

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
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 –

CP DEVELOPMENT LTD.

– and –

NORTH CALGARY LAND LTD.

– and –

HOMBURG MANAGEMENT (CANADA) INC.

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mises-en-cause

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Monitor

**THIRTY-THIRD 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**”) and Homburg Management (Canada) Inc. (“**HMCI**”), following amendments to the Initial Order (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**”). On September 30, 2013, the Court discontinued the Stay in respect of Inverness, which has since filed an assignment in bankruptcy.
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 (61) Limited Partnership (“**Homco 61**”), Homco Realty Fund (83) Limited Partnership (“**Homco 83**”) (following an amendment to the Initial Order on April 26, 2013), 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), Homco Realty Fund (199) Limited Partnership (“**Homco 199**”) and Castello Development Ltd. (“**Castello**”) (following an amendment to the Initial Order on February 6, 2013 in the case of both Homco 61 and Castello) (collectively, the “**Applicant Partnerships**”) and, together with the Debtors, excluding Homco 122 and Inverness, the “**HII Parties**”). On July 11, 2013 the Court discontinued the Stay in respect of Homco 122, which has since been dissolved.
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 HII Parties, which Stay has been extended from time to time by order of the Court. On February 7, 2014, the Court last extended the Stay up until March 11, 2014 (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 thirty-two such Monitor’s reports (as well as some supplemental reports) prior to this thirty-third Monitor’s report (the “**Thirty-Third Report**”). Copies of all of the Monitor’s reports are available on the Monitor’s website at www.deloitte.com/ca/homburg-invest. The Monitor has also established a toll free number that is referenced on the Monitor’s website so that parties may contact the Monitor if they have questions with respect to the HII Parties’ restructuring under the CCAA.

PURPOSE OF THE THIRTY-THIRD REPORT

6. This Thirty-Third 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 extension of the Stay Period, Increase of the Funding Charge (Homco 88) and Access to Restricted Cash (the "**Motion for a Nineteenth Extension**"). This Thirty-Third Report provides an update on the Conditions Precedent to the implementation of the HII/Shareco Plan and the Homco 61 Plan approved by the Court on June 5, 2013 (collectively, the "**Plans**"). This report also outlines the current and projected cash positions of the Petitioners, the status of the restructuring initiatives, and, generally, the restructuring process.
7. As further described herein, on March 7, 2014, the HII Group and the Monitor were informed, that the AFM had granted the license that will allow Geneba to operate as an investment institution pursuant to applicable Dutch and European laws. As previously reported to the Court, this specific Condition Precedent to the implementation of the Plans was initially expected to be met in July 2013, but has been delayed due *inter alia* to the coming into force of the new AIFMD and related regulations in the Netherlands in July 2013, and the decision of the AFM that Geneba's license application would be subject to such new regulations. Due to these circumstances, significant time and efforts had to be invested over the past months by the HII Group and the Monitor and their Dutch and Canadian advisors in order to meet all of the requirements imposed by the regulations and to satisfy all of the AFM's requests, and to ultimately obtain the issuance of the AFM license to Geneba, a key milestone to proceed with the implementation of the Plans.
8. This Thirty-Third Report is structured as follows:
 - I- Restructuring Initiatives;
 - II- Updates on HHUS Cash and proceedings with HCI;
 - III- Updates on Implementation of the Plans;
 - IV- Increase of the Homco 88 Funding Charge;
 - V- Debtors' Cash Flows;
 - VI- Activities of the Monitor;
 - VII- Extension of the Stay Period; and
 - VIII- Conclusions and Recommendations.

TERMS OF REFERENCE

9. In preparing this Thirty-Third Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, and all 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 Thirty-Third 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.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Thirty-Third 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

Lenders of Core Properties

11. As previously indicated in the Monitor's Thirty-Second Report, the Skandinaviska Enskilda Banken AB ("**SEB**") has requested that all the legal documentation to be entered into with SEB be updated immediately prior to the Plan Implementation Date ("**PID**"), to namely reflect any changes caused by the delay in obtaining the AFM license.
12. On March 7, 2014, the AFM license has been granted to Geneba Properties N.V. ("**Geneba**") and, as such, the required documentation is currently in the process of being updated with a view to be agreed upon in principle by the parties at the earliest and thereafter be submitted to SEB's internal approval process. The HII Group and the Monitor believe that the agreements to be entered into with SEB should be executed within two (2) weeks.
13. As for the other Core Business Creditors, namely HSH Nordbank AG ("**HSH**"), Falcon Private Bank Ltd ("**Falcon**") and NIB Capital Bank N.V ("**NIBC**"), the necessary agreements were entered into with the HII Group. For HSH and Falcon, extensions of said agreements had to be requested by the HII Group since they were conditional upon PID occurring by March 1st, 2014. Such extensions were obtained from HSH and Falcon, respectively to April 30, 2014 and May 1st, 2104.

Lenders of Non-Core Properties

14. There has not been any material change in the status of the discussions and negotiations regarding the lenders of non-core properties since the Thirty-Second Report.
15. HSBC has been kept informed on a regular basis regarding the ongoing sale process of the non-core Canadian properties.

SALE PROCESS OF NON-CORE PROPERTIES

Canadian Properties

16. The HII Group continues to actively market its Canadian properties as provided in previous reports. As noted in the Thirty-Second Report, the sale of the final unit in Castello closed on February 14, 2014, resulting in net cash proceeds, including GST, of \$793.6K for Castello. The HII Group is considering filing a bankruptcy application for Castello in order to proceed with distribution of the cash held by Castello to its creditors, including principally HII.
17. Furthermore, the HII Group and the Monitor are currently in discussions for the sale of the Cristal property, a land position, Homco 105's property, with a group that submitted an offer in late February 2014. HSBC, who financed the Cristal property, as well as the Court, will be updated as these discussions progress.

US Properties

18. As of the Thirty-Second Report, an interested party was conducting a due diligence in relation to a potential purchase of the remaining four (4) unsold Colorado Springs properties, respectively located on East Pikes Road (555, 557 and 559) and on Van Teylingen Drive. The interested party has since withdrawn its offer, and accordingly the four (4) properties remain available for sale.

19. In the past weeks, additional groups have submitted offers for the East Pikes Road properties. HHUS is presently reviewing these offers.
20. The process relating to the non-core properties and any pending issues relating thereto has no impact on the timing of the implementation of the Plans.

II. UPDATES ON HHUS CASH AND PROCEEDINGS WITH HCI

21. Counsel for the HII Group in Barbados, Nova Scotia and Colorado continued to advance the legal proceedings pending in each of the above noted jurisdictions. Hearing dates have been set on May 1, 2014 with respect to the Nova Scotia proceedings and on March 11 and 14, 2014 in connection with the Barbados proceedings. As of the date hereof, there are no other material developments to report to the Court.

III. UPDATES ON IMPLEMENTATION OF THE PLANS

22. The Conditions Precedent to the implementation of the Plans are summarized in Appendix B to the Twenty-Third Report, and are found at length at Section 14.4 of the HII/Shareco Plan. A comprehensive summary of the status of each Conditions Precedent was presented in the Twenty-Ninth Report. Since then, the HII Group and the Monitor along with their respective Dutch and Canadian advisors and Geneba have continued to actively work towards the implementation of the Plans.
23. Since the Thirty-Second Report, the HII Group and Geneba have had numerous communications with the AFM. As part of these communications, the HII Group submitted all information and documentation required by the AFM with a view to obtain the issuance of the required license to Geneba.
24. On March 7, 2014, the HII Group and the Monitor were informed that the AFM had granted a license allowing Geneba to act as an investment institution without a separate manager, pursuant to applicable Dutch laws.
25. Before taking up activities as a licensed investment institution, Geneba must comply with all applicable obligations pursuant to Dutch legislation, including *inter alia* the appointment of a depositary and a compliance officer. The agreements with Geneba's depositary, Orangefield, and external compliance officer, CLCS, are expected to be completed and executed in the coming weeks.
26. As reported in the Twenty-Ninth Report, on September 25, 2013, NPEX has confirmed its approval of the final draft of Geneba's prospectus. Given the delay in obtaining the license from the AFM, the issuance of the Geneba shares has been delayed. It is thus required that the prospectus be updated. The HII Group and Geneba will proceed to complete the final prospectus of Geneba and submit it forthwith to NPEX for its approval, which is a Condition Precedent to the implementation of the Plans.
27. The closing of the transactions with certain Core Business Creditors, namely SEB and HSH, is another Condition Precedent to the implementation of the Plans, that is expected to be completed by the end of March 2014. As part of these transactions and as contemplated by the HII/Shareco Plan, HII will proceed with the agreed upon lump sum payments to these two Core Business Creditors (described in more details hereinafter). The parties will need to agree on the necessary adjustments based on the timing of these payments.

28. These last Conditions Precedent are expected to be met in the coming weeks and the implementation of the Plans should occur immediately thereafter.

IV. INCREASE OF THE HOMCO 88 FUNDING CHARGE

29. The Motion for a Nineteenth Extension seeks an increase of the amount of the advances authorized to be made by HII to Homco 88 to cover all fees, costs and expenses of Homco 88, including professional fees, currently set at amount of \$100,000, in connection with Homco 88's property, namely the Kai Towers, the sale process for same and other related issues (the "**H88 Advances**"), as well as the corresponding amount of the charge granted by the Court on November 8, 2012 to guarantee such advances (the "**Homco 88 Funding Charge**").
30. As described in the Motion for a Nineteenth Extension, certain events have resulted in the maximum amount of H88 Advances set at \$385,000 to be insufficient. More specifically, the due diligence, negotiations and sale process in relation to the sale of the Kai Towers have taken longer than expected and certain litigation regarding the ranking of the secured creditors and the entitlement to a security deposit made on behalf of Homco 88 have arisen and need to be ruled upon.
31. As shown in the table presented as Appendix C of this Thirty-Third Report, the costs incurred in relation to the sales process of the Kai Towers and the above mentioned related issues are expected to total \$585,000, namely \$200,000 higher than the amount initially budgeted. The amount of \$585,000 represents less than 2% of the sale price of the Kai Towers (with the professional fees portion representing 1% of the sale price) For these reasons, the Monitor supports the request of the HII Group to increase the maximum amount of H88 Advances and the corresponding amount of the Homco 88 Funding Charge by an amount of \$200,000.

V. DEBTORS' CASH FLOWS

32. The purpose of this section is as follows:
- i. Provide budget to actual analysis highlights by Debtor for the period from January 25 to February 21, 2014; and
 - ii. Provide explanations or comments on the variances by Debtor.

OVERVIEW

33. The following table provides an overview of the allocated opening cash balances, the allocated closing cash balances, and the cash variations by Debtor for the period from January 25 to February 21, 2014:

Cash variation for the period from January 25 to February 21, 2014 (C\$000)						
Petitioner	Opening cash balance	Total variation in cash balance	Surplus (funding) between HII and its Petitioners	Surplus (funding) between HII and its Non-Petitioners	Adjusted closing cash balance	
Homburg Invest Inc.	6,356	592	-	(130)	6,818	
Homburg Shareco Inc.	39	-	-	-	39	
Churchill Estates Development Ltd.	812	(2)	-	-	810	
CP Development Ltd.	(720)	-	-	-	(720)	
North Calgary Land Ltd.	-	-	-	-	-	
HMCI	-	42	-	-	42	
Total	<u>6,487</u>	<u>632</u>	<u>-</u>	<u>(130)</u>	<u>6,989</u>	

34. For the budget to actual cash flow forecast analysis of HII, Shareco, Churchill, CP, NCLL and HMCI for the period from January 25 to February 21, 2014, and commentary in respect of the analysis performed, please refer to Appendix B of this Thirty-Third Report.
35. 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

36. Total cash inflows for HII were \$5,002.6K for the period noted, while total cash outflows were \$4,410.7K, which resulted in a positive net cash variation of \$591.9K compared to a budgeted negative net cash variation of \$2,262.2K. This positive variance of \$2,854.1K is partially due to the unbudgeted receipt of \$124.0K of additional dividends from Inverness as well as \$118.0K of VAT refunds related to Stichting professional fees payments. A significant portion of the remaining variance of \$2,612.1K is a result of the positive variance of \$2,699.0K attributable to unpaid professional fees, which should be paid by the end of the extension period.

Shareco

37. For the period noted, total cash inflows were nil as budgeted, and total cash outflows for Shareco were nil compared to budgeted cash outflows of nil.

Churchill

38. For the period noted, total cash inflows were nil as budgeted, and total cash outflows for Churchill were \$2.6K compared to budgeted cash outflow of \$4.7K. This positive variance of \$2.1K is mainly due to timing as the budgeted condo fees were not paid during the period.

CP

39. For the period noted, total cash inflows were \$0.1K, and total cash outflows for CP were nil compared to budgeted cash outflows of nil.

NCLL

40. For the period noted, total cash inflows were \$0.2K compared to a budgeted amount of nil, and total cash outflows for NCLL were nil compared to budgeted cash outflows of nil.

HMCI

41. For the period noted, total cash inflows were \$41.6K compared to a budgeted cash inflow amount of \$33.2K, resulting in a favorable variance of \$8.4K. This positive variance is due to the fact that HII received an additional \$8.4K on HMCI's behalf during the period, and this amount, along with the budgeted amount of \$33.2K, was transferred from HII to HMCI during the period.

Cash budgeting

42. Since the Thirty-Second Report, the HII Group, with the support of the Monitor, has continued to perform budget to actual analysis for the Debtors on a weekly basis.

43. 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.

44. The table below provides the estimated cash balance analysis as at March 11, 2014:

(all amounts stated in CAD)	Amount
ACTUAL PETITIONERS OPENING CASH BALANCE AS AT FEBRUARY 22, 2014	A 6,989,190
Forecasted cash inflows/(outflows) - February 22 to March 11, 2014	
Net cash inflow/(outflow) - Debtors	
Net cash inflow/(outflow) - HII	(3,616,562)
Net cash inflow/(outflow) - Shareco	-
Net cash inflow/(outflow) - Churchill	(4,700)
Net cash inflow/(outflow) - CP	-
Net cash inflow/(outflow) - NCLL	-
Net cash inflow/(outflow) - HMCI	-
Total net cash inflow/(outflow) - Debtors	B (3,621,262)
Net cash inflow/(outflow) - Canadian entities excluding Debtors	C (6,653)
Payments in transit	
HII - Wires in transit as at February 22, 2014	-
HII - Estimated outstanding cheques as at February 22, 2014	(57,593)
Less: Total payments in transit	D (57,593)
TOTAL NET CASH INFLOWS/(OUTFLOWS) - FEBRUARY 22 TO MARCH 11, 2014	E=B+C+D (3,685,508)
ESTIMATED ENDING CASH BALANCE AS AT MARCH 11, 2014, BEFORE OTHER ADJUSTMENTS	F=A+E 3,303,682
Net adjustment for disbursements/(receipts) not expected to occur from February 22 to March 11, 2014	G -
ESTIMATED ENDING CASH BALANCE AS AT MARCH 11, 2014, AFTER OTHER ADJUSTMENTS	H =F+G 3,303,682

VI. ACTIVITIES OF THE MONITOR

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

CASH FLOW MONITORING

46. On a weekly basis, the Monitor has continued to analyze the Debtors' cash flows. As previously indicated in this Thirty-Third Report, a budget to actual cash flow analysis of the Debtors, for the period from January 25 to February 21, 2014 has been prepared together with commentary of cash variances, as presented in Appendix B of this Thirty-Third Report.

47. As part of this process, the Monitor, on a daily basis, has also analyzed cash inflows and cash outflows from all of the HII Parties' bank accounts.

48. 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

49. 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. These reports, referred to as supplemental reports, have been posted to the Monitor's website and sent to the HII Group service list.
50. In accordance with the Initial Order, the Monitor has assisted Management in its analysis of disbursements to be made pertaining to the HII Group.

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

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

VII. EXTENSION OF THE STAY PERIOD

OVERVIEW

52. Pursuant to the Eighteenth Extension Order, the Stay Period was extended until March 11, 2014.
53. The HII Parties notified the Monitor of their intention to request a nineteenth extension of the Stay Period until May 3, 2014 (the "**Nineteenth Extension Period**"). This extension will allow, amongst other things, to:
- i. Work towards the implementation of the Plans by, namely, completing all required agreements with SEB, completing the final prospectus of Geneba and obtain NPEX approval of same, implementing the agreements with Geneba's depositary and closing the transactions with the Core Business Creditors SEB and HSH;
 - ii. Advance the sale process of the non-core assets;
 - iii. Participate in the final stages of the claims process conducted by the Monitor;
 - iv. Communicate frequently with key stakeholders and regulators; and
 - v. Proceed with the implementation of the Plans.
54. In the Monitor's opinion, it is in the best interests of the stakeholders to provide the HII Parties with the Nineteenth Extension Period in order to ensure that the HII Parties continue their progress towards the implementation of the Plans.

EXTENDED 8-WEEK CASH FLOW FORECASTS

55. The Debtors provided the Monitor with new cash flow forecasts for the Nineteenth Extension Period, adjusting the projected cash flows for the period ending on May 3, 2014, namely the end of the Nineteenth Extension Period.

56. As described hereinabove the HII Group is anticipating for implementation of the Plans to occur by March 31, 2014. As a result, the HII Group expects an increase in the activity of professionals during the periods preceding and succeeding the PID.
57. The extended 8-week cash flow forecasts for HII, Shareco, Churchill, CP, NCLL and HMCI, as well as additional commentary identifying the primary assumptions, are attached as Appendix D.
58. Presented in the table below is a summary of the forecasted cash variations for each of the Debtors:

Extension - 8-week period ending May 3, 2014					
(C\$000)	Forecasted opening cash balance as at March 12, 2014 (Appendix C)	Forecasted cash variation for the 8-week period (Appendix C)	Funding between HII and its non-Petitioners	Adjustment for intercompany funding	Forecasted closing cash balance as at May 3, 2014
Homburg Invest Inc.	3,137	(5,520)	(23)	-	(2,406)
Shareco Inc.	39	-	-	-	39
Churchill Estates Development Ltd.	805	(9)	-	-	796
CP Development Ltd.	(720)	-	-	-	(720)
NCLL	-	-	-	-	-
HMCI	42	-	-	-	42
Total	3,303	(5,529)	(23)	-	(2,249)

HII

59. Other receipts in the week ending April 12, 2014 represent the expected reimbursement of the promissory note owed by Geneba to HII in relation to Geneba's initial capital requirement.
60. Payroll is expected to increase following PID, reflecting a revision in salaries starting in the week of April 13, 2014 and a one-time severance payment for certain employees which is anticipated to be paid during the week of April 27, 2014.
61. Professional fees in conjunction with the restructuring of the HII Group are estimated to vary throughout the Nineteenth Extension Period to better reflect the increase of work in anticipation for PID, which is expected to commence at the end of March 2014 and subsequent efforts required following PID in order to proceed with the first distribution in accordance with the Plans.
62. Other expenditures planning to be disbursed in April 2014 represents the payment of the expected Geneba recharge costs of \$379.9K and \$129.2K (€250K and €85K at 1.5195), respectively.

Shareco

63. The Monitor does not anticipate any cash inflows or outflows pertaining to Shareco for the Nineteenth Extension Period.
64. At the time of this Thirty-Third Report, there is nothing that would lead the Monitor to believe that Shareco will need additional financing to meet its current obligations during the Nineteenth Extension Period. Shareco is expected to be amalgamated with HII as part of the Plan Transactions.

Churchill

65. Forecasted cash inflows for the period are nil and forecasted cash outflows for the period are \$9.4K, resulting in a net cash outflow of \$9.4K. This forecasted net cash outflow results from the anticipated payment of condominium fees on the remaining assets in Churchill, as well as the corresponding property taxes.

66. At the time of this Thirty-Third Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet its current obligations during the Nineteenth Extension Period.

CP

67. The Monitor does not anticipate any cash inflows or outflows pertaining to CP during the Nineteenth Extension Period.
68. At the time of this Thirty-Third Report, there is nothing that would lead the Monitor to believe that CP will need additional financing to meet current its obligations during the Nineteenth Extension Period.

NCLL

69. The Monitor does not anticipate any cash inflows or outflows pertaining to NCLL during the Nineteenth Extension Period.
70. At the time of this Thirty-Third Report, there is nothing that would lead the Monitor to believe that NCLL will need additional financing to meet its current obligations during the Nineteenth Extension Period.

HMCI

71. The Monitor does not anticipate any cash inflows or outflows pertaining to HMCI during the Nineteenth Extension Period.
72. At the time of this Thirty-Third Report, there is nothing that would lead the Monitor to believe that HMCI will need additional financing to meet its current obligations during the Nineteenth Extension Period.

CASH POSITION AND USE OF RESTRICTED CASH

Restricted Cash

73. Pursuant to the Thirty-Second Report, no additional funding was requested from Restricted Cash during the Eighteenth 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 February 22, 2014 has increased from the time of the Thirty-Second Report as a result of interest accrued on the balance in the account.

Summary of Restricted Cash Requests (C\$000)			
Monitor's Report		Date	Amount Requested
Sixth Monitor's Report	Proceeds from Cominar sale	31-Jan-12	145,439
Transfer to Osler Trust Account	Funds sent to Osler's trust account (note 1)	1-Feb-12	(21,450)
RBC Securities	Commission	9-Feb-12	(915)
Net funds available from Cominar sale proceeds			A
			123,074
Monitor's Seventh Report	Request from Restricted Cash	17-Feb-12	(10,000)
Monitor's Ninth Report	Request from Restricted Cash	10-Apr-12	(6,000)
Monitor's Tenth Report	Request from Restricted Cash	29-May-12	(11,000)
Monitor's Thirteenth Report	Request from Restricted Cash	17-Jul-12	(5,200)
Monitor's Fifteenth Report	Request from Restricted Cash	11-Sep-12	(3,000)
Monitor's Sixteenth Report	Request from Restricted Cash	4-Oct-12	(8,100)
Monitor's Twenty-Sixth Report	Request from Restricted Cash	26-Aug-13	(4,950)
Monitor's Twenty-Seventh Report	Request from Restricted Cash	30-Sep-13	(6,800)
Monitor's Thirtieth Report	Request from Restricted Cash	19-Dec-13	(2,585)
Monitor's Thirty-First Report	Request from Restricted Cash	20-Jan-14	(3,300)
Total requests from Restricted Cash			B
			(60,935)
Interest on Restricted Cash	Cumulative interest received		C
			1,848
Ending balance of Restricted Cash as at February 22, 2014			=A+B+C
			63,987

Note 1: The majority of these funds have been released in accordance with the Cominar Global Settlement. An amount of approximately \$2.5M remains held in trust with Osler and, as provided by the HII/Shareco Plan, the "Cominar Claim" is an "Unaffected Claim" that will be paid out of said trust funds if it materializes.

Analysis of HII's cash funding requirements and results

74. 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 which is due to expire on May 3, 2014.
75. The table below provides an overview of the estimated cash position of HII as at May 3, 2014:

Number of weeks presented: 8 weeks	
Homburg Invest Inc	
Estimated cash requirement as at May 3, 2014 (all amounts stated in CAD)	March 12 to May 3, 2014 (8-week period) Forecast
Estimated opening cash balance as at March 12, 2014	A
	3,303,682
Less amounts unavailable for HII's use:	
Other Petitioner's estimated opening cash balance as at March 12, 2014	B
	(166,300)
Net cash flow by Debtor - March 12 to May 3, 2014	
Net cash inflow/(outflow) - HII	C
	(5,520,266)
Net cash flow by other Canadian entities - March 12 to May 3, 2014	
Net cash inflow/(outflow) - Others Canada	D
	(23,161)
ESTIMATED AVAILABLE SURPLUS (DEFICIT) CASH FROM MARCH 12 TO MAY 3, 2014	E=A+B+C+D
	(2,406,045)

76. The opening forecasted cash balance as at March 12, 2014 only includes the bank accounts of the Debtors. Euros and American dollars accounts have been converted to Canadian dollars using the applicable foreign exchange rates as at February 26, 2014.
77. As noted above, for the period ending May 3, 2014, it is forecasted that the Debtors will have a cash deficit of \$2,406,045. 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 May 3, 2014, please refer to Appendix D of this Thirty-Third Report.

Please note that the analysis does not account for timing variances that may have occurred prior to the extended period. The amount of such variances cannot be estimated as the information to complete the analysis, such as bank statements for the months of March, April and May for the HII Group entities, are not yet available to Management and the Monitor.

78. The cash balances held by the other Debtors are not available for use by HII during the proposed Nineteenth Extension Period. Accordingly, an amount of \$166,300 is being deducted from the estimated cash balance. Given that HII is required to fund the cost of \$23,161 for the other Canadian non-petitioners, this amount is included in determining the amount of the cash deficit of HII. The net amount of these adjustments results in an estimated overall cash deficit of HII of \$2,406,045 at May 3, 2014, which will consist in a timing difference if this Court grants HII access to restricted funds.
79. The Monitor is of the view that HII should be allowed to use an incremental amount of \$2,400,000, from the Restricted Cash in order to accomplish the various steps that are required to advance the restructuring of the HII Group until the expiry of the proposed Nineteenth Extension Period.
80. As noted in paragraph 53 of the Twenty-Fourth Report, HII is required to make payments to the Core Business Creditors upon PID. As described herein, PID is expected to occur during the Nineteenth Extension Period and the payments to the Core Business Creditors will be made from the Restricted Cash Account. The following table details the payments that are required to be made upon PID:

Summary of Restricted Cash Payments (C\$000)	Amount
Restricted Cash balance - Prior to Nineteenth Extension Period request	63,987
Nineteenth Extension Period request	(2,400)
Available Restricted Cash	61,587
Payments to HSBC and Core business creditors	
Payment to HSBC	(5,479)
Payment to HSH	(5,020)
Payment to SEB	(22,793)
Funds to be transferred to the Monitor's trust account	28,295

Note: Exchange rate to euro of 1.5195 as at February 26, 2014

81. The payment to HSBC of \$5,479K relates to the capital and estimated accrued interest owed to HSBC in connection with the loan to Homco 105 in connection with the Cristal property. These funds are expected to be paid to HSBC on or after PID. Following the payment to HSBC, HII will be subrogated to HSBC's rights in Homco 105's assets and, in such capacity, will be entitled to a reimbursement, up to the amount paid to HSBC and incremental interest accrued, once the Cristal property will be sold. The accrued interest amount has been estimated to March 31, 2014 using the HII Group's figures. These amounts may vary depending on the payment date and on the potentially differing figures of HSBC. The amount payable to HSBC on or after PID may also vary if the loan payable to HSBC by NCLL in connection with the Points North property is ultimately determined to be guaranteed by HII. The Monitor's counsel has been in communications with HSBC's counsel in order to make the determination. In the event that the loan to NCLL is determined to be guaranteed by HII, HII would also have to reimburse such loan and would be subrogated to HSBC's rights thereunder.
82. Payments to HSH and SEB are respectively currently estimated at €3,331K (approximately \$5,020K) and €15,000K (approximately \$22,793K). These amounts may vary depending on certain factors, including in particular the timing of the payments.

83. Following the payments to HSBC and to the Core Business Creditors, the remaining balance of the Restricted Cash will be transferred to the Monitor's trust account pursuant to the HII/Shareco Plan.

VIII. CONCLUSIONS AND RECOMMENDATIONS

84. 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.
85. It is the Monitor's opinion that, for the reasons further elaborated in this Thirty-Third Report:
- i. the Nineteenth Extension (up to May 3, 2014) should be granted to the HII Parties in order to allow them to meet all required Conditions Precedent and proceed with the implementation of the Plans;
 - ii. the stay should be partially lifted in order to allow Castello to file for bankruptcy;
 - iii. the maximum amount of H88 Advances and the corresponding Homco 88 Funding Charge should be increased to \$585,000; and
 - iv. the use of the Restricted Cash for an incremental amount of \$2,400,000 should be authorized.
86. The Monitor respectfully submits this Thirty-Third Report to the Court.

DATED AT MONTREAL, this 10th day of March, 2014.



Pierre Laporte, CPA, CA, CIRP
President

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
In its capacity as Court-Appointed Monitor

APPENDIX A

THE ENTITIES Mis-en-Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (61) LIMITED PARTNERSHIP
HOMCO REALTY FUND (83) 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 (142) LIMITED PARTNERSHIP
HOMCO REALTY FUND (190) LIMITED PARTNERSHIP
HOMCO REALTY FUND (191) LIMITED PARTNERSHIP
HOMCO REALTY FUND (199) LIMITED PARTNERSHIP
CASTELLO DEVELOPMENT LTD.

APPENDIX B

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

Homburg Invest Inc.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C\$000)

	For the 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows			
REIT distributions	-	-	-
REIT unit sale proceeds	-	-	-
GST/HST received	369.7	369.0	0.7
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	4,632.9	4,385.0	247.9
Total cash inflows	5,002.6	4,754.0	248.6
Cash outflows			
Payroll	172.1	170.0	(2.1)
Rent expense	24.0	25.0	1.0
Restructuring related professional fees	3,821.0	6,520.0	2,699.0
Insurance	-	-	-
Office & admin	81.9	60.0	(21.9)
Director fees	-	-	-
KERP	-	-	-
CP obligation	-	-	-
Corporate bond principal repayment	-	-	-
Corporate bond interest payment	-	-	-
Junior subordinate debt principal repayment	-	-	-
Junior subordinate debt interest payment	-	-	-
HCSA interest payment	-	-	-
GST/HST paid	-	-	-
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Hotel insurance	-	-	-
Other expenditures	311.7	241.2	(70.5)
Total cash outflows	4,410.7	7,016.2	2,605.5
Opening cash balance	6,355.5	6,355.5	-
Variation in cash balance	591.9	(2,262.2)	2,854.1
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	6,947.4	4,093.3	2,854.1
Surplus (funding) between HII and its non-Petitioners	(129.2)	-	(129.2)
Surplus (funding) between HII and its Petitioners	-	-	-
Adjusted ending cash balance	6,818.2	4,093.3	2,724.9

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 \$6,818.2K, please note that \$1,621.3K is currently held in the Monitor's trust accounts as at February 22, 2014. This amount represents funds reserved for the KERP as indicated in paragraphs 10 to 13 of the Fourteenth Report, amounts received which are related to the Canoxy Place Subtenants and accumulated interests.

Inflows

- Other receipts were \$4,632.9K compared to a budgeted amount of \$4,385.0K, resulting in a favorable variance of \$247.9K. The favorable variance is mainly due to the receipt of \$124.0K of under-budgeted dividend payments from Inverness and \$118.0K of VAT refunds related to professional fees paid to Stichting.

Outflows

- Restructuring related professional fees were \$3,821.0K compared to a budgeted amount of \$6,520.0K, resulting in a favorable variance of \$2,699.0K. This favorable variance is mainly due to timing as invoices issued during prior periods remain outstanding however are planned to be paid in the following weeks.
- Office and administrative expenditures were \$81.9K compared to a budgeted amount of \$60.0K, resulting in an unfavorable variance of \$21.9K. This unfavorable variance is mainly due to under-budgeting of the office and administrative expenses.
- Other expenditures were \$311.7K compared to a budgeted amount of \$241.2K resulting in an unfavorable variance of \$70.5K. The unfavorable variance is mainly due to the timing of a payment of \$62.1K to Geneba for recharge costs which was not budgeted to be paid until the next period as well as the transfer of \$41.6K to HMCI, compared to the budgeted transfer of \$33.2K.
- The funding between HII and its non-Petitioners of \$129.2K was composed of approximately \$48.8K which relates to funding to Kai (Homco 88) and Cristal Towers (Homco 105) mainly for professional fees and operating expenses. The remaining balance is due to cash collected by HII in the prior period for the benefit of certain non-Petitioners which has been transferred to the proper entity during the period presented.
- In accordance with the Court Order dated February 17, 2012 and February 7, 2014, 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
INVOICE nr 25.2012	Dec 1, 2012 - Dec 31, 2012	\$ 357,005	\$ 357,005
INVOICE nr 26.2013	Jan 1, 2013 - Jan 31, 2013	\$ 444,643	\$ 444,643
INVOICE nr 28.2013	Feb 1, 2013 - Feb 28, 2013	\$ 702,612	\$ 702,612
INVOICE nr 30.2013	Mar 1, 2013 - Mar 31, 2013	\$ 538,339	\$ 538,339
INVOICE nr 32.2013	Apr 1, 2013 - Apr 30, 2013	\$ 604,713	\$ 604,713
INVOICE nr 34.2013	May 1, 2013 - May 31, 2013	\$ 593,466	\$ 593,466
INVOICE nr 36.2013	June 1, 2013 - June 30, 2013	\$ 249,762	\$ 249,762
INVOICE nr 38.2013	July 1, 2013 - July 31, 2013	\$ 185,942	\$ 185,942
INVOICE nr 40.2013	Aug 1, 2013 - Aug 31, 2013	\$ 271,064	\$ 271,064
INVOICE nr 42.2013	Sept 1, 2013 - Sept 30, 2013	\$ 279,299	\$ 279,299
INVOICE nr 44.2013	Oct 1, 2013 - Oct 31, 2013	\$ 219,944	\$ 219,944
INVOICE nr 46.2013	Nov 1, 2013 - Nov 30, 2013	\$ 181,046	\$ 181,046
INVOICE nr 48.2013	July 11, 2013 - Oct 31, 2013	\$ 79,326	\$ 79,326
INVOICE nr 49.2013	Dec 1, 2013 - Dec 31, 2013	\$ 160,456	\$ 160,456
VAT Refund ¹	Invoices 3, 4 & 5	€ (70,352)	\$ (86,667)
VAT Refund ¹	Invoices 6, 8 & 10	€ (59,975)	\$ (74,993)
VAT Refund ²	Invoices 7, 9 & 11	€ (13,800)	\$ (17,256)
VAT Refund ¹	Invoices 12, 15 & 17	€ (54,455)	\$ (70,536)
VAT Refund ²	Invoices 13 & 16	€ (3)	\$ (4)
VAT Refund ²	Invoices 19 & 21	€ (73,072)	\$ (98,969)
VAT Refund ³	Invoices 23 & 25	€ (40,046)	\$ (54,238)
VAT Refund ⁴	Invoices 21, 23, 25, 26 & 28	€ (120,803)	\$ (161,115)
VAT Refund ⁵	Invoices 30, 32, 34 & 36	€ (127,837)	\$ (176,338)
VAT Refund ⁶	Invoices 36, 38 & 40	€ (58,686)	\$ (82,583)
VAT Refund ⁷	Invoice 23	€ (6,175)	\$ (9,187)
VAT Refund ⁸	Invoices 42, 44, 46 & 48	€ (57,272)	\$ (85,971)
Total (Converted on date paid)			\$ 7,683,715
Note 1: VAT refunds were received for Invoices 3, 4, 5, 6, 8, 10, 12, 15 and 17 as no EU VAT was applicable.			
Note 2: Invoices 7, 9, 11, 13, 16, 19 and 21 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.			
Note 3: A portion of the VAT refunds were received for Invoices 23 & 25.			
Note 4: Additional portions of VAT refunds for Invoices 21, 23 and 25 were received. In addition, VAT refunds were received related to Invoices 26 & 28.			
Note 5: VAT refunds for Invoices 30, 32, 34 and 36 were received.			
Note 6: The remaining VAT refund for Invoice 36 was received, as well as VAT refunds for Invoices 38 and 40.			
Note 7: An additional VAT refund for Invoice 23 was received.			
Note 8: VAT refunds for Invoices 42, 44 and 46 were received, as well as a portion of the VAT refund for Invoice 48.			

Shareco Inc.

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

Homburg ShareCo Inc.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C\$000)

	For the 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows	-	-	-
Total cash outflows	-	-	-
Opening cash balance	39.0	39.0	-
Variation in cash balance	-	-	-
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	39.0	39.0	-

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 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows			
Commissions	-	-	-
Advertising	-	-	-
R&M	-	-	-
Property tax	-	-	-
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	-	2.7	2.7
GST remitted	-	-	-
Other expenditure	2.6	2.0	(0.6)
	<u>2.6</u>	<u>4.7</u>	<u>2.1</u>
Opening cash balance	812.4	812.4	-
Variation in cash balance	(2.6)	(4.7)	2.1
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>809.8</u>	<u>807.7</u>	<u>2.1</u>

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

- Total cash outflows for the period were \$2.6K compared to a budgeted amount of \$4.7K. This \$2.1K positive variance is mainly due to timing as budgeted condo fees were not paid during the period.

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 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows	0.1	-	0.1
Total cash inflows	<u>0.1</u>	<u>-</u>	<u>0.1</u>
Cash outflows	-	-	-
Total cash outflows	<u>-</u>	<u>-</u>	<u>-</u>
Opening cash balance	(719.7)	(719.7)	-
Variation in cash balance	0.1	-	0.1
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>(719.6)</u>	<u>(719.7)</u>	<u>0.1</u>

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:

Ending cash balance

- In addition to the funded ending cash balance presented of \$719.6K, please note that \$10,882.0K is currently held in the Monitor's trust accounts as at February 21, 2014. This amount represents the net proceeds of the CP sale and accumulated interest.

Inflows-Outflows

- No significant transactions occurred during the period relating to CP.

North Calgary Land Ltd.

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

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

	For the 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows			
GST/HST received	-	-	-
Other receipts	0.2	-	0.2
Total cash inflows	<u>0.2</u>	<u>-</u>	<u>0.2</u>
Cash outflows			
Professional fees	-	-	-
Property tax	-	-	-
Insurance	-	-	-
Office & administrative	-	-	-
GST/HST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	<u>-</u>	<u>-</u>	<u>-</u>
Funded opening cash balance	-	-	-
Variation in cash balance	0.2	-	0.2
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>0.2</u>	<u>-</u>	<u>0.2</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.

HMCI

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

HMCI
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C\$000)

	For the 4-week period of January 25 to February 21, 2014		
	Actual	Budget	Variance
Cash inflows			
Other receipts	41.6	33.2	8.4
Total cash inflows	<u>41.6</u>	<u>33.2</u>	<u>8.4</u>
Cash outflows			
Other expenditures	-	-	-
Total cash outflows	<u>-</u>	<u>-</u>	<u>-</u>
Opening cash balance	-	-	-
Variation in cash balance	41.6	33.2	8.4
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>41.6</u>	<u>33.2</u>	<u>8.4</u>

HMCI budget to actual commentary

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

Inflows-Outflows

- Cash inflows for the period were \$41.6K compared to a budgeted amount of \$33.2K resulting in a favorable variance of \$8.4K. This favorable variance is due to the fact that HII received an additional \$8.4K relating to HMCI that needed to be reimbursed to HMCI in addition to the originally budgeted amount of \$33.2K.

APPENDIX C

Homco 88 - Kai Towers

Summary of H88 Advances (advances made and to be made by HII excluding taxes)

Period from September 1, 2012 and onwards

	For the period of September 1, 2012 and onwards
Property taxes paid (up until closing of the sale)	215,694
Operating Expenses paid (holding cost)	71,756
Professional Fees Invoiced (including disbursements)	<u>155,293</u>
Total expenses paid or invoiced	<u><u>442,743</u></u>
Projected additional professional fees	142,257
Total revised maximum amount of H88 Advances and amount of Homco 88 Funding Charge	<u><u>585,000</u></u>

Note that an amount of \$5,325 of property taxes was reimbursed to Homco 88 by the purchaser as part of the closing adjustments.

APPENDIX D
HII Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

Homburg Invest Inc.
 Extended cash flow statement from March 12 to May 3, 2014

Number of weeks:	32nd Report Amended			33rd Report								Forecast
	129	130	TOTAL	131	132	133	134	135	136	137	138	
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
Cash inflows												
GST/HST/VAT received	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	671,923	-	671,923	-	-	-	-	550,059	-	-	-	550,059
Total cash inflows	671,923	-	671,923	-	-	-	-	550,059	-	-	-	550,059
Cash outflows												
Payroll	-	85,000	85,000	-	85,000	-	85,000	-	95,646	-	245,646	511,292
Rent expense	-	25,000	25,000	-	-	-	25,000	-	-	-	25,000	50,000
Restructuring related professional fees	3,249,000	550,000	3,799,000	600,000	600,000	700,000	800,000	800,000	450,000	450,000	400,000	4,800,000
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Office & administrative	15,000	15,000	30,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	120,000
Director fees	-	-	-	-	-	-	-	-	80,000	-	-	80,000
KERP	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	121,560	227,925	349,485	-	-	-	-	379,875	-	-	129,158	509,033
Total cash outflows	3,385,560	902,925	4,288,485	615,000	700,000	715,000	925,000	1,194,875	640,646	465,000	814,804	6,070,325
Opening balance	6,818,190	4,046,960	6,818,190	3,137,382	2,522,382	1,822,382	1,107,382	182,382	(462,434)	(1,103,080)	(1,568,080)	3,137,382
Payments in transit	(57,593)	-	(57,593)	-	-	-	-	-	-	-	-	-
Variation in cash balance (Petitioners)	(2,713,637)	(902,925)	(3,616,562)	(615,000)	(700,000)	(715,000)	(925,000)	(644,816)	(640,646)	(465,000)	(814,804)	(5,520,266)
Variation in cash balance (Non-Petitioners)	-	(6,653)	(6,653)	-	-	-	-	-	-	-	(23,161)	(23,161)
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted ending cash balance	4,046,960	3,137,382	3,137,382	2,522,382	1,822,382	1,107,382	182,382	(462,434)	(1,103,080)	(1,568,080)	(2,406,045)	(2,406,045)

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 22, 2014. In addition to the opening cash balance presented of \$6,818.2K, please note that \$1,621.3K is currently held in the Monitor's trust accounts as at February 22, 2014. 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 and accumulated interest.
- 2) Other receipts in week 129 reflect the transfer of \$671.9K (€442K at 1.5195) from Hinvest REMS, which was originally budgeted at €562K in the Thirty-Second Report. Other receipts in week 135 reflect the planned reimbursement from Geneba of HII's capital injection of \$550.1K (€362K at 1.5195).
- 3) Payroll is expected to increase starting in week 136, to reflect a revision in salaries. In addition to the expected bi-weekly payroll costs, the amount shown in week 138 includes an expected severance payment to certain employees.

- 4) Professional fees in week 129 are composed of the weekly budget of \$550K plus the favorable variance of \$2,699.0K incurred during the 4-week period of January 25 to February 21, 2014, of which approximately \$1.7M of professional fees are in transit at week 129. Starting in week 131, professional fees have been adjusted throughout the Nineteenth Extension Period to better reflect the increase of work in anticipation for the implementation of the Plans and the resulting first distribution.
- 5) Director fees in week 136 reflect the payment of the director fees quarterly payment.
- 6) Other expenditures represent the expected payment of Geneba recharge costs of \$121.6K (€80K at 1.5195), in week 129 and a payment of \$227.9K (€150K at 1.5195) to fund the Baltics properties. In weeks 135 and 138, the other expenditure payment represents the payment of the expected Geneba recharge costs of \$379.9K and \$129.2K (€250K and €85K at 1.5195), respectively.
- 7) Following the Monitor's review of the professional fees accrual analysis, it is estimated that at March 11, 2014, an accrual of more than \$2.0M for the professional fees will be outstanding and payable.

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 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.

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.

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.

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
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
GST/HST/VAT received	GST/HST/VAT refunds: based on management assessments.	X	
Other receipts	Represents a transfer from HREMS and the reimbursement of the promissory note by Geneba to HII in relation of the initial equity requirement.	X	
<u>Forecast cash disbursements</u>			
Payroll	Based on updated salaries and payment of applicable severances	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	
Other expenditures	Represent Geneba recharge cost payments and funding to the Baltics	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

Shareco Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

Homburg ShareCo Inc.

Extended cash flow statement from March 12 to May 3, 2014

	32nd Report Published			33rd Report								
Number of weeks:	129	130		131	132	133	134	135	136	137	138	
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows												
Mortgage bond issuance	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows												
Interest payments - mortgage bonds	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at March 12, 2014.

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
<u>General cash flow assumptions</u>	<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	
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Forecast cash receipts</u>	No cash inflows are projected for this period	X	
<u>Forecast cash disbursements</u>	No cash outflows are projected for this period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

Churchill Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

Churchill Estates Development Ltd.
Extended cash flow statement from March 12 to May 3, 2014

	32nd Report Published			33rd Report								
Number of weeks	129	130		131	132	133	134	135	136	137	138	
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows												
Condo fees	2,700	-	2,700	-	-	-	2,700	-	-	-	2,700	5,400
GST remitted	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	2,000	-	2,000	-	-	-	2,000	-	-	-	2,000	4,000
Total cash outflows	4,700	-	4,700	-	-	-	4,700	-	-	-	4,700	9,400
Opening cash balance	809,800	805,100	809,800	805,100	805,100	805,100	805,100	800,400	800,400	800,400	800,400	805,100
Variation in cash balance	(4,700)	-	(4,700)	-	-	-	(4,700)	-	-	-	(4,700)	(9,400)
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	805,100	805,100	805,100	805,100	805,100	805,100	800,400	800,400	800,400	800,400	795,700	795,700

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at March 12, 2014.

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

- (i) The past performance of Churchill;

- (ii) The performance of other industry/market participants engaged in similar activities as Churchill;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>	No activity has been forecasted during the period	X	
<u>Forecast cash disbursements</u>	No activity has been forecasted during the period	X	
Condo fees	Based on previous activity	X	
GST remitted	No activity has been forecasted during the period	X	
Other expenditures	Represents miscellaneous costs	X	
<u>Closing cash balance</u>	Based on allocated cash transactions	X	

CP Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

CP Development Ltd.

Extended cash flow statement from March 12 to May 3, 2014

	32nd Report Published			33rd Report								
	129	130		131	132	133	134	135	136	137	138	
Number of weeks:												
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflow	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)
Adjustment for intercompany funding	-	-	-	-	-	-	-	-	-	-	-	-
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)	(719,600)

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at March 12, 2014. In addition to the opening balance presented of (\$719.6K) please note that \$10,882.0K is currently held in the Monitor's trust account.

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
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>	CP was sold and no cash inflows are projected for this period	X	
<u>Forecast cash disbursements</u>	CP was sold and no cash outflows are projected for this period	X	
<u>Closing cash balance</u>	Based on allocated cash transactions	X	

NCLL Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

NCLL

Extended cash flow statement from March 12 to May 3, 2014

	32nd Report Published			33rd Report								
Number of weeks:	91	92		93	94	95	96	97	98	99	100	
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows												
GST/HST received	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows												
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	200	200	200	200	200	200	200	200	200	200	200	200
Funding from HII												
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Adjust ending cash balance	200	200	200	200	200	200	200	200	200	200	200	200

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at March 12, 2014.

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
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
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	
<u>Forecast cash disbursements</u>			
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	
Other expenditures	Other expenditures incurred, and no activity has been forecasted during the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

HMCI Extended 8-week cash flow forecast (\$C)

Updated as of March 12, 2014

Homburg Management Canada Inc.

Extended cash flow statement from March 12 to May 3, 2014

	32nd Report Published			33rd Report								
Number of weeks:	51	52		53	54	55	56	57	58	59	60	
Beginning period:	22-Feb-14	1-Mar-14	TOTAL	12-Mar-14	16-Mar-14	23-Mar-14	30-Mar-14	6-Apr-14	13-Apr-14	20-Apr-14	27-Apr-14	TOTAL
Ending period:	28-Feb-14	11-Mar-14	2-Week Period	15-Mar-14	22-Mar-14	29-Mar-14	5-Apr-14	12-Apr-14	19-Apr-14	26-Apr-14	3-May-14	8-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows												
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows												
Other Disbursements	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600
Variation in cash balance	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at March 12, 2014.

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 HMCI, as defined in Subsection 2(1) of the Act, based on probable and hypothetical assumptions that reflect HMCI'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 HMCI's judgment, but are consistent with the purpose of the Cash Flow Statement.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) HMCI'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 HMCI; 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 HMCI;

- (ii) The performance of other industry/market participants engaged in similar activities as HMCI;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each assumption, and an assessment as to the reasonableness of each assumption, will vary according to circumstances and will be influenced by factors such as the significance of the assumption and the availability and quality of the supporting information.

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at March 11, 2014	X	
<u>Forecast cash receipts</u>	No cash inflows are projected for this period	X	
<u>Forecast cash disbursements</u>	No cash outflows are projected for this period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	