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

PURPOSE OF THE SUPPLEMENTAL REPORT

1. In this Ninth Supplemental Report of the Monitor (the "**Ninth Supplemental Report**"), a budget to actual cash flow analysis will be presented for the four-month period of December 2012 to March 2013 (the "**Ninth Supplemental Period**"), with commentary for the HII Group on a consolidated basis, as well as by geographic region, including Canada, the Netherlands, Germany, USA and the Baltics.

TERMS OF REFERENCE

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

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

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

OVERVIEW OF NINTH SUPPLEMENTAL REPORT

5. For the Ninth Supplemental Report, the individual cash flow forecasts and actual results for the four-month period of December 2012 to March 2013 were combined by geographic region and then consolidated for budget to actual cash flow purposes. Please note that a foreign exchange impact exists as a result of varying source currencies being used in each applicable geographic region.

HII GROUP CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
December 2012 to March 2013
HII Group Consolidated

(C$000)	For the 4-month period of December 2012 to March 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	39,739	41,885	(2,146)
Other receipts	29,090	720	28,370
Proceeds of sale	30,202	43,848	(13,646)
Total Cash Inflow	**99,031**	**86,453**	**12,578**
Cash Outflow			
Payroll	817	923	106
Taxes	7,498	2,333	(5,165)
Mortgage principal and interest	28,244	42,083	13,839
Operating expenses	6,429	6,514	85
Professional fees	19,510	23,328	3,818
Capital expenditures	189	4,967	4,778
Other expenditures	18,310	9,311	(8,999)
Total Cash Outflow	**80,997**	**89,459**	**8,462**
Net Cash Flow	**18,034**	**(3,006)**	**21,040**
Opening Cash Balance	121,644	121,644	-
Add: Net Cash Flow	18,034	(3,006)	21,040
Add: FX Impact and Other Transactions	(840)	-	(840)
Ending Cash Balance	**138,838**	**118,638**	**20,200**
Cash Balance per Bank	**138,838**		

<u>HII Group consolidated budget to actual cash flow commentary</u>

7. Total cash inflows for the HII Group were $99,031K for the period noted, while total cash outflows were $80,997K, which resulted in a positive net cash flow of $18,034K compared to a negative budgeted net cash flow of $3,006K.

<u>Opening cash balances</u>

8. The opening cash balances for each region as at December 1, 2012 reflect the allocated balances reflected in the Eighth Supplemental Report prior to applying the impact of foreign exchange and other transactions. As such, the HII Group consolidated opening cash balance will differ from the Eighth Supplemental Report’s ending cash by the amount allocated to foreign exchange and other transactions listed in the Eighth Supplemental Report.

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

10. As a result of the positive net cash flows of $18,034K and after taking into consideration a cumulative foreign exchange impact and other transactions of negative $840K, which was not allocated regionally as at March 31, 2013, the opening cash balance of $121,644K as at December 1, 2012 increased to $138,838K as at March 31, 2013.

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

CANADA CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
December 2012 to March 2013
Canada

(C$000)	For the 4-month period of December 2012 to March 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent and Hotel receipts	64	167	(103)
Other receipts	1,529	720	809
Proceeds of sale	26,487	43,848	(17,361)
Total Cash Inflow	**28,080**	**44,735**	**(16,655)**
Cash Outflow			
Payroll	817	923	106
Taxes	383	157	(226)
Mortgage principal and interest	-	9,799	9,799
Operating expenses	565	1,221	656
Professional fees	19,296	23,053	3,757
Capital expenditures	-	10	10
Other expenditures	839	7,941	7,102
Total Cash Outflow	**21,900**	**43,104**	**21,204**
Net Cash Flow	**6,180**	**1,631**	**4,549**
Opening Cash Balance	115,528	115,528	-
Add: Net Cash Flow	6,180	1,631	4,549
Ending Cash Balance	**121,708**	**117,159**	**4,549**

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

13. Total cash inflows for Canada were $28,080K during the Ninth Supplemental Period, while total cash outflows were $21,900K, which resulted in a positive net cash flow of $6,180K compared to a positive budgeted net cash flow of $1,631K.

14. As a result of the positive net cash flow of $6,180K, the opening cash balance of $115,528K at December 1, 2012 increased to $121,708K as at March 31, 2013.

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

Inflows

16. Rent receipts of $64K were received compared to a budgeted amount of $167K resulting in an unfavorable variance of $103K. The unfavorable variance is mainly due to the loss of rental revenues, resulting from tenants vacating properties.

17. Other receipts of $1,529K were received compared to a budgeted amount of $720K resulting in a favorable variance of $809K. The favorable variance is mainly due to the receipt of under budgeted sales taxes.

18. Proceeds of sale of $26,487K were received compared to budgeted receipts of $43,848K, resulting in an unfavorable variance of $17,361K. The proceeds of sale mainly represent the sale of three mortgage free condo in Churchill for approximately $1,473K and the net of two transactions, specifically:

    i. the receipt of proceeds resulting from the Cominar Global Settlement for which HII received $14,796K from the Osler trust account, net of the payment of $6,636K to Cominar; and

    ii. the receipt of proceeds resulting from the sale of CP for which the Monitor received $10,703K, and subsequently transferred $9,505K to CP to cover the payment of the mortgage principal, interest and other related expenses.

    The unfavorable variance of $17,361K is for one part attributed to the fact that a portion of the money relating to the sale of CP ($10.7M) was transferred to the Monitor’s trust account following a vesting order from the Court approving the transaction. The remaining variance is mainly attributed to the fact that the inflows for the Cominar Global Settlement represent the net of the above transaction, whereas within the budget, the related inflow and outflow of the transaction were budgeted separately.

Outflows

19. Payroll expenses were $817K compared to a budgeted amount of $923K, resulting in a favorable variance of $106K. The favorable variance of $106K is mainly due to timing and over budgeting.

20. Taxes were $383K compared to a budgeted amount of $157K, resulting in an unfavorable variance of $226K. The unfavorable variance of $226K is mainly due to a payment of property tax in December 2012 related to the Hotel which had not been budgeted, resulting in a permanent variance.

21. Mortgage principal and interest charges of nil were incurred, compared to $9,799K budgeted for the same period, resulting in a favorable variance of $9,799K. The favorable variance of $9,799K is mainly due to timing as the mortgage payment mentioned previously for CP was made in the following period.

22. Operating expenses were $565K compared to a budgeted amount of $1,221K resulting in a favorable variance of $656K. The favorable variance of $656K is mainly due to lower than expected operating expenses.

23. Professional fees were $19,296K, compared to a budgeted amount of $23,053K, which resulted in a favorable variance of $3,757K. This favorable variance is mainly due to timing as payments were remitted in subsequent periods.

24. Other expenditures were $839K compared to a budgeted amount of $7,941K, resulting in a favorable variance of $7,102K. The favorable variance of $7,102K mainly relates to the expected payment of $6,636K resulting from the Cominar Global Settlement, which was netted against the proceeds received, as well as an amount of $500K that was budgeted as funding for the Baltics which will occur at a further date.

THE NETHERLANDS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
December 2012 to March 2013
The Netherlands

(C$000)	For the 4-month period of December 2012 to March 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	8,245	8,990	(745)
Other receipts	1,612	-	1,612
Proceeds of sale	3,715	-	3,715
Total Cash Inflow	**13,572**	**8,990**	**4,582**
Cash Outflow			
Payroll	-	-	-
Taxes	1,272	272	(1,000)
Mortgage principal and interest	4,487	6,687	2,200
Operating expenses	2,016	1,269	(747)
Professional fees	123	112	(11)
Capital expenditures	-	4,660	4,660
Other expenditures	595	125	(470)
Total Cash Outflow	**8,493**	**13,125**	**4,632**
Net Cash Flow	**5,079**	**(4,135)**	**9,214**
Opening Cash Balance	2,112	2,112	-
Add: Net Cash Flow	5,079	(4,135)	9,214
Ending Cash Balance	**7,191**	**(2,023)**	**9,214**

Conversion rate used (Opening balance) 1.2921 as at 11/30/2012
Conversion rate used: Closing 1.3042 as at 03/31/2013
Source: Bank of Canada

<u>The Netherlands consolidated budget to actual cash flow commentary</u>

26. Total cash inflows for the Netherlands were $13,572K for the Ninth Supplemental Period, while total cash outflows were $8,493K, which resulted in a positive net cash flow of $5,079K compared to a budgeted negative net cash flow of $4,135K.

27. As a result of the positive net cash flow of $5,079K, the opening cash balance of $2,112K at December 1, 2012 increased to $7,191K as at March 31, 2013.

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

Inflows

29. Rent of $8,245K was received compared to a budgeted amount of $8,990K, resulting in an unfavorable variance of $745K during the Ninth Supplemental Period. The unfavorable variance of $745K is primarily due to timing, as rent was budgeted to be received in regular monthly installments while certain tenants pay rent on a quarterly basis in accordance with their lease agreements.

30. Other receipts of $1,612K were received compared to a budgeted other receipts of nil, resulting in a favorable variance of $1,612K. The other receipts consist mainly of unbudgeted tax refunds.

31. Proceeds of sale of $3,715K were received compared to budgeted receipts of nil, resulting in a favorable variance of $3,715K. This favorable variance is mainly attributed to the unbudgeted sale of the assets of Homco 92.

Outflows

32. Taxes were $1,272K compared to a budgeted amount of $272K, resulting in an unfavorable variance of $1,000K. The unfavorable variance of $917K is mainly due to budgeted tax payments.

33. Mortgage principal and interest charges totaling $4,487K were incurred, compared to $6,687K budgeted for the same period, resulting in a favorable variance of $2,200K. The favorable variance of $2,200K is mainly due to timing and the fact that some payments are budgeted on a quarterly basis whereas the mortgage principal and interest payments are made on a monthly basis.

34. Operating expenses were $2,016K compared to a budgeted amount of $1,269K, resulting in an unfavorable variance of $747K. The unfavorable variance is mainly attributable to payments of management fees in arrears and timing.

35. Capital expenditures of nil were paid compared to a budgeted amount of $4,660K, resulting in a favorable variance of $4,660K. The favorable variance is mainly due to timing since payments of significant 2013 capital expenditures were postponed and represent a permanent variance..

36. Other expenditures were $595K, compared to a budgeted amount of $125K resulting in an unfavorable variance of $470K. This unfavorable variance is mainly due to unbudgeted tenant recoveries which were required to be paid to tenants following a fire at one of the properties in 2011, as well as the unbudgeted transfers to the appointed trustee of the remaining funds in three bankrupt Homcos.

GERMANY CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
December 2012 to March 2013
Germany

(C$000)	For the 4-month period of December 2012 to March 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	20,807	26,153	(5,346)
Other receipts	24,043	-	24,043
Proceeds of sale	-	-	-
Total Cash Inflow	**44,850**	**26,153**	**18,697**
Cash Outflow			
Payroll	-	-	-
Taxes	5,386	1,154	(4,232)
Mortgage principal and interest	20,663	22,539	1,876
Operating expenses	557	864	307
Professional fees	24	73	49
Capital expenditures	82	297	215
Other expenditures	16,839	1,245	(15,594)
Total Cash Outflow	**43,551**	**26,172**	**(17,379)**
Net Cash Flow	**1,299**	**(19)**	**1,318**
Opening Cash Balance	1,615	1,615	-
Add: Net Cash Flow	1,299	(19)	1,318
Ending Cash Balance	**2,914**	**1,596**	**1,318**

Conversion rate used (Opening balance) 1.2921 as at 11/30/2012
Coversion rate used: Closing 1.3042 as at 03/31/2013
Source: Bank of Canada

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

Mortgage debt

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

Germany consolidated budget to actual cash flow commentary

40. Total cash inflows for Germany were $44,850K for the Ninth Supplemental Period, while total cash outflows were $43,551K, which resulted in a positive net cash flow of $1,299K compared to a budgeted net cash flow of negative $19K.

41. As a result of the positive net cash flow of $1,299K, the opening cash balance of $1,615K at December 1, 2012 increased to $2,914K as at March 31, 2013.

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

Inflows

43. Rent of $20,807K was received compared to a budgeted amount of $26,153K, resulting in an unfavorable variance of $5,346K during the Ninth Supplemental Period. The variance is mainly due to timing as the rent receipts for Homco 110 are budgeted on a quarterly basis whereas rent receipts are received on a monthly basis.

44. In order to earn interest income on excess funds contained in Homco 110's operating accounts, cash transfers are regularly made to and from the operating bank accounts into short-term term deposits. These cash movements are captured in the other receipts and other expenditures line items. As a result of this form of cash management, other receipts of $24,043K and other expenditures of $16,839K mainly consist of cash transfers to/from term deposits. These funds are generally taken from the rent proceeds in order to be invested. These investments are classified as other receipts when they mature and the balances are remitted back to Homco 110.

Outflows

45. Taxes of $5,386K were paid compared to a budgeted amount of $1,154K, resulting in an unfavorable timing variance of $4,232K. The unfavorable variance is mainly attributable to certain tax payments which were budgeted in future periods and other timing variances.

46. Combined mortgage principal and interest payments of $20,663K were made, compared to a budgeted amount of $22,539K, resulting in a favorable variance of $1,876K. The variance is mainly due to timing.

47. Operating expenses were $557K compared to a budgeted amount of $864K, resulting in a favorable variance of $307K, mainly due to timing.

48. Capital expenditures of $82K were paid compared to a budgeted amount of $297K, resulting in a favorable variance of $215K. The favorable variance is mainly due to timing.

USA CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
December 2012 to March 2013
USA

(C$000)	For the 4-month period of December 2012 to March 2013		
	Actual	Budget	Variance
Cash Inflow			
Rent	963	1,091	(128)
Other receipts	1,900	-	1,900
Proceeds of sale	-	-	-
Total Cash Inflow	**2,863**	**1,091**	**1,772**
Cash Outflow			
Payroll	-	-	-
Taxes	182	534	352
Mortgage principal and interest	183	181	(2)
Operating expenses	841	548	(293)
Professional fees	36	35	(1)
Capital expenditures	-	-	-
Other expenditures	-	-	-
Total Cash Outflow	**1,242**	**1,298**	**56**
Net Cash Flow	**1,621**	**(207)**	**1,828**
Opening Cash Balance	702	702	-
Add: Net Cash Flow	1,621	(207)	1,828
Ending Cash Balance	**2,323**	**495**	**1,828**

Conversion rate used : Opening 0.9932 as at 11/30/2012
Coversion rate used: Closing 1.0156 as at 03/31/2013
Source: Bank of Canada

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

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

51. Total cash inflows for the USA properties were $2,863K for the Ninth Supplemental Period, while total cash outflows were $1,242K, which resulted in positive net cash flow of $1,621K compared to a budgeted negative net cash flow of $207K.

52. The positive net cash flow of $1,621K is primarily a result of the receipt of the sale proceeds for the Hurst Sale transaction that closed on March 19, 2013 as described in the Twenty-Fourth Monitor's Report.. Within the HHUS portfolio, there are now ten properties remaining.

53. As a result of the positive net cash flow of $1,621K, the opening cash balance of $702K as of December 1, 2012 increased to $2,323K as at March 31, 2013.

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

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

Inflows

56. Rent of $963K was received compared to a budgeted amount of $1,091K, resulting in an unfavorable variance of $128K. The favorable variance is mainly due to timing, as rent was budgeted to be received in regular monthly installments when, in fact, certain tenants pay rent on a bi-monthly or quarterly basis in accordance with their lease agreements.

57. Other receipts of $1,900K were received compared to a budgeted amount of nil, resulting in a favorable variance of $1,900K. The favorable variance is due to the receipt of approximately $660K from a one-time US Treasury refund, and of approximately $1,220K from the receipt of the sale proceeds of the Airport property.

Outflows

58. Taxes of $182K were paid compared to a budgeted amount of $534K, resulting in a favorable variance of $352K. This variance is primarily due to timing and will be set-off in future periods.

59. Operating expenses of $841K were paid compared to a budgeted amount of $548K, resulting in an unfavorable variance of $293K. This unfavorable variance is primarily due to unanticipated repairs and maintenance expenditures of $70K, disbursements related to certain tenant inducements and commissions relating to the Airport sale transaction of $175K, renewal of certain software licenses of $45K, and other miscellaneous expenses at certain HHUS properties.

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

THE BALTICS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Cash Flow Summary
December 2012 to March 2013
Baltics

(C$000) Baltics	For the 4-month period of December 2012 to March 2013 Actual	Budget	Variance
Cash Inflow			
Rent	9,660	5,484	4,176
Other receipts	6	-	6
Proceeds of sale	-	-	-
Total Cash Inflow	**9,666**	**5,484**	**4,182**
Cash Outflow			
Operating expenses	2,302	2,334	32
Loan & Swap Interest	2,261	2,226	(35)
Mortgage Principal	650	651	1
Asset management fee	148	278	130
Professional fees	31	55	24
VAT payments	275	216	(59)
Capital expenditures	107	-	(107)
Other expenditures	37	-	(37)
Total Cash Outflow	**5,811**	**5,760**	**(51)**
Net Cash Flow	**3,855**	**(276)**	**4,131**
Opening Cash Balance	1,687	1,687	-
Add: Net Cash Flow	3,855	(276)	4,131
Ending Cash Balance	**5,542**	**1,411**	**4,131**

Conversion rate used (Opening balance) 1.2921 as at 11/30/2012
Conversion rate used (Closing balance) 1.3042 as at 03/31/2013
Source: Bank of Canada

Baltics consolidated budget to actual cash flow commentary

62. Total cash inflows for the Baltics were $9,666K for the Ninth Supplemental Period, while total cash outflows were $5,811K, which resulted in a positive net cash flow of $3,855K compared to a budgeted negative net cash flow of 276K.

63. As a result of the positive net cash flow of $3,855K, the opening cash balance of $1,687K at December 1, 2012 increased to $5,542K as at March 31, 2013.

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

Inflows

65. Rent receipts were $9,660K compared to budgeted rent receipts of $5,484K resulting in an favorable variance of $4,176K. The favorable variance was primarily due to timing, as a quarterly rent payment from a tenant was received in March, while it was budgeted to be collected in April.

Outflows

66. Asset management fees of $148K were paid compared to a budgeted amount of $278K, resulting in a favorable variance of $130K. The favorable variance is mainly due to changes of rates and fair market value of properties in 2012 (fees being based on fair market value).

67. VAT payments of $275K were paid compared to a budgeted amount of $216K resulting in an unfavorable variance of $59K. This unfavorable variance in mainly due to a VAT payment, not originally budgeted, incurred in Homburg Baltic (ES) AST Investments UU. No capital expenditures were budgeted for the Ninth Supplemental Period, resulting in no corresponding VAT payments being budgeted. Recognizing that capital expenditures of $107K were paid, the actual VAT payments were higher than budgeted, thereby increasing the unfavorable variance.

68. Capital expenditures of $107K were paid compared to a budgeted amount of nil, resulting in an unfavorable variance of $107K. The unfavorable variance is mainly due to timing since all significant capital expenditure disbursements were budgeted for payment in September 2012.

69. Other disbursements of $37K were paid compared to a budgeted amount of nil, resulting in an unfavorable variance of $37K. The unfavorable variance is mainly due to an unbudgeted agency fee payment to SEB.