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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC
COURT. No.: 500-11-041305-117

S U P E R I O R C O U R T
Commercial Division

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF:

HOMBURG INVEST INC., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its registered office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

HOMBURG SHARECO INC., a legal person, duly constituted under the *Companies Act* (Nova Scotia), having its head office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CHURCHILL ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

INVERNESS ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CP DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

NORTH CALGARY LAND LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its office at Unit 220, 3016-19th Street NE, Calgary, Alberta, T2E 6Y9 and having a chief place of business at Suite 1060, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8.

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mis-en-cause

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
(Pierre Laporte, CPA, CA, CIRP, person in charge), having a place of business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec, H3B 4T9

Monitor

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

INTRODUCTION

1. On September 9, 2011, Homburg Invest Inc. ("**HII**"), Homburg Shareco Inc. ("**Shareco**"), Churchill Estates Development Ltd. ("**Churchill**"), Inverness Estates Development Ltd. ("**Inverness**") and CP Development Ltd. ("**CP**") (and later North Calgary Land Ltd. ("**NCLL**")) (collectively, the "**Debtors**") filed and obtained protection from their respective creditors under Sections 4, 5 and 11 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an Order rendered by the Superior Court of Quebec (as amended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order, the Stay extends to the following limited partnerships which form an integral part of the business of the Debtors: Homco Realty Fund (52) Limited Partnership ("**Homco 52**"), Homco Realty Fund (88) Limited Partnership ("**Homco 88**"), Homco Realty Fund (89) Limited Partnership, Homco Realty Fund (92) Limited Partnership, 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 Realty Fund (142) Limited Partnership and Homco Realty Fund (199) Limited Partnership ("**Homco 199**") (collectively, the "**Applicant Partnerships**" and, together with the Debtors, the "**HII Parties**").

3. Samson Bélair/Deloitte & Touche Inc. was appointed as monitor (the "**Monitor**") under the CCAA.

4. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 in favor of the Debtors, which Stay has been extended from time to time by order of the Court. On August 23, 2012, the Court last extended the Stay, up until September 14, 2012 (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 fourteen such Monitor's reports prior to this fifteenth Monitor's report (the "**Fifteenth Report**"). A copy 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 FIFTEENTH REPORT

6. This Fifteenth Report is intended to provide an update on the progress of the HII Parties' restructuring and relating steps and confirm the support of the Monitor to the Debtors' Sixth Motion to Extend the Stay Period. This report also addresses the additional cash funding required by HII, developments from recent meetings with certain European lenders as well as the measures taken by the HII Parties, in collaboration with the Monitor, since the Fourteenth Report, the current activities of the HII Parties and the Monitor and, generally, the restructuring process.

7. This Fifteenth Report is structured as follows:

I- Restructuring initiatives;
II- HII Parties' operations;
III- Developments with the AFM;
IV- Proposed restructuring plan;
V- Debtors' cash flows from August 5 to September 1, 2012;
VI- Activities of the Monitor;
VII- Extension of the Stay Period; and
VIII- Conclusion and recommendations.

TERMS OF REFERENCE

8. In preparing this Fifteenth Report, the Monitor has relied upon audited and unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, subsequent motions filed with the Court (collectively, the "**Debtors' Motions**") and exhibits in support of same, its discussions with management of the HII Parties ("**Management**") and the HII Parties' and the Monitor's legal advisors. While the Monitor has analyzed the information, some in draft form, submitted in the limited time available, the Monitor has not performed an audit or otherwise verified such information. Forward looking financial information included in this

Fifteenth 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 Fifteenth 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

10. As further described in the Fourteenth Report, since May 2012 the relevant Homcos, the property manager and the Monitor have engaged into discussions and negotiations with the mortgage lenders in order to enhance the value of the real estate properties for HII's stakeholders. Discussions and negotiations are currently on-going:

    i. As further described in the Tenth Report, ABN AMRO Bank N.V. ("**ABN**") is financing three (3) properties. All three (3) properties are considered as "bad" properties since they are generating negative cash flows and have no equity for HII based on the valuations received. HII is no longer funding cash flow deficits for these properties. ABN has retained the services of CBRE to act as broker to market the properties. On September 6, 2012, HII and the Monitor met with ABN to discuss different matters relating to the restructuring process and the marketing of the properties. Notwithstanding the retention of CBRE and the possible sale of the properties, ABN is still analyzing its options and is still considering the possibility of rightsizing its loans. They have requested access to additional information to complete their analysis. HII intends to provide access to the requested information and to complete discussions by the end of September. If no agreement can be reached relating to rightsizing of the loans with ABN by September 30, 2012, HII will take appropriate steps to remove the relevant HII Group entities and their assets and liabilities from its structure and balance sheet.

    ii. Bank of Scotland ("**BOS**") is financing two (2) properties. These two (2) properties are considered as "good" properties. It is HII's intention to retain these properties in its restructured portfolio. In the coming weeks, HII will enter into discussions with BOS to obtain a possible maturity extension on the loans for these properties.

    iii. Euro Hypo AG ("**EuroHypo**") is financing two (2) properties. These two (2) properties are considered as "bad" properties. As mentioned in earlier reports, HII is no longer funding cash flow deficits for these properties. With EuroHypo, HII is looking at different options to restructure the loans and keep these properties in the portfolio, including by rightsizing the loans and, for one of the properties which could have positive cash flows, by renewing a long term lease with the tenant. If no agreement is reached with EuroHypo by September 30, 2012, HII will take appropriate steps to remove the relevant HII Group entities and their assets and liabilities from its structure and balance sheet.

    iv. FGH Bank N.V. ("**FGH**") is financing four (4) properties under three stand-alone loans, one being for two properties. Two (2) of the properties are considered as "good" properties and two (2) of the properties are considered as "bad" properties. The tenant of one of the "good" properties has verbally offered to purchase the property for an amount that would generate some equity for the creditors. HII has yet to finalize its intentions regarding these properties as discussions are still ongoing with FGH on the potential sale of the property and on the potential rightsizing of the other loans.

v. As described in the Ninth Report and Tenth Report, HSH Norbank AG ("**HSH**") is financing four (4) properties held by Coët B.V., a subsidiary of Homco 70, under a single loan. The units of Homco 70 have been pledged to secure the obligations of HII and Shareco towards the Series 5 Mortgage Bondholders (the "**Series 5 Bondholders**"). These four (4) properties are considered as "good" properties provided that HSH agrees to extend the financing beyond October 2012 on reasonable terms and conditions. As mentioned in previous reports, the HSH loan had expired in October 2011 and a one (1) year extension until October 2012 was granted to Coët B.V. Discussions with HSH are ongoing with the objective of obtaining a multi-year maturity extension on the loan for these properties. HII wishes to keep these properties in its restructured portfolio, subject however to a compromise of the secured portion of the amount owed to the Series 5 Bondholders. HII's interest in keeping these properties thus depends on the decision of the Series 5 Bondholders. As part of its restructuring, HII intends to negotiate a redemption of the security interest of Series 5 Bondholders at a discount. HII, along with the Monitor, have had ongoing negotiations with the Trustees regarding the compromise of the secured portion of the Series 5 Bonds' claim. If no agreement is reached with the Series 5 Bondholders by October 31, 2012, HII will take appropriate steps to remove the relevant HII Group entities and their assets and liabilities from its structure and balance sheet.

vi. SNS Property Finance B.V. ("**SNS**") is financing 13 properties. Out of these 13 properties, five (5) are considered as "good" properties and eight (8) are considered as "bad" properties. Four (4) out of the eight (8) bad properties have negative cash flows and HII is no longer funding cash flow deficits for these four (4) properties. HII and SNS have had several discussions and meetings over the past months. HII has yet to finalize its intentions regarding these properties as discussions are still ongoing with SNS on the potential rightsizing of the loans. If no agreement is reached with SNS in respect of the loans pertaining to "bad" properties by September 30, 2012, HII will take appropriate steps to remove the relevant HII Group entities and their assets and liabilities from its structure and balance sheet.

vii. NIB Capital Bank N.V. ("**NIBC**") is financing one (1) property held by Valbonne Real Estate 2 B.V., a subsidiary of Homco 69. This property is considered as a "good" property. HII wishes to keep this property in its portfolio post-emergence. As is the case for Homco 70, the units of Homco 69 have been pledged to secure the obligations of HII and Shareco towards the Series 5 Bondholders. Thus, HII wishes to keep this property in its restructured portfolio, subject however to a compromise of the secured portion of the amount owed to the Series 5 Bondholders. HII's interest in keeping this property thus depends on the decision of the Series 5 Bondholders. As part of its restructuring, HII intends to negotiate a redemption of the security interest of Series 5 Bondholders at a discount. HII, along with the Monitor, have had ongoing negotiations with the Trustees regarding the compromise of the secured portion of the Series 5 Bonds' claim. If no agreement is reached with the Series 5 Bondholders by October 31, 2012, HII will take appropriate steps to remove the relevant HII Group entities and their assets and liabilities from its structure and balance sheet.

viii. Noteholders, acting through the agent Hatfield Phillips ("**Hatfield**"), are financing one (1) property. This property is considered as a "bad" property. HII has yet to finalize its intentions regarding this property as discussions are still ongoing with Hatflield on the potential rightsizing of the loan and required waivers on certain leasing thresholds.

ix. As described in the Fourteenth Report, Falcon Private Bank Ltd ("**Falcon**") agreed to extend the maturity loan to Valbonne 5 B.V. to the end of February 2013. As mentioned in previous reports, Valbonne 5 B.V. owns 93.3% of the units in Moto. Moto is the owner of the Campeon property and this property is considered a "good" property. It is HII's intention to keep this property in the restructured portfolio as this property generates positive cash flow and represents approximately 36% of the value of HII's portfolio. HII has retained financial advisors to review all the options and conduct a solicitation process to find a new lender to refinance the Campeon asset and reimburse the Falcon loan, with a view to cancelling the "cash sweep" currently exercised by Falcon on the positive cash flow generated by this property.

x. Bayerische Landes Bank ("**BLB**") is the first ranking lender on the Campeon asset. There are presently no issues concerning the BLB loan. As mentioned earlier, HII and the Monitor are considering all options regarding the Campeon financing.

xi. Skandinaviska Enskilda Banken AB ("**SEB**") is financing 53 properties in the Baltic countries (under a single loan for the 53 properties). As described in the Fourteenth Report, discussions and negotiations have been ongoing with SEB since September 2011. The Monitor, Management and the representative of the Baltic GP have met with SEB last week in order to revisit some of the potential restructuring initiatives and scenarios. Although there was significant progress made by the parties, HII cannot predict if and when an agreement can be reached with SEB. HII and SEB have agreed on meeting in the coming weeks, but have yet to set a definite date.

xii. HSBC Bank Canada ("**HSBC**") is financing five (5) land properties ("**Henderson Farms**") (Homco 121), Kai Mortensen Towers ("**Kai**") (Homco 88), ("**Cristal Towers**") (Homco 105), ("**Points North**") (NCLL) and ("**Centron Park**") (CP) held for development purposes. As further described in the Thirteenth Report, HII has performed a detailed analysis of its Canadian assets, which includes the five (5) land properties financed by HSBC. As provided in the next section, HII has concluded that four (4) (Henderson Farm, Kai, Cristal Towers and Points North) of the five (5) land properties should be marketed for sale by brokers. HII has yet to finalize its intentions regarding Centron Park as it is still analyzing options regarding the future development of that land position.

DEVELOPMENTS ON THE SALE PROCESS OF SELECTED CANADIAN PROPERTIES

<u>Land properties of Homco 52, Homco 94, Homco 121 and NCLL</u>

11. As noted in the Thirteenth Report, after analyzing the Canadian development properties, HII and the Monitor concluded that its interests in land properties are to be considered non-core assets and should be sold through a formal sale process, as they will not form part of HII's portfolio post-restructuring. These land properties include the following:

    i. "Homburg Springs East", which is the property of Homco 52;
    ii. "Homburg Springs West", which is the property of Homco 94;
    iii. "Points North", which is the property of NCLL, a subsidiary of Homco 96; and
    iv. "Henderson Farms", which is the property of Homco 121.

12. HII and the Monitor proceeded to contact three global commercial real estate firms who were asked to provide marketing and sale proposals for the properties of Homco 52, Homco 94, NCLL and Homco 121. After analyzing the attributes of each marketing and sale proposal, HII and the

Monitor concluded that under the current circumstances the engagement of two brokers constitute the optimal approach to obtain the maximum value.

13. HII and the Monitor expect to retain CBRE to conduct the sale process for the properties of Homco 52 and Homco 94. However, in the case of Homco 52, an agreement must be reached with the Series 4 Mortgage Bondholders on the carrying costs and costs related to the sale process to be provided by HII which would require a prior ranking charge to secure their reimbursement of same. HII and the Monitor have held certain discussions with HSBC and the Trustees in the past weeks on this issue.

14. As for the sale process for the properties of NCLL and Homco 121, HII and the Monitor have identified Colliers as the broker and expect to enter into agreements in the coming days.

<u>Development properties of Homco 88 (Kai), Homco 105 (Cristal Towers) and CP (Centron Park)</u>

15. In addition to the development land properties to be listed for sale above, HII's development portfolio includes two properties for which construction had commenced, but was subsequently halted as a result of the CCAA filing, namely Kai (Homco 88) and Centron Park (CP). As well, it includes Cristal Towers (Homco 105), a land property on which a condominium project was drawn, but for which construction has not commenced. HII hired Hines, an international real estate consulting firm, to prepare a report presenting various alternatives and recommendations with respect to the future use of these assets ("**Hines Report**").

16. Kai, which is the property of Homco 88, and Cristal Towers, which is the property of Homco 105, are sections of development land located in the beltline community of Calgary immediately south of the central business district and are across from each other. This zone is mainly for mixed-use development. Kai is presently comprised of a constructed underground parkade structure whereas Cristal Towers is essentially land in respect of which no improvements have been made.

17. After analyzing the recommendations provided in the Hines Report and after consulting with various real estate professionals, HII, along with the Monitor, determined that the best course of action for HII is to begin a sales process with respect to the Kai and Cristal Towers properties. At the current time, HII and the Monitor are still reviewing all options for Centron Park.

18. HII and the Monitor contacted three global commercial real estate brokerage firms to provide marketing and sales proposals for Kai and Cristal Towers. HII and the Monitor are currently in the process of selecting the brokering firm and determining the nature of the sale process. To date, no final decision has been made regarding the designated real estate brokerage firm. HII and the Monitor should be in a position to conclude on the engagement of a broker for these assets in the coming weeks. However, in the case of Kai, an agreement must be reached with both HSBC and the Series 7 Mortgage Bondholders on the carrying costs and costs related to the sale process to be provided by HII which would require a prior ranking charge to secure their reimbursement of same. HII and the Monitor have held certain discussions with HSBC and the Trustees in the past weeks on this issue.

19. As for Centron Park, which is the property of CP, it is a campus-style office development comprised of seven multi-tenant office buildings of differing sizes ranging from one story to three stories on a 19.5 acre site. Construction of Centron Park began in 2008 and is partially completed, and currently on hold. Buildings 100, 200, and 300 have been sold to Cominar REIT (formerly Canmarc REIT/Homburg Canada REIT). The parkades for Buildings 400 and 500 have been partially completed and Buildings 600 and 700 have not been constructed.

<u>Holman Grand Hotel (the "**Hotel**")</u>

20. On August 29, 2012, representatives of HII, the Monitor and the Prince Edward Island Century 2000 Fund Inc. (a governmental organization which is the secured lender having rights over the Hotel) (the "**PEI Fund**"), met to discuss the potential divestiture of HII's interests in the Hotel.

21. On September 12, 2012, representatives of HII, the Monitor, the PEI Fund and Cominar REIT (which ultimately controls the landlord, Dyne Holdings Limited) met again to discuss said divestiture.

22. HII and the Monitor advised that HII cannot continue funding the Hotel losses and alternate arrangements must be concluded in the short term to ensure the continuation of the Hotel operations, with a view to preserve its goodwill, which is in the best interest of all parties. Follow-up meetings are planned to occur in the month of September 2012.

DEVELOPMENTS ON THE SALE PROCESS OF US PROPERTIES (OTHER THAN THOSE BEING THE OBJECT OF THE CONTEMPLATED CEDAR TRANSACTION)

23. HII has hired CBRE to market certain of HHUS's asset portfolio described in Appendix D of the Monitor's Second Report which includes properties located in: San Antonio, Texas; Sugarland, Texas; Colorado Springs, Colorado; and Hurst, Texas and CBRE started the marketing of this portfolio at the beginning of September 2012. HII and the Monitor have received the offering memorandum prepared by CBRE with respect to certain of the properties in the HHUS portfolio. The Monitor will continue to review the HHUS sale process and will report on material developments to the Court.

II. HII PARTIES' OPERATIONS

UPDATE ON SALES TAX ISSUES WITH THE CANADA REVENUE AGENCY ("CRA")

24. As communicated in the Tenth Report, at April 30, 2012 the CRA had been withholding refunds of GST and HST becoming due to HII and CP. At the time of the Tenth Report, the refunds owed by the CRA were estimated to be $2,362K with respect to HII and $155K in respect of CP. The amounts reported as being withheld in the Tenth Report are net of assessments for previously alleged reserves. The assessments for the reserves are $686K for HII and $64K for CP. In addition to the foregoing, a further amount of $2,223K was being withheld by the CRA following HII's filling of an amended December 2011 sales tax return. The total amount owed by the CRA as at April 30, 2012 was approximately $5,271K for HII and $219K for CP.

25. With regards to CP, with the exception of the $64K GST assessment, all previous amounts withheld by the CRA have since been released. Management has not filed a notice of objection to the CRA assessment.

26. Since April 30, 2012 the CRA has withheld an additional amount of approximately $1,035K from HII, bringing HII's total amount owed by the CRA at June 30, 2012 to approximately $6,300K. Subsequent to the Tenth Report, HII received $2,700K in GST and HST tax refunds from the CRA leaving a balance owing of approximately $3,600K.

27. The balance of approximately $3,600K being withheld by the CRA is broken down as such, assessment of $686K reserve and a claim filed as part of the Claims Process for $2,914K. The claim is comprised of two assessments, namely $1,049K in interest and penalties and $1,865K with respect to Part XIII tax. HII has since filed a notice of objection to the $1,865K Part XIII assessment. HII has also filed a notice of objection to the $686K assessment.

UPDATE ON THE PROPOSED CEDAR TRANSACTION

Monitor's Consent to the Proposed Cedar Transaction

28. As noted in the Tenth Report, the Monitor was in the process of completing its review of the Direct Purchase Offer, subject to receipt of certain information that was outstanding. Since that time, the Monitor received the necessary information to complete its review of the Direct Purchaser Offer.

29. On July 10, 2012, the Monitor notified the Company and its legal counsel, that it had completed its review of the solicitation and sale process that was conducted to publicly market the relevant Cedar U.S. properties. Pursuant to such review, the Monitor considers the process to be extensive and widespread, and overall, appears to have been conducted in a fair manner. Consequently, the Monitor believes the sale of the properties is reasonable and has confirmed its support of the transaction.

Status of the Proposed Cedar Transaction

30. As previously noted, Cedar and HHUS agreed to sell certain properties directly to the Buyers as part of the Direct Purchase Offer dated April 20, 2012. Upon the approval of certain mortgage lenders and securitization services, and following the closing of the Direct Purchaser Offer, the proceeds of sale will be distributed to HHUS and Cedar based on their respective percentage of ownership of 80% and 20%, respectively, and based on the values and contractual terms as included in the relevant agreements of purchase and sale.

31. The Buyers have now reached agreements in principle with certain lenders with respect to certain required modifications to the mortgage agreements, and the revised agreements have now been forwarded to the securitization servicers for their approval. It is anticipated that a response will be received from the securitization servicers on or about mid-September 2012.

32. The Monitor believes that the transaction will likely close by September 30, 2012; however, there are a number of considerations that may postpone the transaction, including:

    i. Risk that the securitization servicers will require a *de novo* review, which could require an additional 30 days;
    ii. Availability of staff at the mortgage lenders, securitization servicers and their counsel due to vacation plans and other time off; and
    iii. The need to obtain tenant estoppels within 30 days of the closing date, which were mailed during the week of August 27, 2012.

33. The Monitor will continue to inform the creditors and the Court of the developments relating to the proposed Cedar transaction as they occur.

MOTION FOR DIRECTIONS IN RELATION TO THE CANMARC REIT SECURITY AND CONTESTATION OF FOUR DISCLAIMERS OF LEASES BY LANDLORDS CONTROLLED BY THE CANMARC REIT

34. As elaborated in the Tenth Report, on May 29, 2012, HII sent notices of disclaimer in relation to four head leases contracted with entities under the control of Canmarc REIT. Three head leases dated May 25, 2010, have been entered into with Dyne (the "**Centre Court Head Lease**"), Fitzroy Development Inc. (now Dyne) ("**Fitzroy Head Lease**"), and Homco Realty Fund (130) Limited Partnership ("**Homco 130**") (the "**CN Head Lease**"), as well as one effective June 27, 2011 in Alberta with HCR LP (Calgary) ("**HCR LP**") (the "**Centron Head Lease**") (the Centre Court Head Lease, the Fitzroy Head Lease, the CN Head Lease and the Centron Head Lease being collectively hereinafter referred to as the "**Head Leases**" and Dyne, Homco 130 and HCR LP being collectively hereinafter referred to as the "**Landlords**").

35. Also, on May 30, 2012, the Monitor filed a Motion for Directions in relation to Canmarc REIT Security seeking directions in relation to an alleged security granted by Homco 199 to Canmarc REIT (over units of the Canmarc REIT converted into more than $16.4M of cash held in trust by Osler) to guarantee HII's obligations under the Centre Court Head Lease, the Fitzroy Head Lease, the CN Head Lease, as well as certain other obligations of HII towards Homburg Canada Real REIT Limited Partnership (having allegedly been wound up into the Cominar REIT in July 2012) under the "Master Purchase Agreement" (the "**Tax and Remediation Obligations**") (the "**Canmarc REIT Security**").

36. The Monitor's Motion for Directions does not contest the validity and opposability of separate security granted by Homco 199 to HCR LP in order to guarantee HII's obligations towards HCR LP under the Centron Head Lease.

37. On June 13, 2012, the Landlords filed a Motion for an order preventing the disclaimer of the Head Leases, essentially alleging that the nature of said leases did not permit their disclaimer pursuant to section 32 of the CCAA, which is contested by HII and the Monitor.

38. On July 13, 2012, in the course of the claims process, the Monitor received the following proofs of claim in relation to the Canmarc REIT Security:

    i. *De bene esse* proof of secured claim of Dyne against HII and Homco 199 in an amount of $2,210,926 in relation to the disclaimer of the Centre Court Head Lease;

    ii. *De bene esse* proof of secured claim of Dyne against HII and Homco 199 in an amount of $1,365,594 in relation to the disclaimer of the Fitzroy Head Lease;

    iii. *De bene esse* proof of secured claim of Homco 130 against HII and Homco 199 in an amount of $4,714,359 in relation to the disclaimer of the CN Head Lease; and

    iv. Proof of secured claim by Homburg Canada REIT Limited Partnership (contingent) against HII and Homco 199 in relation to alleged Tax and Remediation Obligations of $4,749,265. This proof of claim was also filed against Homco Realty Fund (12) LP and Homco Realty Fund (190) LP, which are not parties to the Claims Process Order.

39. The Monitor is currently reviewing these proofs of claim and their quantum, as well as other proofs of claim filed by entities related to Canmarc REIT.

40. On July 20, 2012, Canmarc REIT, Dyne, Homco 130 and Cominar REIT (presumably as alleged successor of Homburg Canada Real REIT Limited Partnership) filed an Intervention and Contestation of the Monitor's Motion for Directions in relation to Canmarc REIT Security.

41. On September 12, 2012 counsel for the respective parties met to discuss substantive and procedural matters in relation to the Monitor's Motion Directions in relation to Canmarc REIT Security and for the Landlords' Motion for an order preventing the disclaimer of the Head Leases, as well as other issues involving, directly or indirectly, Canmarc REIT and, ultimately, Cominar REIT. The parties have convened to pursue these discussions in the coming weeks.

UPDATE ON HII; Q2 2012 CONSOLIDATED FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2012

<u>Financial Information Update</u>

42. On August 31, 2012, HII released its latest interim consolidated financial results for the six-month period ended June 30, 2012. On a consolidated basis, HII's net loss was $115M for the six-month period ended June 30, 2012 compared to a net loss of $41M for the six-month period ended June 30, 2011, which represents an increased net loss of $74M. The Company attributes this loss primarily to the decrease in the fair market values of its real estate assets, as a result of the continued depressed global economic and market conditions.

43. The table below illustrates the consolidated results of the HII Group for the six-month periods ended June 30, 2012 and June 30, 2011, and for the twelve-month periods ended December 31, 2011 and December 31, 2010:

HII and its affiliates Consolidated Statements of Income and Loss (C$000)	Six Months ended June 30, 2012 Unaudited	Six Months ended June 30, 2011 Unaudited	Twelve Months ended December 31, 2011 Audited	Twelve Months ended December 31, 2010 Audited
Total revenues	**72,426**	**69,135**	**139,966**	**148,065**
Property, operating expenses & costs of sale of properties developed for resale	23,098	17,700	37,958	46,997
Gross income from operations	**49,328**	**51,435**	**102,008**	**101,068**
Net adjustment to fair values	(113,817)	(7,023)	(243,273)	(48,478)
Interest expenses	(29,622)	(49,871)	(103,436)	(110,648)
Interest expense on liabilities subject to compromise	(25,681)	-	(31,363)	-
General and administrative	(7,477)	(8,361)	(24,728)	(14,820)
Accelerated accretion expense	-	-	(36,787)	-
Share of loss of an associate	-	(6,685)	(15,652)	(12,628)
Net gain on closing of HCI settlement agreement	7,698	-	-	-
Gain (loss) on sale of investment	4,414	-	-	-
Gain on sale of subsidiary	-	-	-	107,164
Other	564	(20,666)	(6,616)	(3,335)
	(163,921)	**(92,606)**	**(461,855)**	**(82,745)**
Net income (loss) from continuing operations	**(114,593)**	**(41,171)**	**(359,847)**	**18,323**
Net loss from discontinued operations after tax	(540)	317	(459)	(106,377)
Net income (loss)	**(115,133)**	**(40,854)**	**(360,306)**	**(88,054)**

Source: Homburg Invest Inc. unaudited financial statement as of June 30, 2012 and audited financial statements as of December 31, 2011, 2010, 2009 and 2008

Net Adjustment to FMV

44. The following table illustrates the fair value of the properties owed by the HII Group, allocated by geographical segment and by property type:

Homburg Invest Inc. Property allocation As at (C$000)	June 30, 2012 Fair Value	December 31, 2011 Fair Value	December 31, 2010 Fair Value
By geographical segment			
Germany	632,900	668,200	748,700
The Netherlands	278,700	320,900	422,900
Baltic States	148,200	204,700	208,300
North America	30,700	30,500	21,800
	1,090,500	**1,224,300**	**1,401,700**
By property type			
Office	868,100	961,200	1,090,900
Retail	81,500	102,300	106,600
Industrial	140,900	160,800	204,200
	1,090,500	**1,224,300**	**1,401,700**
Construction properties being developed for resale	16,900	26,500	36,900
Land and property held for future development	70,600	73,100	107,600
Investment properties under construction	70,700	70,600	109,800
	1,248,700	**1,394,500**	**1,656,000**

Source: Homburg Invest Inc. MD&A for the six-month period as at June 30, 2012 and the year ended as at December 31, 2011

45. The main assets of HII on a consolidated basis, as of June 30, 2012, were comprised of income producing investment properties and investment properties under development and resale.

46. As a result of independent third party appraisals and Management estimates, HII recorded a negative fair value adjustment on its property portfolio as at June 30, 2012. This adjustment is mainly related to the decline in the investment property values between December 31, 2011 and June 30, 2012, as well as the decline in the fair values of the investment properties under development and resale. Economic and market conditions in each jurisdiction are different and mortgage financing is specific to each region; the net equity value of each property is evaluated on an individual basis. In addition, some properties are not generating sufficient cash to cover costs and their related financial obligations. As indicated earlier, Management advised most mortgage lenders that, as of June 2012 (or July 2012 in one case), HII will cease funding the negative cash flow properties with no potential upside.

Investment Properties

47. HII's investment properties had a total reported fair value of $1,091M as at June 30, 2012 compared to $1,224M as at December 31, 2011. The decrease of $133M is primarily due to the continuing weakening real estate market in Europe (Netherlands, Baltics and Germany) demonstrated by the significant decrease in occupancy rates throughout 2010, 2011 and 2012, as well as unfavourable global market conditions.

48. The method used to perform the Evaluation is based on contracted rent, budgeted expenses and market assumptions made regarding lease renewal for each property. The quality of the HII Group's real estate portfolio cash flows declined due to the current vacancy rate in commercial buildings which is exceptionally high in Europe. The situation resulted in the HII Group facing

significant pressure to reduce rental in order to keep its tenants, which has negatively impacted the values.

Properties under development for resale (Construction properties being developed for resale)

49. The assets classified as being held for resale are located in Canada and were valued at $16.9M as at June 30, 2012 compared to $26.5M as at December 31, 2011. The decrease of $9.6M is mainly due to the sale of the remaining Inverness units and certain Churchill units. The remaining assets are now composed of three buildings (essentially condominium units) including the investment properties of Churchill, Northumberland and Castello.

Investment properties under development (Composed of both Land and property held for future development and Investment properties under construction)

50. The investment properties under development are comprised of the properties under construction and the various parcels of land held for future development in the Calgary region which have a total reported value of $141M as at June 30, 2012 compared to $144M as at December 31, 2011. A fair value adjustment to these properties of approximately $3M was primarily due to declining economic and market conditions. Since these assets are under development, they are not generating any revenue and significant investment would be required in order to complete the planned developments.

Balance Sheet Analysis

51. The table below illustrates the latest unaudited interim consolidated balance sheet of HII and its affiliates as at June 30, 2012, compared to the last four fiscal year ends:

HII and its affiliates Consolidated Balance Sheets (C$000)	June 30, 2012 Unaudited	December 31, 2011 Audited	December 31, 2010 Audited	December 31, 2009 Audited	December 31, 2008 Audited
Assets					
Current assets	177,622	322,446	230,821	229,122	276,387
Long-term assets	1,365,413	1,405,801	1,832,060	3,063,127	3,863,678
	1,543,035	**1,728,247**	**2,062,881**	**3,292,249**	**4,140,065**
Liabilities					
Current liabilities	1,427,020	1,380,251	445,336	989,257	443,436
Long-term liabilities	505,467	618,345	1,515,869	2,102,921	3,085,730
	1,932,487	**1,998,596**	**1,961,205**	**3,092,178**	**3,529,166**
Total equity	**(389,452)**	**(270,349)**	**101,676**	**200,071**	**610,899**
Total liabilities and equity	**1,543,035**	**1,728,247**	**2,062,881**	**3,292,249**	**4,140,065**

Source: Homburg Invest Inc. unaudited financial statement as of June 30, 2012 and audited financial statements as of December 31, 2011, 2010, 2009 and 2008

52. As illustrated above, the financial situation of HII and its affiliates continued to deteriorate during the six-month period ending June 30, 2012, as illustrated by the ongoing decrease in the equity position of the HII Group from $610,899K at December 31, 2008 to $(389,452)K at June 30, 2012. The decrease is mainly attributable to the depreciation in value of the investment properties since December 2008.

Cash Flow Analysis

53. The table below illustrates the consolidated statements of cash flows of HII and its affiliates for the six-month period ended June 30, 2012, compared to the previous four fiscal years:

HII and its affiliates Consolidated Statements of Cash flows (C$000)	Six months ended June 30, 2012 Unaudited	Year Ended December 31, 2011 Audited	Year Ended December 31, 2010 Audited	Year Ended December 31, 2009 Audited	Year Ended December 31, 2008 Audited
Operating activities					
Net income (loss) from continuing operations	(114,593)	(359,847)	18,323	(361,877)	(276,653)
Items not affecting cash	91,920	290,524	(17,782)	324,726	350,144
	(22,673)	(69,323)	541	(37,151)	73,491
Change in non-cash working capital and other	20,325	59,098	(20,803)	91,311	25,668
Net cash (used in) from continuing operations	(2,348)	(10,225)	(20,262)	54,160	99,159
Net cash from discontinuing operations	1,406	971	3,744	3,522	-
	(942)	**(9,254)**	**(16,518)**	**57,682**	**99,159**
Investing activities					
Net cash (used in) from investing activities	**31,667**	**58,972**	**66,680**	**(53,016)**	**(158,773)**
Financing activities					
Net cash (used in) from financing activities	**(39,426)**	**(42,812)**	**(69,114)**	**11,544**	**58,046**
Increase (decrease) in cash	(8,701)	6,906	(18,952)	16,210	(1,586)
Cash beginning of period	20,523	13,617	32,569	16,359	17,927
Cash end of period	11,822	20,523	13,617	32,569	16,359

Source: Homburg Invest Inc. unaudited financial statement as of June 30, 2012 and audited financial statements as of December 31, 2011, 2010, 2009 and 2008

54. Net cash generated from investing activities during the six-month period ended June 30, 2012 was $32M, which is primarily due to proceeds on sale of investments of $145M offset by an increase of restricted cash of $118M. Net cash used in financing activities during the six-month period ended June 30, 2012 was $39M, which is mostly due to the decrease in mortgages payable of $26M and the decrease in financing to a related party of $9M. Please refer to Appendix B for more details regarding the items not affecting cash, the change in non-cash working capital and other, the net cash used in/from investing activities and the net cash used in/from financing activities indicated in the above table.

55. As illustrated above, HII did not operate profitably for the six-month period ended June 30, 2012 and incurred a net loss from continuing operations of $115M. The net loss was mainly generated by a declining value of investment properties.

56. As indicated above, there has been a cash decrease of $9M during the six-month period ended on June 30, 2012.

57. The restructuring initiatives of HII, including the negotiations with the mortgage lenders, the termination of the HII funding for the negative cash flows and/or negative equity properties held by certain HII Group entities, the sale of certain assets and the termination of certain head leases seek to address these cash flow issues with the objective of having a viable business at the emergence of the CCAA. These initiatives will likely start having an impact further in the year.

DELISTING OF "HOMBURG INVEST A" SHARES ON NYSE EURONEXT AMSTERDAM

58. The NYSE Euronext Amsterdam exchange ("**Euronext**") is authorized to take listing measures pursuant to Euronext's Rule Book I paragraph 6.9 in respect of an issuer on its exchange which has been granted a suspension of payments, or if other comparable proceedings have been instituted against the issuer under another country's legal system. Specifically as a listing measure, Euronext can allocate delinquent securities into a distinct segment of Euronext, referred to as the "Penalty Box." Furthermore, should the listing measure be in place for a period of 12 months, Euronext will delist the issue's securities.

59. On September 12, 2011 as a result of the issuance of the Initial Order by the Superior Court of Quebec under the CCAA in Canada and in accordance with Euronext's rules, a listing measure was enacted on HII and its shares (Homburg Invest A, ticker: HII) were allocated to the Penalty Box.

60. On August 27, 2012, HII was informed by Euronext that unless an extension was requested, the listing of the HII shares on Euronext would terminate as per September 12, 2012, twelve months after the date Euronext allocated the HII shares to a designated segment of the exchange.

61. Following consultation with the AFM, HII requested, on August 30, 2012 that Euronext extend the listing until the earlier of (i) six months from September 13, 2012 and (ii) four weeks after a potential negative decision by the AFM on the Objection. On September 3, 2012, Euronext advised HII that it would grant the requested extension.

III. DEVELOPMENTS WITH THE AFM

62. As of the date hereof, the decision by the AFM on HII's objection to the Revocation Decision (as further described in the Fourth Report and the Fifth Report) has not yet been rendered.

63. On September 3, 2012, representatives of HII and the Monitor met representatives of the AFM and DNB to discuss the status of the restructuring and expected timing for emergence. During this meeting the Monitor responded orally to questions raised by the AFM and DNB following their review of the information provided.

64. On September 12, 2012, the AFM asked additional questions to HII and the Monitor regarding the contemplated restructuring, including in particular in relation to the debt for equity conversion. HII and the Monitor will continue to keep the AFM informed of the restructuring process and answer to its questions in relation thereto.

65. The AFM has not provided an indication of the timing of a decision on the Objection of the Revocation Decision.

IV. PROPOSED RESTRUCTURING PLAN ("PLAN")

<u>Outline</u>

66. As indicated previously to this Court, the key objectives of the restructuring process is to enhance the value of the real estate portfolio that will remain as part of the business post-emergence and to generate liquidity from the sale of the non-core real estate assets for the benefit of HII's creditors.

67. The proposed main elements of the Plan are the following:

i. The determination of the new corporate structure, its residency and status;

ii. Cash payment to the current unsecured creditors which will be funded by cash on hand at the emergence of the CCAA, which amount is subject to a number of factors, including any amount of Real Estate Transfer Taxes ("**RETT**") or any cash payment of corporate income taxes which could be owed, as the case may be, following the implementation of the Plan;

iii. Cash payment to the current unsecured creditors which will be funded by the distribution of proceeds resulting from the sale of non-core real estate assets post-emergence; and

iv. Debt for equity conversion.

<u>Status Report on the Development of the Plan</u>

68. In order for HII to emerge from this restructuring and implement a plan of arrangement that will be optimal to HII's creditors and stakeholders, a series of decisions and steps need to be made in specific sequence. The current legal international environment is very complex and without proper planning there could be a detrimental impact on HII's ability to restructure. Consequently, the need to appropriately structure the plan of arrangement in order to address all commercial and tax considerations is critical. In summary, additional work, discussions, opinions and decisions on the elements below remain to be finalized before HII can file a plan of arrangement or emerge from CCAA:

i. Corporate structure/residency and status;

ii. Corporate income taxes: corporate structure may impact tax obligations;

iii. RETT: corporate structure may impact RETT obligations;

iv. Homco 110 Falcon loan: the settlement of this issue could impact cash payable at emergence;

v. Baltics portfolio negotiations: the settlement of this issue could impact the real estate portfolio post-emergence, cash at emergence and unsecured creditors;

vi. Mortgage bank negotiations: the settlement of these issues could impact cash at emergence, post-emergence and the real estate portfolio post-emergence;

vii. Mortgage Bondholders: decisions taken, principally regarding the Series 5 Bondholders, could impact the real estate portfolio post-emergence, cash at emergence and amount available to the unsecured creditors;

viii. Centron Park: decisions regarding these properties could impact cash payable at emergence;

ix. Sales of non-core assets: will impact cash at emergence and could impact the capital structure;

x. Final capital structure: type of securities, etc.;

xi. Resolution of subordination issues and determination of the treatment of the subordinated creditors (Taberna note holders and Capital Securities A debenture holders) in the Plan;

xii. Claims process: a review of all claims which includes the review of intercompany claims (including the impact of compensation, if any) must be completed;

xiii. The Plan: determine the merits of filing a consolidated or non-consolidated plans of arrangement.

Timeline

69. The outcome of the negotiations and discussions with mortgage lenders and mortgage bondholders will have an impact on the real estate portfolio at emergence. Considering the number of material matters that still need to be addressed as outlined above, additional time is required before HII and the Monitor will be able to determine the optimal portfolio at emergence. The following reflects the updated timeline, which was shared with the trustees and the representatives of the Taberna noteholders:

Timeline	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Claims process	✓	✓	✓	✓				
Bank negotiations	✓	✓	✓					
Tax structure/corporate structure	✓	✓	✓					
Negotiation and meeting with mortgage bondholders	✓	✓	✓					
Restructuring plan				✓				
Meeting with unsecured creditors regarding the restructuring plan/vote					✓			
Forensic investigation				✓				
Court approval of plan of arrangement					✓			
Implementation of the plan / CCAA emergence					✓	✓	✓	✓
Sale of the selected properties (Canadian and US properties)	✓	✓	✓	✓	✓	✓	✓	✓

V. DEBTORS' CASH FLOWS FROM AUGUST 5 TO SEPTEMBER 1, 2012

70. The purpose of this section is as follows:

i. Provide budget to actual analysis highlights by Debtor for the period from August 5 to September 1, 2012; and

ii. Provide commentary on the variances by Debtor.

OVERVIEW

71. The following table provides an overview of the allocated opening cash balances, the allocated cash closing balances, and the cash variations by Debtor for the period from August 5 to September 1, 2012:

Cash variation for the period from August 5 to September 1, 2012 (C$000)						
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Funding between HII and its non-Petitioners	Funding from HII	Adjusted closing cash balance
Homburg Invest Inc.	12,898	(1,176)	11,722	(4,484)	(144)	7,094
Homburg Shareco Inc.	39	-	39	-	-	39
Churchill Estates Development Ltd.	795	(15)	780	-	-	780
Inverness Estates Development Ltd.	(61)	(69)	(130)	-	130	-
CP Development Ltd.	645	(23)	622	-	-	622
North Calgary Land Ltd.	(14)	-	(14)	-	14	-
Total	14,302	(1,283)	13,019	(4,484)	-	8,535

72. For the budget to actual cash flow forecast analysis of HII, Shareco, Churchill, Inverness, CP and NCLL for the period from August 5 to September 1, 2012, and commentary in respect of the analysis performed, please refer to Appendix C.

73. The following significant transactions, excluding the normal receipts and disbursements arising from operations, have occurred subsequent to the last day of the budget to actual analysis, between September 2 and September 6, 2012:

    i. Budgeted KERP related funds in the amount of approximately $438K has been transferred to the Monitor's trust account; and

    ii. Professional fees of approximately $273K were paid by the HII Parties to the Trustees of the Bondholders in accordance with the Order on the Trustees' Amended Motion for the Payment of Fees, Disbursements and Expenses dated February 15, 2012, whereby the HII Parties are to advance to the Trustees reasonable fees and expenses of the Trustees and their legal and financial advisors that are to be fully set off against any distribution made to the Bondholders in the future.

74. 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.

<u>HII</u>

75. Total cash inflows for HII were $1,099K for the period noted, while total cash outflows were $2,274.9K, which resulted in a negative net cash variation of $1,175.9K compared to a budgeted negative net cash variation of $3,116K. This positive variance of $1,940.1K is mainly due to timing and the favorable variance from the payment of lower than budgeted professional fees.

<u>Shareco</u>

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

<u>Churchill</u>

77. For the period noted, total cash inflows for Churchill were nil and total cash outflows were $14.8K, which resulted in a negative net cash variation of $14.8K compared to a budgeted positive net cash variation of $604K. The negative variance of $618.8K is related to the sale of a Churchill condo which did not occur, but is expected to take place in a future period.

Inverness

78. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $69.1K, which resulted in a negative net cash variation of $69.1K compared to a budgeted net cash variation of nil. The negative variance of $69.1K is related to non-budgeted payments made to the condo corporation following the close of the Inverness Bulk Sale.

CP

79. For the period noted, total cash inflows for CP were $0.2K and total cash outflows were $22.9K, which resulted in a negative net cash variation of $22.7K compared to a budgeted negative net cash variation of $10K.

NCLL

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

VI. ACTIVITIES OF THE MONITOR

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

CASH FLOW MONITORING

82. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Fifteenth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from August 5 to September 1, 2012, has been prepared together with commentary of cash variances, as presented in Appendix C.

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

84. In accordance with the Initial Order, any disbursements for services rendered to the HII Parties prior or subsequent to the date of the Initial Order were presented to the Monitor for review.

CASH FLOW MONITORING OF THE HII GROUP

85. On a monthly basis, budget to actual cash flow forecast analyses of the HII Group have been prepared. The objective of these analyses is to monitor the cash flows which transact through the HII Group since any excess should ultimately be distributed back to HII.

86. In accordance with the Initial Order, the Monitor assisted Management in its analysis of disbursements to be made pertaining to the HII Group.

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

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

UPDATE ON CLAIMS PROCESS

88. Pursuant to the Claim Process Order rendered by the Court on April 30, 2012, the claim bar date was July 13, 2012. As of the date hereof, the Monitor has received 233 claims representing a total of $ 2,066,727,037.

89. Among the claims received by the Monitor, 33 have been produced by related parties for a total amount of approximately $690M.

90. As of the date of this Fifteenth Report, HII and the Monitor, assisted by their respective legal counsel, have completed the review of most of the claims received. The Monitor is currently finalizing its analysis and waiting to receive, from HII, its legal counsel and certain creditors, complementary information to be able to finalize the analysis of the remaining claims.

91. The Monitor is of the view that the analysis of all claims should be completed by end of September 2012 if it is provided with all the requested information. Of the 233 claims received, the Monitor is currently anticipating to issue more than 50 notices of disallowance of claims, for which the total amount has yet to be established.

92. Even though the claims process analysis has yet to be completed, the Monitor estimates that, excluding all the claims filed by related parties in duplication against more than one HII Party, the aggregate claim amount filed against the HII Parties should total approximately $900M.

93. The Monitor has had numerous communications with creditors that have filed claims and that have questions regarding the claims process.

REVIEW OF SECURITY AND CREDITORS' RIGHTS

94. In the course of the claims process, the Monitor has mandated its counsel to review the secured claims filed against the HII Parties and confirm the validity and opposability of the alleged security.

95. In the course of this exercise, the Monitor's counsel has confirmed to the Monitor the validity and opposability of a number of alleged security and this review is expected to be completed shortly. The Monitor's counsel is also reviewing certain alleged trusts over properties of the HII Parties. Pursuant to the Claims Process Order, the Monitor will advise any creditors whose alleged security or trust is considered invalid or inopposable.

STAY NOTICES

96. As indicated in the Tenth Report, some alleged creditors of the HII Parties have instituted proceedings against the latter or their assets. The Monitor has sent Stay Notices to the concerned creditors and filed said notices in the respective court records. As at the date of this Fifteenth Report and since the Tenth Report, the Monitor has been advised of two additional proceedings filed against HII for which a Stay Notice was served and filed in the court record. The following table lists the Stay Notices sent by the Monitor since the Tenth Report.

Plaintif (s)	Defendant (s)	Date of claim	Amount of claim $	Court name	Court number	Date of Stay of Notice
Centron Construction Corporation	North Calgary Land Ltd.	3/12/2012	1,461,452	Court of Queen's Bench of Alberta	1201-03226	6/7/2012
Peter Ross AB LTD.	Homburg L.P. Management Incorporated in its capacity as a general partner of Homco Realty Fund (88) Limited Partnership	4/26/2012	117,136	Court of Queen's Bench of Alberta	1201-05286	8/23/2012

VII. EXTENSION OF THE STAY PERIOD

OVERVIEW

97. Pursuant to the Fifth Extension Order, the Stay Period was extended until September 14, 2012.

98. The HII Parties notified the Monitor of their intention to request a sixth extension of the Stay Period until October 12, 2012. This extension would allow the HII Parties to continue reviewing the claims submitted in the context of the Claims Process, negotiating with certain European lenders, further the analysis of the corporate structure and tax issues relating to the Plan of arrangement, prepare for the upcoming bondholders meetings, advance the sale process of certain assets and to continue to stabilize HII Parties' operations. As well, the extension will allow the HII Parties to develop a viable plan (or plans) of arrangement under the CCAA, subject namely to the outcome of the negotiation with certain European lenders.

99. It is the Monitor's opinion that it is necessary to provide the HII Parties with a sixth extension to the Stay Period in order to ensure that the HII Parties continue to evaluate the different restructuring options available to them for the benefit of their stakeholders and to develop and file their plan (or plans) of arrangement. The Monitor considers the HII Parties' restructuring process to be progressing well; however, more time is required in order to complete said restructuring.

EXTENDED 28-DAY CASH FLOW FORECASTS

100. Management has provided the Monitor with new cash flow forecasts for the sixth extension of the Stay Period. Management has adjusted the projected cash flows for the Debtors to October 12, 2012, corresponding to the end of the sixth extension to the Stay Period ("**Sixth Extension Period**").

101. The extended 28-day cash flow forecasts for HII, Shareco, Churchill, Inverness, CP and NCLL, as well as additional commentary identifying the primary assumptions, are attached as Appendix D**.**

102. Presented in the table below is a summary of the cash variations for each of the Debtors:

Extension - 4-week period ending October 13, 2012 (C$000)	September 16, 2012 Forecasted opening cash balance (Appendix D)	Forecasted variation for the 4-week period	Funding between HII and its non-Petitioners	October 13, 2012 Forecasted closing cash balance
Homburg Invest Inc.	(1,238)	(3,895)	(23)	(5,156)
Shareco Inc.	39	-	-	39
Churchill Estates Development Ltd.	1,185	510	-	1,695
Inverness Estates Development Ltd.	-	-	-	-
CP Development Ltd.	623	(35)	-	588
NCLL	-	-	-	-
Total	609	(3,420)	(23)	(2,834)
Adjustments to account for intra-period timing of receipts and disbursements as presented in the cash requirement table				(150)
Adjusted total as presented in tjhe cash requirement table				(2,984)

<u>HII</u>

103. Forecasted cash inflows for the period are $315K and forecasted cash outflows for the period are $4,210K, resulting in a net outflow of $3,895K. This net outflow mainly results from minimal cash inflows and important restructuring related outflows, mainly, professional fees and funding of Coët BV activities. HII's cash receipts will primarily be composed of receipts from the Holman Grand Hotel and other VAT refunds.

104. As mentioned earlier in this report, certain GST/HST amounts are still being withheld by the CRA. Given the uncertainty as to when ongoing refunds will be remitted to HII, no GST/HST refunds were budgeted for this period.

105. The payroll figures included in the cash flow reflect the latest increases in salary.

106. Professional fees in conjunction with the restructuring of the HII Group are included in HII's projected cash flow and are based on the historical figures experienced and revised to reflect the estimated fees going forward.

107. Other expenditures are composed of funding to the Coët Properties which was introduced as of the Ninth Report in order to pay for a portion of the required capital expenditures.

108. As mentioned in the Fourteenth Report, HII continues to incur costs related to the ground lease pertaining to the Holman Grand Hotel in PEI.

109. As of the date of this Fifteenth Report, all expenses incurred to date and going forward have been or will be paid out of HII's working capital.

<u>Shareco</u>

110. The Monitor does not anticipate any cash inflows or outflows pertaining to Shareco for the Sixth Extension Period.

111. At the time of this Fifteenth Report, there is nothing that would lead the Monitor to believe that Shareco will need additional financing to meet current obligations during the Sixth Extension Period.

<u>Churchill</u>

112. Forecasted cash inflows for the period are $561K and forecasted cash outflows for the period are $51K, resulting in a net inflow of $510K. This favorable variance is a result of condo sales proceeds exceeding condo fees incurred, office and administrative and property taxes remitted.

113. As of the date of this Fifteenth Report, all expenses going forward will be paid out of Churchill's working capital.

114. At the time of this Fifteenth Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet current obligations during the Sixth Extension Period.

Inverness

115. The Monitor does not anticipate any cash inflows or outflows pertaining to Inverness for the Sixth Extension Period. This is a result of the completion of the Inverness Transaction in June 2012.

116. Even though the Inverness cash flow does not provide for any inflows or outflows during the period, it is to be noted that an amount of approximately $3.6M is owed by Churchill to Inverness following the Inverness Transaction, which resulted in Inverness paying the full balance of Churchill's cross-collateralized mortgage. The reimbursement to Inverness will be made in due time.

CP

117. Forecasted cash inflows for the period are $475K and forecasted cash outflows for the period are $510K, resulting in a net outflow of $35K.

118. Cash inflows will be generated by funds in escrow to be received following the incurrence of construction costs required to complete CP's obligation associated with the pre-filing sale of three of the CP properties.

119. As of the date of this Fifteenth Report, all expenses going forward will be paid out of CP's working capital.

120. At the time of this Fifteenth Report, there is nothing that would lead the Monitor to believe that CP will need additional financing to meet current obligations during the Sixth Extension Period.

NCLL

121. The Monitor does not anticipate any cash inflows or outflows pertaining to NCLL for the Sixth Extension Period.

122. At the time of this Fifteenth Report, there is nothing that would lead the Monitor to believe that NCLL will need additional financing to meet current obligations during the Sixth Extension Period.

CASH FUNDING REQUIREMENT AND ACCESS TO RESTRICTED CASH

Restricted Cash

123. Pursuant to the Fourteenth Report, no additional funding was requested during the Fifth Extension Period. For reference purposes, the table included in the Fourteenth Report is presented below and provides a breakdown of the Restricted Cash request. The restricted cash balance as at September 4, 2012 has increased from the time of the Fourteenth Report as interest continues to accrue.

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**
Seventh Monitor's Report	Request from Restricted Cash	17-Feb-12	(10,000)
Ninth Monitor's Report	Request from Restricted Cash	10-Apr-12	(6,000)
Tenth Monitor's Report	Request from Restricted Cash	29-May-12	(11,000)
Thirteenth Monitor's Report	Request from Restricted Cash	17-Jul-12	(5,200)
Total requests from Restricted Cash		**B**	**(32,200)**
Interest on Restricted Cash	Cumulative interest received	**C**	**652**
Ending balance of Restricted Cash as at September 4, 2012		**=A+B+C**	**91,526**

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

CASH BUDGETING AND MONITORING

124. Since the Fourteenth Report, the Monitor has continued to perform budget to actual analysis for the six Debtors on a weekly basis.

125. As previously discussed, the cash balance presented in the weekly budget to actual analysis is based on an allocated cash method that is approximate due to timing and which does not equal the actual cash contained in the Debtors' bank accounts.

126. 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.

127. It is important to note that the GP Accounts are not included in the analysis below.

128. The table below provides the estimated cash balance analysis as at September 15, 2012:

(all amounts stated in CAD)		Amount
ACTUAL OPENING CASH BALANCE AS AT SEPTEMBER 1, 2012	**A**	**8,535,788**
Forecasted cash inflows/(outflows) - September 1 to September 15, 2012		
Net cash inflow/(outflow) - Debtors		
Net cash inflow/(outflow) - HII		(8,347,605)
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Churchill		404,176
Net cash inflow/(outflow) - Inverness		-
Net cash inflow/(outflow) - CP		-
Net cash inflow/(outflow) - NCLL		-
Total net cash inflow/(outflow) - Debtors	**B**	(7,943,429)
Net cash inflow/(outflow) - Canadian entities excluding Debtors	**C**	16,053
Less: Total payments in transit	**D**	-
TOTAL NET CASH INFLOWS/(OUTFLOWS) - SEPTEMBER 1 to SEPTEMBER 15, 2012	**E=B+C+D**	**(7,927,376)**
ESTIMATED ENDING CASH BALANCE AS AT SEPTEMBER 15, 2012, BEFORE OTHER ADJUSTMENTS	**F=A+E**	**608,412**
Net adjustment for disbursements/(receipts) not expected to occur from September 1-15, 2012	**G**	-
ESTIMATED ENDING CASH BALANCE AS AT SEPTEMBER 15, 2012, AFTER OTHER ADJUSTMENTS	**=F+G**	**608,412**

Analysis of HII's cash funding requirements and results

129. HII, with the assistance of the Monitor, conducted an analysis of the HII Group entities' cash flows to evaluate the cash position of the HII Group for the proposed extension to the Stay Period ending October 13, 2012.

130. The table below provides an overview of the estimated cash position of HII as at October 13, 2012:

Number of weeks presented: 4 weeks (all amounts stated in CAD)		September 16 to October 13, 2012 (4-week period)
		Forecast
Estimated opening cash balance as at September 16, 2012 ***(Note 1)***	**A**	**608,412**
Net cash flow by Debtor - September 16 to October 13, 2012		
Net cash inflow/(outflow) - HII		(3,895,019)
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Churchill		510,750
Net cash inflow/(outflow) - Inverness		-
Net cash inflow/(outflow) - CP		(35,000)
Net cash inflow/(outflow) - NCLL		-
Net cash inflow/(outflow) - Debtors	**B**	**(3,419,269)**
Net cash flow by other Canadian entities - September 16 to October 13, 2012		
Net cash inflow/(outflow) - Others Canada		(22,575)
Net cash inflow/(outflow) - HII Group excluding Debtors	**C**	**(22,575)**
Adjustment to account for intra-period timing of receipts and disbursements	**D**	**(150,000)**
ESTIMATED TOTAL CASH INFLOW/(OUTFLOW) - ALL ENTITIES	**E=B+C+D**	**(3,591,844)**
ESTIMATED Surplus (Deficit) CASH for September 16 to October 13, 2012	**F=A+E**	**(2,983,432)**

131. The opening forecasted cash balance as at September 16, 2012 only includes the bank accounts controlled by the Debtors. European Euros and American dollars Accounts have been converted to Canadian dollars at the foreign exchange rate as at August 31, 2012.

132. For the period ending October 13, 2012, it is forecasted that HII will have a cash deficit of $2,983,432. This amount is calculated based on the net cash flow variations as indicated in the table above. As indicated, the cash shortfall primarily pertains to HII. For additional information regarding the Debtors forecasted cash inflows and outflows to October 13, 2012, please refer to Appendix D of this Fifteenth 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 month of September 2012 for the HII Group entities, is not available to Management and the Monitor.

133. The analysis performed indicates that there will be an intra-period cash shortage due to the forecasted timing of certain disbursements and certain receipts. As a result, an adjustment of $150,000 has been included in the cash requirement to bridge the forecasted intra-period cash shortage.

134. The Monitor is of the view that HII should be allowed to use an incremental amount of $3M 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 Sixth Extension.

VIII. CONCLUSIONS AND RECOMMENDATIONS

135. 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.

136. It is the Monitor's opinion that, for the reasons further elaborated in this Fifteenth Report:

    i. An extension of the Stay Period to October 12, 2012 should be granted to ensure that the HII Parties are able to implement certain essential restructuring initiatives and develop and file a viable plan (or plans) of arrangement with their creditors;

    ii. The use of the Restricted Cash for an incremental amount of $3M should be authorized.

137. Based on discussions with Management and general supervision of the affairs of the HII Parties, it is the Monitor's opinion that the HII Parties have acted and continue to act in good faith and with due diligence, and that they will likely be able to make material progress towards developing and filing a plan (or plans) of arrangement prior to the end of the sought Sixth Extension.

The Monitor respectfully submits this Fifteenth Report to the Court.

DATED AT MONTREAL, this 13th day of September, 2012.

Pierre Laporte, CPA, CA, CIRP
President

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

APPENDICES

APPENDIX A

APPENDIX A

THE ENTITIES Mis-en-Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (88) LIMITED PARTNERSHIP
HOMCO REALTY FUND (89) LIMITED PARTNERSHIP
HOMCO REALTY FUND (92) LIMITED PARTNERSHIP
HOMCO REALTY FUND (94) LIMITED PARTNERSHIP
HOMCO REALTY FUND (96) LIMITED PARTNERSHIP
HOMCO REALTY FUND (105) LIMITED PARTNERSHIP
HOMCO REALTY FUND (121) LIMITED PARTNERSHIP
HOMCO REALTY FUND (122) LIMITED PARTNERSHIP
HOMCO REALTY FUND (142) LIMITED PARTNERSHIP
HOMCO REALTY FUND (199) LIMITED PARTNERSHIP

APPENDIX B

APPENDIX B

HII and its affiliates Detail of Consolidated Statements of Cash flows (C$000)	Six months ended June 30, 2012 Unaudited	Year Ended December 31, 2011 Audited	Year Ended December 31, 2010 Audited	Year Ended December 31, 2009 Audited	Year Ended December 31, 2008 Audited
Items not affecting cash					
Gain on sale of subsidiary	-	-	(107,164)	-	-
Loss (gain) on sale of investments	(4,414)	-	-	-	-
Realized valuation changes	-	-	(3,600)	(2,239)	(443)
Fair market value changes on:					
Investment properties	108,254	196,391	40,221	312,227	286,060
Investment properties held for sale	59	15,116	(9,109)	-	-
Development properties	938	58,957	16,777	48,707	-
Impairment loss on properties under development	242	2,455	7,811	27,779	-
Goodwill impairment loss	-	-	-	-	48,594
Accretion on provisions	-	2,973	750	-	-
Change in provisions	-	3,940	(5,161)	34,089	-
Rent paid on provisions	742	(7,866)	(2,301)	-	-
Loss on derivative instruments	4,618	5,299	677	7,486	18,542
Distribution income from associate	-	8,576	8,188	-	-
Amortization of financing fees	604	16,396	4,703	3,920	9,400
Loss from associate	-	15,652	12,628	-	-
Deferred rental (income) loss	(59)	398	(4,849)	(6,722)	(4,499)
Deferred income taxes	(2,493)	(9,138)	42,794	(79,106)	(50,734)
Stock based compensation	8	29	88	146	307
Fair value change in financial assets	(52)	(32,490)	(88)	1,187	23,133
Accelerated accretion of HCSA	-	36,787	-	1,453	128
Foreign exchange (gain) loss	(16,527)	(22,951)	(20,147)	(24,201)	19,656
	91,920	290,524	(17,782)	324,726	350,144
Change in non-cash working capital and other					
Receivables and other	(1,166)	(2,739)	(4,423)	(16,915)	7,580
Accounts payable and other liabilities	8,763	49,606	(22,694)	(11,806)	39,096
Proceeds exceeding earnings on development properties for resale	12,728	12,231	6,314	120,032	(21,008)
	20,325	59,098	(20,803)	91,311	25,668
Net cash (used in) from investing activities					
Investment in investment properties	(1,349)	(2,584)	(1,908)	(1,951)	(56,764)
(Increase) decrease in restricted cash	(117,710)	(4,426)	639	2,576	1,735
Proceeds on sale of investment properties	-	-	-	-	698
Proceeds on sale of development properties	(590)	39,703	-	-	-
Proceeds on sale of investments	145,439	60,480	10,340	13,946	-
Purchase of long term investments	-	-	(1,079)	-	(6,678)
Investment in development properties	-	(33,802)	(44,644)	(42,618)	(97,764)
Discontinued operations	5,877	(399)	103,332	(24,969)	-
	31,667	58,972	66,680	(53,016)	(158,773)
Net cash (used in) from financing activities					
Decrease in demand loans	108	(6,881)	(41,648)	(10,468)	(362,645)
Increase (decrease) in mortgages payable	(25,920)	(28,228)	1,307	(23,373)	267,701
(Repayment) proceeds of bonds		-	(51,429)	11,043	146,196
Decrease (increase) in related party receivable	(9,184)	7,409	10,220	(10,220)	
Increase (decrease) in deferred financing charges	599	(203)	2,499	(2,318)	(13,918)
Repurchase of common shares and issue costs	-	(100)	(419)	(1,346)	(836)
Dividends paid	-	-	-	-	(20,853)
(Decrease) increase in related party payable	-	(1,697)	(3,556)	(14,180)	6,361
Increase (decrease) in construction financing	(268)	(7,855)	3,925	(7,434)	36,040
Homburg Capital Securities A proceeds	-	-	4,598	37,116	-
Discountinued operations	(4,761)	(5,257)	5,389	32,724	-
	(39,426)	(42,812)	(69,114)	11,544	58,046

Source: Homburg Invest Inc. unaudited financial statement as of June 30, 2012 and audited financial statements as of December 31, 2011, 2010, 2009 and 2008

APPENDIX C

APPENDIX C

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

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

	For the 4-week period of August 5 to September 1, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
REIT distributions	-	-	-
REIT unit sale proceeds	-	-	-
GST/HST received	-	-	-
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	643.6	-	643.6
	643.6	-	643.6
Hotel related receipts			
Hotel revenue	455.4	280.0	175.4
Total cash inflows	1,099.0	280.0	819.0
Cash outflows			
Payroll	285.3	150.0	(135.3)
Rent expense	-	-	-
Restructuring related professional fees	1,678.8	2,696.0	1,017.2
Insurance	-	-	-
Office & admin	92.2	210.0	117.8
Director fees	-	-	-
KERP	-	-	-
CP obligation	32.6	-	(32.6)
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)	-	-	-
Other expenditures	-	-	-
	2,088.9	3,056.0	967.1
Hotel disbursements			
Payroll	58.5	70.0	11.5
Management fee	-	-	-
Property and other taxes	27.7	90.0	62.3
General operating expenses	99.8	180.0	80.2
Construction costs and held cheques	-	-	-
Mortgage principal & interest	-	-	-
Total hotel disbursements	186.0	340.0	154.0
Total cash outflows	**2,274.9**	**3,396.0**	**1,121.1**
Opening cash balance	**12,897.8**	**12,897.8**	**-**
Variation in cash balance	**(1,175.9)**	**(3,116.0)**	**1,940.1**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**11,721.9**	**9,781.8**	**1,940.1**
Funding between HII and its non-Petitioners	**(4,484.6)**	**-**	**(4,484.6)**
Funding from HII	**(143.8)**	**(74.7)**	**(69.1)**
Adjusted cash balance	**7,093.5**	**9,707.1**	**(2,613.6)**

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 $11,721.9K, please note that $1,296.8K is currently held in the Monitor's trust account as at August 31, 2012. This amount represents funds reserved for the KERP as indicated in paragraphs 10 to 13 of the Fourteenth Report and amounts received which are related to the Canoxy Place Subtenants.

Inflows

- Other receipts were $643.6K, compared to a budgeted amount of nil, which resulted in a favorable variance of $643.6K. The favorable variance is due to an unbudgeted corporate tax refund in the amount of $643.6K.

- Hotel revenues were $455.4K compared to a budgeted amount of $280K, resulting in a favorable variance of $175.4K. The favorable variance is due to higher than expected occupancy during the period noted.

Outflows

- Payroll was $285.3K compared to a budgeted amount of $150K, resulting in an unfavorable variance of $135.3K. This unfavorable variance is due to a payroll adjustment during the period.

- Professional fees were $1,678.8K compared to a budgeted amount of $2,696K, resulting in a favorable variance of $1,017.2K. This favorable variance is due to timing. Professional fees have been incurred as a result of the Company's and the Monitor's legal counsel, and professionals spending significant amounts of time on numerous material issues and procedures during the CCAA filing. Examples of this are various CRA issues, discussions and due diligence surrounding the professional services associated to the Cedar transaction, the sale process of select Canadian properties, and European bank negotiations. Included in these professional fees are amounts advanced to the Stitching's Trustees and their advisors.

- In accordance with the Court Order dated February 17, 2012, the payment of fees, disbursements and expenses of the Trustees of the Stichting Homburg Bonds and Stichting Homburg Capital Securities A (collectively, "**Stichting**") and their legal and financial advisors incurred since December 3, 2011 are to be advanced by HII. Since the Tenth Report and up to September 1, 2012, no additional amounts were paid to the Trustees.

- Office and administrative expenditures were $92.2K compared to a budgeted amount of $210K, which resulted in a favorable variance of $117.8K. This variance is mainly due to timing.

- CP obligation was $32.6K compared to a budgeted amount of nil, which resulted in an unfavorable variance of $32.6K. As mentioned in the appendices of the Fourteenth Report, this variance is mainly due to a rent payment which had to be remitted to the lessor.

- Payroll at the Hotel was $58.5K compared to a budgeted amount of $70K, which resulted in a favorable variance of $11.5K. The favorable variance is mainly due to fewer hours worked by hotel staff.

- Property and other taxes at the Hotel were $27.7K compared to a budgeted amount of $90K, which resulted in a favorable variance of $62.3K. The favorable variance is mainly due to timing.

- General operating expenses at the Hotel were $99.8K compared to a budgeted amount of $180K, which resulted in a favorable variance of $80.2K during the period. The favorable variance of $80.2K is due to stricter expense policies and timing.

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 August 5, 2012 to September 1, 2012		
	Actual	Budget	Variance
Cash inflows			
Mortgage bond issuance	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Interest payments - mortgage bonds	-	-	-
Repayment of Bonds	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash outflows	**-**	**-**	**-**
Opening cash balance	**39.1**	**39.1**	**-**
Variation in cash balance	**-**	**-**	**-**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**39.1**	**39.1**	**-**

<u>ShareCo budget to actual commentary</u>

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 August 5, 2012 to September 1, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	629.8	(629.8)
GST collected	-	31.4	(31.4)
GST ITC refund	-	-	-
Rent	-	-	-
Other Receipts	-	-	-
Total cash inflows	**-**	**661.2**	**(661.2)**
Cash outflows			
Commissions	-	31.5	31.5
Advertising	-	-	-
R&M	2.1	2.0	(0.1)
Property tax	-	6.9	6.9
Professional fees	-	1.0	1.0
Insurance	-	0.3	0.3
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	12.7	15.5	2.8
GST remitted	-	-	-
Total cash outflows	**14.8**	**57.2**	**42.4**
Opening cash balance	**795.3**	**795.3**	**-**
Variation in cash balance	**(14.8)**	**604.0**	**(618.8)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**780.5**	**1,399.3**	**(618.8)**
Funding from HII	**-**	**-**	**-**
Funded ending cash balance	**780.5**	**1,399.3**	**(618.8)**

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

- Condo sales were nil during the period compared to a budgeted amount of $629.8K, which resulted in an unfavorable variance of $629.8K. The unfavorable variance of $629.8K is a result of timing.

Outflows

- Budgeted outflows relate to the projected sale of a Churchill condo which did not occur during the period. These expenses are anticipated to be incurred when the condo is sold.

Inverness

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

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

	For the 4-week period of August 5, 2012 to September 1, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	-	-
Other receipts	-	-	-
GST collected	-	-	-
GST ITC refund	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Commissions	-	-	-
R&M	-	-	-
Property tax	-	-	-
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	-	-	-
GST remitted	5.7	-	(5.7)
Other expenditures	63.4	-	(63.4)
Total cash outflows	**69.1**	**-**	**(69.1)**
Opening cash balance	(61.2)	(61.2)	**-**
Variation in cash balance	**(69.1)**	**-**	**(69.1)**
Exchange rate (Gain / Loss)	-	-	**-**
Ending cash balance	**(130.3)**	**(61.2)**	**(69.1)**
Funding from HII	**130.3**	**61.2**	**(69.1)**
Funded ending cash balance	**-**	**-**	**-**

Inverness budget to actual commentary

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

Outflows

- Other expenditures were $63.4K compared to a budgeted amount of nil, resulting in an unfavorable variance of $63.4K. The unfavorable variance of $63.4K relates to capital expenditures that were paid to the condo corporation following the close of the Inverness Bulk Sale.

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 August 5, 2012 to September 1, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
Costs reimbursed from escrow	-	-	-
GST refund from previous months	-	-	-
Other receipts	0.2	-	0.2
Total cash inflows	**0.2**	**-**	**0.2**
Cash outflows			
Construction costs (1,2&3)	-	-	-
Construction costs (4&5)	22.9	10.0	(12.9)
Professional fees	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Other expenditures	-	-	-
Total cash outflows	**22.9**	**10.0**	**(12.9)**
Opening cash balance	**645.4**	**645.4**	**-**
Variation in cash balance	**(22.7)**	**(10.0)**	**(12.7)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**622.7**	**635.4**	**(12.7)**

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:

Outflows

- Construction costs for buildings 4 and 5 were $22.9K compared to a budgeted amount of $10K, resulting in an unfavorable timing variance of $12.9K. The unfavorable timing variance is mainly due to construction costs that occurred in the current period that were expected to occur in the prior period.

North Calgary Lands

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

Homburg North Calgary Lands
Budget to Actual Cash Flow
Unaudited - Based on discussions with the company's Management
(C$000)

	For the 4-week period of August 5, 2012 to September 1, 2012		
	Actual	Budget	Variance
Cash inflows			
GST/HST received	-	-	-
Other receipts	-	-	-
Total cash inflows	-	-	-
Cash outflows			
Professional fees	-	-	-
Property tax	-	-	-
Insurance	-	-	-
Office & administrative	-	-	-
GST/HST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	-	-	-
Opening cash balance	(13.5)	(13.5)	-
Variation in cash balance	-	-	-
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	(13.5)	(13.5)	-
Funding from HII	13.5	13.5	-
Funded ending cash balance	-	-	-

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 transactions occurred during the period in North Calgary Lands.

APPENDIX D

APPENDIX D

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

Updated as of September 2, 2012

		14th report AMENDED			15th report					
Number of weeks:	6	52	53		54	55	56	57		
Beginning period:	2-Sep-12	2-Sep-12	9-Sep-12	TOTAL	16-Sep-12	23-Sep-12	30-Sep-12	7-Oct-12	TOTAL	Homburg Inves
Ending period:		8-Sep-12	15-Sep-12	2-Week period	22-Sep-12	29-Sep-12	6-Oct-12	13-Oct-12	4-Week Period	
		Forecast	Forecast		Forecast	Forecast	Forecast	Forecast		
Cash inflows										
GST/HST received		-	-	**-**	-	-	-	-	**-**	**-**
Other receipts		-	-	**-**	195,000	-	-	-	**195,000**	**195,000**
									-	
Hotel related receipts									**-**	
Hotel revenue		35,000	35,000	**70,000**	35,000	35,000	25,000	25,000	**120,000**	**190,000**
Total cash inflows		35,000	35,000	**70,000**	230,000	35,000	25,000	25,000	**315,000**	**385,000**
Cash outflows										
Payroll		123,236	-	**123,236**	91,000	-	91,000	-	**182,000**	**305,236**
Rent expense		25,000	-	**25,000**	-	-	25,000	-	**25,000**	**50,000**
Restructuring related professional fees		2,274,000	4,974,000	**7,248,000**	830,000	800,000	800,000	800,000	**3,230,000**	**10,478,000**
Insurance		17,000	-	**17,000**	-	-	17,000	-	**17,000**	**34,000**
Office & administrative		62,500	62,500	**125,000**	62,500	62,500	62,500	62,500	**250,000**	**375,000**
Director fees		55,000	-	**55,000**	-	-	-	-	**-**	**55,000**
KERP		438,350	-	**438,350**	-	-	-	-	**-**	**438,350**
Other expenditures		-	245,719	**245,719**	-	245,719	-	-	**245,719**	**491,438**
Hotel disbursements										
Payroll		30,000	-	**30,000**	30,000	-	30,000	-	**60,000**	**90,000**
Management fee		4,000	-	**4,000**	-	-	4,000	-	**4,000**	**8,000**
PEI obligation		16,300	-	**16,300**	-	-	16,300	-	**16,300**	**32,600**
Property and other taxes		-	-	**-**	-	-	-	-	**-**	**-**
General operating expenses		45,000	45,000	**90,000**	45,000	45,000	45,000	45,000	**180,000**	**270,000**
Construction costs		-	-	**-**	-	-	-	-	**-**	**-**
Mortgage principal & interest		-	-	**-**	-	-	-	-	**-**	**-**
Total hotel disbursements		95,300	45,000	**140,300**	75,000	45,000	95,300	45,000	**260,300**	**400,600**
Total cash outflows		3,090,386	5,327,219	**8,417,605**	1,058,500	1,153,219	1,090,800	907,500	**4,210,019**	**12,627,624**
Opening cash balance		**11,721,900**	**4,038,102**	**11,721,900**	**(1,238,064)**	**(2,066,564)**	**(3,184,783)**	**(4,250,583)**	**(1,238,064)**	**11,721,900**
Funding between HII and its non-Petitioners		**(4,772,212)**	**-**	**(4,772,212)**	**-**	**-**	**-**	**-**	**-**	**(4,772,212)**
Funding from HII to Petitioners		**143,800**	**-**	**143,800**	**-**	**-**	**-**	**-**	**-**	**143,800**
Adjusted opening balance		**7,093,488**	**4,038,102**	**7,093,488**	**(1,238,064)**	**(2,066,564)**	**(3,184,783)**	**(4,250,583)**	**(1,238,064)**	**7,093,488**
Variation in cash balance (Petitioners)		(3,055,386)	(5,292,219)	**(8,347,605)**	(828,500)	(1,118,219)	(1,065,800)	(882,500)	**(3,895,019)**	**(12,242,624)**
Variation in cash balance (Non-Petitioners)		-	16,053	**16,053**	-	-	-	(22,575)	**(22,575)**	**(6,522)**
Exchange rate		-	-	**-**	-	-	-	-	**-**	**-**
Adjusted ending cash balance		**4,038,102**	**(1,238,064)**	**(1,238,064)**	**(2,066,564)**	**(3,184,783)**	**(4,250,583)**	**(5,155,658)**	**(5,155,658)**	**(5,155,658)**

Notes:

1) The opening cash balance reflects the allocated cash balance as at September 2, 2012.
2) Funding between HII and its non-Petitioners represents the cumulative cash funding from HII since September 9, 2012.
3) The cash flow forecast for weeks 52 and 53, which was previously presented in the Fourteenth Report, has been amended by Management to include an additional $2.7M in professional fees in order to reflect new invoices received.
4) An additional adjustment of $55K was recorded in week 52 to reflect a fee payable following a director's resignation.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of HII, as defined in Subsection 2(1) of the Act, based on probable and hypothetical assumptions that reflect HII's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in HII's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) HII's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of HII; and

(ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

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

(i) The past performance of HII;

(ii) The performance of other industry/market participants engaged in similar activities as HII;

(iii) Feasibility studies;

(iv) Marketing studies; or

(v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated cash balances as at September 2, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts			
GST/HST received	GST refunds are not expected to be received during the weeks 52 to 62		X
Other receipts	Forecasted distribution from HHUS	X	
Hotel revenue	Based on forecasts provided by Management established on the number of room bookings		X
Forecast cash disbursements			
Payroll	Based on previous payroll expenses plus incentive compensation and salary increases	X	
Rent expense	Rent at the Akerley Blvd. and Montreal location	X	
Restructuring related professional fees	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	Funding of Coët Properties in order to pay for a portion of the required CAPEX investment as presented in the Ninth Monitor's Report		X
Hotel disbursements			

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Payroll	Based on Management's assumptions related to occupancy and required staff	X	
Management fee	The Hotel management fee	X	
PEI obligation	Lease obligations relate to the ground lease of the Holman Grand Hotel	X	
Property and other taxes	Based on previous property and other tax expenses	X	
General operating expenses	Based on previous G&A expenses		X
Construction costs	Remaining construction has currently been halted	X	
Mortgage principal & interest	Amount stayed by proceedings	X	
Ending cash balance	Based on allocated cash transactions		X

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

Updated as of September 2, 2012

		14th report PUBLISHED			15th report				
Number of weeks:	**6**	52	53		54	55	56	57	
Beginning period:	**2-Sep-12**	**2-Sep-12**	**9-Sep-12**	**TOTAL**	**16-Sep-12**	**23-Sep-12**	**30-Sep-12**	**7-Oct-12**	**TOTAL**
Ending period:		**8-Sep-12**	**15-Sep-12**	**2-Week period**	**22-Sep-12**	**29-Sep-12**	**6-Oct-12**	**13-Oct-12**	**4-Week Period**
		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		**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**
Variation in cash balance		-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-
Ending cash balance		**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**	**39,100**

Notes:

The opening cash balance reflects the allocated cash balance as at September 2, 2012.

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
General cash flow assumptions	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. 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 6 weeks from September 2 to October 13, 2012. Occasionally, certain funds are transferred between HII and ShareCo.	X	
Opening cash balance	Based on allocated closing cash balances as at September 2, 2012	X	
Ending cash balance	Based on allocated cash transactions		X

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

Updated as of September 2, 2012

		14th report AMENDED			15th report				
Number of weeks	**6**	52	53		54	55	56	57	
Beginning period:	**2-Sep-12**	**2-Sep-12**	**9-Sep-12**	**TOTAL**	**16-Sep-12**	**23-Sep-12**	**30-Sep-12**	**7-Oct-12**	**TOTAL**
Ending period:		**8-Sep-12**	**15-Sep-12**	**2-Week period**	**22-Sep-12**	**29-Sep-12**	**6-Oct-12**	**13-Oct-12**	**4-Week Period**
		Forecast	Forecast		Forecast	Forecast	Forecast		
Cash inflows									
Condo sales proceeds		-	408,245	**408,245**	-	535,000	-	-	**535,000**
GST collected		-	20,286	**20,286**	-	26,750	-	-	**26,750**
GST ITC refund		-	-	**-**	-	-	-	-	**-**
Rent		-	-	**-**	-	-	-	-	**-**
Other receipts		-	-	-	-	-	-	-	**-**
Total cash inflows		**-**	**428,531**	**428,531**	**-**	**561,750**	**-**	**-**	**561,750**
Cash outflows									
Commissions		-	12,780	**12,780**	-	26,750	-	-	**26,750**
R&M		-	7,888	**7,888**	-	-	2,000	-	**2,000**
Property tax		-	2,226	**2,226**	-	-	6,000	-	**6,000**
Professional fees		-	1,461	**1,461**	-	1,000	-	-	**1,000**
Insurance		-	-	**-**	-	-	250	-	**250**
Office & admin		-	-	**-**	-	-	-	-	**-**
Condo fees		-	-	**-**	-	-	15,000	-	**15,000**
GST remitted		-	-	**-**	-	-	-	-	-
Total cash outflows		**-**	**24,355**	**24,355**	**-**	**27,750**	**23,250**	**-**	**51,000**
Opening cash balance		**780,500**	**780,500**	**780,500**	**1,184,676**	**1,184,676**	**1,718,676**	**1,695,426**	**1,184,676**
Variation in cash balance		**-**	**404,176**	**404,176**	**-**	**534,000**	**(23,250)**	**-**	**510,750**
Exchange rate		-	-	-	-	-	-	-	**-**
Ending cash balance		**780,500**	**1,184,676**	**1,184,676**	**1,184,676**	**1,718,676**	**1,695,426**	**1,695,426**	**1,695,426**

Notes:

The opening cash balance reflects the allocated cash balance as at September 2, 2012.

The cash flow forecast for weeks 52 and 53, which was previously presented in the Fourteenth Report, has been amended by Management to include the impact of a condo sale in Churchill which closed on August 24, 2012 for which proceeds where received in week 53.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of Churchill, as defined in Subsection 2(1) of the Act, based on probable and hypothetical assumptions that reflect Churchill's planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in Churchill's judgment, but are consistent with the purpose of the Cash Flow Statement.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) Churchill's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Churchill; and

(ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

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

(i) The past performance of Churchill;

(ii) The performance of other industry/market participants engaged in similar activities as Churchill;

(iii) Feasibility studies;

(iv) Marketing studies; or

(v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated cash balances as at September 2, 2012	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
Condo sales proceeds	A condominium sale is projected to close in September 2012		X
GST collected	Based on applicable taxes on forecasted condo sales		X
GST ITC refund	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted. No activity has been forecasted during the period.	X	
Rent	Monthly rent based on the rental of one unit, no activity has been forecasted during the period	X	
Other receipts	Net proceeds of the Inverness Transaction, no activity has been forecasted during the period	X	
<u>Forecast cash disbursements</u>			
Commissions	Commissions are based on 5% of the projected sales		X
R&M	Repairs and maintenance expenses are based on previous expenses	X	
Property tax	Property tax is paid in monthly installments	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been pre-paid for the year	X	
Condo fees	Condominium fees based on previous expenses	X	
GST remitted	GST paid on expenses listed in this cash flow, no activity has been forecasted during the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions		X

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

Updated as of September 2, 2012

		14th report PUBLISHED			15th report				
Number of weeks:	**6**	52	53		54	55	56	57	
Beginning period:	**2-Sep-12**	**2-Sep-12**	**9-Sep-12**	**TOTAL**	**16-Sep-12**	**23-Sep-12**	**30-Sep-12**	**7-Oct-12**	**TOTAL**
Ending period:		**8-Sep-12**	**15-Sep-12**	**2-Week period**	**22-Sep-12**	**29-Sep-12**	**6-Oct-12**	**13-Oct-12**	**4-Week Period**
		Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
Cash inflows									
GST ITC refund		-	-	-	-	-	-	-	-
Total cash inflows		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
				-					
Cash outflows									
Property tax		-	-	-	-	-	-	-	-
Professional fees		-	-	-	-	-	-	-	-
Insurance		-	-	-	-	-	-	-	-
GST remitted		-	-	-	-	-	-	-	-
Other expenditures		-	-	-	-	-	-	-	-
Total cash outflows		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Opening cash balance		**(130,300)**	**-**	**(130,300)**	**-**	**-**	**-**	**-**	**-**
Funding from HII		**130,300**	**-**	**130,300**	**-**	**-**	**-**	**-**	**-**
Variation in cash balance		-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-
Adjusted Ending cash balance		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes:

The opening cash balance reflects the allocated cash balance as at September 2, 2012.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

The cash flow projections have been prepared solely for the purpose of the CCAA proceedings. Consequently, readers are cautioned that they may not be appropriate for other purposes.

Since the cash flow projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

NOTE B – DEFINITIONS

CASH FLOW STATEMENT

A statement indicating, on a weekly basis, the projected cash flow of Inverness, as defined in Subsection 2(1) of the Act, based on probable and hypothetical assumptions that reflect Inverness' planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

Meaning assumptions with respect to a set of economic conditions or courses of action which are not necessarily the most probable in Inverness' judgment, but are consistent with the purpose of the Cash Flow Statement.

PROBABLE ASSUMPTIONS

Meaning assumptions that:

(i) Inverness's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Inverness; and

(ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

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

(i) The past performance of Inverness;

(ii) The performance of other industry/market participants engaged in similar activities as Inverness;

(iii) Feasibility studies;

(iv) Marketing studies; or

(v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated cash balances as at September 2, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts			
GST ITC refund	GST ITC refund, no activity has been forecasted during the period	X	
Forecast cash disbursements			
Property tax	Based on previous property expenses paid semi-annually, no activity has been forecasted during the period	X	
Professional fees	Legal and closing costs for sale of property, no activity has been forecasted during the period		X
Insurance	Insurance has been prepaid, no activity has been forecasted during the period	X	
GST remitted	Based on GST paid on expenses incurred in the period of the cash flow, no activity has been forecasted during the period	X	
Other expenditures	Assumed that after retiring Romspen's secured debt on Inverness, the remaining proceeds will be used to retire Churchill's secured debt to Romspen as the amounts are cross-collateralized, no activity has been forecasted during the period		X
Closing cash balance	Based on allocated cash transactions		X

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

Updated as of September 2, 2012

		14th report PUBLISHED			15th report				
Number of weeks:	6	52	53		54	55	56	57	
Beginning period:	2-Sep-12	2-Sep-12	9-Sep-12	TOTAL	16-Sep-12	23-Sep-12	30-Sep-12	7-Oct-12	TOTAL
Ending period:		8-Sep-12	15-Sep-12	2-Week period	22-Sep-12	29-Sep-12	6-Oct-12	13-Oct-12	4-Week Period
		Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
Cash inflows									
Costs reimbursed from escrow		-	-	**-**	-	-	475,000	-	**475,000**
GST refund from previous month		-	-	**-**	-	-	-	-	**-**
Total cash inflows		**-**	**-**	**-**	**-**	**-**	**475,000**	**-**	**475,000**
Cash outflow				**-**					
Construction costs (1,2&3)		-	-	**-**	500,000	-	-	-	**500,000**
Construction costs (4&5)		-	-	**-**	-	-	10,000	-	**10,000**
Professional fees		-	-	**-**	-	-	-	-	**-**
Mortgage principal		-	-	**-**	-	-	-	-	**-**
Mortgage interest		-	-	**-**	-	-	-	-	**-**
Property tax		-	-	**-**	-	-	-	-	**-**
Total cash outflows		**-**	**-**	**-**	**500,000**	**-**	**10,000**	**-**	**510,000**
Opening cash balance		**622,700**	**622,700**	**622,700**	**622,700**	**122,700**	**122,700**	**587,700**	**622,700**
Variation in cash balance		-	-	**-**	(500,000)	-	465,000	-	**(35,000)**
Exchange rate		-	-	**-**	-	-	-	-	**-**
Ending cash balance		**622,700**	**622,700**	**622,700**	**122,700**	**122,700**	**587,700**	**587,700**	**587,700**

Notes:

The opening cash balance reflects the allocated cash balance as at September 2, 2012.

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 cash balances as at September 2, 2012	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
Costs reimbursed from escrow	Funds in escrow received from Cominar REIT following the sale of three of the CP Development Ltd. properties. The funds are released from the escrow account once the construction costs have been paid.		X
GST refund from previous month	Based on the letter from CRA indicating that holdback refunds will be released, no activity has been forecasted during the period		X
<u>Forecast cash disbursements</u>			
Construction costs (1, 2&3)	Projected construction cost provided by Cuthbert & Smith (consulting), including GST.		X
Construction costs (4&5)	Carrying costs for properties 4 and 5 for which construction has been halted (insurance, taxes and maintenance), including GST		X
Professional fees	No professional fees as per Management's assumptions, no activity has been forecasted during the period	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
Property tax	Based on previous property expenses, no activity has been forecasted during the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions		X

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

Updated as of September 2, 2012

		14th report PUBLISHED			15th report				
Number of weeks:	6	14	15		16	17	18	19	
Beginning period:	2-Sep-12	2-Sep-12	9-Sep-12	TOTAL	16-Sep-12	23-Sep-12	30-Sep-12	7-Oct-12	TOTAL
Ending period:		8-Sep-12	15-Sep-12	2-Week period	22-Sep-12	29-Sep-12	6-Oct-12	13-Oct-12	4-Week Period
		Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	
Cash inflows									
GST/HST received		-	-	-	-	-	-	-	-
Other receipts		-	-	-	-	-	-	-	-
Total cash inflows		-	-	-	-	-	-	-	-
Cash outflows									
Professional fees		-	-	-	-	-	-	-	-
Property tax		-	-	-	-	-	-	-	-
Insurance		-	-	-	-	-	-	-	-
Mortgage principal		-	-	-	-	-	-	-	-
Mortgage interest		-	-	-	-	-	-	-	-
GST/HST paid		-	-	-	-	-	-	-	-
Other expenditures		-	-	-	-	-	-	-	-
Total cash outflows		-	-	-	-	-	-	-	-
Opening cash balance		(13,500)	-	(13,500)	-	-	-	-	-
Funding from HII		13,500	-	13,500	-	-	-	-	-
Variation in cash balance		-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-
Adjust ending cash balance		-	-	-	-	-	-	-	-

Notes:

The opening cash balance reflects the allocated cash balance as at September 2, 2012.

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
Opening cash balance	Based on allocated cash balances as at September 2, 2012	X	
Exchange rates	All cash flows are in Canadian dollars		X
Forecast cash receipts			
GST/HST received	Based on previous GST/HST reimbursements, no activity has been forecasted during the period		X
Other receipts	Other disbursements, no activity has been forecasted during the period	X	
Forecast cash disbursements			
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 yearly installment, no activity has been forecasted during the period	X	
Insurance	Insurance has been pre-paid for the year, no activity has been forecasted during the period	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
GST/HST paid	Based on previous GST/HST payments, no activity has been forecasted during the period	X	
Other expenditures	Other expenditures incurred, no activity has been forecasted during the period	X	
Ending cash balance	Based on allocated cash transactions		X