SIXTH 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 Sixth Supplemental Report of the Monitor (the "**Sixth Supplemental Report**"), a budget to actual cash flow analysis will be presented for the two-month period of June and July 2012 (the "**Sixth 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 Sixth 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 Sixth Supplemental Report are as defined in the previous reports of the Monitor and the Debtors' Motions.

4. A copy of this Sixth 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 SIXTH SUPPLEMENTAL REPORT

5. For the Supplemental Report, the individual cash flow forecasts and actual results for the two-month period of June and July 2012 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 Sixth Supplemental Period for the HII Group, which consists of Canada, the Netherlands, Germany, USA and the Baltics:

Budget to Actual Cash Flow Summary
June and July 2012
HII Group Consolidated

(C$000)	For the 2-month period of June and July 2012		
	Actual	Budget	Variance
Cash Inflow			
Rent	21,718	25,912	(4,194)
Other receipts	52,944	4,879	48,065
Proceeds of sale	532	5,182	(4,650)
Total Cash Inflow	**75,194**	**35,973**	**39,221**
Cash Outflow			
Payroll	484	565	81
Taxes	2,549	2,812	263
Mortgage principal and interest	16,048	22,078	6,030
Operating expenses	5,129	5,282	153
Professional fees	7,051	5,790	(1,261)
Capital expenditures	662	1,879	1,217
Other expenditures	50,503	6,961	(43,542)
Total Cash Outflow	**82,426**	**45,367**	**(37,059)**
Net Cash Flow	**(7,232)**	**(9,394)**	**2,162**
Opening Cash Balance	118,786	118,786	-
Add: Net Cash Flow	(7,232)	(9,394)	(2,162)
Add: FX Impact and Other Transactions	(792)	-	792
Ending Cash Balance	**110,762**	**109,392**	**(1,370)**
Cash Balance per Bank	**110,762**		

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

7. Total cash inflows for HII Group were $75,194K for the period noted, while total cash outflows were $82,426K, which resulted in a negative net cash flow of $7,232K compared to a negative budgeted net cash flow of $9,394K.

<u>Opening cash balances</u>

8. The opening cash balances for each region as at June 1, 2012 reflect the allocated balances reflected in the Fifth 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 Fifth Supplemental Report's ending cash by the amount allocated to foreign exchange and other transactions listed in the Fifth 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 at July 31, 2012.

10. As a result of the negative net cash flows of $7,232K and after taking into consideration a cumulative foreign exchange impact and other transactions of negative $792K, which was not allocated regionally as at July 31, 2012, the opening cash balance of $118,786K as at June 1, 2012 decreased to $110,762K as at July 31, 2012.

11. The other receipts' favorable variance of $48,065K and the other expenditures' unfavorable variance of $43,542K were generated primarily as a result of frequent cash management transactions initiated from the operating bank accounts to interest-earning cash management bank accounts, particularly in the USA.

12. 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

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

Budget to Actual Cash Flow Summary
June and July 2012
Canada

(C$000)	For the 2-month period of June and July 2012		
	Actual	Budget	Variance
Cash Inflow			
Rent and Hotel receipts	433	674	(241)
Other receipts	4,051	4,875	(824)
Proceeds of sale	532	4,072	(3,540)
Total Cash Inflow	**5,016**	**9,621**	**(4,605)**
Cash Outflow			
Payroll	479	565	86
Taxes	501	672	171
Mortgage principal and interest	(86)	3,082	3,168
Operating expenses	1,441	2,358	917
Professional fees	6,890	5,417	(1,473)
Capital expenditures	75	800	725
Other expenditures	3,533	6,868	3,335
Total Cash Outflow	**12,833**	**19,762**	**6,929**
Net Cash Flow	**(7,817)**	**(10,141)**	**2,324**
Opening Cash Balance	115,924	115,924	-
Add: Net Cash Flow	(7,817)	(10,141)	2,324
Ending Cash Balance	**108,107**	**105,783**	**2,324**

Canada consolidated budget to actual cash flow commentary

14. Total cash inflows for Canada were $5,016K during the Sixth Supplemental Period, while total cash outflows were $12,833K, which resulted in a negative net cash flow of $7,817K compared to a negative budgeted net cash flow of $10,141K.

15. As a result of the negative net cash flow of $7,817K, the opening cash balance of $115,924K at June 1, 2012 decreased to $108,107K as at July 31, 2012.

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

Inflows

17. Rent and Hotel receipts of $433K were received compared to a budgeted amount of $674K resulting in an unfavorable variance of $241K.

18. Other receipts of $4,051K were received compared to a budgeted amount of $4,875K resulting in an unfavorable variance of $824K. The unfavorable variance is attributed to the following:

    i. The actual amount of $4,051K primarily relates to unbudgeted GST refunds receipts in HII and CP Development of $2,716K and $152K, respectively, $664K from CP Development's legal counsel for monies in trust no longer required for construction of buildings 1, 2 and 3, and the receipt of $254K following the redemption of term deposits. Other receipts also include interest earned on the restricted cash bank balance of approximately $190K and miscellaneous receipts of $75K.

    ii. The budgeted amount of $4,875K mainly includes intercompany receipts from the Inverness Bulk Sale of $3,071K which were supposed to be transferred to Churchill and did not materialize as these funds were used to pay Churchill's mortgage lender, $965K related to a distribution from HHUS budgeted in June 2012 which was in fact received in May 2012 in HII, $625K related to funds to be received from escrow for which related expenses were not incurred during the period in CP Development and $198K in Inverness related to budgeted GST receipts on the Inverness Bulk Sale.

19. Proceeds of sale of $532K were received compared to budgeted receipts of $4,072K, resulting in an unfavorable variance of $3,540K. This unfavorable variance is mainly attributed to the following:

    i. The actual amount of $532K relates primarily to proceeds from the sale of one mortgage-free Churchill condo of approximately $477K. The actual proceeds related to the Inverness Bulk Sale were sent directly to the legal counsel who administered all related collections and remittances, and is not shown as an actual cash inflow in Canada.

    ii. The budgeted amount of $4,072K mainly represents the expected proceeds from the Inverness Bulk Sale of $3,972K.

Outflows

20. Mortgage principal and interest of $86K was received compared to a budgeted amount of $3,082K, which resulted in a favorable variance of $3,168K. This favorable variance is a result of the reimbursement by NCLL's lender of mortgage and interest payments made by HII following the stay of this entity for the months of June and July 2012. In addition, as part of the Inverness Bulk Sale, the mortgage principal, commissions and cross-collateralized debt of Churchill were remitted directly to the secured lender. As noted in previous reports of the Monitor, condo unit sale proceeds are remitted directly to the associated lender and the associated mortgage principal and commissions are not paid from HII's bank accounts, resulting in a favorable variance in comparison to the amounts budgeted and therefore, creating a permanent favorable variance.

21. Operating expenses were $1,441K compared to a budgeted amount of $2,358K resulting in a favorable variance of $917K. The favorable variance is mainly due to budgeted operating expenses in Inverness of $219K which were paid by Inverness's legal counsel directly, following the closing of the Inverness Bulk Sale. The remaining variance of $698K is mainly due to timing.

22. Professional fees were $6,890K, compared to a budgeted amount of $5,417K, which resulted in an unfavorable variance of $1,473K. This unfavorable variance is mainly due to timing as payments of professional fees in arrears were remitted at the beginning of June 2012.

23. Other expenditures were $3,533K compared to a budgeted amount of $6,868K, which resulted in a favorable variance of $3,335K. This favorable variance is mainly due to the fact that Inverness did not receive the proceeds of the Inverness Bulk Sale which resulted in its inability to transfer these proceeds to Churchill for the payment of the mortgage lender. As mentioned above the proceeds of the Inverness Bulk Sale were reminted directly to the mortgage lender.

THE NETHERLANDS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
June and July 2012
The Netherlands

(C$000)	For the 2-month period of June and July 2012		
	Actual	Budget	Variance
Cash Inflow			
Rent	3,564	4,946	(1,382)
Other receipts	170	-	170
Proceeds of sale	-	-	-
Total Cash Inflow	**3,734**	**4,946**	**(1,212)**
Cash Outflow			
Payroll	-	-	-
Taxes	644	430	(214)
Mortgage principal and interest	1,630	4,294	2,664
Operating expenses	1,109	763	(346)
Professional fees	37	284	247
Capital expenditures	501	666	165
Other expenditures	14	-	(14)
Total Cash Outflow	**3,935**	**6,437**	**2,502**
Net Cash Flow	**(201)**	**(1,491)**	**1,290**
Opening Cash Balance	(2,026)	(2,026)	-
Add: Net Cash Flow	(201)	(1,491)	1,290
Ending Cash Balance	**(2,227)**	**(3,517)**	**1,290**

Conversion rate used (Opening balance) 1.2794 as at 05/31/2012
Conversion rate used: Closing 1.2331 as at 07/31/2012
Source: Bank of Canada

Mortgage debt

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

The Netherlands consolidated budget to actual cash flow commentary

26. Total cash inflows for the Netherlands were $3,734K for the Sixth Supplemental Period, while total cash outflows were $3,935K, which resulted in a negative net cash flow of $201K compared to a budgeted negative net cash flow of $1,491K.

27. As a result of the negative net cash flow of $201K, the opening deficit balance of $2,026K at June 1, 2012 decreased to a deficit of $2,227K as at July 31, 2012.

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

Inflows

29. Rent of $3,564K was received compared to a budgeted amount of $4,946K, resulting in a negative variance of $1,382K during the Sixth Supplemental Period. The unfavorable variance of $1,382K 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 $170K were received compared to budgeted other receipts of nil, resulting in a positive variance of $170K. The other receipts consist mainly of insurance proceeds following a claim submitted as a result of fire. These receipts were not budgeted and will result in a permanent variance.

Outflows

31. Mortgage principal and interest charges totaling $1,630K were incurred, compared to $4,294K budgeted for the same period, resulting in a favorable timing variance of $2,664K.

32. Operating expenses totaling $1,109K were incurred, compared to $763K budgeted for the same period, resulting in an unfavorable timing variance of $346K.

33. Capital expenditures were $501K compared to a budgeted amount of $666K, resulting in a favorable variance of $165K. The favorable variance is mainly attributable to the fact that while capital projects were in progress, a portion of the related capital expenditures were not paid during the Sixth Supplemental Period. This variance represents a timing difference as these expenditures will be incurred in future periods.

GERMANY CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Budget to Actual Cash Flow Summary
June and July 2012
Germany

(C$000)	For the 2-month period of June and July 2012		
	Actual	Budget	Variance
Cash Inflow			
Rent	10,438	12,953	(2,515)
Other receipts	11,341	-	11,341
Proceeds of sale	-	-	-
Total Cash Inflow	**21,779**	**12,953**	**8,826**
Cash Outflow			
Payroll	-	-	-
Taxes	888	1,100	212
Mortgage principal and interest	10,381	10,633	252
Operating expenses	775	438	(337)
Professional fees	58	43	(15)
Capital expenditures	-	413	413
Other expenditures	9,477	93	(9,384)
Total Cash Outflow	**21,579**	**12,720**	**(8,859)**
Net Cash Flow	**200**	**233**	**(33)**
Opening Cash Balance	1,290	1,290	-
Add: Net Cash Flow	200	233	(33)
Ending Cash Balance	**1,490**	**1,523**	**(33)**

Conversion rate used (Opening balance) 1.2794 as at 05/31/2012
Coversion rate used: Closing 1.2331 as at 07/31/2012
Source: Bank of Canada

35. 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 since the cash flow budgets and actuals take into account the cash flows of Homco 110 as a whole.

Mortgage debt

36. 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 July 31, 2012, the net balance is € (33,021)K.

Germany consolidated budget to actual cash flow commentary

37. Total cash inflows for Germany were $21,779K for the Sixth Supplemental Period, while total cash outflows were $21,579K, which resulted in a positive net cash flow of $200K compared to a budgeted net cash flow of positive $233K.

38. As a result of the positive net cash flow of $200K, the opening cash balance of $1,290K at June 1, 2012 increased to $1,490K as at July 31, 2012.

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

Inflows

40. Rent of $10,438K was received compared to a budgeted amount of $12,953K, resulting in a negative variance of $2,515K during the Sixth 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.

41. In order to earn interest income on excess funds contained in Homco 110's operating accounts, cash transfers are regularly made to and from the operating bank accounts into short-term term deposits. These cash movements are captured in the other receipts and other expenditure line items. As a result of this form of cash management, other receipts of $11,341K and other expenditures of $9,477K mainly consist of cash transfers to/from term deposits. These investments are classified as cash inflows when they mature and the balances are remitted back to Homco 110.

Outflows

42. Taxes of $888K were paid compared to a budgeted amount of $1,100K, resulting in a favorable variance of $212K. The favorable variance is attributable to certain VAT payments which budgeted but not paid during the Sixth Supplemental Period.

43. Combined mortgage principal and interest payments of $10,381K were made, compared to a budgeted amount of $10,633K, resulting in a favorable variance of $252K. The variance is due to timing as the Coët Properties are in the process of renewing the mortgage. Until renewed, only interest payments are to be made. Principal payments will resume upon mortgage renewal.

44. Operating expenses were $775K compared to a budgeted amount of $438K, resulting in an unfavorable timing variance of $337K.

45. Capital expenditures were nil compared to a budgeted amount of $413K, resulting in a favorable variance of $413K. The favorable variance is mainly attributable to timing, as there were many capital projects underway in the spring and summer; however, payments for services rendered were not made in the Sixth Supplemental Period.

USA CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

46. The following table presents the consolidated budget to actual cash flow analysis properties for the Sixth Supplemental Period for the USA:

Budget to Actual Cash Flow Summary
June and July 2012
USA

(C$000)	For the 2-month period of June and July 2012		
	Actual	Budget	Variance
Cash Inflow			
Rent	2,861	3,059	(198)
Other receipts	37,381	-	37,381
Proceeds of sale	-	-	-
Total Cash Inflow	**40,242**	**3,059**	**37,183**
Cash Outflow			
Payroll	5	-	(5)
Taxes	285	443	158
Mortgage principal and interest	1,355	1,331	(24)
Operating expenses	633	569	(64)
Professional fees	14	18	4
Capital expenditures	-	-	-
Other expenditures	37,467	-	(37,467)
Total Cash Outflow	**39,759**	**2,361**	**(37,398)**
Net Cash Flow	**483**	**698**	**(215)**
Opening Cash Balance	2,045	2,045	-
Add: Net Cash Flow	483	698	(215)
Ending Cash Balance	**2,528**	**2,743**	**(215)**

Conversion rate used : Opening 1.0349 as at 05/31/2012
Coversion rate used: Closing 1.0014 as at 07/31/2012
Source: Bank of Canada

USA consolidated budget to actual cash flow commentary

47. The USA consolidated budget to actual cash flow analysis includes both Cedar and HHUS properties. HII's 80% ownership in the Cedar properties, held through a joint venture, represents a significant portion of the USA cash flows. For the purposes of the USA 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 80% ownership; the cash flow budgets and actuals shown in the table above include the cash flows of Cedar as a whole.

48. Total cash inflows for the USA properties were $40,242K for the period noted, while total cash outflows were $39,759K, which resulted in a positive net cash flow of $483K compared to a budgeted positive net cash flow of $698K.

49. As a result of the positive net cash flow of $483K, the opening cash balance of $2,045 as of June 1, 2012 increased to $2,528K as at July 31, 2012.

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

Inflows

51. Rent of $2,861K was received compared to a budgeted amount of $3,059K, resulting in an unfavorable variance of $198K. The unfavorable 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.

52. In order to earn interest income on excess funds contained in HHUS's operating accounts, frequent cash transfers are made to and from the operating bank accounts to an interest-earning cash management bank account. These cash movements are captured in the other receipts and other expenditures line items. As a result of this form of cash management, other receipts of $37,381K mainly include cash transfers received from the cash management account. These cash inflows are offset by cash transfers from the operating account to the cash management account, which represents the majority of the other expenditure amount of $37,467K.

Outflows

53. Income taxes of $285K were paid during the Sixth Supplemental Period compared to a budgeted amount of $443K, resulting in a favorable timing variance of $158K.

54. The negative variance of $37,467K attributed to other expenditures has been explained in the Inflows section of the USA budget to actual cash flow commentary.

THE BALTICS CONSOLIDATED BUDGET TO ACTUAL CASH FLOW ANALYSIS

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

Cash Flow Summary
June and July 2012
Baltics

(C$000) Baltics	For the 2-month period of June and July 2012 Actual	Budget	Variance
Cash Inflow			
Rent	4,422	4,280	142
Other receipts	1	4	(3)
Proceeds of sale	-	1,110	(1,110)
Total Cash Inflow	**4,423**	**5,394**	**(971)**
Cash Outflow			
Operating expenses	935	890	(45)
Loan & Swap Interest	2,153	2,123	(30)
Mortgage Principal	615	615	-
Asset management fee	236	264	28
Professional fees	52	28	(24)
VAT payments	231	167	(64)
Capital expenditures	86	-	(86)
Other expenditures	12	-	(12)
Total Cash Outflow	**4,320**	**4,087**	**(233)**
Net Cash Flow	**103**	**1,307**	**(1,204)**
Opening Cash Balance	1,553	1,553	-
Add: Net Cash Flow	103	1,307	(1,204)
Ending Cash Balance	**1,656**	**2,860**	**(1,204)**

Conversion rate used (Opening balance) 1.2794 as at 05/31/2012
Conversion rate used (Closing balance) 1.2331 as at 07/31/2012

Baltics consolidated budget to actual cash flow commentary

56. Total cash inflows for the Baltics were $4,423K for the Sixth Supplemental Period, while total cash outflows were $4,320K, which resulted in a positive net cash flow of $103K compared to a budgeted net cash flow of $1,307K.

57. As a result of the positive net cash flow of $103K, the opening cash balance of $1,553K at June 1, 2012 increased to $1,656K as at July 31, 2012.

58. The Monitor’s comments on the consolidated cash inflow and outflow variances for the Baltics for the Sixth Supplemental Period are as follows:

Inflows

59. Rent receipts were $4,422K compared to budgeted rent receipts of $4,280K resulting in a favorable timing variance of $142K.

60. Proceeds of sale were nil compared to a budgeted amount of $1,110K, resulting in an unfavorable timing variance of $1,110K.

Outflows

61. Operating expenditures of $935K were paid compared to a budgeted amount of $890K, resulting in an unfavorable variance of $45K. The unfavorable variance is mainly due to the advance payment for expenses originally budgeted in August 2012.

62. Asset management fees of $236K were paid compared to a budgeted amount of 264K, resulting in a favorable variance of $28K. 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).

63. Professional fees of $52K were paid compared to a budgeted amount of 28K, resulting in an unfavorable variance of $24K. The unfavorable variance is mainly due to timing.

64. VAT payments of $231K were paid compared to a budgeted amount of $167K resulting in an unfavorable variance of $64K. The unfavorable variance is mainly due to a VAT payment of $25K made in Homburg Baltic (ES) AST Investments UU that was not originally budgeted. In addition, changes in Latvia's regulations now require HII to pay VAT on capital expenditures directly to the Latvian government rather than to the vendor. Accordingly, this resulted in a reclassification of approximately $20K from capital expenditures to VAT payments as a result of non-budgeted capital expenditures incurred.

65. Capital expenditures of $86K were paid compared to a budgeted amount of nil, resulting in an unfavorable variance of $86K. The unfavorable variance is mainly due to timing since all significant 2012 capital expenditure disbursements are budgeted for payment in September 2012.