

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:**

1810040 ALBERTA LTD. (formerly known as
HOMBURG INVEST INC. and **HOMBURG
SHARECO INC.**)

– and –

CHURCHILL ESTATES 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-NINTH 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, 1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") and certain related entities (collectively, the "**Debtors**") filed and

obtained protection from their respective creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to an Order rendered by the Superior Court of Quebec (as amended and extended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order (as amended), the Stay extends to the entities listed in Appendix A hereto (collectively, the "**Applicant Partnerships**" and, together with the Debtors, the "**HII Parties**").
3. Samson Bélair/Deloitte & Touche Inc. was appointed as monitor (the "**Monitor**") under the CCAA.
4. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 in favor of the HII Parties, which Stay has been extended from time to time by order of the Court. On August 21, 2014, the Court last extended the Stay up to and including February 27, 2015 (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-eight such Monitor's reports (as well as some supplemental reports) prior to this thirty-ninth report of the Monitor (the "**Thirty-Ninth Report**"). Copies of all of the Monitor's reports are available on the Monitor's website at www.insolvencies.deloitte.ca under the Homburg Invest Inc. link. 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-NINTH REPORT

6. This Thirty-Ninth Report is intended to provide an update on the progress of the HII Parties' restructuring process and related steps in connection with the execution of the HII/Shareco Plan and the Homco 61 Plan (collectively, the "**Plans**"), including in particular with respect to the distributions made pursuant to the Plans, and confirm the support of the Monitor to the Debtors' Motion for an extension of the Stay Period dated February 24, 2015 (the "**Debtor's Motion**"). This report also outlines the current and projected cash positions of the Petitioners, the status of the restructuring and orderly liquidation initiatives, and, generally, the restructuring process.
7. This Thirty-Ninth Report is structured as follows:
 - I- Updates on the Execution of the Plans and the Distributions;
 - II- Debtors' Cash Flows;
 - III- Activities of the Monitor;
 - IV- Extension of the Stay Period;
 - V- Position of the Various Cash Reserves; and
 - VI- Conclusions and Recommendations.

TERMS OF REFERENCE

8. In preparing this Thirty-Ninth 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 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-Ninth Report is based

on assumptions of Management regarding future events, and actual results achieved will vary from this information and such variations may be material.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Thirty-Ninth Report are as defined in the previous reports of the Monitor and the HII/Shareco Plan.

I. UPDATES ON THE EXECUTION OF THE PLANS AND THE DISTRIBUTIONS

10. On March 27, 2014, in conformity with the Plans, the Monitor issued certificates confirming that the Plan Implementation Date (“**PID**”) took place from March 24, 2014 to March 27, 2014 and that the Homco 61 Plan Implementation Date occurred on March 27, 2014.

DISTRIBUTIONS

11. Since PID, the Monitor proceeded with several distributions to the Affected Creditors and Homco 61 Affected Creditors under the respective Plans, as explained hereunder.

Second Interim Cash-Pool Distribution

12. On February 20, 2015, the Monitor proceeded with an interim distribution of the Cash Pool and of the Asset Realization Cash Pool to Affected Creditors with Proven Claims and to all Homco 61 Affected Creditors with Proven Claims (the “**February 2015 Interim Distribution**”).
13. The February 2015 Interim Distribution was made after several previous distributions were made by the Monitor, as further described in the Thirty-Eight Report, namely:
 - i. The “**First Distribution**” made on or about April 10, 2014, either in cash to the Affected Creditors who elected for the Newco Common Shares Cash-Out Option (i.e. the “**Catalyst Option**”) or in Newco Common Shares (shares of Geneva Properties N.V.) to those who did not elect, and the “**Homco 61 First Distribution**” made at the same time to the Bond 6 Claim Holders in cash or in shares;
 - ii. A cash distribution made on or about May 12, 2014 to the Bond 5 Claim Holders for the secured portion of their Claim, i.e. the Bond 5 Secured Claim Cash Payment;
 - iii. A cash distribution made on or about June 3, 2014 to the Bond 6 Claim Holders who elected for the Catalyst Option under the HII/Shareco Plan as an interim distribution of the Cash-Out Pool for their “**Minimum Bond 6 HII Deficiency Claim**”;
 - iv. A cash distribution made on or about July 10, 2014 to the Bond 7 Claim Holders for the secured portion of their Claim, i.e. a portion of the “**Kai Remaining Net Proceeds**”; and
 - v. The “**Interim Cash Pool Distribution**” made on or about August 15, 2014 to all Affected Creditors with Proven Claims, and the “**Homco 61 Interim Cash Pool Distribution**” to the Homco 61 Affected Creditors with Homco 61 Proven Claims.
14. The “**Interim Cash Pool Distribution**” made on August 15, 2014 pertained only to the Cash available to HII as of that date.
15. The February 2015 Interim Distribution represented an interim distribution of the Cash Pool and the Asset Realization Cash Pool made possible following (I) the resolution of certain Disputed Claims

(and the related release of the Disputed Claims' cash reserves in connection thereto) and (II) the realization by the Monitor of certain Non-Core Business Assets Net Proceeds, the whole pursuant to the HII/Shareco Plan.

16. The aggregate amount distributed to Affected Creditors and Homco 61 Affected Creditors (or deposited in the Disputed Claims (Cash) Reserve) as part of the February 2015 Interim Distribution is approximately \$18M, including approximately \$7M that came from the amounts that had been deposited in the Disputed Claims (Cash) Reserve at the time of the "Interim Cash Pool Distribution" of August 2014.

Future Expected Distributions

17. Future distributions to the Affected Creditors with Proven Claims and to the Homco 61 Affected Creditors with Homco 61 Proven Claims are expected to take place in the coming months, namely in relation to:
 - i. The Cash Pool upon the resolution of the pending Disputed Claims;
 - ii. The Asset Realization Cash Pool upon the realization of the remaining Non-Core Business Assets; and
 - iii. The Cash-Out Pool (cash funded by Catalyst), to the Electing Creditors, upon the resolution of the Disputed Claims, to the extent that such Disputed Claims do not become Proven Claims.
18. With respect to the distribution of the Cash-Out Pool, Electing Creditors holding an outstanding Disputed Claim (i.e. the "unsecured" portions of the Claims of the Bond 4 Claim Holders and Bond 7 Claim Holders and of the Bond 6 HII Deficiency Claim) should note that such election will become null and void on March 24, 2015, namely 12 months after PID.
19. As indicated in the Thirty-Fourth Report, the Monitor is the beneficiary of a letter of credit issued at the request of Catalyst to guarantee the latter's obligations under the Plan. In light of the resolution of Disputed Claims that have occurred over the past months and that are expected to occur shortly, the Monitor will draw upon the letter of credit in the coming weeks in order to proceed with a final distribution of the Cash-Out Pool to the Electing Creditors. The Affected Creditors and Homco 61 Affected Creditors who are not Electing Creditors will thus benefit from the cancellation of shares of Geneba being held in reserve in connection with said Disputed Claims (with the exception of the Taberna Claim, for which the shares held in reserve in connection thereto will be distributed in conformity with the Taberna Order).
20. After March 24, 2015, any Disputed Claims that become Proven Claims will result in distribution of Geneba shares, notwithstanding any election made by the Electing Creditors.

SALE PROCESS OF NON-CORE PROPERTIES

21. The sale process in connection with the non-core properties has been ongoing following PID. The net proceeds of said process will form part of the Asset Realization Cash Pool and will be distributed to the creditors in accordance with the Plans (with the exception of the Homburg Springs East (Homco 52) property that is fully secured in favour of the Bond 4 Claim Holders).

22. Since PID, the Monitor is responsible to proceed with the orderly liquidation of the Non-Core Business Entities' Assets (namely the remaining Canadian and US properties of the HII Group) and to realize any of the Non-Core Business Assets (namely the interest of HII, as creditor or otherwise, in the Non-Core Business Entities in the context of the disposition of the non-core properties). The Monitor is exercising that role in consultation with the Liquidation Advisory Committee, in conformity with the HII/Shareco Plan. The Liquidation Advisory Committee is composed of Mr. Jan Schöningh (nominated by HII), Mr. Karel De Vries (nominated by SHB) and Mr. Gabriel De Alba (nominated by Catalyst). With respect to the Homburg Springs East (Homco 52) property, the Monitor receives its instructions from SHB as representative of the Bond 4 Claim Holders.
23. As described in previous reports, there are two non-core properties that continue to be financed by HSBC, namely the Points North property held by NCLL and the Henderson Farms property held by Homco 121. The loans in connection with these properties were not guaranteed by HII.
24. The status of the sale process of the non-core properties can be summarized as follows:
 - i. Cristal Property (Homco 105): On August 21, 2014, the Court issued an Approval and Vesting Order authorizing the sale of the Cristal Property. The purchase price was approximately \$7.2M (prior to customary adjustments) and the sale closed on August 29, 2014. Almost all proceeds were ultimately returned to HII (either as secured creditor subrogated in the rights of HSBC following the reimbursement made by HII at PID or as the sole unsecured creditor) and deposited in the Asset Realization Cash Pool in order to form part of the February 2015 Interim Distribution.
 - ii. Points North (NCLL): Since the Thirty-Eighth Report, no parties have shown a serious interest in the property and accordingly, the property was recently relisted for sale at \$16M, a reduction from the previous listing price of \$25M. HSBC is being kept informed on a regular basis regarding the ongoing sale process.
 - iii. Colorado Springs Properties (HHUS): As noted in the Thirty-Eighth Report, the Liquidation Advisory Committee approved the sale of the four remaining properties located in Colorado Springs, and this sale closed for an amount of US\$4.25M on October 31, 2014. HHUS is currently in liquidation and the proceeds thereof will be returned to HII in order to be deposited in the Asset Realization Cash Pool.
 - iv. Homburg Springs East (Homco 52) and Homburg Springs West (Homco 94): Conditional offers have been submitted recently by different parties for the properties referred to as Homburg Springs West (Homco 94) and Homburg Springs East (Homco 52). The Liquidation Advisory Committee (in the case of Homburg Springs West) and SHB (in the case of Homburg Springs East) are being consulted in connection with these conditional offers.
 - v. Henderson Farms (Homco 121): As reported in the Monitor's previous reports, the HII Group has no economic interest therein. The Monitor understands that HSBC is continuing to assess its options regarding this property.
25. As indicated in the Thirty-Eighth Report, the only remaining item (post-closing) that remains to be completed in connection with the HCI Settlement Agreement approved by the Court on June 4, 2014 is the conditional transfer of certain water rights from NCLL to Homco 121. There has been no development in this regard since the Thirty-Eighth Report.

BANKRUPTCY OF NON-CORE BUSINESS ENTITIES

26. Homco 105 filed an assignment in bankruptcy on February 4, 2015. HII (as unsecured creditor) is the sole creditor of Homco 105. As indicated above, most proceeds from the sale of the Homco 105 property were paid to HII, and a non-material dividend is expected to be distributed by the trustee of Homco 105 to HII in the coming weeks. This amount will form part of the Asset Realization Cash Pool for the purpose of the next distribution of such pool.
27. The HII Group and the Monitor will continue to assess the proper course of action with respect to the remaining Non-Core Business Entities, including potential bankruptcy filing or winding-up, and will consult the Liquidation Advisory Committee and keep it apprised of such course of action.

RESOLUTION OF DISPUTED CLAIMS

28. The Monitor and its counsel are working closely with HII and its counsel in resolving the outstanding Disputed Claims. The pending Disputed Claims as at the time of the First Distribution are listed and described in Appendix B of the Thirty-Fourth Report / First Distribution Report.
29. The status of the pending Disputed Claims as of the date of this Thirty-Ninth Report can be summarized as follows:
 - i. **Taberna Claim**: On June 30, 2014, the Court rendered an order (the “**First Instance Taberna Judgment**”) concluding that the Taberna Claim (in an amount of approximately \$54.5M) is subordinated to the full and final payment of the “Senior Debt”, namely the Corporate Bond Claims and the Mortgage Bond Claims, and ordered that any distribution to be made in connection with the Taberna Claim under the HII/Shareco Plan be made to the holders of the “Senior Debt”. On October 15, 2014, the Taberna Claim Holders were granted leave to appeal the First Instance Taberna Judgment. The Court of Appeal heard the appeal on January 16, 2015 and, on the same day, rendered a decision dismissing the appeal and confirming the First Instance Judgment. Such judgment of the Court of Appeal constitutes the Taberna Order pursuant to the Plan and, in the coming weeks, the Monitor expects to distribute the Taberna Claim’s applicable Geneva shares and portion of the Cash-Out Pool to the Stichting Bondholders in according with the Plan. The Taberna Claim’s applicable portion of the Cash Pool and Asset Realization Cash Pool will also be distributed at the time of next distribution of such pools.
 - ii. **Valbonne / Homco 68 Claims**: At the end of January 2015, a settlement was concluded between HII, HLP as general partner of Homco 68, the Dutch trustee of Valbonne and the Monitor pursuant to which the Disputed Claims of Homco 68 (approximately \$13.4M) and Valbonne (approximately \$62.6M) were the object of a final release, without any consideration from HII. A declaration of settlement out of court of the Motions in appeal of the Disputed Claims was completed in mid-February 2015. The settlement provides that the Dutch trustee of Valbonne will file a petition for a bankruptcy order against Homco 68 and that Samson Bélair / Deloitte & Touche Inc. will be appointed as trustee to the bankruptcy. The costs of administration of the bankruptcy up to an amount of \$50K will be assumed by HII. The bankruptcy will allow the trustee to have access to the distributions made to Homco 68 under the HII/Shareco Plan in connection with its Proven Claim of approximately \$27.2M. This settlement allows for substantial amounts held in the Disputed Claims (Cash) Reserve to be released and form part of the February 2015 Interim Distribution. The Geneva shares held in trust with the Monitor will be cancelled in the coming weeks (resulting from a benefit to the Non-Electing Creditors in light of a lesser dilution). The effect of this

settlement will be taken into consideration for the purpose of the upcoming final distribution of the Cash-Out Pool following the drawing on the letter of credit of Catalyst.

- iii. Unsecured Portion of the Bond 4 Claim Holders' Claim: As indicated in Appendix B to the Thirty-Fourth Report / First Distribution Report and as provided by the HII/Shareco Plan, a portion of such claim constitutes a Disputed Claim since the quantum of the Mortgage Bond Trust Indenture Unsecured Claim which entitles the Bond 4 Claim Holders to a distribution under the HII/Shareco Plan is not known (i.e. the allocation of the secured and the unsecured portion of the Bond 4 Claim can only be finally determined following the sale of the Homburg Springs East property and the ensuing distribution of the proceeds). The final determination of the secured and unsecured portion of the Bond 4 Claim will only be known once the Homburg Springs East property is sold and the quantum of the net proceeds going to the Bond 4 Claim Holders is determined.
- iv. Bond 6 HII Deficiency Claim: As explained in the Thirty-Eighth Report, the final value of the Bond 6 HII Deficiency Claim will only be known at the time of the Final Distribution under the HII/Shareco Plan and the Homco 61 Plan. In the meantime, as provided by the HII/Shareco Plan, a portion of the Bond 6 HII Deficiency Claim constitutes a Disputed Claim. Prior to the upcoming final distribution of the Cash-Out Pool, the Monitor will determine if the estimated Disputed Claim (and related Proven Claim) of the Bond 6 Claim Holders should be adjusted.
- v. Unsecured Portion of the Bond 7 Claim Holders' Claim: As further elaborated in the Thirty-Sixth Report and the Thirty-Eighth Report, the Bond 7 Motion is pending and will determine the respective rights of the Bond 7 Claim Holders and the holders of the Lien Claims with respect to the balance of the Kai Remaining Proceeds. A hearing with regard to the Bond 7 Motion is expected to occur in the coming months.

30. Shares and cash are being held in reserve by the Monitor in connection with the pending Disputed Claims, in conformity with the Plans.

II. DEBTORS' CASH FLOWS

31. The purpose of this section is as follows:

- i. Provide budget to actual analysis highlights by Debtor for the period from August 1, 2014 to January 31, 2015; and
- ii. Provide explanations or comments on the variances by Debtor.

OVERVIEW

32. 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 August 1, 2014 to January 31, 2015:

Cash variation for the period from August 1, 2014 to January 31, 2015 (C\$000)							
Petitioner	Opening cash balance	Total variation in cash balance	Subtotal	Surplus (funding) between HII and its Non-Petitioners (Note 1)	Funded by Administrative Reserve (Note 2)	Adjusted ending cash balance	
1810040 Alberta Ltd.	272	(1,658)	(1,386)	(24)	6,132	4,722	
Churchill Estates Development Ltd.	812	(22)	790	-	-	790	
CP Development Ltd.	-	(2)	(2)	-	-	(2)	
North Calgary Land Ltd.	-	(1)	(1)	-	1	-	
HMCI	42	-	42	-	-	42	
Total	1,126	(1,683)	(557)	(24)	6,133	5,552	

Note 1: This amount represents an amount paid on behalf of a Non-Petitioner, which was reimbursed following January 31, 2015.

Note 2: The balance of the Administrative Reserve as at January 31 2015 was \$3,283K.

33. For the budget to actual cash flow forecast analysis of 1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco), Churchill, CP, NCLL and HMCI for the period from August 1, 2014 to January 31, 2015, and commentary in respect of the analysis performed, please refer to Appendix B of this Thirty-Ninth Report.
34. 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 or the Administrative Reserve, as the case may be.
35. As part of the Plan Transactions completed in the context of the implementation of the HII/Shareco Plan, HII transferred most of its available cash into the Monitor's trust accounts. Following PID, HII submits a weekly request to the Monitor which transfers sufficient funds to cover the appropriate and approved post-filing expenses for the following week from the Administrative Reserve as outlined in paragraph 70 of the Thirty-Fifth Report.

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)

36. Total cash inflows for 1810040 Alberta Ltd. were \$5,214.2K for the period noted, while total cash outflows were \$6,872.4K, which resulted in a negative net cash variation of \$1,658.2K compared to a budgeted negative net cash variation of \$6,141.3K. This positive variance of \$4,483.1K is mainly due to the following:
 - i. the unbudgeted receipt of \$4,544.0K from the sale of HHUS, which resulted in a timing difference as the sale and the transfer of the cash was not expected during this period;
 - ii. the receipt of \$212.5K of corporate income taxes and VAT reimbursement from the Stichting fees, which was not budgeted;
 - iii. the receipt of \$442.9K of HST/GST refunds;
 - iv. the payment of larger than budget payroll by \$381.2K due to the requirement to maintain existing staff for an longer time period than anticipated since the workload was larger than originally anticipated; and
 - v. the payment of larger than budgeted professional fees by \$300.1K, due to timing as a number of invoices relating to earlier periods have been paid.
37. As at January 31, 2015 there are accrued professional fees, relating to the period ending January 31, 2015 but which have not been paid, totaling approximately \$1,275K. Given that these amounts were not paid within the period noted, they are reflected as an adjustment to the cash outflow

forecast shown in Appendix C. However, it is important to note that the fees of professionals that were estimated at PID are still on budget compared with the amounts that were budgeted at PID.

Churchill

38. Total cash inflows for Churchill were nil for the period noted, while total cash outflows were \$22.5K, which resulted in a negative net cash variation of \$22.5K compared to a budgeted negative net cash variation of \$812.1K. This positive variance of \$789.6K is mainly due to a delay in planned bankruptcy proceedings of Churchill, such that the anticipated transfer of the remaining funds on hand to the trustee has not yet occurred.

CP

39. Total cash inflows for CP were nil for the period noted, while the total cash outflows were \$2.2K, which resulted in a negative net cash variation of \$2.2K compared to a budgeted net cash variation of nil. This negative variance is mainly due to the timing as the bankruptcy of CP occurred in the prior period whereas the transfer of the remaining funds to the trustee occurred in the current period.

NCLL

40. Total cash inflows for NCLL were nil for the period noted, while the total cash outflows were \$0.5K, which resulted in a negative net cash variation of \$0.5K compared to a budgeted net cash variation of nil. The negative variance is mainly due to the unbudgeted payment of utilities.

HMCI

41. Total cash inflows for HMCI were nil for the period noted, while the total cash outflows were \$0.1K, which resulted in a negative net cash variation of \$0.1K compared to a budgeted net cash variation of nil. The negative variance is mainly due to the unbudgeted payment of taxes.

Cash budgeting

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

III. ACTIVITIES OF THE MONITOR

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

CASH FLOW MONITORING

44. On a monthly basis, the Monitor has continued to analyze the Debtors' cash flows. As explained in the previous section of this Thirty-Ninth Report, a budget to actual cash flow analysis of the Debtors for the period from August 1, 2014 to January 31, 2015 has been prepared together with commentary of cash variances, as presented in Appendix B of this Thirty-Ninth Report.
45. 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.

46. 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.

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

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

COMMUNICATIONS WITH AFFECTED CREDITORS AND HOMCO 61 AFFECTED CREDITORS AND WITH GENEBA

Communications with creditors

48. As explained previously, the Monitor has made available a toll free number (related to a call center) and a mail box in order to assist in communications with Affected Creditors and Homco 61 Affected Creditors.
49. Following PID, the First Distribution and the subsequent distributions which have been made, the Monitor has received a large number of phone calls and emails from Affected Creditors and Homco 61 Affected Creditors. The Monitor has responded and continues to respond to each query in a timely manner.
50. As part of each distribution made under the Plans (as further detailed above), each Affected Creditor and Homco 61 Affected Creditor received a personalized letter explaining the distribution to which it was entitled and that it received or should have received.
51. The distributions to most of the creditors, namely all holders of Mortgage Bond Claims and Corporate Bond Claims, are made by way of wire transfers based on the banking information included in the Letters of Instructions submitted to the Monitor. The bondholders who did not provide a Letter of Instructions or for which the banking details provided were incomplete or erroneous, the Monitor is pursuing its efforts to contact them in order to proceed with the distributions to which they are entitled. These bondholders represent a nominal number of the total bondholders, both in number and in value.

IV. EXTENSION OF THE STAY PERIOD

OVERVIEW

52. Pursuant to the Twenty-First Extension Order, the Stay Period was extended up to and including February 27, 2015.
53. The Debtors' Motion is seeking a twenty-second extension of the Stay Period until August 31, 2015 (the "**Twenty-Second Extension Period**"). This extension will allow, amongst other things, to:
- i. Proceed with subsequent distributions pursuant to the Plans, including the final distribution of the Cash-Out Pool in favour of the Electing Creditors which is expected to be done in the coming weeks;
 - ii. Advance the sale process of the the remaining Non-Core Business Assets;
 - iii. Advance the resolution of the outstanding Disputed Claims, including the sale of the secured Homburg Springs East property and the hearing of the Bond 7 Motion;

- iv. Advance the winding-up or bankruptcy of the non-core entities; and
 - v. Continue to keep informed the creditors and the other stakeholders, and answer to their enquiries.
54. It is the Monitor's view that it is in the best interests of the stakeholders to provide the HII Parties with the Twenty-Second Extension Period in order to ensure that the HII Parties and the Monitor continue their progress towards finalizing the remaining steps provided in the Plans.

EXTENDED 6-MONTH CASH FLOW FORECASTS

55. The Debtors, with the support of the Monitor, prepared new cash flow forecasts for the Twenty-Second Extension Period, adjusting the projected cash flows for the period ending on August 31, 2015, namely the end of the Twenty-Second Extension Period.
56. The extended 6-month cash flow forecasts for 1810040 Alberta Inc., Churchill, NCLL and HMCI, as well as additional commentary identifying the primary assumptions, are attached as Appendix C.
57. Presented in the table below is a summary of the forecasted cash variations for each of the Debtors:

Extension - 6-month period ending August 31, 2015	Opening cash balance as at February 1, 2015 (Appendix C)	Forecasted cash variation for the 1-month period (Appendix C)	Forecasted opening cash balance as at March 1, 2015 (Appendix C)	Forecasted cash variation for the 6-month period (Appendix C)	Forecasted closing cash balance as at August 31, 2015
(C\$000)					
1810040 Alberta Ltd.	4,722	(1,673)	3,049	(778)	2,271
Churchill Estates Development Ltd.	790	(3)	787	(787)	-
NCLL	-	-	-	-	-
HMCI	42	-	42	-	42
Total	<u>5,554</u>	<u>(1,676)</u>	<u>3,878</u>	<u>(1,565)</u>	<u>2,313</u>

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)

58. Payroll is expected to decrease during the Twenty-Second Extension Period to reflect the fourth round of layoffs following PID, which will reduce the payroll to a single remaining employee.
59. No rent expense is expected beyond May 2015 as there are not expected to be sufficient remaining staff on hand to warrant the need for office space, following the projected fourth round of layoffs. Please refer to Appendix C for further clarification.
60. Professional fees in connection with the restructuring of the HII Group are expected to fluctuate throughout the Twenty-Second Extension Period, to follow the amount of work required to complete the remaining steps of the restructuring and proceed with further distributions. As previously noted, the accrued and unpaid professional fees outstanding as at January 31, 2015, in the amount of \$1,275K, were added to the estimated professional fees for the month of February 2015, which is \$250K.
61. The annual payment related to the Directors' and Officers' insurance, in the amount of \$50.0K, is expected to be paid in June 2015.
62. Office and administrative fees are expected to remain constant and subsequently be eliminated following the fourth round of layoffs anticipated to occur in May 2015.

63. At the time of this Thirty-Ninth Report, there is nothing that would lead the Monitor to believe that HII will need additional financing to meet its current obligations during the Twenty-Second Extension Period.

Churchill

64. The Monitor does not anticipate any cash inflows pertaining to Churchill during the Twenty-Second Extension Period. A significant cash outflow is anticipated as Churchill is expected to be assigned into bankruptcy during the Twenty-Second Extension Period, at which point the remaining funds within Churchill will be transferred to the trustee.
65. At the time of this Thirty-Ninth Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet its current obligations during the Twenty-Second Extension Period.

NCLL

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

HMCI

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

V. POSITION OF THE VARIOUS CASH RESERVES

70. The following table presents an overview of the current balances in the Cash Pool and the various Cash Reserve accounts held by the Monitor pursuant to the HII/Shareco Plan following the Second Interim Cash-Pool Distribution:

Cash Reserves Accounts (C\$000)	
Trust Account	February 20, 2015
Cash Pool and Asset Realization Cash Pool (Note 1)	4,079
Administrative Reserve	1,480
Litigation Reserve	504
Disputed Claims Reserves	5,336

Cash Reserves Accounts (C\$000)	
Trust Account	February 20, 2015
Administrative Reserve	522

Note 1: Cash-Pool Account is composed of \$880K, representing amounts transferred to bondholders who did not provide accurate banking data and \$3,199K representing cheques which have not yet cleared the bank. This balance is after the February 2015 Interim Distribution.

Note 2: This table excludes the amounts in connection with the Cash Out Pool funded by Catalyst. As explained above, a drawing on the Catalyst Letter of Credit is expected to be made prior to March 24, 2015, with a view to make an additional distribution of the Cash Out Pool to the Electing Creditors and Homco 61 Electing Creditors.

71. The Monitor also holds other trust accounts, with regards to Homco 88 and Homco 105, representing an aggregate amount of approximately \$5.4M.

VI. CONCLUSIONS AND RECOMMENDATIONS

72. It is the Monitor's view that the HII Parties have acted in good faith and with due diligence in accordance with the CCAA and the Initial Order and the subsequent orders rendered by the Court.
73. It is the Monitor's opinion that, for the reasons further elaborated in this Thirty-Ninth Report, the Twenty-Second Extension, up to August 31, 2015, should be granted to the HII Parties in order to allow the Monitor and the HII Parties to pursue their efforts towards completing the remaining steps provided by the Plans and proceed with the subsequent distributions.
74. The Monitor respectfully submits this Thirty-Ninth Report to the Court.

DATED AT MONTREAL, this 25th day of February 2015.



Pierre Laporte, CPA, CA, CIRP
President

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

APPENDICES

APPENDIX A

THE ENTITIES Mis-en-Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (61) 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 (121) LIMITED PARTNERSHIP

APPENDIX B

The following is the budget to actual cash flow analysis for 1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco) for the period noted:

1810040 Alberta Ltd.
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C\$000)

	For the 6-month period of		
	August 1, 2014 to January 31, 2015		
	Actual	Budget	Variance
Cash inflows			
Other receipts	5,214.2	-	5,214.2
Total cash inflows	5,214.2	-	5,214.2
Cash outflows			
Payroll	523.5	142.3	(381.2)
Rent expense	14.0	10.0	(4.0)
Restructuring related professional fees	6,219.1	5,919.0	(300.1)
Directors & Officers Insurance	-	50.0	50.0
Office & administrative	115.1	20.0	(95.1)
Other expenditures	0.7	-	(0.7)
Total cash outflows	6,872.4	6,141.3	(731.1)
Opening cash balance	272.2	272.2	-
Adjustment to opening balance	-	-	-
Variation in cash balance	(1,658.2)	(6,141.3)	4,483.1
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	(1,386.0)	(5,869.1)	4,483.1
Deficit funded by the Administrative Reserve	6,132.5	5,869.1	263.4
Surplus (funding) between HII and its non-Petitioners	(24.2)	-	(24.2)
Adjusted ending cash balance	4,722.3	-	4,722.3

1810040 Alberta Ltd. budget to actual commentaries

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

Ending cash balance

- The adjustment to the ending negative cash balance of \$1,386.0K reflects the funding received from the Monitor's trust account. As outlined in paragraph 70 of the Thirty-Fifth Report, at PID all HII cash was transferred to trust accounts controlled by the Monitor and accordingly, HII now submits funding requests to the Monitor. These funding requests are reviewed by the Monitor and funds are then transferred to HII to allow for the payment of post-PID expenses.

Inflows

- Other receipts were \$5,214.2K compared to a budgeted amount of nil, resulting in a favorable variance of \$5,214.2K. The favorable variance is mainly due to the unbudgeted receipt of \$4,544.0K of proceeds from the sale of HHUS which was received earlier than foreseen in the projections, \$212.5K of corporate income tax receipts and VAT reimbursement from the Stichting fees, and \$442.9K of unbudgeted HST/GST refunds.

Outflows

- Payroll was \$523.5K compared to a budgeted amount of \$142.3K, resulting in an unfavorable variance of \$381.2K. This unfavorable variance is mainly due to unexpected employee services that continued to be required since the workload was larger than originally anticipated.
- Rent expense was \$14.0K compared to a budgeted amount of \$10.0K, resulting in an unfavorable variance of \$4.0K. This unfavorable variance is due to rental space being required longer than anticipated, which is consistent with the need for continued employee services as noted above.
- Restructuring related professional fees were \$6,219.1K compared to a budgeted amount of \$5,919.0K, resulting in an unfavorable variance of \$300.1K. This unfavorable variance is due to timing as a large number of invoices relating to prior periods were paid during the period noted.
- Directors and officers insurance expense was nil compared to a budgeted amount of \$50.0K, resulting in a favorable variance of \$50.0K. This favorable variance is mainly due to timing.
- Office and administrative expenses were \$115.1K compared to a budgeted amount of \$20.0K, resulting in an unfavorable variance of \$95.1K. This unfavorable variance is mainly due to the payment of unbudgeted office and administrative costs, including taxes and penalties of approximately \$25.4K. The remainder of the variance is due to larger than expected office and administrative expenses, resulting from the need for continued employee services as noted above.
- 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 (see table on next page):

Stichting Homburg invoice list				
Invoice	Date Range	Amt. 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
INVOICE nr 51.2014	Jan 1, 2014 - Jan 31, 2014	\$ 199,448	\$	199,448
INVOICE nr 53.2014	Feb 1, 2014 - Feb 28, 2014	\$ 220,613	\$	220,613
INVOICE nr 55.2014	Mar 1, 2014 - Mar 14, 2014	\$ 87,323	\$	87,323
INVOICE nr 57.2014	Mar 15, 2014 - Mar 31, 2014	\$ 112,092	\$	112,092
INVOICE nr 59.2014	April 1, 2014 - April 30, 2014	\$ 164,803	\$	164,803
INVOICE nr 61.2014	May 1, 2014 - May 31, 2014	\$ 104,369	\$	104,369
INVOICE nr 62.2014	June 1, 2014 - June 30, 2014	\$ 240,526	\$	240,526
INVOICE nr 63.2014	July 1, 2014 - July 31, 2014	\$ 191,507	\$	191,507
INVOICE nr 64.2014	Aug 1, 2014 - Aug 31, 2014	\$ 60,684	\$	60,684
INVOICE nr 65.2014	Sept 1, 2014 - Sept 30, 2014	\$ 93,436	\$	93,436
INVOICE nr 66.2014	Oct 1, 2014 - Oct 31, 2014	\$ 54,263	\$	54,263
INVOICE nr 67.2014	Nov 1, 2014 - Nov 30, 2014	\$ 117,530	\$	117,530
INVOICE nr 68.2014	Dec 1, 2014 - Dec 31, 2014	\$ 91,491	\$	91,491
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)
VAT Refund ⁹	Invoices 49, 51, 53 & 55	€ (54,611)	\$	(82,665)
VAT Refund ¹⁰	Invoices 57, 59 & 61	€ (32,861)	\$	(48,178)
VAT Refund ¹¹	Invoices 62, 63 & 64	€ (29,097)	\$	(41,105)
VAT Refund ¹²	Invoices 65, 66 & 67	€ (19,953)	\$	(28,138)
VAT Refund ¹³	Re: Foreign currency effects	€ (100,000)	\$	(146,080)
Total (Converted on date paid)			\$	9,075,634
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				
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.				
Note 9: VAT refunds for Invoices 49, 51, 53 and 55 were received.				
Note 10: VAT refunds for Invoices 57, 59 and 61 were received.				
Note 11: VAT refunds for Invoices 62, 63 and 64 were received.				
Note 12: VAT refunds for Invoices 65, 66 and 67 were received.				
Note 13: Refund for positive currency exchange rate effects with respect to the period of December 5, 2011 to June 30, 2014.				

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 6-month period of		
	August 1, 2014 to January 31, 2015		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows			
Commissions	-	-	-
Advertising	-	-	-
R&M	-	-	-
Property tax	-	-	-
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & administrative	-	-	-
Condo fees	8.1	2.7	(5.4)
GST remitted	-	-	-
Other expenditure	14.4	809.4	795.0
	<u>22.5</u>	<u>812.1</u>	<u>789.6</u>
Opening cash balance	812.1	812.1	-
Variation in cash balance	(22.5)	(812.1)	789.6
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>789.6</u>	<u>-</u>	<u>789.6</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

- No inflows occurred during the period in Churchill as budgeted.
- Total cash outflows for the period were \$22.5K compared to a budgeted amount of \$812.1K, resulting in a favorable variance of \$789.6K. This favorable variance is mainly due to a delay in the planned bankruptcy proceedings of Churchill, such that the anticipated transfer of the remaining funds on hand to the trustee has not yet occurred. In addition, the condo fees are continuing to be paid until such time as Churchill is bankrupted or the condos disposed of or sold.

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 6-month period of August 1, 2014 to January 31, 2015		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows	2.2	-	(2.2)
Total cash outflows	<u>2.2</u>	-	<u>(2.2)</u>
Opening cash balance	-	-	-
Adjustment to opening balance	-	-	-
Variation in cash balance	(2.2)	-	(2.2)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>(2.2)</u>	-	<u>(2.2)</u>

CP budget to actual commentaries

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

Inflows-Outflows

- No significant transactions occurred during the period in CP Development Ltd.
- Total cash outflows for the period were \$2.2K compared to a budgeted amount of nil, resulting in an unfavorable variance of \$2.2K. This negative variance is mainly due to the timing of payments as the bankruptcy of CP occurred in the prior period while the final transfer of the remaining funds to the trustee occurred in the current period.

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 6-month period of		
	August 1, 2014 to January 31, 2015		
	Actual	Budget	Variance
Cash inflows			
Other receipts	-	-	-
Total cash inflows	<u>-</u>	<u>-</u>	<u>-</u>
Cash outflows			
Professional fees	-	-	-
Property tax	-	-	-
Insurance	-	-	-
Office & administrative	0.5	-	(0.5)
GST/HST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	<u>0.5</u>	<u>-</u>	<u>(0.5)</u>
Funded opening cash balance	-	-	-
Variation in cash balance	(0.5)	-	(0.5)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>(0.5)</u>	<u>-</u>	<u>(0.5)</u>
Funding from HII	<u>0.5</u>	<u>-</u>	<u>(0.5)</u>
Funded ending cash balance	<u>-</u>	<u>-</u>	<u>-</u>

NCLL budget to actual commentary

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

Inflows-Outflows

- No inflows occurred during the period in North Calgary Land Ltd. as budgeted.
- Total cash outflows for the period were \$0.5K compared to a budgeted amount of nil, resulting in an unfavorable variance of \$0.5K. This unfavorable variance is mainly due to the unbudgeted payment of utilities.

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 6-month period of		
	August 1, 2014 to January 31, 2015		
	Actual	Budget	Variance
Cash inflows			
Other receipts	-	-	-
Total cash inflows	<u>-</u>	<u>-</u>	<u>-</u>
Cash outflows			
Other expenditures	0.1	-	(0.1)
Total cash outflows	<u>0.1</u>	<u>-</u>	<u>(0.1)</u>
Opening cash balance	41.6	41.6	-
Variation in cash balance	(0.1)	-	(0.1)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>41.5</u>	<u>41.6</u>	<u>(0.1)</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

- No significant transactions occurred during the period in HMCI, as expected.

APPENDIX C

1810040 Alberta Ltd. Extended 6-month cash flow forecast (\$C)

Updated as of February 1, 2015

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)
Extended cash flow statement from March 1 to August 31, 2015

	38th Report Amended		39th Report						
Beginning period: Ending period:	For the month of February 2015	TOTAL	For the month of March	For the month of April	For the month of May	For the month of June	For the month of July	For the month of August	TOTAL 6-Month Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows									
GST/HST/VAT received	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-
Cash outflows									
Payroll	70,000	70,000	70,000	70,000	20,000	20,000	20,000	20,000	220,000
Rent expense	2,000	2,000	2,000	2,000	2,000	-	-	-	6,000
Restructuring related professional fees	1,525,000	1,525,000	250,000	75,000	75,000	30,000	30,000	30,000	490,000
Directors & Officers Insurance	-	-	-	-	-	50,000	-	-	50,000
Office & administrative	4,000	4,000	4,000	4,000	4,000	-	-	-	12,000
Other expenditure	72,000	72,000	-	-	-	-	-	-	-
Total cash outflows	1,673,000	1,673,000	326,000	151,000	101,000	100,000	50,000	50,000	778,000
Opening balance	4,722,300	4,722,300	3,049,300	2,723,300	2,572,300	2,471,300	2,371,300	2,321,300	3,049,300
Payments in transit	-	-	-	-	-	-	-	-	-
Variation in cash balance (Petitioners)	(1,673,000)	(1,673,000)	(326,000)	(151,000)	(101,000)	(100,000)	(50,000)	(50,000)	(778,000)
Variation in cash balance (Non-Petitioners)	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Adjusted ending cash balance	3,049,300	3,049,300	2,723,300	2,572,300	2,471,300	2,371,300	2,321,300	2,271,300	2,271,300

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 1, 2015.
- 2) Payroll is expected to decrease beginning in May 2015 to reflect a decrease in the number of employees following the fourth round of layoffs.
- 3) Rent expense is not expected to be incurred after the end of May 2015 as the office will no longer be required.
- 4) Professional fees in the month of February 2015 represent the estimated amount of outstanding professional fees, incurred and not paid, as at February 1, 2015 of \$1,275K, which has been added to the professional fee estimate for the month of February 2015, of \$250K. The budgeted amounts for professional fees during the Twenty-Second Extension period reflects the decrease of work expected following the February 2015 Interim Distribution.
- 5) Directors and Officers insurance expense annual premium is expected to be paid in June 2015.
- 6) Office and administrative fees are expected to be nil beginning in June 2015 to reflect that there will only be one employee remaining.
- 7) Other expenditures represent administrative costs related to the February 2015 Interim Distribution.

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 monthly basis, the projected cash flow of 1810040 Alberta Ltd., based on probable and hypothetical assumptions that reflect 1810040 Alberta Ltd.'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 1810040 Alberta Ltd.'s judgment, but are consistent with the purpose of the Cash Flow Statement.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) 1810040 Alberta Ltd.'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 1810040 Alberta Ltd.; 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 1810040 Alberta Ltd.;
- (ii) The performance of other industry/market participants engaged in similar activities as 1810040 Alberta Ltd.;
- (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 February 1, 2015	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
GST/HST/VAT received	No refunds are forecasted for the period	X	
Other receipts	No other receipts are forecasted for this period	X	
<u>Forecast cash disbursements</u>			
Payroll	Based on updated salaries and payment of applicable severances	X	
Rent expense	Office space in Halifax until end of May 2015.	X	
Restructuring related professional fees	Represents fees of Deloitte, McCarthy Tétrault, Osler, Cohn & Wolfe, Allen & Overy, Clifford Chance, Davies Ward Phillips, Stewart McKelvey, Patterson Law and others	X	
Director and Officers Insurance	Directors and Officers insurance	X	
Office & administrative	Bank fees, travel, telephone, non-CCAA professional fees and other miscellaneous costs	X	
Other expenditures	Represent miscellaneous costs	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

Churchill Extended 6-month cash flow forecast (\$C)

Updated as of February 1, 2015

Churchill Estates Development Ltd.

Extended cash flow statement from March 1 to August 31, 2015

	38th Report Published		39th Report						
Beginning period:	For the month of	TOTAL	For the month of	For the month of	For the month of	For the month of	For the month of	For the month of	TOTAL
Ending period:	February 2015		March	April	May	June	July	August	6-Month Period
	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	-	-	-	795,900	-	-	-	-	795,900
Total cash outflows	2,700	2,700	2,700	798,600	-	-	-	-	801,300
Opening cash balance	789,600	789,600	786,900	784,200	-	-	-	-	786,900
Variation in cash balance	(2,700)	(2,700)	(2,700)	(784,200)	-	-	-	-	(786,900)
Exchange rate	-	-	-	-	-	-	-	-	-
Ending cash balance	786,900	786,900	784,200	-	-	-	-	-	-

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 1, 2015.
- 2) Churchill is expected to be assigned into bankruptcy during the month of April 2015 and pursuant to the planned bankruptcy, all remaining funds will be transferred to the trustee.

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 monthly basis, the projected cash flow of Churchill, 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 February 1, 2015	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 anticipated activity	X	
GST remitted	No activity has been forecasted during the period	X	
Other expenditures	Represents funds transferred to the Trustee	X	
<u>Closing cash balance</u>	Based on allocated cash transactions	X	

NCLL Extended 6-month cash flow forecast (\$C)

Updated as of February 1, 2015

NCLL

Extended cash flow statement from March 1 to August 31, 2015

	38th Report Published		39th Report						
Beginning period: Ending period:	For the month of February 2015	TOTAL	For the month of March	For the month of April	For the month of May	For the month of June	For the month of July	For the month of August	TOTAL 6-Month Period
	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	-	-	-	-	-	-	-	-	-
Funding from HII									
Variation in cash balance	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Adjust ending cash balance	-	-	-	-	-	-	-	-	-

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 1, 2015.

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 monthly basis, the projected cash flow of NCLL, 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 February 1, 2015	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; no activity has been forecasted during the period	X	
Insurance	Insurance has been pre-paid; no activity has been forecasted during the period	X	
Other expenditures	Other expenditures incurred; no activity has been forecasted during the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

HMCI Extended 6-month cash flow forecast (\$C)

Updated as of February 1, 2015

Homburg Management Canada Inc.

Extended cash flow statement from March 1 to August 31, 2015

	38th Report Published		39th Report						
Beginning period: Ending period:	For the month of February 2015	TOTAL	For the month of March	For the month of April	For the month of May	For the month of June	For the month of July	For the month of August	TOTAL 6-Month Period
	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
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

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at February 1, 2015.

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 monthly basis, the projected cash flow of HMCI, 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 February 1, 2015	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	