONS ON TABERNA NOTES SUBORDINATION***

35. As indicated in the Eighteenth Report, the HII Group, the Monitor, the Taberna Noteholders and the Trustees had agreed that HII would bring a motion for directions in relation to the ranking of the claims of the Taberna Noteholders and their treatment in the Plan.
36. On December 18, 2012, HII filed a Motion for Directions in relation to the treatment of the Taberna Noteholders under the Plan, which motion was amended on January 25, 2013 (the "**Taberna Motion for Directions**").
37. The Plan provides that the treatment of the Taberna Noteholders' claims will be in accordance with the final order of the Court on the Taberna Motion for Directions.

## **II. HII PARTIES' OPERATIONS**

### ***INTERCOMPANY CLAIMS***

38. The HII Group is a complex structure composed of more than 100 entities, with a centralised cash management and numerous intercompany transactions. As explained in the Motion for an Initial Order and in previous Monitor's Reports, the cash management of the HII Group was rendered even more complex by the fact that most entities did not have a distinct bank account, such that their cash was held by HII. This situation was resolved following the closing of the Purchase Agreement.
39. Over the course of the past few months, seeing the potential significant impact of the intercompany claims on the treatment of the HII Group's stakeholders, the HII Group, in collaboration with the Monitor, undertook a thorough exercise of revision of all intercompany claims involving the HII Parties. This exercise is now completed in respect of the vast majority of the HII Group entities, such that, on February 4, 2013, the HII Group amended certain proofs of claim filed (downward (mainly) or upward as the case may be), withdrew others, and seeks the authorisation of the Court to file "late" proofs of claim, given the context and in fairness to the HII Group's stakeholders.
40. The Monitor supports the request of the HII Group to file additional proofs of claim, as this allows a fair treatment of all HII Group's stakeholders and portrays the actual intercompany claims between the HII Parties as at the filing date.

### ***SALE OF THE HOMCO 92 PROPERTY***

41. Homco 92 is the owner of a single commercial building located in 't Harde, in the Netherlands (the "**Homco 92 Property**");
42. The Homco 92 Property is a non-core property financed by FGH which holds security thereon.

43. FGH was actively involved in the discussion in relation to the sale of the Homco 92 Property and instructed Homco 92 to proceed with a sale as it would not renew its loan and requested payment of the loan by November 2012. FGH consented to postponement of this date in light of the imminent sale of this property.
44. Negotiations in view of a sale began when Homco 92 received an unsolicited offer to purchase. Following negotiations as part of which the Monitor was consulted, Homco 92 and Mogema entered into a Purchase Agreement providing for an “as is, where is” sale of the Homco 92 Property for €6,125K (the “**Homco 92 Transaction**”).
45. The closing of the Homco 92 Transaction is subject to the approval of the Monitor and of the Court at the request of the purchaser.
46. The Monitor supports the analysis of the HII Group and approves the Homco 92 Transaction, which will allow Homco 92 to satisfy its outstanding debt towards FGH, after which approximately €2.8 million of net proceeds will remain. This will allow for a substantial distribution to HII (on the basis of a large intercompany claim) and to other creditors of Homco 92.
47. In light of the foregoing, the Homco 92 Transaction is in the best interest of Homco 92, the HII Group and their stakeholders.

### **III. DEVELOPMENTS WITH THE AFM**

48. On December 14, 2012, Dutch counsel for HII received a letter from the AFM, in which the latter expressed its concern regarding the delay in the filing of the Plan. The AFM further stated that this delay might lead AFM to reconsider its position on suspending its decision on HII's objections against the revocation of its license. Finally, the AFM noted that since the eventual Plan contemplated that HII would no longer be licensed as it is the shares of Newco that will be issued to the creditors, it may no longer have an interest in pursuing its objections.
49. After this letter, HII's Dutch counsel has had various further discussions with the AFM, reporting on the progress of the filing of the Plan. In these discussions, the AFM has indicated that it is currently satisfied with this progress and it will not take any further action without prior notice to HII. The decision of the AFM on the objections of HII is therefore still pending.

### **IV. LETTER OF INTEREST RECEIVED FROM CATALYST**

50. On January 25, 2013 and January 31, 2013, HII received letters from Catalyst expressing its interest to act as a financial sponsor of the plan of arrangement of HII (the “**Catalyst LOI**”).
51. On January 29, 2013 and February 5, 2013, HII responded to the Catalyst LOI and updated LOI by stating that, at this stage of the restructuring process where HII is ready to file its Plan, HII does not consider that the Catalyst LOI includes sufficient details to justify diverting management's attention from the ongoing restructuring process.
52. The Monitor is also informed that Catalyst made a public offer to buy the position of some of the Bondholders, up to a certain threshold.

## V. OVERVIEW OF THE PLAN

53. As mentioned in the HII Parties' Motion for extension a draft version of the Plan will be filed with the Court by the Debtor at the hearing.
54. The following is a brief overview of the main aspects of the Plan. A more comprehensive report including the Monitor's recommendation to the Affected Creditors in relation to the Plan will be issued once the information circular is completed and the meeting order sought, which is expected to occur at the end of February 2013.
55. The creditors affected by the Plan are creditors with Proven Claims against HII, Shareco, Homco 190, Homco 191 and Homco 199 (the "**Affected Creditors**"). Each Affected Creditor with a Proven Claim will be allowed to vote on the Plan and classified in a single class of unsecured creditors. Certain creditors, due to the attributes of their claims, are classified as unaffected creditors under the Plan and will not participate in the Plan.
56. The HII Group has been working at segregating its portfolio between (i) the Core Assets that will form part of the restructured portfolio of Newco upon emergence, including the assets held by Homco 69, Homco 70, Homco 86, Homco 87, Homco 110 and the Baltics and (ii) the Non-Core Assets, including all other assets, that will be disposed of. The objective of the Plan is that HII's creditors benefit from both the future value of the Core Assets as shareholders of Newco and the realization of the Non-Core Assets, to the extent that HII has an economic interest in same, either as unsecured creditor, limited partner or shareholder.
57. In addition to this recovery coming from Core Assets and Non Core Assets, the Affected Creditors will be entitled to a distribution of the Cash Pool, namely the cash of HII and Shareco available as at the Plan Implementation Date, net of certain Cash Reserves as explained hereunder.
58. Finally, as a fourth source of potential recovery for the Affected Creditors, a Litigation Reserve of \$500K will be created in order to fund the investigation and assessment of any Creditor Causes of Action or Litigation Claims and the litigation settlement of the Litigation Claims, namely any claims that may be asserted by HII, Shareco, Homco 190, Homco 191, Homco 199 or by the Monitor under section 36.1 of the CCAA or sections 95 to 101 of the *Bankruptcy and Insolvency Act*.
59. From and after the Plan Implementation Date, the Affected Creditors with Proven Claims will receive their respective pro rata share of the following:
  1. Newco Common Shares;
  2. The Cash Pool; and
  3. The Asset Realization Cash Pool (comprised of the net proceeds realized from the Non-Core Assets and the Litigation Proceeds).
60. The Plan provides that Affected Creditors with Proven Claim(s) totaling \$10K in the aggregate (referred to as a "Convenience Class Claim") will have the option to elect to receive a single cash distribution representing 35% of their Convenience Class Claim, instead of their pro rata share of the Newco Common Shares, the Cash Pool and the Asset Realization Cash Pool. This measure is expected to cost less than \$50K and will effectively only apply to small Canadian creditors."

61. Affected Creditors will receive distributions in full satisfaction of their Proven Claims. On the Plan Implementation Date, all Claims against HII, Shareco, Homco 190, Homco 191 and Homco 199, other than Unaffected Claims, will be affected and compromised, settled, released and discharged in accordance with the terms of the Plan.
62. The Monitor, based on the information available as at this date and a number of hypotheses, has analysed the data and multiple variables which may have an impact on the recovery of the Affected Creditors at emergence (namely the value of the Newco Common Shares and the Cash Pool) and post-emergence (namely the Asset Realization Cash Pool, net of the Litigation Proceeds as this figure is too uncertain at this stage). Appendix B presents the estimated ranges of recoveries for the unsecured creditors and each Series of Mortgage Bondholders.
63. The Cash Pool will be net of certain Cash Reserves to be established, namely the Administrative Reserve (to cover administrative costs and certain other contingencies and to ensure the payment of Unaffected Creditors), the Dispute Claims Reserve (for the holders of Disputed Claims to the extent they would become Proven Claims), the Litigation Reserve (an amount of \$500K) and the Disputed Claims (Asset Realization) Reserve.
64. In addition to these Cash Reserves, a Disputed Claims (Newco Shares) Reserve will be created for the holders of Disputed Claims, to the extent that they would become Proven Claims. This reserve will be held by the Monitor for the purposes of distributing such Newco Common Shares to Affected Creditors in respect of their Disputed Claims would have become Proven Claims. Any remaining Newco Common Shares from the Disputed Claims (Newco Shares) Reserve which are associated with a Disputed Claim that does not become a proven claim will be cancelled for no consideration.
65. The Plan also provides for a series of corporate transactions to occur prior to the Plan Implementation Date.
66. Upon the Plan Implementation Date a committee will be formed to advise on the liquidation of non-core and underperforming assets (the “**Liquidation Advisory Committee**”). The Monitor will meet with the Liquidation Advisory Committee at least semi-annually or more frequently as the Monitor deems necessary to facilitate the Plan.

## **VI. DEBTORS’ CASH FLOWS FROM NOVEMBER 25, 2012 TO JANUARY 19, 2013**

67. The purpose of this section is as follows:
  - i. Provide budget to actual analysis highlights by Debtor for the period from November 25, 2012 to January 19, 2013; and
  - ii. Provide commentary on the variances by Debtor.

### **OVERVIEW**

68. 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 November 25, 2012 to January 19, 2013:

Cash variation for the period from November 25, 2012 to January 19, 2013 (C\$000)						
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Surplus (funding) between HII and its non-Petitioners	Surplus (funding) between HII and its Petitioners	Adjusted closing cash balance
Homburg Invest Inc.	28,093	(9,772)	18,321	159	-	18,480
Homburg Shareco Inc.	39	-	39	-	-	39
Churchill Estates Development Ltd.	1,620	1,034	2,654	-	-	2,654
Inverness Estates Development Ltd.	488	-	488	-	-	488
CP Development Ltd.	458	(22)	436	-	-	436
North Calgary Land Ltd.	1	-	1	-	-	1
Total	<u>30,699</u>	<u>(8,760)</u>	<u>21,939</u>	<u>159</u>	<u>-</u>	<u>22,098</u>

69. For the budget to actual cash flow forecast analysis of HII, ShareCo, Churchill, Inverness, CP and NCLL for the period from November 25, 2012 to January 19, 2013, and commentary in respect of the analysis performed, please refer to Appendix C.
70. 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 January 19 and January 31, 2013:
- i. Payment of restructuring related professional fees of \$1,612.5K
71. As of the date of this report, all appropriate and approved post-filing expenses were paid, and will continue to be paid, in the normal course out of the respective entity's working capital.

### HII

72. Total cash inflows for HII were \$76.9K for the period noted, while total cash outflows were \$9,848.7K, which resulted in a negative net cash variation of \$9,771.8K compared to a budgeted negative net cash variation of \$11,130K. This positive variance of \$1,358.2K is mainly due to the favorable variance from the payment of lower than budgeted professional fees, partially offset by the non-receipt of GST/HST refunds of \$600K.

### ShareCo

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

### Churchill

74. For the period noted, total cash inflows for Churchill were \$1,128.8K and total cash outflows were \$95.2K, which resulted in a positive net cash variation of \$1,033.6K compared to a budgeted positive net cash variation of \$1,027.4K. The positive variance of \$6.2K is not significant.

### Inverness

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

CP

76. For the period noted, total cash inflows for CP were nil and total cash outflows were \$22K, which resulted in a negative net cash variation of \$22K compared to a budgeted positive net cash variation of \$20K. The unfavorable variance of \$42K is mainly due to timing.

NCLL

77. For the period noted, total cash inflows for NCLL were nil and total cash outflows were nominal at \$0.5K which resulted in a negative cash variation of \$0.5K, compared to a budgeted net cash variation of nil. The unfavorable variance of \$0.5K is due to unbudgeted professional fees.

Cash budgeting

78. Since the Eighteenth Report, the HII Group, with the support of the Monitor, has continued to perform budget to actual analysis for the six Debtors on a weekly basis.
79. 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.
80. 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.
81. The table below provides the estimated cash balance analysis as at January 31, 2013:

**Homburg Invest Inc.**  
**Estimated cash balance for the period ending January 31, 2013**

(all amounts stated in CAD)	Amount
<b>ACTUAL OPENING CASH BALANCE AS AT JANUARY 20, 2013</b>	<b>A 22,097,798</b>
<b><u>Forecasted cash inflows/(outflows) - January 20, 2013 to January 31, 2013</u></b>	
<b>Net cash inflow/(outflow) - Debtors</b>	
Net cash inflow/(outflow) - HII	(3,806,462)
Net cash inflow/(outflow) - ShareCo	-
Net cash inflow/(outflow) - Churchill	(14,245)
Net cash inflow/(outflow) - Inverness	-
Net cash inflow/(outflow) - CP	(10,000)
Net cash inflow/(outflow) - NCLL	-
Total net cash inflow/(outflow) - Debtors	<b>B (3,830,707)</b>
Net cash inflow/(outflow) - Canadian entities excluding Debtors	<b>C (28,550)</b>
<b><u>Payments in transit</u></b>	
HII - Wires in transit as at January 20, 2013	(93,069)
HII - Estimated outstanding cheques as at January 20, 2013	(899,062)
Holman - Estimated outstanding cheques as at January 20, 2013	(16,228)
Less: Total payments in transit	<b>D (1,008,359)</b>
<b>TOTAL NET CASH INFLOWS/(OUTFLOWS) - JANUARY 20, 2013 to JANUARY 31, 2013</b>	<b>E=B+C+D (4,867,616)</b>
<b>ESTIMATED ENDING CASH BALANCE AS AT JANUARY 31, 2013, BEFORE OTHER ADJUSTMENTS</b>	<b>F=A+E 17,230,182</b>
<b>Net adjustment for disbursements/(receipts) not expected to occur from January 20, 2013 to January 31, 2013</b>	<b>G -</b>
<b>ESTIMATED ENDING CASH BALANCE AS AT JANUARY 31, 2013, AFTER OTHER ADJUSTMENTS</b>	<b>H =F+G 17,230,182</b>

## **VII. ACTIVITIES OF THE MONITOR**

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

### ***CASH FLOW MONITORING***

82. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Nineteenth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from November 25, 2012 to January 19, 2013 has been prepared together with commentary of cash variances, as presented in Appendix C.
83. 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.
84. 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***

85. 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.
86. 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***

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

### ***STAY NOTICES***

88. 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 Nineteenth Report and since the Eighteenth Report, the Monitor has not been advised of any additional proceedings filed against HII for which a Stay Notice needed to be served and filed with the respective Court.

### ***UPDATE ON CLAIMS PROCESS***

89. As elaborated in previous Monitor's Reports, the Monitor initially received 233 claims representing a total of \$2,066,727,037, including Intercompany Claims as well as Duplicate Claims.
90. Since the date of the Eighteenth Report, the Monitor has sent 21 additional notices of revision or disallowance to creditors in the form and manner prescribed by the Claim Process Order, 18 of which pertaining to claims filed in respect of the termination of head leases and subleases in relation to the Jamieson Place and the Canoxy Place. Those 21 notices add up to the 33 notices that were sent before and without an appeal having been received. Out of these 21 notices: (i) 17 are finally determined since the delay to file an appeal expired without an appeal having been received,

(ii) one (1) is the object of an appeal (as elaborated hereunder) and (iii) three (3) has recently been sent such that the delay to file an appeal has not yet expired.

91. On February 1, 2013, Statoil Canada Ltd. (“**Statoil**”) filed a Motion to Dispute the Notice of Revision or Disallowance (the “**Statoil Motion**”), which motion contests one aspect of the Notice of Revision or Disallowance of Statoil’s claim sent by the Monitor on December 19, 2012 (the “**Statoil Notice**”). The Statoil Notice revised or disallowed certain portions of Statoil’s proof of claim, which is divided in many categories, such that, in the aggregate, Statoil’s claim should be reduced from \$39,750,916 to \$24,834,326. The Statoil Notice provided that the delay to file an appeal was January 14, 2013.
92. At the beginning of January 2013, Statoil’s counsel approached the Monitor’s counsel in order to solicit without prejudice discussions on the Statoil Notice and seek an extension of the delay to file an appeal pending these discussions. As indicated in the Statoil Motion, the core of the dispute on the Statoil Notice pertains to the rate used by the Monitor to discount the portion of Statoil’s claim pertaining to future losses resulting from the consequences of the disclaimers by HII of the assignment of the head lease and the subleases in relation to the Canoxy Place, the whole pursuant to the Judgment on Re-Assignment and Assignment of Agreements and Release of Obligations dated December 5, 2011.
93. The additional elements and arguments raised by Statoil in the course of its discussions with the Monitor did not satisfy the Monitor (nor Deloitte’s experts in valuation and quantification of damages consulted by the Monitor) that it would be justified to modify the discount rate used in the Statoil Notice. It is important to note that the discount rate used to quantify Statoil’s restructuring claim is the same as the one used in all the Notices of Review or Disallowance concerning restructuring claims (relating to future losses) in respect of the Jamieson Place and the Canoxy Place. On January 27, 2013, the Monitor advised Statoil accordingly, while providing the basis of its position, and gave a final extension of the delay to file an appeal up to February 1, 2013.
94. As elaborated above, in the context of the discussions and negotiations having led to the Cominar Global Settlement, the Monitor, along with the HII Group, has finalized the review of the claims filed by the Cominar Group, which are now being settled by the Cominar Global Settlement, subject to the approval of the Court.
95. The Monitor, along with the HII Group, is still in the process of finalizing the review of certain claims received. The Monitor expects that its review will be completed within the coming weeks.
96. As for the Intercompany Claims, a Motion in that respect has been filed, as described hereinabove.

### **FORENSIC REVIEW**

97. Deloitte & Touche s.e.n.c.r.l. (“**Deloitte Forensic**”) has reviewed 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 raised by the issuance of Bonds 4 to 11 (including in relation to the acquisitions of properties) and review the payments and receipts related to entities controlled by Richard Homburg.
98. Although there are still certain procedures that need to be completed, Deloitte Forensic has mostly completed its work. On January 28, 2013, Deloitte Forensic and the Monitor shared the preliminary conclusions of the forensic analysis with the Bondholder’s Trustee. At the Trustees’ request,



Deloitte Forensic and the Monitor will do a presentation of their conclusions during a Bondholders' meeting scheduled on February 13, 2013.

## VIII. EXTENSION OF THE STAY PERIOD

### OVERVIEW

99. Pursuant to the Eighth Extension Order, the Stay Period was extended until February 8, 2013.
100. The HII Parties notified the Monitor of their intention to request a ninth extension of the Stay Period until February 28, 2013 (the "**Ninth Extension Period**"). This extension will allow, amongst other things, (i) to complete the drafting of the information circular and the Monitor's report in respect of the Plan, (ii) to continue the negotiations with the mortgage lenders, (iii) to complete the review of all or most of the claims not being finally determined, (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 the non-core assets.
101. It is the Monitor's opinion that it is necessary to provide the HII Parties with the Ninth Extension Period in order to ensure that the HII Parties continue their progress towards emergence CCAA in the best interests of their stakeholders. The Monitor considers the HII Parties' restructuring process to be progressing well; however, more time is required in order to complete said restructuring.

### EXTENDED 4-WEEK CASH FLOW FORECASTS

102. Management has provided the Monitor with new cash flow forecasts for the Ninth Extension Period. Management has adjusted the projected cash flows for the Debtors to March 2, 2013, corresponding to the end of the Ninth Extension Period.
103. The extended 4-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 D.
104. Presented in the table below is a summary of the forecasted cash variations for each of the Debtors:

Extension - 4-week period ending March 2, 2013				
(C\$000)	Forecasted opening cash balance (Appendix D) as at January 31, 2013	Forecasted cash variation for the 4-week period (Appendix D)	Funding between HII and its non-Petitioners	Forecasted closing cash balance as at March 2, 2013
Homburg Invest Inc.	13,637	(5,789)	821	<b>8,669</b>
ShareCo Inc.	39	-	-	<b>39</b>
Churchill Estates Development Ltd.	2,640	-	-	<b>2,640</b>
Inverness Estates Development Ltd.	487	-	-	<b>487</b>
CP Development Ltd.	426	-	-	<b>426</b>
NCLL	1	-	-	<b>1</b>
Total	<u>17,230</u>	<u>(5,789)</u>	<u>821</u>	<u><b>12,262</b></u>

### HII

105. Forecasted cash inflows for the period are nil and forecasted cash outflows for the period are \$5,788.9K, resulting in a net cash outflow of \$5,788.9K. This net outflow mainly results from no cash inflows and important restructuring related outflows, composed primarily of professional fees, payroll, office and administrative expenditures.

106. The Monitor was notified by Management that CRA has once again begun to hold HII's GST/HST refunds, which represented a significant cash inflow in recent months. As a result, HII does not have any cash inflows for the 4-week period. Management is currently in contact with CRA to determine the reason why refunds are being held.
107. The payroll figures included in the cash flow forecast reflect the salaries of HII's employees.
108. 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.
109. As of the date of this Nineteenth Report, all expenses incurred to date and going forward during the Ninth Extension Period have been or will be paid out of the funds available to HII.

#### ShareCo

110. The Monitor does not anticipate any cash inflows or outflows pertaining to ShareCo for the Ninth Extension Period.
111. At the time of this Nineteenth Report, there is nothing that would lead the Monitor to believe that ShareCo will need additional financing to meet current obligations during the Ninth Extension Period.

#### Churchill

112. The Monitor does not anticipate any cash inflows or outflows pertaining to Churchill for the Ninth Extension Period.
113. At the time of this Nineteenth Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet current obligations during the Ninth Extension Period.

#### Inverness

114. The Monitor does not anticipate any cash inflows or outflows pertaining to Inverness for the Ninth Extension Period.
115. At the time of this Nineteenth Report, there is nothing that would lead the Monitor to believe that Inverness will need additional financing to meet current obligations during the Ninth Extension Period.

#### CP

116. The Monitor does not anticipate cash inflows or outflows pertaining to CP for the Ninth Extension Period.
117. At the time of this Nineteenth Report, there is nothing that would lead the Monitor to believe that CP will need additional financing to meet current obligations during the Ninth Extension Period.

NCLL

118. The Monitor does not anticipate any cash inflows or outflows pertaining to NCLL during the Ninth Extension Period.
119. At the time of this Nineteenth Report, nothing would lead the Monitor to believe that NCLL will need additional financing to meet current obligations during the Ninth Extension Period.

**CASH POSITION AND USE OF RESTRICTED CASH**

Restricted Cash

120. Pursuant to the Eighteenth Report, no additional funding was requested from Restricted Cash during the Eighth 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 January 19, 2013 has increased from the time of the Eighteenth Report as a result of interest earned of approximately \$148K.

<b>Summary of Restricted Cash Requests (C\$000)</b>			
<b>Monitor's Report</b>		<b>Date</b>	<b>Amount Requested</b>
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)
<b>Net funds available from Cominar sale proceeds</b>			<b>A</b>
			<b>123,074</b>
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)
<b>Total requests from Restricted Cash</b>			<b>B</b>
			<b>(43,300)</b>
<b>Interest on Restricted Cash</b>	Cumulative interest received		<b>C</b>
			<b>948</b>
<b>Ending balance of Restricted Cash as at December January 19, 2013</b>			<b>=A+B+C</b>
			<b>80,722</b>

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

Analysis of HII's cash funding requirements and results

121. 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 March 2, 2013.
122. The table below provides an overview of the estimated cash position of HII as at March 2, 2013:

Number of weeks presented: 4 weeks		February 1, 2013 to March 2, 2013 (4-week period)
(all amounts stated in CAD)		Forecast
<b>Estimated opening cash balance as at February 1, 2013</b>	<b>A</b>	<b>17,230,182</b>
<b>Net cash flow by Debtor - February 1, 2013 to March 2, 2013</b>		
Net cash inflow/(outflow) - HII		(5,788,924)
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Churchill		-
Net cash inflow/(outflow) - Inverness		-
Net cash inflow/(outflow) - CP		-
Net cash inflow/(outflow) - NCLL		-
<b>Net cash inflow/(outflow) - Debtors</b>	<b>B</b>	<b>(5,788,924)</b>
<b>Net cash flow by other Canadian entities - February 1, 2013 to March 2, 2013</b>		
Net cash inflow/(outflow) - Others Canada		821,468
<b>Net cash inflow/(outflow) - HII Group excluding Debtors</b>	<b>C</b>	<b>821,468</b>
<b>ESTIMATED TOTAL CASH INFLOW/(OUTFLOW) - ALL ENTITIES</b>	<b>D=B+C</b>	<b>(4,967,456)</b>
<b>ESTIMATED Surplus (Deficit) CASH from February 1, 2013 to March 2, 2013</b>	<b>E=A+D</b>	<b>12,262,726</b>

123. The opening forecasted cash balance as at January 31, 2013 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 January 20, 2013.
124. For the period ending March 2, 2013, it is forecasted that HII will have a cash surplus of \$12,262,7K. 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 March 2, 2013, please refer to Appendix D of this Nineteenth Report. Please note that the analysis does not account for timing variances that may have occurred prior to the proposed Ninth 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 January 2013 for the HII Group entities, is not available to Management and the Monitor at this time of this report.
125. 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.

## IX. CONCLUSIONS AND RECOMMENDATIONS

126. 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.
127. It is the Monitor's opinion that, for the reasons further elaborated in this Nineteenth Report:
- i. an extension of the Stay Period to February 28, 2013 should be granted to ensure that the HII Parties are able to implement certain essential restructuring initiatives and pursue the contemplated plan of arrangement with their creditors; and
  - ii. H61 and Castello should be added to the Applicant Partnerships.

- iii. The Court should pray act of Cominar Global Settlement, authorize payments and transaction contemplated thereunder, including without limitation the Centron Park Sale and granted the associated vesting order.

128. 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 get the Plan approved by its creditors and, in the case of HII, emerge from CCAA.

The Monitor respectfully submits this Nineteenth Report to the Court.

DATED AT MONTREAL, this 5<sup>th</sup> day of February, 2013.



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 (190) LIMITED PARTNERSHIP  
HOMCO REALTY FUND (191) LIMITED PARTNERSHIP  
HOMCO REALTY FUND (199) LIMITED PARTNERSHIP

## APPENDIX B

### Homburg Invest Inc. Estimated dividend per Proposed Restructuring Plan Draft for discussion purposes only

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## Disclaimer

*The estimated dividend presented in this document is based on prospective financial information. This information is not fact and should not be relied upon as being necessarily indicative of future results.*

*The underlying assumptions and estimates used in these calculations are inherently uncertain and, though considered reasonable by Homburg Invest Inc. ("HII"), as at the date of its preparation, are subject to a wide variety of significant business, economic, market, timing and competitive risks and uncertainties. No representation is made with regard to the accuracy or completeness of these assumptions and estimates, which may materially impact the information contained in this document.*

*While the information contained in this document is believed to be accurate or derived from information that is believed to be accurate, as at the date hereof, there shall be no liability arising from representations, expressed or implied, contained in, or for omissions from, this document or any information used to prepare this document or any other written or oral communication transmitted.*

*These tables speak as of the date of this Nineteenth Report. The presentation of these tables does not create any obligation to update any of the information contained herein.*

*The estimated dividend presented in these tables assume that secured creditor have valid and enforceable security. In the event that certain security would be determined invalid or ranking behind certain other alleged debts (e.g. construction liens), the estimated net realization values will differ, and consequently, the respective creditors' recovery will differ.*

*The estimated dividend presented in these tables assumes that the Taberna junior subordinated notes are subordinated to payment in full of the Mortgage Bonds and the Corporate Bonds. It also assumes that the Capital Securities A are fully subordinated to payment in full of all unsecured creditors. In the event that any of the subordination provisions are determined to be inapplicable or treated differently, the respective creditors' recovery will differ accordingly.*

*The claims process, which has not yet been completed, shall confirm the amounts owing to creditors. Following confirmation of all claims, including the intercompany claims, the respective creditors' recovery may materially differ.*



APPENDIX B (continued)

Subject to previous page disclaimer

Hill Consolidated Estimated dividend for unsecured creditors In Euros (000)	At emergence (May 31, 2013)		Post-Emergence		Total	
	Low	High	Low	High	Low	High
<b>Estimated net realization value for unsecured creditors</b>	<b>54,689</b>	<b>56,171</b>	<b>29,940</b>	<b>46,685</b>	<b>84,629</b>	<b>102,856</b>
Unsecured creditors	539,957	527,173	-	-	539,957	527,173
<b>Estimated dividend</b>	<b>40.97%</b>	<b>46.10%</b>	<b>5.54%</b>	<b>8.86%</b>	<b>46.51%</b>	<b>54.96%</b>
In cash	10.13%	10.66%	5.54%	8.86%	15.67%	19.51%
In shares	30.84%	35.45%	0.00%	0.00%	30.84%	35.45%

Hill Consolidated Estimated dividend for bondholders	At emergence (May 31, 2013)		Post-Emergence		Total	
	Low	High	Low	High	Low	High
<b>Cash</b>						
HB4	8.70%	7.45%	26.66%	42.69%	35.36%	50.15%
HB5	20.98%	21.52%	5.42%	8.67%	26.40%	30.19%
HB6	11.13%	11.74%	6.10%	9.76%	17.23%	21.49%
HB7	8.01%	6.24%	32.46%	51.99%	40.47%	58.23%
Non-asset backed bonds	11.13%	11.74%	6.10%	9.76%	17.23%	21.49%
<b>Shares</b>						
HB4	33.90%	39.05%	0.00%	0.00%	33.90%	39.05%
HB5	33.90%	39.05%	0.00%	0.00%	33.90%	39.05%
HB6	33.90%	39.05%	0.00%	0.00%	33.90%	39.05%
HB7	33.90%	39.05%	0.00%	0.00%	33.90%	39.05%
Non-asset backed bonds	33.90%	39.05%	0.00%	0.00%	33.90%	39.05%
<b>Total cash and shares</b>						
HB4	35.18%	32.25%	26.66%	42.69%	61.84%	74.94%
HB5	51.13%	56.24%	5.42%	8.67%	56.55%	64.91%
HB6	45.04%	50.79%	6.10%	9.76%	51.13%	60.54%
HB7	32.39%	27.02%	32.46%	51.99%	64.85%	79.01%
Non-asset backed bonds	45.04%	50.79%	6.10%	9.76%	51.13%	60.54%

## APPENDIX C

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 November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
REIT distributions	-	-	-
REIT unit sale proceeds	-	-	-
GST/HST received	-	600.0	(600.0)
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	76.9	-	76.9
<b>Total cash inflows</b>	<b>76.9</b>	<b>600.0</b>	<b>(523.1)</b>
<b>Cash outflows</b>			
Payroll	405.7	407.9	2.2
Rent expense	21.1	50.0	28.9
Restructuring related professional fees	8,050.9	9,900.0	1,849.1
Insurance	-	-	-
Office & admin	236.3	400.0	163.7
Director fees	106.9	-	(106.9)
KERP	-	134.0	134.0
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	-	-	-
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Hotel insurance	-	4.0	4.0
Other expenditures	1,027.8	834.0	(193.8)
<b>Total cash outflows</b>	<b>9,848.7</b>	<b>11,729.9</b>	<b>1,881.2</b>
<b>Opening cash balance</b>	<b>28,093.7</b>	<b>28,093.7</b>	<b>-</b>
Variation in cash balance	(9,771.8)	(11,129.9)	1,358.1
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<b>18,321.9</b>	<b>16,963.8</b>	<b>1,358.1</b>
<b>Surplus (funding) between HII and its non-Petitioners</b>	<b>158.5</b>	<b>-</b>	<b>158.5</b>
<b>Surplus (funding) between HII and its Petitioners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted ending cash balance</b>	<b>18,480.4</b>	<b>16,963.8</b>	<b>1,516.6</b>

### 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 \$18,480.4K, please note that \$1,623.7K is currently held in the Monitor's trust account as at January 19, 2013. This balance has decreased from \$1,738.5K as at November 24, 2012 as a result of the KERP payment (discussed further below), partially offset by the receipt of interest into this trust account. 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 nil, compared to a budgeted amount of \$600.0K, resulting in an unfavorable variance of \$600.0K. The unfavorable variance is due to delays from the CRA to pay GST/HST refunds.
- Other receipts were \$76.9K, compared to a budgeted amount of nil, resulting in a favorable variance of \$76.9K. The favorable variance is mainly due to receipt of interest on funds held.

#### *Outflows*

- Rent expense was \$21.1K compared to a budgeted amount of \$50.0K, resulting in a favorable variance of \$28.9K. This favorable variance is due to timing.
- Restructuring related professional fees were \$8,050.9K compared to a budgeted amount of \$9,900.0K, resulting in a favorable variance of \$1,849.1K. This favorable variance is due to timing. Several cheques and wires for professional fees totaling approximately \$1,008K were outstanding as of January 20, 2013.
- 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
INVOICE nr 21.2012	Oct 1, 2012 - Oct 31, 2012	\$ 567,214	\$ 567,214
INVOICE nr 23.2012	Nov 1, 2012 - Nov 30, 2012	\$ 515,486	\$ 515,486
VAT Refund <sup>1</sup>	Invoices 3, 4 & 5	€ (70,352)	\$ (86,667)
VAT Refund <sup>1</sup>	Invoices 6, 8 & 10	€ (59,975)	\$ (74,993)
VAT Refund <sup>2</sup>	Invoices 7, 9 & 11	€ (13,800)	\$ (17,256)
VAT Refund <sup>1</sup>	Invoices 12, 15 & 17	€ (54,455)	\$ (70,536)
VAT Refund <sup>2</sup>	Invoices 13 & 16	€ (3)	\$ (4)
<b>Total (Converted on date paid)</b>			<b>\$ 3,484,499</b>
<b>Note 1:</b> VAT refunds were received for Invoices 3, 4, 5, 6, 8, 10, 12, 15 and 17 as no EU VAT was applicable.			
<b>Note 2:</b> 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.			

- Office and administrative expenditures were \$236.3K compared to a budgeted amount of \$400.0K, resulting in a favorable variance of \$163.7K. This variance is mainly due to budgeted IT expenses that have not been incurred during the period and to asset and management fees which were previously paid by HII to HREMS, but are now paid by each individual homco through their GP accounts.
- Director fees were \$106.9K compared to a budgeted amount of nil, which resulted in an unfavorable variance of \$106.9K. This variance is mainly due to timing.
- KERP expenses were nil compared to a budgeted amount of \$134.0K, which resulted in a favorable variance of \$134.0K. In fact, the payment of \$134.5K was made directly from the Monitor's trust account, as previously noted, and not through the HII bank account.
- Other expenditures were \$1,027.8K compared to a budgeted amount of \$834.0K, which resulted in an unfavorable variance of \$193.8K. This variance is mainly due to the payment of tax expenses for the Hotel which was not previously budgeted.

## ShareCo Inc.

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

	For the 8-week period of November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
Mortgage bond issuance	-	-	-
Intercompany transfers (Petitioners)	-	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash outflows</b>			
Interest payments - mortgage bonds	-	-	-
Repayment of Bonds	-	-	-
Intercompany transfers (Petitioners)	-	-	-
<b>Total cash outflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Opening cash balance</b>	<b>39.1</b>	<b>39.1</b>	-
Variation in cash balance	-	-	-
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<u><b>39.1</b></u>	<u><b>39.1</b></u>	<u>-</u>

### ShareCo budget to actual commentary

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

#### *Inflows-Outflows*

- No transactions occurred during the period in ShareCo.

## Churchill

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

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

	For the 8-week period of November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
Condo sales proceeds	1,048.1	1,079.0	(30.9)
GST collected	53.0	54.0	(1.0)
GST ITC refund	-	-	-
Rent	-	-	-
Other Receipts	27.7	-	27.7
<b>Total cash inflows</b>	<b>1,128.8</b>	<b>1,133.0</b>	<b>(4.2)</b>
<b>Cash outflows</b>			
Commissions	54.1	54.0	(0.1)
Advertising	-	-	-
R&M	11.5	4.0	(7.5)
Property tax	6.8	8.4	1.6
Professional fees	-	-	-
Insurance	-	0.5	0.5
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	(4.1)	-	4.1
Condo fees	-	15.6	15.6
GST remitted	26.9	23.0	(3.9)
<b>Total cash outflows</b>	<b>95.2</b>	<b>105.5</b>	<b>10.3</b>
<b>Opening cash balance</b>	<b>1,620.2</b>	<b>1,620.2</b>	<b>-</b>
Variation in cash balance	1,033.6	1,027.5	6.1
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<b>2,653.8</b>	<b>2,647.7</b>	<b>6.1</b>

### Churchill budget to actual commentary

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

#### *Inflows-Outflows*

- Two condo sales occurred as expected during the period. As a result, there were no significant variance in the cash inflows and cash outflows.
- The other receipt is composed mainly of interest received.

## 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 November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
Condo sales proceeds	-	-	-
Other receipts	-	-	-
GST collected	-	-	-
GST ITC refund	-	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash outflows</b>			
Commissions	-	-	-
R&M	-	-	-
Property tax	-	-	-
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	-	-	-
GST remitted	-	-	-
Other expenditures	-	-	-
<b>Total cash outflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Funded opening cash balance</b>	<b>487.2</b>	<b>487.2</b>	-
Adjustment for receipt in prior period	-	-	-
Variation in cash balance	-	-	-
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<u><b>487.2</b></u>	<u><b>487.2</b></u>	<u>-</u>

### Inverness budget to actual commentary

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

#### *Inflows-Outflows*

- No 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 November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
Costs reimbursed from escrow	-	40.0	(40.0)
GST refund from previous months	-	-	-
Other receipts	-	-	-
<b>Total cash inflows</b>	<b>-</b>	<b>40.0</b>	<b>(40.0)</b>
<b>Cash outflows</b>			
Construction costs (1,2&3)	4.3	-	(4.3)
Construction costs (4&5)	17.7	20.0	2.3
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Property tax	-	-	-
Other expenditures	-	-	-
<b>Total cash outflows</b>	<b>22.0</b>	<b>20.0</b>	<b>(2.0)</b>
<b>Opening cash balance</b>	<b>457.3</b>	<b>457.3</b>	<b>-</b>
Variation in cash balance	(22.0)	20.0	(42.0)
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<b>435.3</b>	<b>477.3</b>	<b>(42.0)</b>

### 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 \$40.0K, resulting in an unfavorable variance of \$40.0K. The unfavorable variance is mainly due to timing as these costs are expected to be reimbursed in the future.



## North Calgary Land Ltd.

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

	For the 8-week period of November 25, 2012 to January 19, 2013		
	Actual	Budget	Variance
<b>Cash inflows</b>			
GST/HST received	-	-	-
Other receipts	-	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash outflows</b>			
Professional fees	0.5	-	(0.5)
Property tax	-	-	-
Insurance	-	-	-
Office & administrative	-	-	-
GST/HST paid	-	-	-
Other expenditures	-	-	-
<b>Total cash outflows</b>	<u>0.5</u>	<u>-</u>	<u>(0.5)</u>
<b>Funded opening cash balance</b>	<b>1.1</b>	<b>1.1</b>	<b>-</b>
Variation in cash balance	<b>(0.5)</b>	-	<b>(0.5)</b>
Exchange rate (Gain / Loss)	-	-	-
<b>Ending cash balance</b>	<u><u>0.6</u></u>	<u><u>1.1</u></u>	<u><u>(0.5)</u></u>

### 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 D

### HII Extended 4-week cash flow forecast (\$C)

Updated as of January 20, 2013

Homburg Invest Inc. Extended cash flow statement from January 20 to March 2, 2013								
	<b>18th report AMENDED</b>			<b>19th report</b>				
Number of weeks:	72	73		74	75	76	77	
Beginning period:	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
Ending period:	26-Jan-13	31-Jan-13	2-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
<b>Cash inflows</b>								
GST/HST/VAT received	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	-	-	-	-	-	-	-	-
<b>Cash outflows</b>								
Payroll	94,462	-	94,462	94,462	-	94,462	-	188,924
Rent expense	-	25,000	25,000	-	-	-	-	-
Restructuring related professional fees	1,750,000	1,750,000	3,500,000	2,400,000	1,000,000	1,000,000	1,000,000	5,400,000
Insurance	-	-	-	-	-	-	-	-
Office & administrative	50,000	50,000	100,000	50,000	50,000	50,000	50,000	200,000
Director fees	-	85,000	85,000	-	-	-	-	-
KERP	-	-	-	-	-	-	-	-
Hotel insurance	-	2,000	2,000	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	1,894,462	1,912,000	3,806,462	2,544,462	1,050,000	1,144,462	1,050,000	5,788,924
<b>Opening balance</b>	18,480,398	15,577,577	18,480,398	13,637,027	11,092,565	10,042,565	8,898,103	13,637,027
Payments in transit	(1,008,359)	-	(1,008,359)	-	-	-	-	-
Variation in cash balance (Petitioners)	(1,894,462)	(1,912,000)	(3,806,462)	(2,544,462)	(1,050,000)	(1,144,462)	(1,050,000)	(5,788,924)
Variation in cash balance (Non-Petitioners)	-	(28,550)	(28,550)	-	-	-	821,468	821,468
Exchange rate	-	-	-	-	-	-	-	-
<b>Adjusted ending cash balance</b>	15,577,577	13,637,027	13,637,027	11,092,565	10,042,565	8,898,103	8,669,571	8,669,571

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.
- 2) The cash flow forecast for weeks 72 and 73, which were previously presented in the Eighteenth Report, have been amended by Management to reflect:
  - a. a reduction of Director fees to account for a portion already paid prior to weeks 72 and 73; and,

- b. the carryforward of certain professional fees to weeks 72 and 73 that were scheduled to be paid to be paid during weeks 67 thru 71, but were not due to timing.

## 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
<b><u>Opening cash balance</u></b>	Based on allocated cash balances as at January 20, 2013	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>			
GST/HST/VAT received	GST/HST/VAT refunds have been placed on hold by CRA. Management is currently following up with CRA to determine the cause.		X
Other receipts	Other receipts; no activity has been forecasted during the period	X	
<b><u>Forecast cash disbursements</u></b>			
Payroll	Based on previous payroll expenses and salary increases as noted in the Eighteenth Report	X	
Rent expense	Rent at the Akerley Blvd. and Montreal locations	X	
Restructuring related professional fees	Represents fees of 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	Miscellaneous costs not covered by the other line items listed		X
<b><u>Ending cash balance</u></b>	Based on allocated cash transactions		X

**ShareCo Extended 4-week cash flow forecast (\$C)**

Updated as of January 20, 2013

Homburg ShareCo Inc. Extended cash flow statement from January 20 to March 2, 2013								
	<b>18th report PUBLISHED</b>			<b>19th report</b>				
Number of weeks:	72	73		74	75	76	77	
Beginning period:	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
Ending period:	26-Jan-13	31-Jan-13	2-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Cash inflows</b>								
Mortgage bond issuance	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	-	-	-	-	-	-	-	-
<b>Cash outflows</b>								
Interest payments - mortgage bonds	-	-	-	-	-	-	-	-
Repayment of Bonds	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	-	-	-	-	-	-	-	-
<b>Opening cash balance</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>
Variation in cash balance	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-
<b>Ending cash balance</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>	<b>39,100</b>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.

## 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
<b><u>General cash flow assumptions</u></b>	<p>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.</p> <p>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 period noted. Occasionally, certain funds are transferred between HII and ShareCo.</p>	X	
<b><u>Opening cash balance</u></b>	Based on allocated closing cash balances as at January 20, 2013	X	
<b><u>Ending cash balance</u></b>	Based on allocated cash transactions		X

**Churchill Extended 4-week cash flow forecast (\$C)**

**Updated as of January 20, 2013**

Churchill Estates Development Ltd. Extended cash flow statement from January 20 to March 2, 2013								
	<b>18th report PUBLISHED</b>			<b>19th report</b>				
Number of weeks	72	73		74	75	76	77	
Beginning period:	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
Ending period:	26-Jan-13	31-Jan-13	2-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast						
<b>Cash inflows</b>								
Condo sales proceeds	-	-	-	-	-	-	-	-
GST collected	-	-	-	-	-	-	-	-
GST ITC refund	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash outflows</b>								
Commissions	-	-	-	-	-	-	-	-
R&M	-	2,000	<b>2,000</b>	-	-	-	-	-
Property tax	-	4,200	<b>4,200</b>	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-
Insurance	-	250	<b>250</b>	-	-	-	-	-
Office & administrative	-	-	-	-	-	-	-	-
Condo fees	-	7,795	<b>7,795</b>	-	-	-	-	-
GST remitted	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	<u>-</u>	<u>14,245</u>	<u>14,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Opening cash balance</b>	<b>2,654,000</b>	<b>2,654,000</b>	<b>2,654,000</b>	<b>2,639,755</b>	<b>2,639,755</b>	<b>2,639,755</b>	<b>2,639,755</b>	<b>2,639,755</b>
Variation in cash balance	-	(14,245)	(14,245)	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-
<b>Ending cash balance</b>	<u><b>2,654,000</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>	<u><b>2,639,755</b></u>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.

## 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
<b><u>Opening cash balance</u></b>	Based on allocated cash balances as at January 20, 2013	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>			
Condo sales proceeds	No condominium sales are projected to close in the period noted.		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	No activity has been forecasted during the period	X	
<b><u>Forecast cash disbursements</u></b>			
Commissions	Commissions are based on 5% of the projected sales		X
R&M	Repairs and maintenance expenses are based on historical amounts	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	
<b><u>Ending cash balance</u></b>	Based on allocated cash transactions		X

**Inverness Extended 4-week cash flow forecast (\$C)**

**Updated as of January 20, 2013**

Inverness Estates Development Ltd. Extended cash flow statement from January 20 to March 2, 2013								
	<b>18th report PUBLISHED</b>			<b>19th report</b>				
Number of weeks:	72	73		74	75	76	77	
Beginning period:	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
Ending period:	26-Jan-13	31-Jan-13	2-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Cash inflows</b>	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	-	-	-	-	-	-	-	-
<b>Cash outflows</b>	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	-	-	-	-	-	-	-	-
<b>Opening cash balance</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>
Variation in cash balance	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-
<b>Adjusted Ending cash balance</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>	<b>487,200</b>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.

## 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
<b><u>Opening cash balance</u></b>	Based on allocated cash balances as at January 20, 2013	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>	Inverness was sold and no cash inflows are projected for this period	X	
<b><u>Forecast cash disbursements</u></b>	Inverness was sold and no cash outflows are projected for this period	X	
<b><u>Closing cash balance</u></b>	Based on allocated cash transactions		X

**CP Extended 4-week cash flow forecast (\$C)**

**Updated as of January 20, 2013**

<b>CP Development Ltd.</b>								
<b>Extended cash flow statement from January 20 to March 2, 2013</b>								
	<b>18th report PUBLISHED</b>			<b>19th report</b>				
<b>Number of weeks:</b>	72	73		74	75	76	77	
<b>Beginning period:</b>	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
<b>Ending period:</b>	26-Jan-13	31-Jan-13	4-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
<b>Cash inflows</b>								
Costs reimbursed from escrow	-	-	-	-	-	-	-	-
GST refund from previous month	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	-	-	-	-	-	-	-	-
<b>Cash outflow</b>								
Construction costs (1,2&3)	-	-	-	-	-	-	-	-
Construction costs (4&5)	-	10,000	10,000	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	-	10,000	10,000	-	-	-	-	-
<b>Opening cash balance</b>	436,000	436,000	436,000	426,000	426,000	426,000	426,000	426,000
Variation in cash balance	-	(10,000)	(10,000)	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-
<b>Ending cash balance</b>	<u>436,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>	<u>426,000</u>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.

## 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
<b><u>Opening cash balance</u></b>	Based on allocated cash balances as at January 20, 2013	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>			
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. No refunds are forecasted during the period		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
<b><u>Forecast cash disbursements</u></b>			
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	
<b><u>Ending cash balance</u></b>	Based on allocated cash transactions		X

**NCLL Extended 4-week cash flow forecast (\$C)**

**Updated as of January 20, 2013**

NCLL Extended cash flow statement from January 20 to March 2, 2013								
	<b>18th report PUBLISHED</b>			<b>19th report</b>				
Number of weeks:	34	35		36	37	38	39	
Beginning period:	20-Jan-13	27-Jan-13	TOTAL	1-Feb-13	10-Feb-13	17-Feb-13	24-Feb-13	TOTAL
Ending period:	26-Jan-13	31-Jan-13	4-Week Period	9-Feb-13	16-Feb-13	23-Feb-13	2-Mar-13	4-Week Period
	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
<b>Cash inflows</b>								
GST/HST received	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
<b>Total cash inflows</b>	-	-	-	-	-	-	-	-
<b>Cash outflows</b>								
Professional fees	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-
GST/HST paid	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-
<b>Total cash outflows</b>	-	-	-	-	-	-	-	-
<b>Opening cash balance</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>
<b>Funding from HII</b>								
Variation in cash balance	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-
<b>Adjust ending cash balance</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>	<b>1,100</b>

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at January 20, 2013.

## 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
<b><u>Opening cash balance</u></b>	Based on allocated cash balances as at January 20, 2013	X	
<b><u>Exchange rates</u></b>	All cash flows are in Canadian dollars		X
<b><u>Forecast cash receipts</u></b>			
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	
<b><u>Forecast cash disbursements</u></b>			
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 annual installment, and no activity has been forecasted during the period	X	
Insurance	Insurance has been pre-paid for the year, and 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, and no activity has been forecasted during the period	X	
Other expenditures	Other expenditures incurred, and no activity has been forecasted during the period	X	
<b><u>Ending cash balance</u></b>	Based on allocated cash transactions		X