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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 1010, 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 1010, 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 1010, 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 1010, 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 1010, 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, CA, CIRP, person in charge), having a place of business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec, H3B 4T9

Monitor

FOURTH 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**") (collectively, the "**Debtors**" or the "**Companies**") filed and obtained protection from their respective creditors under Section 4, 5 and 11 of the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an Order rendered by this Honourable Court (as amended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 (the "**First Stay Period Order**") in favour of the Debtors (the "**Stay Period**").

3. Pursuant to the Initial Order, the Stay extended to the following limited partnerships which form an integral part of the business of the Debtors: Homburg Realty Fund (52) Limited Partnership ("**Partnership (52)**"), Homburg Realty Fund (88) Limited Partnership ("**Partnership (88)**"), Homburg Realty Fund (89) Limited Partnership ("**Partnership (89)**"), Homburg Realty Fund (92) Limited Partnership ("**Partnership (92)**"), Homburg Realty Fund (94) Limited Partnership ("**Partnership (94)**") (following an amendment to the Initial Order on October 7, 2011), Homburg Realty Fund (105) Limited Partnership ("**Partnership (105)**"), Homburg Realty Fund (121) Limited Partnership ("**Partnership (121)**"), Homburg Realty Fund (122) Limited Partnership ("**Partnership (122)**"), Homburg Realty Fund (142) Limited Partnership ("**Partnership (142)**") and Homburg Realty Fund (199) Limited Partnership ("**Partnership (199)**"), (collectively, the "**Applicant**

Partnerships") (the Debtors and the Applicant Partnerships being collectively referred to as the "**Homburg Parties**").

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

5. On September 19, 2011, the Monitor filed its First Report with the Court. The purpose of the First Report was to cover specifically the cash flow statement, in accordance with paragraph 23(1)(b) of the CCAA.

6. On October 5, 2011, the Monitor filed its Second Report with the Court. The purpose of the Second Report was, *inter alia,* to provide an overview of the HII Parties' corporate structure, operations, assets and liabilities, to describe certain issues affecting the HII Parties and, potentially, its restructuring and to present cash flow statements and forecasts.

7. On October 7, 2011, the Stay was extended until December 9, 2011 pursuant to an Order of the Court ("**First Stay Period Extension Order**").

8. On November 4, 2011, the Monitor filed its Third Report with the Court. The purpose of the Third Report was to provide an overview of Homburg's proposed re-assignment and assignment of certain agreements and the release of HII's obligations under these agreements.

PURPOSE OF THE FOURTH REPORT

9. This fourth report of the Monitor (the "**Fourth Report**") is intended to provide the information relevant to the settlement of the control issues which have been elaborated in the Second Report, including those in respect of the motion for approval of the Purchase Agreement (as hereinafter defined) and for ancillary orders (the "**Approval Motion**"), and the approval of the motion for a second extension of the Stay Period (the "**Second Extension Motion**"). This report will thus review the developments since the Second Report and, in particular, the measures taken by HII, in collaboration with the Monitor, to address the concerns of the AFM and the Monitor relating to the control over HII's assets and business, the current activities of the HII Parties and the Monitor and, generally, on the progress of the restructuring.

10. This Fourth Report is structured as follows:

I- Corporate structure;
II- Financial information;
III- HII's operations;
IV- Developments with the AFM;
V- HII's control issues;
VI- Homburg parties' operations since September 25, 2011;
VII- Activities of the Monitor;
VIII- Extension of the Stay Period; and
IX- Conclusion and recommendation.

TERMS OF REFERENCE

11. In preparing this Fourth Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended Motion for an initial order dated September 9, 2011 (the "**Motion for Initial Order**"), further notices issued by the Court and its discussions with management of the HII Parties and their financial and 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 Fourth Report is based on assumptions of the HII Parties' management regarding future events, and actual results achieved may vary from this information and such variations may be material.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Fourth Report are as defined in the First Report, the Second Report, the Third Report, the Motion for Initial Order and further notices issued by the Court.

13. A copy of this Fourth Report and further reports of the Monitor will be made 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 Companies' restructuring or the CCAA.

I- CORPORATE STRUCTURE

14. HII is an international real estate investment and development company which, directly and indirectly, owns a diversified portfolio of real estate assets.

15. HII is structured as a holding company. The majority of HII's real estate assets are held through the Partnerships.

16. HII's corporate structure is further described in the Second Report at paragraphs 13 to 37 thereof.

17. Although the Second Report stated that HII is the sole limited partner of all of the Partnerships, it appears that, further to additional information provided to the Monitor, HII is one of two limited partners of Homco Realty Fund (49) Limited Partnership, which holds a 5% interest in a condominium complex in Edmonton, Alberta.

18. The Second Report, at paragraphs 26 to 28, 29 to 31, 32 to 33 and 34 to 35, provides a description of the typical corporate structure in each of Canada, Germany and the Netherlands, the United States of America and the Baltics. Following receipt of additional information from HII and its counsel, such descriptions have been revised and updated as provided in paragraphs 19 to 23 below.

19. Please refer to Appendix B for an updated list of properties held in Canada, which include details on the location and the legal registered owner of each property.

20. In respect of the corporate structure in Germany and in the Netherlands, the Second Report stated that the Monitor was unable to confirm whether Homburg Management was the sole shareholder of certain of the BV and GmbH entities identified therein. The Monitor now understands from subsequent information provided by HII and its counsel that certain BV entities, namely Valbonne

Real Estate 2 BV, Coet BV, Homco Realty Fund (84) BV, Homco Realty Fund (85) BV, Homco Realty Fund (86) BV, Homco Realty Fund (87) BV, Homco Realty Fund (116) BV, Homco Realty Fund (117) BV, Homco Realty Fund (118) BV and Homco Realty Fund (119) BV, have a second shareholder (in each case holding preference shares) that is neither Homburg Management nor a Partnership.

21. Please refer to Appendix C for an updated list of properties held in Germany and the Netherlands, including details of the property location and the legal registered owner of each property.

22. Please refer to Appendix D for an updated list of properties held in the United States of America, including details of the property location and the legal registered owner of each property.

23. With respect to the corporate structure in the Baltics, the Monitor understands from public disclosure documents and subsequent information provided by HII and its counsel that HII holds the Baltic properties through Homburg Baltic LP Inc., its wholly-owned subsidiary. Homburg Baltic LP Inc. is the sole limited partner of the five Baltic partnerships that are the legal or registered owners of the Baltic properties except in one case where there is a second limited partner of which Homburg Baltic LP Inc. is the limited partner.

24. Please refer to Appendix E for an updated list of properties held in the Baltics, including details on the location and the legal registered owner of each property.

25. Please refer to Appendix F for more precise Organisational Charts of HII's real estate holding entities, divided by type of holding structure and/or jurisdiction.

II- FINANCIAL INFORMATION

26. In November 2011, HII issued its latest financial results for the nine-month period ended on September 30, 2011. On a consolidated basis, HII's net loss was approximately $70 million in the three-month period ending September 30, 2011. The Company essentially attributes this loss to the decrease in real estate transactions and decrease in real estate's values, which are essentially explained by the continuing global depressed economic conditions.

27. On a year to date basis (9 months), HII's loss was approximately $115 million compared to $95 million for the corresponding period in 2010.

28. The table below illustrates the consolidated results of HII for the three-month and nine-month periods ended September 30, 2011:

HII and its affiliates Consolidated Statements of Income and Loss (C$000)	Three Months ended September 30, 2011 Unaudited	Three Months ended September 30, 2010 Unaudited	Nine Months ended September 30, 2011 Unaudited	Nine Months ended September 30, 2010 Unaudited
Total revenues	37,324	29,986	106,459	107,375
Gross income from operations	26,099	20,500	77,534	74,922
Net income (loss) from continuing operations	(70,293)	(5,619)	(110,214)	6,245
Net income (loss)	(70,043)	61	(114,662)	(94,806)

29. As indicated in the Second Report, HII and its affiliates' principal assets are investment properties, investments properties under development, other investments (the Canmarc REIT units) and other assets held for sale.

30. The table below illustrates the consolidated balance sheet of HII and its affiliates as of September 30, 2011, compared to June 30, 2011 as well as December 31, 2009 and 2008.

HII and its affiliates Consolidated Balance Sheets (C$000)	September 30, 2011 Unaudited	June 30, 2011 Unaudited	December 31, 2009 Audited	December 31, 2008 Audited
Assets				
Current assets				
Cash and cash equivalent	46,773	10,149	32,569	16,359
Properties under development for resale	30,992	32,722	73,957	194,638
Receivables and others	35,057	33,999	49,639	65,390
	112,822	76,870	156,165	276,387
Assets classified as held for sale	144,814	135,996	72,957	-
	257,636	212,866	229,122	276,387
Long-term assets				
Restricted cash	16,624	17,868	23,159	25,969
Deferred tax assets	8,897	7,010	26,715	-
Currency guarantee receivable	-	-	-	23,594
Investment properties under development	197,575	202,627	245,896	224,285
Investment, at fair market value	121,114	9,324	27,942	40,086
Investment in an associate, at equity	-	151,650	-	-
Investment properties	1,497,358	1,487,245	2,739,415	3,549,744
	1,841,568	1,875,724	3,063,127	3,863,678
Total assets	**2,099,204**	**2,088,590**	**3,292,249**	**4,140,065**
Liabilities				
Current liabilities				
Accounts payable & other liablities	138,498	103,715	195,891	255,585
Income taxes payable	7,105	9,674	13,760	5,739
Construction financing	32,537	32,837	94,999	102,433
Liabilities for discontinued operations	-	-	-	28,903
Currrent portion of long term debt	1,026,697	372,887	624,284	50,776
Provisions	11,124	12,956	16,965	-
Derivative financial instruments	26,723	-	-	-
	1,242,684	532,069	945,899	443,436
Liabilities associated with assets classified as held for sale	90,045	86,606	43,358	-
	1,332,729	618,675	989,257	443,436
Long term liabilities				
Provisions	10,259	10,388	17,124	-
Other liabilities	-	10,960	12,838	17,886
Deferred tax liabilities	42,678	41,290	31,474	147,069
Derivative financial instruments	222	19,387	24,045	19,427
Long term debt	722,327	1,330,702	2,017,440	2,901,348
	775,486	1,412,727	2,102,921	3,085,730
Total liabilities	**2,108,215**	**2,031,402**	**3,092,178**	**3,529,166**
Total equity	**(9,011)**	**57,188**	**200,071**	**610,899**
Total liabilities and equity	**2,099,204**	**2,088,590**	**3,292,249**	**4,140,065**

Source: Homburg Invest Inc. interim financial statements Q3, 2011, Q2, 2010, 2011 (unaudited) and audited financial statements for 2009 and 2008

Ratios	September 30, 2011	June 30, 2011	December 31, 2009	December 31, 2008
Total liabilities-to-total equity	(233.96)	35.52	15.46	5.78

31. As illustrated above, the financial situation of HII and its affiliates continued to deteriorate during the last quarter. This deterioration is explained essentially by the net loss incurred during the same period.

Investment Properties

32. HII's investment properties include 97 properties (113 buildings) located in Canada, Germany, the Netherlands, the Baltics and the United States. The market conditions in each jurisdiction are different and mortgage financing is specific to each, such that the net equity value needs to be evaluated on an individual basis, as some may have a net positive value and others may have a net negative value. Also, some properties are not generating sufficient cash to cover costs and their financial obligations relating thereto.

33. HII is therefore currently reviewing the status of each of these properties. The preliminary analysis shows that some properties do not have any equity and others do not generate sufficient cash from their operations to cover their respective costs and financial obligations. The Company, with the assistance of its legal advisors and the Monitor, is currently reviewing the different options available with respect to each of these problematic properties. Multiple scenarios are currently being considered to address these situations. HII's objective is to address all of these situations before the end of February 2012.

34. Also, some of these properties require significant investments in capitalization expenses in order to secure their current leases. The Company is preparing a business plan for each of these properties. Once these business plans have been completed, they will be presented to the Monitor for its analysis.

Investment properties under development

35. Investment properties under development include properties under construction and various parcels of land held for future development in the Calgary region.

36. As these assets are under development, they are not generating any revenue and significant investments would be required in order to complete the planned development. The Company is currently reviewing the financial risks associated with the development of each project and the other options available to HII.

37. HII is preparing, with the assistance of the Monitor, a business plan for each of these projects which are expected to be completed within four to six weeks. Once these business plans have been completed, they will be presented to the Monitor for its analysis.

Asset classified as held for sale

38. The assets classified as held for sale include investment properties in Canada and in the United States. The assets located in Canada are essentially comprised of condominium units that were initially included in the investment properties under development. The assets located in the United States are essentially comprised of retail properties.

39. As all of these properties are for sale, HII is currently reviewing its alternatives regarding these properties. Each offer will be presented to the Monitor for analysis before acceptance.

III- HII'S OPERATIONS

ASSET MANAGEMENT AGREEMENTS

40. In May 2009, HII and HCI entered into a master property and asset management agreement (the "**Master Agreement**") with respect to all properties owned by HII. The management services provided to HII by HCI pursuant to the Master Agreement included general property management, strategic planning, marketing, financial reporting and public disclosure, advisory services, and acquisition and disposition services. Under the Master Agreement, HCI received property and asset management fees as well as certain additional service fees in consideration for its services.

41. On May 28, 2009, HCI assigned its functions under the Master Agreement to HSG and Stollburgh with respect to the properties located in Germany, the Netherlands and the Baltics.

42. On May 28, 2009, HSG, further assigned certain functions to UAB Homburg Valda with respect to the properties located in the Baltics.

43. On February 21, 2011, HSG further assigned certain additional functions to Homburg Real Estate Services B.V. with respect to the properties located in Europe. All of the shares in the capital of Homburg Real Estate B.V. **("HRSBV")** are held by Homburg Services Group (Europe) B.V.

44. On July 29, 2011, HII terminated the Master Agreement effective immediately, alleging gross negligence on the part of HCI. On or about August 30, 2011, HCI instituted a legal claim in damages totalling approximately $27,000,000 against HII, with respect to said termination. HII is contesting said claim, as it holds the position that no termination fee was payable to HCI in the circumstance.

45. Effective September 9, 2011, a short term management agreement was entered into with Homburg Real Estate Services B.V. ("**HRS BV**") to perform certain property and management services with respect to the Partnerships holding assets in the Netherlands and Germany (the "**European Agreement**").

46. Also effective on or about September 9, 2011, a short term management agreement was entered into with UAB Homburg Valda to perform certain property and management services with respect to the Partnerships holding assets in Lithuania, Latvia and Estonia.

47. The properties located in Canada are being managed jointly by HII and HCI and the properties located in the United States continue to be managed by HCI and Cedar.

48. HII, in collaboration with the Monitor, currently pursues the assessment of its real estate portfolio, on a property by property basis and also by geographic regions. The preliminary findings of such analysis lead the Monitor to believe that, based on the currently available information, there is a reasonable basis to believe that the HII Parties have various alternatives that could lead to a successful restructuring of their business and finances.

REIMBURSEMENT OF THE HSBC LINE OF CREDIT

49. As more fully described in the Second Report:

    i. HII, through Partnership (199) and 7924371 Canada Inc., holds units in the capital of Canmarc Real Estate Investment Trust (formerly known as Homburg Canada Real Estate Investment Trust) (the "**Canmarc REIT**");

    ii. On September 13, 2011, the sale by HII of 3,000,000 units in Canmarc REIT on a bought deal basis to a syndicate of underwriters at $11.50 per unit for gross proceeds of $34.5M (the "**Bought Deal**") closed as scheduled;

    iii. After giving effect to the closing of the Bought Deal, the balance of Canmarc REIT units indirectly held by HII represent 16.1% of the total number of issued and outstanding Canmarc REIT units;

    iv. A portion of the Bought Deal proceeds had to be used to reimburse a bridge loan advanced by HSBC under the Bridge Loan Credit Agreement, which bridge loan was secured by a pledge on two million Canmarc REIT units. HII has obtained a release of said pledge following the reimbursement of the bridge loan;

    v. Furthermore, the management of HII had indicated its intention to use a portion of the Bought Deal proceeds to reimburse the amounts owed to HSBC under the line of credit advanced pursuant to the Initial HSBC Credit Agreement, which amounts were also secured by a pledge on Canmarc REIT units held by HII; and

    vi. Prior to the foregoing reimbursements, the Monitor has obtained a legal opinion confirming the validity of the security granted by HII on the Canmarc REIT units held by HII to guarantee the amounts owed to HSBC under the "Bridge Loan Credit Agreement" and the "Initial Credit Agreement".

50. Following the aforesaid receipt of the legal opinion confirming the validity of HSBC's security, the total amounts owing to HSBC under the "Bridge Loan Credit Agreement" and the "Initial Credit Agreement", respectively $7M and $5M, were reimbursed to HSBC. This reimbursement was made in October**,** 2011. HII is thus not incurring any additional interest or credit fees in respect of credit facilities which had become unnecessary after the Bought Deal.

LEASE OBLIGATIONS: JAMIESON PLACE AND CANOXY PLACE

<u>Disclaimers of lease obligations</u>

51. As more fully described in the Second Report:

    i. On September 29, 2011, HII has sent lease disclaimer notices to landlords and assignors with respect to two leases (the "**Head Leases**") which had been assigned to and assumed by HII, as well as with respect to the relating assignment agreements (the "**Assignment Agreements**"). The Head Leases and Assignment Agreements pertain to premises located at Jamieson Place and at Canoxy Place in Calgary (the "**Leased Premises**");

ii. As of the date of the Initial Order, HII was subletting the Leased Premises to subtenants (the "**Subtenants**") pursuant to subleases (the "**Subleases**"). On September 29, 2011, in light of the disclaimers of the Head Leases and Assignment Agreements, HII sent to the Subtenants notices of consequential termination of the Subleases and, for greater certainty, notices of disclaimers of said Subleases;

iii. The Monitor supported the disclaimers of these Head Leases and Assignment Agreements and the relating notices of consequential termination and disclaimers of the Subleases in light of the substantial savings that would be realized by HII which would enhance the prospects of a viable compromise or arrangement.

52. No contestation of the disclaimers was received pertaining to the Head Lease and the Subleases at Jamieson Place. Contestations of the disclaimers were filed with the Court within the prescribed delays by the landlord and twelve (12) Subtenants with respect to the Head Lease, the Assignment Agreement and the Subleases pertaining to premises located at Canoxy Place. Although Statoil Canada Ltd. ("**Statoil**"), the original tenant whose lease had been assigned to HII, is a party to the Head Lease and the Assignment Agreement and received a notice of disclaimer pertaining to said agreements, no contestation of the disclaimers was received from Statoil.

53. As more fully described in the Third Report, following the receipt of the contestations and the review of the agreements providing for certain consequences in case of HII's defaults to the Canoxy Place Head Lease and to the Canoxy Place Subleases, including certain non-disturbance agreements between HII, Statoil and each of the respective subtenants and after discussions amongst the parties (the "**NDAs**"), HII, the Canoxy Place landlord and each of the Canoxy Place Subtenants agreed on the terms of an order to be sought form the Court.

54. Said order would satisfy HII's objective to obtain a release of its obligations going forward under the Canoxy Place Head Lease, Assignment Agreement and relating Subleases (subject to any restructuring claim against HII which may result therefrom) in order to enhance the prospect of a viable compromise or arrangement, while taking into consideration the interest of the stakeholders and the existing contracts between the parties, including the NDAs in particular (subject to Statoil's pretentions).

55. On November 2, 2011, HII filed with the Court a Motion for an order confirming the re-assignment and assignment of certain agreements and the release of HII's obligations under these agreements, which motion was amended on November 11, 2011 (the "**Canoxy Motion**"). The Canoxy Motion was supported by the Canoxy Place landlord and all of the Canoxy Place Subtenants, but was contested by Statoil.

56. On November 7 and 18, 2011, the hearing on the Canoxy Motion proceeded and the matter was taken under advisement by the Court.

<u>Rent</u>

57. The disclaimers pertaining to the Jamieson Place Head Lease and Assignment Agreement took effect on October 30, 2011. As indicated in the Second Report, the rent payable by the Jamieson Place Subtenants for the month of October was paid directly to the Jamieson Place landlord pursuant to payment directives issued by HII. HII met its post-filing obligations to pay rent owed for the period

between September 9, 2011 and October 30, 2011 (net of the amounts paid directly by the subtenants), and has not paid rent thereafter in light of the effect of the disclaimers.

58. As for the Canoxy Place Head Lease and Assignment Agreement, HII met its post-filing obligations to pay rent owed for the period between September 9, 2011 and October 30, 2011. HII was afterward made aware that Statoil had already paid the rent owed for the month of September. In light of the litigation relating to the Canoxy Motion and the uncertainty as to the effective date of the disclaimers, which is to be determined by the Court, HII has not paid the rent payable on November 1st, 2011 and December 1st, 2011.

59. As for the rent owed by the Canoxy Place Subtenants, none was payable for the period of November 2011, except for one amount owed by one Subtenant which became due on or around November 27, 2011. In light of the litigation relating to the Canoxy Motion and the uncertainty as to the effective date of the disclaimers, which is to be determined by the Court, the parties agreed that any amount payable by the Canoxy Place Subtenants under the Canoxy Subleases be paid to the Monitor, who will hold it in trust for the benefit of Statoil, HII or the Canoxy Place landlord as the case may be, until the order on the Canoxy Motion is final and executory, or until further order of the Court.

Funds held by Avison Young

60. The Monitor was informed that, concurrently or subsequently to the execution of the Subleases (both at Jamieson Place and at Canoxy Place) by HII and the Subtenants, the latter paid certain sums, as rent deposits or otherwise, to Avison Young, acting as broker for HII in the negotiations of the Subleases. These sums continue to be held by Avison Young.

61. The Monitor has requested to receive all the information and documentation pertaining to the funds held by Avison Young in order to determine which party is entitled to the recovery of these sums. Counsel to Avison Young agreed that no sum would be disbursed up and until said information and documentation was received and analysed by the Monitor so that a determination as to how to disburse them may be made. As at the date of this report, the Monitor has not yet received said information and documentation.

62. The Monitor’s analysis will also examine Avison Young’s claim to the effect that it is entitled to exercise a right of set-off and deduct the commissions that may be owed to it by HII from the funds it currently holds.

OTHER OPERATIONAL ISSUES

Holman Grand Operations

63. HII is the operator and manager of the Holman Grand Hotel, located in Charlottetown, Prince Edward Island. This hotel project is owned and operated by HII which holds a 25-year ground lease granted to HII by the owner of the underlying land, Canmarc REIT, which lease is renewable at HII’s discretion.

64. Following the issuance of the Initial Order, certain suppliers of services to the Holman Grand Hotel, including essential services pertaining to the reservation system of the hotel, have expressed intentions to terminate or refuse to renew existing agreements with HII. In addition, several

construction liens have been registered against the Holman Grand Hotel, which liens are being renewed by HII and the Monitor and their respective counsel.

65. HII, with the collaboration of the Monitor, engaged in discussions with these suppliers in order to ensure that they abide by the Initial Order and continue to provide services to the Holman Grand Hotel. HII reassured them to the effect that all services rendered after September 9, 2011 will be paid by HII. Despite these discussions, the Monitor was informed on November 30, 2011 that one supplier instituted an action against HII in Prince Edward Island, for which a notice of the Stay will be sent by the Monitor.

Churchill's Condominium Fees

66. Churchill is a subsidiary of HII which developed a high-end residential condominium project in Calgary (the "**Churchill Property**"). The Churchill Property consists of a total of 40 units, and Churchill continues to own 23 units, which it holds for sale.

67. Romspen Investment Corporation ("**Romspen**") has financed the construction of the Churchill Property and holds a mortgage on certain of the condominium units, namely 20 of the 23 which continue to be owned by Churchill. Churchill's obligations towards Romspen have been guaranteed by HII.

68. Churchill is responsible for the payment of condominium fees relating to said 23 units, which are owed to the Condominium Corporation of the Churchill Property. Under Alberta laws, the Condominium Corporation is entitled to register a lien against the condominium units for which condominium fees are unpaid and, in October 2011, the Condominium Corporation registered liens against all of the 23 units.

69. These liens have affected Churchill's ability to sell the 23 remaining condominium units. Furthermore, the Condominium Corporation represented having liquidity issues which would affect its ability to properly service the Churchill Property, thus further affecting Churchill's ability to sell the 23 remaining condominium units.

70. At the beginning of November 2011, Romspen advised the Monitor that it had paid the Condominium Corporation for most of Churchill's unpaid condominium fees, namely for the 20 condominium units mortgaged in favour of Romspen. This payment has permitted the discharge of the liens on these 20 units and will facilitate the sale of the units going forward.

71. As for the three units which continue to be subject to a lien, the amounts owed to the Condominium Corporation will be paid in due course out of the sale proceeds of said units.

KERP Payments

72. The Motion for an Initial Order provided information regarding a key employee retention program (the "**KERP**") adopted by HII for the benefit of some employees considered critical to the preservation of HII's business.

73. The Initial Order approved the KERP as same was described in Exhibit P-16 filed under seal in support of the Motion for an Initial Order.

74. Exhibit P-16 inadvertently did not conform to the description of the KERP contained in the Motion for an Initial Order.

75. The documents submitted by HII's counsel to the Court to replace the documents originally filed as Exhibit P-16 provides a breakdown of the total aggregate amount which could eventually be paid under the KERP. The Monitor is in agreement with these revised documents.

Cominar's bid for Canmarc REIT units

76. On November 28, 2011, Cominar Real Estate Investment Trust ("**Cominar REIT**") launched a bid to acquire all of the issued and outstanding units of the Canmarc REIT for a per unit consideration of $15.30 in cash or 0.7 units of Cominar REIT. HII, along with the Monitor, will be assessing its options with respect to this development in due course.

IV- DEVELOPMENTS WITH THE AFM

Investigation by the AFM prior to the Initial Order

77. As elaborated at paragraphs 68 to 104 of the Second Report, on or around November 2009, the Netherlands Authority for Financial Markets (the "**AFM**"), together with the central Bank of the Netherlands, *De Nederlandsche Bank* ("**DNB**") commenced a joint investigation into HII in relation to certain irregularities, which notably resulted in the following instructions and intentions:

    i. On April 22, 2011, as a result of the investigations and following the exchange of numerous correspondences between the AFM, DNB and HII described in the Second Report:

        a. the AFM and DNB issued a joint instruction indicating that, in their opinion, HII had not organized its operations in such a way as to safeguard the control and sound business operations of its business and ordered, among other things, that HII submit a control plan with respect to the decision making process, the investment policy and the risk control of HII; and

        b. the AFM issued an instruction providing a line of conduct which entailed, among other things, that HII take the appropriate actions to ensure that Richard Homburg no longer has any substantial influence with respect to the policy and decision making of HII.

    ii. On August 11, 2011, the AFM issued a Letter of Intention indicating its intention to revoke HII's license (the "**Intended Decision**"), in light of the fact that, *inter alia*, in the AFM's opinion, HII has not organized its operations in such a way as to safeguard controlled and sound business operations and has not complied in a timely and complete manner with the April 22, 2011 instruction requesting the submission of a control plan.

78. Paragraphs 68 to 104 of the Second Report elaborates on the detail of the communications between the AFM and HII prior to the Initial Order, while paragraphs 197 to 201 elaborates on the communications between the AFM, HII and the Monitor between the Initial Order and the date of the Second Report.

<u>Developments with the AFM since the Second Report</u>

79. Since the filing of the Second Report, HII and the Monitor, together with their respective Dutch and Canadian counsels, continued to have ongoing discussions with the AFM to keep AFM apprised of the developments regarding HII's restructuring and the AFM's intention to revoke HII's license and its potential impact on HII's restructuring. In addition to regular phone conversations to keep the AFM informed on the relevant issues, a further meeting with the AFM, the DNB and the Monitor as well as its Dutch counsel and HII's Dutch counsel took place on October 13, 2011, during which most of the same issues as discussed before were put on the table, including the Control Issues (defined hereinafter).

80. On October 5, 2011 the AFM wrote a letter to the Monitor's Dutch Counsel in which it advised that it would not grant the Monitor standing as an interested party in the process nor give it the opportunity to provide the AFM with it's views on the Intended Decision (to revoke HII's license). It did not consider the Monitor having an interest which is separate and independent from that of HII. It further stated that this decision was a procedural interim decision and not a formal decision, that in a possible final decision on revoking the license of HII a definite decision would also be rendered on the issue of the Monitor's standing and that only such a final decision would give rise to a right to a formal objection or appeal.

81. On October 27, 2011, the AFM's Canadian counsel advised the Monitor of its concerns regarding the issues raised by the Monitor in the Second Report relating to the effective control of HII over its assets, notably in light of the fact that (i) HII does not control the general partner of the majority of the limited partnerships that own, directly or indirectly, the real estate assets of HII and (ii) HII does not control the manager of the real estate assets (collectively, the "**Control Issues**"), and demanded that steps be taken to resolve said Control Issues.

82. On November 10, 2011, the Monitor's Canadian counsel advised the AFM's Canadian counsel of the efforts and time being spent on finding the optimal solution for resolving the multifaceted Control Issues, the complexities of which are multiplied by HII's complex corporate structure and the fact that its real estate assets are located in several jurisdictions.

83. HII continued its efforts to comply with the AFM instructions and, in that regard, has continued its review and analysis of the entire corporate structure of its group with a view to ensuring that the independence of HII required by the AFM is appropriately reflected. These efforts have led, first, to the Motion to Amend Certain Limited Partnership Agreements and for Ancillary Relief (as amended, the "**GP Motion**") served to the Service List on November 10, 2011, which was provided to the AFM.

84. In addition, on November 15, 2011, the Monitor's Dutch counsel informed the AFM that HII and the HCI Group were close to reaching an agreement that would address the AFM's concerns regarding the Control Issues.

85. On November 16, 2011, the Monitor's Dutch counsel filed a formal objection against the AFM's decision of October 5, 2001 not to grant the Monitor any standing in the investigation and procedures of the AFM regarding the possible revocation of HII's license, including an objection to the AFM's position to the effect that its earlier interim decision could not be contested as a separate decision.

86. On November 23, 2011, the Monitor was made aware of a decision rendered by the AFM pursuant to which the AFM revoked the licence issued to HII (the "**Revocation Decision**"). The Revocation Decision has approximately 115 pages and is drafted in Dutch, and the Monitor has not yet had the opportunity to fully review the considerations set forth therein.

87. The Revocation Decision contains no further decision regarding the standing of the Monitor as an interested party in these procedures, contrary to what the AFM had communicated in its letter of October 5, 2011.

88. The Monitor expressed to the AFM its surprise that the Revocation Decision was prepared and rendered while HII, in collaboration with the Monitor, was attempting to resolve the Control Issues and while the AFM was kept appraised of the progress of the efforts in this regard, including the negotiations with the HCI Group (as defined hereunder).

89. The Monitor's counsel also advised the AFM's Canadian counsel that although the Monitor is of the view that the Revocation Decision is not in the best interests of the stakeholders and despite the potential appeal pertaining to same, the Monitor will continue to cooperate with the AFM in order to ensure the successful restructuring of HII in the best interests of the stakeholders of HII, including the Bondholders.

90. On November 26, 2011, the Approval Motion was served to the Service List; as further elaborated hereunder, subject to the conditions precedent provided thereunder, including satisfactory due diligence by both HII and the Monitor, the closing of the transactions contemplated by the Purchase Agreement (defined hereunder) will permit HII to resolve the Control Issues and would ensure that Richard Homburg no longer exercises, directly or indirectly, any influence or control over HII or its assets.

91. The Monitor has been informed that HII intends to appeal the Revocation Decision and the Monitor, in collaboration with its Dutch and Canadian counsels, is assessing its options in relation to the Revocation Decision.

V- HII'S CONTROL ISSUES

BACKGROUND

92. Paragraphs 38 to 67 of the Second Report describe the Control Issues which are of concern to both the AFM and the Monitor and which can be summarized as follows:

    i. The General Partner for substantially all of the Partnerships is Homburg Management. Homburg Management is controlled by HCI, a company controlled by Richard Homburg. while most of the real estate assets are directly held by the Partnerships; at least nineteen (19) are held in the name of the General Partner or an entity it controls, which, as mentioned in the Second Report, raises certain issues and concerns as to HII's effective control over same. Pursuant to the Limited Partnership Agreements reviewed, the General Partner has full power and authority to transact the business of the Partnerships and to deal with the assets for the use and benefit of the Partnerships. The exercise of this control extends to the corporate, legal and other relevant documentation pertaining to the HII group and its assets; and

ii. The managers of HII's European assets are entities which are not controlled by HII, making it at times difficult to access information and documentation relating to HII's operations and assets and limiting the effective control by HII over the management of its assets and business.

93. The Second Report noted that the Control Issues needed to be addressed and resolved in order to facilitate the restructuring of the HII Parties and that further analysis had to be made on the potential alternative solutions to the Control Issues.

94. Since the Second Report, HII, in collaboration with the Monitor, has spent significant resources, time and energy in analyzing potential alternative solutions which could resolve the Control Issues, namely the Heads of Agreement, the GP Motion and the Purchase Agreement and related Approval Motion. The conclusion of this analysis is to the effect that the Purchase Agreement and the granting of the Approval Motion are the preferred solution. This section presents a summary of the aforesaid alternatives and of the analysis made by HII, in collaboration with the Monitor.

HEADS OF AGREEMENT

95. As indicated in paragraphs 105 to 108 of the Second Report:

i. The HII Parties' first and second largest groups of creditors are the holders of Corporate Bonds and the Mortgage Bonds (collectively the "**Bonds**");

ii. The Corporate Bonds and Mortgage Bonds were issued by HII pursuant to the terms of the Trust Indentures, entered into between HII and, respectively, Stichting Homburg Bonds and Stichting Homburg Mortgage Bonds. The foregoing entities and Stichting Homburg Capital Securities (which is the trustee under the trust indenture pursuant to which Capital Securities A debentures were issued) are hereinafter collectively referred to as the "**Trustees**"; and

iii. On September 8, 2011, Richard Homburg and related entities entered into a heads of agreement with the Trustees (the "**Heads of Agreement**").

96. The Heads of Agreement is further described at paragraphs 109 to 115 of the Second Report. These sections notably describe certain ongoing litigation between HII and the Trustees relating to the Heads of Agreement and a power of attorney (the "**Power of Attorney**") authorizing the Trustees to exercise the voting rights attaching to the shares of HII held by Richard Homburg and Homburg Finance AG (as part of the "Trustees Proceedings" defined hereunder).

97. As indicated in the Second Report, the implementation of the Heads of Agreement was made subject to the approval of the AFM. It is the Monitor's understanding that the AFM did not and would not approve the implementation of the transaction under the Heads of Agreement and that the AFM would not have concluded that the Heads of Agreement was an acceptable solution to the Control Issues.

98. The AFM's position to the Heads of Agreement would have been essential, as the Heads of Agreement was intended to respond to the AFM's concerns and allegations regarding the Control Issues.

99. The Heads of Agreement does not adequately address the AFM's concerns nor would it provide HII with proper control over its business and assets; it would in fact put HII in the same position as it is now, although dealing with a different third party purporting to control over its business and assets.

100. Furthermore, given the recent Revocation Decision, it has become clear that the Heads of Agreement would be very difficult to implement, if at all.

THE GP MOTION

101. On November 10, 2011, in an alternative effort to address the Control Issues in order to pursue its restructuring efforts and to comply with the AFM's instructions, the GP Motion was served by HII. The goal of the GP Motion is to provide HII with the opportunity to replace HLPM as General Partner of the Partnerships through an amendment to the Limited Partnership Agreements (each a "**LPA**") which govern each of the Partnerships (other than Partnership (199)).

102. HII, as sole limited partner, is entitled to adopt a "Major Partnership Decision" to amend the LPA to allow the replacement of HLPM as General Partner at the sole discretion of HII. Such a decision can only be implemented at a general meeting of the partners of each Partnership as is more fully described in the GP Motion.

103. On October 17, 2011, in light of the urgency of the situation, the relatively long delay relating to the LPA Meeting process and in light of the fact that Major Partnership Decisions are ultimately to be voted on solely by HII as limited partner, HII sent a letter to HLPM and its counsel requesting that the meeting procedure be waived to allow HII to adopt a Major Partnership Decision of each Partnership without the formality of a meeting.

104. On or about October 18, 2011, HII sent a second letter to HLPM requesting that HLPM convene a meeting of such Partnerships on an urgent basis and by no later than October 18, 2011. HII also advised HLPM that it would exercise its unilateral right in each such Partnership to adopt the Major Partnership Decision described above.

105. On October 19, 2011, HLPM advised HII that it was not prepared to abridge the delays relating to the LPA Meeting procedures and requested that HII reconfirm its desire to request the meeting.

106. On October 26, 2011, HII confirmed its request for the meeting.

107. Given the urgency of the situation and HLPM's refusal to cooperate with HII, HII filed the GP Motion with a view of obtaining an amendment to each LPA to permit the replacement of the General Partner thereunder.

108. As described in the Second Report, not all of the properties are held directly by the Partnerships as some of them are held in the name of the General Partner. Notwithstanding the replacement of HLPM as General Partner, the GP Motion does not request the immediate transfer of all Partnership property, in order to avoid triggering immediate real estate land transfer taxes in the Netherlands and Germany.

109. The tax consequences of the eventual transfer of the registered ownership of the properties would be dealt with in the context of the restructuring.

110. The GP Motion does therefore provide that HLPM would continue to hold certain properties as a nominee of the Partnerships, in consideration for which it would continue to benefit from the indemnities provided in the LPAs with respect to such properties.

111. The GP Motion involves certain inherent risks as the outcome of same is dependent upon a judgment to be rendered by the Court which may result in certain potentially adverse tax consequences. Also, the GP Motion would not guarantee the full cooperation of and assistance by the General Partner and certain asset managers in the context of HII's restructuring efforts.

THE PURCHASE AGREEMENT

Background

112. Concurrently with the preparation and completion of the GP Motion (which the Court had ordered to be served by November 10, 2011), in light of the risks relating to the GP Motion and in light of various other matters outstanding between HII and its affiliates (the "**HII Group**") and HCI and its affiliates (the "**HCI Group**"), including the HCI Master Agreement termination claim of $27M against the HII Group (the "**Termination Claim**") and the Interco's amount owed by the HII Group to the HCI Group of approximately $12M (the "**Homburg Payables**"), HII, in collaboration with the Monitor, commenced negotiations with the HCI Group with a view to arriving at a global agreement which would completely resolve the Control Issues as well as these other matters.

113. On November 17, 2011, the parties entered into a purchase agreement intended to resolve the Control Issues and all outstanding matters between the HII Group and the HCI Group (the "**Purchase Agreement**").

Purchased Business, Purchased Assets and Options in favour the HII Group and releases for the benefit of the HII Group

114. Pursuant to the Purchase Agreement, the HII Group would purchase the property management business formerly conducted by the HCI Group under the Management Agreement in respect of the Partnerships save and except for the business relating to the Baltic Partnerships and the business activities conducted in Calgary, Alberta (the "**Purchased Business**"), all or substantially all of the assets of the HCI Group relating to the Purchased Business (the "**Purchased Assets**") and options to (i) obtain (directly or indirectly) title to the shares of HLPM, the Baltic GPs and any European Entities, (ii) require the transfer of the legal or registered title to any assets held by HLPM, the Baltic GPs and any European Entities and (iii) require the resignation of any or all General Partners of any of the Partnerships or of the Baltic Partnerships (collectively, the "**Options**").

115. The Purchased Assets include certain receivables, machinery, equipment, furniture, office equipment, computer hardware, supplies, materials and tangible assets owned or used or held for the conduct of the Purchased Business as well as the rights under certain material contracts relating to the Purchased Business.

116. The Purchase Agreement also provides for the settlement and release of the Termination Claim and the Homburg Payables.

117. Under the Purchase Agreement the HCI Group covenants and agrees to cooperate with HII, any HII Affiliate and the Monitor and any other person as the context may require, notably (i) by cooperating with any reasonable request made by the HII Group or the Monitor in connection with the implementation or performance of the Purchase Agreement or relating to the CCAA Proceedings or the Restructuring, (ii) by complying with any order of the CCAA Court and (iii) by assisting the HII Group and the Monitor in conducting any reasonable due diligence investigation in respect of HLPM, the Partnerships, the Business and their respective businesses, assets and bank accounts, including the sharing of any relevant financial, accounting and legal information and all books and records and not take any actions, do any things or perform any acts that would negatively affect or impact its obligations under the Purchase Agreement without obtaining the prior written consent of HII.

Purchase Price

118. The consideration for the purchase of the Purchased Business, the Purchased Assets and the Options as well as in consideration for the Release is equal to Twenty One Million Fifty-Eight Thousand Seven Hundred Dollars and Forty-Five Cents ($21,058,700.45) (the "**Purchase Price**"), consisting of:

   i. A cash payment in the amount of Ten Million Five Hundred Thousand Dollars ($10,500,000.00) plus the amount of any receivable owing by HII under the European Agreement as at the date of the closing (the "**Cash Payment**"). The Cash Payment would be paid in three equal instalments of $3.5M. The first instalment at closing, the second instalment 60 days following the date of the closing and the third instalment 120 days after the date of the closing, or on such earlier date on which the Monitor confirms that the HII Group has exercised all Options;

   ii. Seven Million Four Hundred and Eight Thousand Nine Hundred and Four Dollars ($7,408,904.00), to be satisfied by the irrevocable renouncement to and waiver ("**Note Renouncement and Waiver**") by HII of all rights to the payment of a promissory note (the "**Resolution Note**") dated October 19, 2010 owed to HII by Resolution Real Estate Limited ("**Resolution**"). The Resolution Note renouncement and waiver would be executed at the date of the closing; and

   iii. Three Million One Hundred and Forty-Nine Thousand Seven Hundred and Ninety-Six Dollars ($3,149,796.45), to be satisfied by the transfer by the purchaser and assignment of all right, title and interest ("**Condominiums Transfer and Assignment**") in a condominium located in Calgary, Alberta ("**Calgary Condo**") valued, as per HII, at approximately $2.6M and a condominium located in Charlottetown, Prince Edward Island ("**PEI Condo**") valued, as per HII, at approximately $0.6M (collectively the "**Condominiums**"), free and clear of any CCAA Charges. The Condominiums Transfer and Assignment would occur at the expiry of the Stay Period.

119. In the event that the Monitor concludes that the fair market value of the assets which are the subject of the Note and/or the Condominiums exceed the amounts described in paragraphs 120(ii) and 120(iii), HII shall have the option, in its sole discretion exercisable at any time prior to the relevant time of payment, of making a cash payment in the same amount.

120. In the event that HII proceeded with a cash payment in lieu of transferring the Condominiums, HCI shall have the right to acquire one or both of the Condominiums from HII for the agreed fair market value of the Condominium to be acquired.

<u>Indemnification</u>

121. Pursuant to the Purchase Agreement, the HCI Group and the HII Group have agreed to indemnify each other for, *inter alia*, the indemnifying party's non-fulfilment or breach of any covenant or agreement in the Purchase Agreement or related documents, as well as any misrepresentation or any incorrectness in or breach of any representation or warranty of the indemnifying party contained in the Purchase Agreement or related documents. The HCI Group's liability is capped at the Purchase Price and that of the HII Group is capped at 50% of the value of the Purchase Price (except in each case with respect to claims for intentional misrepresentation, wilful breach or fraud in which cases the indemnity is unlimited).

<u>Releases</u>

122. The Homburg Released Parties and the HII Released Parties agreed to grant unto each other, complete, full and final releases and discharges pursuant to which they forever release, discharge and waive any and all rights, obligations, contracts, claims, suits, demands, complaints, actions, causes of action, claims for wrongful termination, proceedings, liabilities, accounts, covenants, debts, losses, damages, penalties, fees (including, without limitation, judicial and extra-judicial fees), interests and penalties, past, present or future, whether foreseen or unforeseen, known or unknown, asserted or unasserted, contingent or actual, liquidated or unliquidated, whether in tort or contract, whether statutory, at common law or in equity, which either may have, or claim to have, against the other (each, a "**Claim**"), with respect to the following matters and subject to the following limits and restrictions:

   i. HII Released Parties agreed to grant to the Homburg Released Parties a Release of any Claim based on, in connection with, arising from or related to, in whole or in part, directly or indirectly, the assumed liabilities arising from the employment of employees transferred with the Purchased Business ("**Assumed Liabilities**");

   ii. the HII Released Parties agreed to grant to the Homburg Released Parties a Release of any Claim based on, in connection with, arising from or related to, in whole or in part, directly or indirectly, the Note;

   iii. the Homburg Released Parties hereby grant to the HII Released Parties a Release of any Claim based on, in connection with, arising from or related to, in whole or in part, directly or indirectly regarding the Homburg Payables owed by the HII Released Parties to the Homburg Released Parties; and

   iv. the Released Parties granted unto each other a mutual Release of any Claim based on, in connection with, arising from or related to, in whole or in part, directly or indirectly, the disputes regarding the Termination Claim, the Homco 199 procedures and the transfer of the General Partner.

   (each a "**Release**" and collectively the "**Releases**").

123. The Releases do not include a release or discharge of a Released Party in respect of a Claim based on fraud, gross negligence, breach of trust, breach of fiduciary duty, failure to have acted honestly and in good faith, any preferences, transfers at undervalue and other reviewable transactions under sections 95 to 101 of the *Bankruptcy and Insolvency Act* (Canada), paulian actions, fraudulent conveyances and preferences, under any provincial legislation, and misappropriations.

Conditions Precedent

124. The closing of the transactions contemplated by the Purchase Agreement is subject to the satisfaction of a number of conditions, including in particular satisfactory due diligence by HII and the Monitor.

125. More specifically, the HII Group and the Monitor must be satisfied with their due diligence, which is scheduled to be completed in January 2012, investigations, which will include, *inter alia*, a due diligence regarding the Purchased Business, the Purchased Assets, HLPM, the HLPM Shares, the Homburg Payables, the Termination Claim, the Resolution Note, the value of the Condominiums, the SNS Settlement Agreements, a settlement with the Trustees, potential tax consequences relating to the consummation of the transactions contemplated by the Purchased Agreement and other aspects which may be considered relevant by the HII Group and the Monitor (the "**Due Diligence Items**").

126. Since the execution of the Purchase Agreement and the filing of the Approval Motion, HII and the Monitor have requested numerous documents and information pertaining to the Due Diligence Items, which they are currently reviewing.

DECISION OF HII

127. After analysing the different options that could allow HII Group to address the Control Issues and all other issues described above, HII, with the consent of the Monitor, entered into the Purchase Agreement as HII believes that the transactions contemplated by the Purchase Agreement are, subject to satisfactory due diligence, in the best interest of all stakeholders as it constitutes a global and complete settlement of the Control Issues which will allow HII to fully devote its efforts and attention to the restructuring process. More specifically, the approval of the Purchase Agreement would :

i. Allow HII to protect its interest in the Partnerships, the Baltic Partnerships and their assets through the acquisition of the Purchased Business, the Purchased Assets and the Options;

ii. Allow HII to structure the acquisition of the Business and the Purchased Assets to ensure that the limited partnership attributes are effectively maintained, including the limited liability of HII as limited partner;

iii. Provide HII with maximum flexibility and discretion in the exercise of the Options with a view to acquiring appropriate control of the General Partners, Baltic GPs, the European Entities and any assets of the Partnerships held directly or indirectly by them, the whole without triggering any immediate adverse tax consequence for the HII Group;

iv. Secure the cooperation of the Homburg Group and facilitate the diligent pursuit of HII's restructuring efforts with a view to submitting a plan of arrangement or compromise to the affected creditors in due course;

v. With the appropriate reserves, settle and release all claims relating to the Disputes;

vi. Allow HII to address the AFM's concerns with respect to RH's control and effectively remove HII and its assets from RH's control;

vii. Remove any risks, delays and costs inherent to any litigation relating to the issues addressed above including the GP Motion;

VI- THE HOMBURG PARTIES' OPERATIONS SINCE SEPTEMBER 25, 2011

Highlights of the Petitioners' cash flows since September 25, 2011

128. The purpose of this section is as follows:

i. Provide budget-to-actual highlights by Petitioner for the period of September 25, 2011 to November 19, 2011; and,

ii. Provide commentary on the variances by Petitioner.

Overview

129. The following table provides an overview of the actual allocated opening balances, the ending actual allocated closing balance, and the variation for the period of September 25 to November 19, 2011.

Cash variation for the period of September 25, 2011 to November 19, 2011 ($C000)			
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance
Homburg Invest Inc.	(10,015.5)	23,034.1	13,018.6
Homburg ShareCo Inc.	4.5	408.9	413.4
Churchill Estates Development Ltd.	-	(59.4)	(59.4)
Inverness Estates Development Ltd.	6.2	(39.5)	(33.3)
CP Development Ltd.	107.8	(1,013.2)	(905.4)

130. For the budget-to-actual cash flow forecast analysis of HII, ShareCo, Churchill, Inverness, and CP for the period September 25, 2011 to November 19, 2011, and commentary in respect of the analysis performed, please refer to Appendix G.

131. As of the date of this report, all appropriate and approved post-filing expenses were paid, and will continue to be paid, in the normal course out of the respective entity's working capital.

HII

132. Total cash inflows for HII were $28,946K for the period noted, while total cash outflows were $5,911K, which resulted in a positive net cash variation of $23,034K compared to a budgeted net cash variation of $29,532K.

133. 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, such between November 20, 2011 and December 1, 2011:

i. Receipt of $3.5M pertaining to funds which were held in the trust account of Osler, Hoskin & Harcourt LLP ("**Osler**"), counsel for the HII Group;

ii. Receipt of $713K pertaining to the monthly REIT unit distribution; and,

iii. Disbursement of $613K pertaining to payment of professional fees.

<u>Shareco</u>

134. As noted in the Second Report, this entity does not have any assets, except for an intercompany receivable, and its liabilities consist of four series of asset-backed mortgage bonds. The interest and principal payments are stayed pursuant to the Initial Order. As such, there have been no receipts and disbursements pertaining to ShareCo, except for transfers that have been made between HII and Shareco, as Management occasionally uses the ShareCo account as a holding account for HII European transactions. As expected, there were no other cash inflows or outflows for Shareco for the period between September 25, 2011 and November 19, 2011.

<u>Churchill</u>

135. For the period noted, total cash inflows for Churchill were $47K and total cash outflows were $106K, which resulted in a negative net cash variation of $(59)K compared to a budgeted net cash variation of $(73)K.

<u>Inverness</u>

136. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $(40)K, which resulted in a negative net cash variation of $(40)K compared to a budgeted net cash variation of $(14)K.

<u>CP</u>

137. For the period noted, total cash inflows for CP were $1,133K and total cash outflows were $2,146K, which resulted in a negative net cash variation of $(1,013)K compared to a budgeted net cash variation of $(49)K.

138. The following significant transaction, excluding the normal receipts and disbursements arising from operations, has occurred between November 20, 2011 and December 1, 2011:

i. Receipt of $983K pertaining to funds which were held in escrow and reimbursable to CP relating to the construction costs incurred.

VII- ACTIVITIES OF THE MONITOR

<u>Cash flow monitoring</u>

139. The Monitor, on a weekly basis, continues to review the Petitioner's cash flows submitted with the Second Report issued on October 5, 2011. As indicated previously in this Fourth Report, a budget-to-actual cash flow forecast analysis of HII, Shareco, Churchill, Inverness and CP for the period of

September 25, 2011 to November 19, 2011 have been prepared together with commentary on possible cash variances, are presented in Appendix G.

140. As part of this process, the Monitor, on a daily basis, also analyses cash inflows and cash outflows from all the HII Group's bank accounts.

141. In accordance with the Initial Order, any disbursements for services rendered to the HII Group prior or subsequent to the date of the Initial Order were presented to, and approved by, the Monitor.

Cash flows for other HII-related entities not covered by the Initial Order

142. Budgets on an entity by entity basis have been prepared by the management of HII. The Monitor has been validating these budgets with the appropriate supporting documentation. As at the date of this Fourth Report, this validation process by the Monitor has yet to be completed. Some information for certain properties located in Canada and the United States are still to be obtained.

143. On a monthly basis, budget-to-actual cash flow forecast analysis of HII-related entities other than the HII Parties have been prepared. The objective of this analysis is to monitor the cash flows which transact through these entities since any excess should ultimately be distributed back to HII as the limited partner of these entities.

144. As indicated in Appendix H, a supplemental report prepared by the Monitor is included herein and summarizes the monthly cash flow variances for September, 2011 and October, 2011 for these entities.

145. In accordance with the Initial Order, the Monitor assisted management during their analysis of the disbursements to be made pertaining to the HII-related entities other than the HII Parties.

Notifying and reporting duties performed by the Monitor

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

147. On November 8, 2011, the monitor sent a notice by regular mail to all known creditors of the Applicant Partnerships. Approximately 9,000 creditors received the said notice.

148. Following the order from the Court authorizing the Monitor to obtain lists of registered bondholders rendered on October 7, 2011. The Monitor sent a notice, in Dutch, by regular mail to all known registered bondholders, along with an executive summary of the Second Report, also in Dutch. The Monitor has also made available on its website an unofficial translation of the Second Report in Dutch.

149. HII is currently preparing for the Webcast mentioned in the Second Report and reviewing the questions raised by the Bondholders on the website it opened for that purpose. The Webcast is expected to be held in the coming weeks.

Documentation relating to assets

150. The Monitor is assisting the Company in gathering the relevant documentation and analyzing the financial situation of each entity and each property included in the global corporate structure of HII.

151. As of the date of this Fourth Report, these efforts contained will enable the Company with the approval of the Monitor to take certain actions in respect of any under performing assets.

Active participation in the resolution of the Control Issues

152. As elaborated hereunder, the Monitor is actively assisting HII in its negotiations and discussions, with respect to both the Purchase Agreement ant the Trustees Settlement Agreement.

153. Also, the Monitor is actively involved in the due diligence process (which has to be satisfactory to both HII and the Monitor), to proceed with the closing of the transactions contemplated by the Purchase Agreement.

Communications with certain creditors or claimants

154. The Monitor or its counsel have had communications from time to time with certain creditors, or at least claimants, of HII in order to advise of the effect of the stay of proceedings on their respective claims.

155. For example, the Monitor communicated with the Nova Scotia Securities Commission as the latter has a claim for payment against HII, in the amount of $86,400, in light of an order of the Nova Scotia Securities Commission dated August 11, 2011 and a settlement agreement dated July 29, 2011. The Monitor advised the Nova Scotia Securities Commission that its claim for payment is the object of the stay of proceedings provided by the Initial Order and in conformity with the CCAA, and that said claim for payment would be treated in an eventual claims process as the case may be.

156. The Monitor also had communications with a subtenant at Jamieson Place claiming that a sum of $2.5M paid to HII prior to the filing should be treated as a trust and that it thus should be entitled to recover the whole sum, which is contested by HII. The Monitor advised the subtenant that its claim would be treated in an eventual claims process as the case may be.

VIII- EXTENSION OF THE STAY PERIOD

157. Pursuant to the First Extension Order granted on October 7, 2011, the first extended Stay Period was granted until December 9, 2011.

158. The Petitioners notified the Monitor of their intention to request a second extension to the Stay Period to March 16, 2012 in order to allow the Homburg Parties to continue to stabilize their operations and eventually prepare and submit to this Court and its creditors a plan of arrangement under the CCAA.

159. It is the Monitor's opinion that it is necessary to provide the Homburg Parties with a second extension to the Stay Period in order to ensure that the Homburg Parties continue to evaluate the different options available to them for the benefit of their stakeholders. The Monitor considers the

Homburg Parties's restructuring process to be progressing well, however more time is required in order to develop a restructuring plan acceptable to all stakeholders.

Extended 17-week cash flow forecasts

160. During the preparation of the extended cash flow forecast required for the second extension to the Stay Period, Management has revised and amended certain cash flows for HII, ShareCo, Churchill, Inverness and CP for weeks 11, 12 and 13 of the CCAA in order to accurately reflect the Petitioners' forecasts. The first three weeks (weeks 11, 12 and 13) of the extended 17-week cash flow forecasts pertain to the last 3-week period as originally provided in the cash flows presented in the Second Report.

161. In addition to the amendments made to weeks 11, 12 and 13, Management has extended the projected cash flows for the Petitioners to March 16, 2012, which will cover the requested second extension to the Stay Period.

162. The opening cash balances at September 9, 2011of HII and ShareCo have been updated in light of new information. As specified in the Second Report, the extended 17-week cash flow forecasts for the Petitioners have been calculated based on the allocated cash balances as reflected in the Petitioners' accounting records, rather than the actual cash balance as per the bank statements. The opening balances at November 20, 2011for HII and ShareCo are composed of the amended September 9, 2011 opening cash balances and the allocated variation between weeks 1 and 10 of the CCAA. Please refer to Appendix I for additional information.

163. The extended 17-week cash flow forecasts for HII, ShareCo, Churchill, Inverness and CP, as well as additional commentary identifying the primary assumptions are attached as Appendix I**.**

Extended 17-week cash flow forecast ($C)			
Petitioner	Opening Cash Balance	Total Variation in cash balance	Closing cash balance
Homburg Invest Inc.	13,018,600	5,185,298	7,833,302
Homburg ShareCo Inc.	413,400	-	413,400
Churchill Estates Development Ltd.	(59,400)	(104,575)	(163,975)
Inverness estates Development Ltd.	(33,300)	(115,033)	(148,333)
CP Development Ltd.	(905,400)	216,500	(688,900)

<u>HII</u>

164. HII's primary source of cash is composed of the monthly Canmarc REIT distributions. This monthly distribution of approximately $698K is based on 8,813,866 units which yield $0.95 per annum. HII will also collect funds associated to the Holman Grand Hotel as well as GST/HST refunds.

165. It has come to the attention of the Monitor that GST/HST refunds owed to HII are currently being held back by the CRA. Management and the Monitor are in the process of investigating this situation and will amend the extended 17-week cash flow forecast, if necessary.

166. Professional fees in conjunction with the restructuring of the HII Group are all included in HII's projected cash flow and are based on the historical figures experienced during the preliminary stages of the CCAA.

167. HII continues to incur significant costs related to its secure head lease obligations. HII's head lease obligations are approximately $233K a month, however, this amount can be decreased in the event that HII finds additional tenants which may reduce or offset these obligations.

168. Management's current assumptions surrounding the Holman Grand Hotel are that the investment will remain roughly cash flow neutral throughout the extended 17-week cash flow forecast.

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

170. Cash distribution which is expected to be made in conjunction with the Purchase Agreement has not been included in the extended 17-week cash flow forecast. At the time of the preparation of this report, the Purchase Agreement has not yet been approved by the Court, as such, no impact has been incorporated into the extended 17-week cash flow forecast. Should the Purchase Agreement be approved by the Court and the transactions contemplated therein completed, only the first $3.5 M instalment of the Purchase Price should be payable during the next extension period.

ShareCo

171. The Monitor does not anticipate any cash inflows or outflows pertaining to ShareCo for the extended 17-week cash flow forecast ending March 16, 2012.

172. At the time of this Fourth Report, there is nothing that would lead us to believe that ShareCo will need additional financing to meet current obligations between now and March 16, 2012.

Churchill

173. The Churchill extended 17-week cash flow forecast assumes that the cash inflows will be generated by the sale of condominium units.

174. Gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Churchill directly.

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

176. Churchill's cash position is projected to continue to deteriorate during the extended 17-week cash flow forecast period. Management is currently in the process of calculating the potential residual equity which may be available once all units have been sold. In the interim, Management will continue to support the operations of Churchill as upon completion, residual equity may be available to creditors.

Inverness

177. The Inverness extended 17-week cash flow forecast assumes that the cash inflows will be generated by the sale of condominium units.

178. Gross sales proceeds from the Inverness units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sale will flow to Inverness directly.

179. As of the date of this Fourth Report, all expenses incurred to date and going forward have been or will be paid out of Inverness' working capital.

180. Inverness' cash position is projected to continue to deteriorate during the extended 17-week cash flow forecast period. Management is currently in the process of calculating the potential residual equity which may be available once all units have been sold. In the interim, Management will continue to support the operations of Inverness as upon completion, residual equity may be available to creditors.

CP

181. CP prepared the extended 17-week cash flow forecast assuming 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. It is anticipated that the funds will be released from the escrow account once the construction costs have been paid.

182. At the time of this Fourth Report, there is nothing that would lead us to believe that CP will need additional financing to meet current obligations between now and March 16, 2012.

IX- CONCLUSION AND RECOMMENDATION

183. It is the Monitor's view that, for the reasons elaborated in Section 5 of this Fourth Report, and more particularly at paragraph 127 thereof, the Purchase Agreement should be approved and the Approval Motion should be granted by the Court.

184. It is the Monitor's view that the Company has acted in accordance with the Initial Order and related Orders of the Court.

185. It is the Monitor's opinion that an extension of the Stay Period to March 16, 2012 is necessary to ensure that the HII Parties are able to evaluate the different options available to them for the benefit of their stakeholders.

186. Based on our discussions with the Company's representatives, it is the Monitor's opinion that the Company has acted and continues to act in good faith and with due diligence, and that it will likely be able to develop a plan of arrangement during or at the expiry of the extension period.

The Monitor respectfully submits this Fourth Report to the Court.

DATED AT MONTREAL, this 2nd day of December 2011.

Pierre Laporte, CA, CIRP
President

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

APPENDIX A

THE ENTITIES Mis en Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (88) LIMITED PARTNERSHIP
HOMCO REALTY FUND (89) LIMITED PARTNERSHIP
HOMCO REALTY FUND (92) LIMITED PARTNERSHIP
HOMCO REALTY FUND (94) 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

Canada properties

Entity	**Property and Location**	**Legal or Registered Owner of Property**
Castello Development Ltd.	Castello Towers 530 – 12th Avenue SW, Calgary, AB	Castello Development Ltd.
Churchill Estates Development Ltd.	Residence Eau-Claire 307 6th Street SW, Calgary AB	Churchill Estates Development Ltd.
CP Development Ltd.	Centron Park Condominium, plan 1012452 4041 – 6th Street SE, and 4000 – 4th Street SE	CP Development Ltd.
Inverness Estates Development Ltd.	Inverness Estates, Meridian 6, Range 6 Township 71, Grande Prairie, AB	Inverness Estates Development Ltd.
North Calgary Land Ltd.	North Calgary Land Meridian 4, Range 29, Township 26, Section 16 SE & SW Plan 0812059, Block 7, 1 of 4 Lot 1 of 4, SE ¼ of Section 16, Township 26, Rockyview	North Calgary Land Ltd. 175-4639 Manhattan Road SE, Calgary AB T2G 4B3 Pyarali A Mitha Professional Corporation 12240 Lake Erie Way SE, Calgary AB T2J 2M1
Homco Realty Fund (49) LP	5% of a condo complex. All units sold. Clareview Courts 139th Avenue & 4245 Second St S.W. Edmonton, Alberta, Canada	General Partner
Homco Realty Fund (52) LP	North West Quarter of Section 11, Township 26, Range 1, West of Fifth Meridian, Calgary, AB	General Partner
Homco Realty Fund (83) LP	135-137 Pownal Street (Condos) Charlottetown, Prince Edward Island, Canada	General Partner
Homco Realty Fund (88) LP	Kai Mortenson Towers, 1227, 11th Av. SW, Calgary, Alberta, Canada	General Partner

Entity	**Property and Location**	**Legal or Registered Owner of Property**
Homco Realty Fund (94) LP	Homburg Springs West NW ¼ Section 10 Township 26, Range 1 17, 400 Centre Street NE Calgary, Alberta, Canada	General Partner
Homco Realty Fund (96) LP	North Calgary Land Meridian 4, Range 29, Township 26, Section 16 SE & SW Plan 0812059, Block 7, Lot 4 [Note: this property belong to a third party who entered into a swap under which it will cede this property upon completion of the project when North Calgary will deliver back to Dr. Mitha 15 net acres of subdivided lands.]	North Calgary Land Ltd. 175-4639 Manhattan Road SE, Calgary AB T2G 4B3 Pyarali A Mitha Professional Corporation 12240 Lake Erie Way SE, Calgary AB T2J 2M1
Homco Realty Fund (105) LP	Homburg Holland Towers 1316 – 11th Avenue SW Calgary, Alberta, Canada	General Partner
Homco Realty Fund (121) LP	Henderson Farm Meridian 4, Range 29, Township 26, Section 15 -and- Plan 1658lk Block G	General Partner
Homco Realty Fund (122) LP	Lougheed Estates, Fort McMurray Condominium plan 0621302, Alberta, Canada	General Partner

APPENDIX C

Germany and Netherlands Properties

Entity	**Property and Location**	**Legal or Registered Owner of Property**
Homco Realty Fund (69) LP	Philippstrasse 3 Bochum, Germany	Valbonne Real Estate 2 BV
Homco Realty Fund (70) LP	Elbetrasse 1-3 Marl, Germany	Coet B.V.
	Binnerheide 26 Schwerte, Germany	Coet B.V.
	Indusriestrasse 19 Hassmersheim, Germany	Coet B.V.
	Wolfraamweg 2 Wolvega, the Netherlands	Coet B.V.
Homco Realty Fund (71) LP	Meidornkade 22-24 Houten, the Netherlands	Homco Realty Fund (71) LP
Homco Realty Fund (72) LP	Industriestraat 6, Numansdrop, the Netherlands	Homco Realty Fund (72) LP
Homco Realty Fund (73) LP	Fortanweg 10 Amersfoot, the Netherlands	Homco Realty Fund (73) LP
Homco Realty Fund (74) LP	Industrielaan 24 Uden, the Netherlands	Homco Realty Fund (74) LP
Homco Realty Fund (76) LP	Daalakkersweg 2a & 8 Eindhoven, the Netherlands	Homco Realty Fund (76) LP
Homco Realty Fund (84) LP	Stationsplein, 7 & 9 Groningen, the Netherlands	Homco Realty Fund (84) B.V.
Homco Realty Fund (85) LP	Mathildelaan 1 Eindhoven, the Netherlands	Homco Realty Fund (85) B.V.
Homco Realty Fund (86) LP	Benthemstraat 10 Rotterdam, the Netherlands	Homco Realty Fund (86) B.V.
Homco Realty Fund (87) LP	Energleweg 9 Rotterdam, the Netherlands	Homco Realty Fund (87) B.V.

Entity	**Property and Location**	**Legal or Registered Owner of Property**
Homco Realty Fund (92) LP	Nijverheidsweg/Industrieweg't Harde, the Netherlands	Homco Realty Fund (92) LP
Homco Realty Fund (98) LP	Annendorfer Straße, Wittenburg Germany	Homco Realty Fund (98) LP
Homco Realty Fund (102) LP	Hardwareweg 11, Amersfoort, the Netherlands	Homco Realty Fund (102) LP
Homco Realty Fund (110) LP	Campeon Complex Munich, Germany	MoTo Objekt Campeon GmbH & Co. KG
Homco Realty Fund (111) LP	Tarasconweg 2, Eindhoven, the Netherlands	Homco Realty Fund (111) LP
Homco Realty Fund (112) LP	Valkstraat 14, Sittard, the Netherlands	Homco Realty Fund (112) LP
Homco Realty Fund (113) LP	Corkstraat, Rotterdam, the Netherlands	Homco Realty Fund (113) LP
Homco Realty Fund (114) LP	Beelarts van Bloklandstraat 10-14, Tilburg, the Netherlands	Homco Realty Fund (114) LP
Homco Realty Fund (115) LP	Gentseweg 5-19, Gouda, the Netherlands	Homco Realty Fund (115) LP
Homco Realty Fund (116) LP	Hoevenweg 11-11a, Eindhoven, the Netherlands	Homco Realty Fund (116) B.V.
Homco Realty Fund (117) LP	Wilhelminaplein 26, Roermond, the Netherlands	Homco Realty Fund (117) B.V.
Homco Realty Fund (118) LP	Wilhelminiasingel 5, Roermond, the Netherlands	Homco Realty Fund (118) B.V.
Homco Realty Fund (119) LP	Noorderpoort 33, Venlo, the Netherlands	Homco Realty Fund (119) B.V.
Homco Realty Fund (120) LP	Keesomlaan 6-10 Amstelveen, the Netherlands	Homco Realty Fund (120) GmbH
Homco Realty Fund (123) LP	Platinawerf 22-26, Beuningen, the Netherlands	Homco Realty Fund (123) LP
Homco Realty Fund	Bruistensingel 500-598, Hertogenbosch, the Netherlands	Homco Realty Fund 142 GmbH (although in the Land Registry

Entity	**Property and Location**	**Legal or Registered Owner of Property**
(142) LP	IJsbaanpad 1-5, Amsterdam, the Netherlands Amstelveenseweg 400, Amsterdam, the Netherlands	Reference is made to the former name of Homco Realty Fund 142 GmbH, being Trinkaus Europea Immobilien-Fonds Nr. 2 Objekte Amsterdam-Süd und 's-Hertogen-bosch Verwaltungs-GmbH)

APPENDIX D

United States Properties

Entity	**Property and Location**	**Legal or Registered Owner of Property**
Homburg Holdings (US) Inc.	555 East Pikes Peak Avenue, Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc.
	557 East Pikes Peak Avenue Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc.
	559 East Pikes Peak Avenue Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc.
	4575 Hilton Parkway Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc.
	3410 N. Carefree Circle, Colorado Springs, Colorado, USA	Homburg Holdings (US) Inc.
	669 Airport Freeway Hurst, Texas, USA	Homburg Holdings (US) Inc.
	15510 Lexington Boulevard Sugarland, Texas, USA	Homburg Holdings (US) Inc.
	3740 Colony Drive San Antonio, Texas, USA	Homburg Holdings (US) Inc.
	8400 Blanco Road San Antonio, Texas, USA	Homburg Holdings (US) Inc.
	10800 and 10829 Hillpoint Drive San Antonio, Texas, USA	Homburg Holdings (US) Inc.
	4718 and 4738 Cotton Belt Drive, San Antonio, Texas, USA	Homburg Holdings (US) Inc.
Cedar Joint Venture	Pennsboro Commons E. Pennsboro Twp. Cumberland County, PA	Cedar-Pennsboro, LP, a Delaware limited partnership
	950 Kings Highway New Bedford, Bristol County, Massachusetts	Cedar-Fieldstone, LLC, a Delaware limited liability company
	950 Walnut Bottom Rd. S. Middleton Twp. Cumberland County, PA	Cedar-Stonehedge, LP, a Delaware limited partnership

Entity	**Property and Location**	**Legal or Registered Owner of Property**
	2104 Van Reed Rd. Spring Meadows Subdiv Spring Twp. Berks County, PA	Cedar-Spring Meadow, LP, a Delaware limited partnership
	Ayr Town Ayr Township Fulton County, PA	Cedar-Ayr Town Center, LP, a Delaware limited partnership
	3330-3490 Concord Rd. Delaware County, PA	Cedar-Aston Center, LP, a Delaware limited partnership
	434 N. Front Street Scott Twp. Columbia County, PA	Cedar-Scott Town Center, LP, a Delaware limited partnership
	235-360 Cumberland Pkwy Upper Allen Twp. Cumberland County, PA	Cedar-Parkway Plaza, LP, a Delaware limited partnership

APPENDIX E

Baltic Properties

Entity	**Property and Location**	**Legal or Registered Owner of Property**
KUB Homburg LT Baltijos Investicijos 1	Laisvės 75, Vilnius, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Jogailos 9/1, Vilnius, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Gedimino 10, Vilnius, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Maironio 19, Kaunas, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Turgaus 15, Klaipėda, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Turgaus 19, Klaipėda, Lithuania	KUB Homburg LT Baltijos Investicijos 1
	Turgaus 17, Klaipėda, Lithuania	KUB Homburg LT Baltijos Investicijos 1
KUB Homburg NT	Gedimino 12, Vilnius, Lithuania	KUB Homburg NT
	Vokieciu 9, Vilnius, Lithuania	KUB Homburg NT
	Laisves 82, Kaunas, Lithuania	KUB Homburg NT
	Tilzes 157, Siauliai, Lithuania	KUB Homburg NT
	Ukmerges 20, Panevezys, Lithuania	KUB Homburg NT
	Burbos 3, Maziekiai, Lithuania	KUB Homburg NT
	Basanaviciaus 51, Kedainiai, Lithuania	KUB Homburg NT
	Vytauto 11, Marijampole, Lithuania	KUB Homburg NT
	Pulko, Alytus, Lithuania	KUB Homburg NT
	Rotuses 8, Birzai, Lithuania	KUB Homburg NT

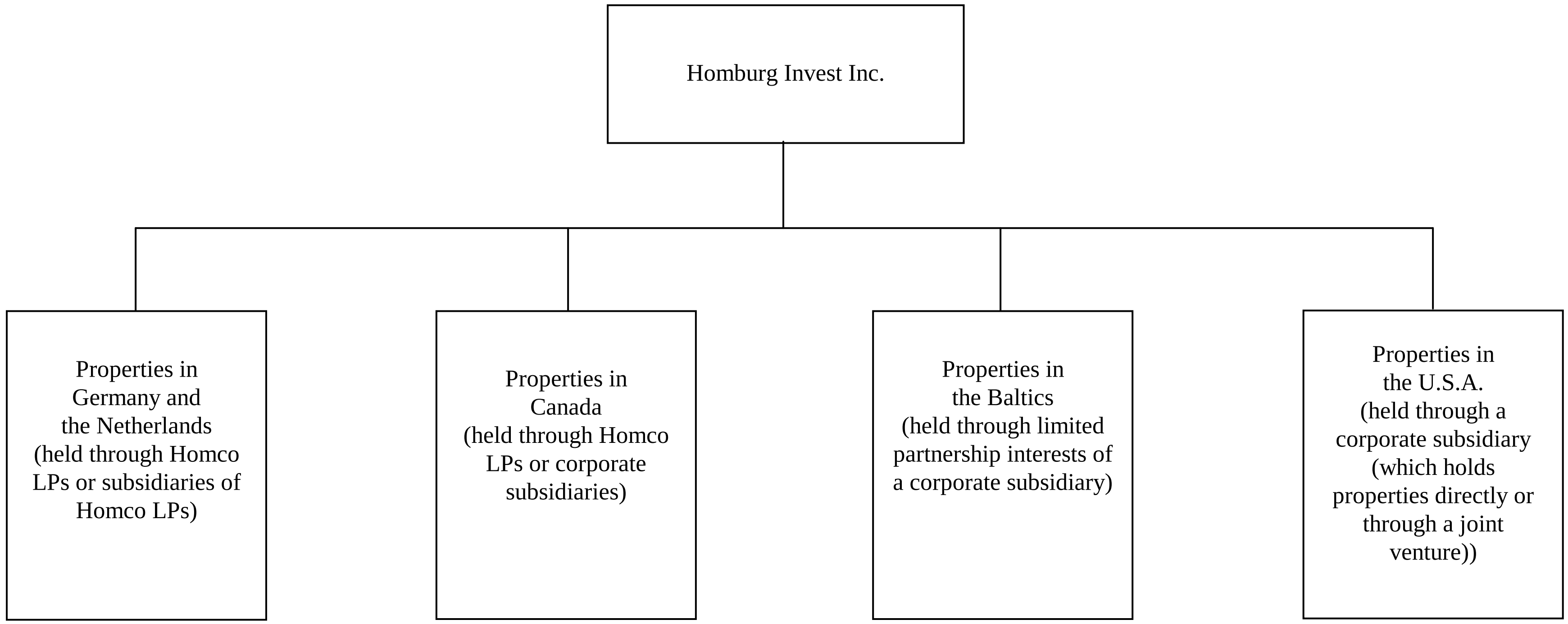
Entity	Property and Location	Legal or Registered Owner of Property
	Jogailos 9a, Vilnius, Lithuania	KUB Homburg NT
	Žirmūnų 70,Vilnius, Lithuania	KUB Homburg NT
	Kalvarijų 98, Vilnius, Lithuania	KUB Homburg NT
	Saltoniškių 29, Vilnius, Lithuania	KUB Homburg NT
	Utenio 15, Uteria, Lithuania	KUB Homburg NT
	Kęstučio 38, Kaunas, Lithuania	KUB Homburg NT
	Daržų 13, Klaipėda, Lithuani	KUB Homburg NT
	Vilinaus 1, Joniskis, Lithuania	KUB Homburg NT
	Ukmerges 18, Panevezys, Lithuania	KUB Homburg NT
Homburg Baltic (ES) Investments UU	Tartu mnt. 13, Tallinn, Estonia	Homburg Baltic (ES) Investments UU
	Maleva 1, Tallinn, Estonia	Homburg Baltic (ES) Investments UU
Homburg Baltic (ES) AST Investments UU	Rüütli 40a, Pärnu, Estonia	Homburg Baltic (ES) AST Investments UU
	Aia 5, Valga, Estonia	Homburg Baltic (ES) AST Investments UU
	Vainu 11, Paide, Estonia	Homburg Baltic (ES) AST Investments UU
	Vaksali 2, Viljandi, Estonia	Homburg Baltic (ES) AST Investments UU
	Tallinna mnt. 28, Narva, Estonia	Homburg Baltic (ES) AST Investments UU
	Tallinna mnt.12, Rapla, Estonia	Homburg Baltic (ES) AST Investments UU
	Rakvere 3a, Jõhvi, Estonia	Homburg Baltic (ES) AST Investments UU
	Aia 1, Jõgeva, Estonia	Homburg Baltic (ES) AST Investments UU
	Suur 4, Jogeva, Estonia	Homburg Baltic (ES) AST Investments UU

Entity	Property and Location	Legal or Registered Owner of Property
	Keskväljak 7, Kärdla, Estonia	Homburg Baltic (ES) AST Investments UU
	Tornimäe 2, Tallinn, Estonia	Homburg Baltic (ES) AST Investments UU
Homburg Baltic (LV) Investments UU	Unicentrs, Riga, Latvia	Homburg Baltic (LV) Investments UU
	Baznīcas iela 4/6, Liepāja, Latvia	Homburg Baltic (LV) Investments UU
	Ozolu iela 1, Gulbene, Latvia	Homburg Baltic (LV) Investments UU
	Rīgas iela 9, Saldus, Latvia	Homburg Baltic (LV) Investments UU
	Brīvības iela 14, Dobele, Latvia	Homburg Baltic (LV) Investments UU
	Pormalu iela 11, Jēkabpils, Latvia	Homburg Baltic (LV) Investments UU
	Kuldīgas iela 3, Ventspils, Latvia	Homburg Baltic (LV) Investments UU
	Rīgas iela 1, Sigulda, Latvia	Homburg Baltic (LV) Investments UU
	Dzirnavu iela 5, Kuldīga, Latvia	Homburg Baltic (LV) Investments UU
	Talsu iela 3, Preili, Latvia	Homburg Baltic (LV) Investments UU
	Burtnieku iela 8, Limbaži, Latvia	Homburg Baltic (LV) Investments UU
	Lāčplēša iela 2, Aizkraukle, Latvia	Homburg Baltic (LV) Investments UU
	Rīgas iela 25, Valka, Latvia	Homburg Baltic (LV) Investments UU
	Bērzpils iela 6, Balvi, Latvia	Homburg Baltic (LV) Investments UU
	Studentu iela 2, Krāslava, Latvia	Homburg Baltic (LV) Investments UU
	Lielā iela 11, Kandava, Latvia	Homburg Baltic (LV) Investments UU

APPENDIX F

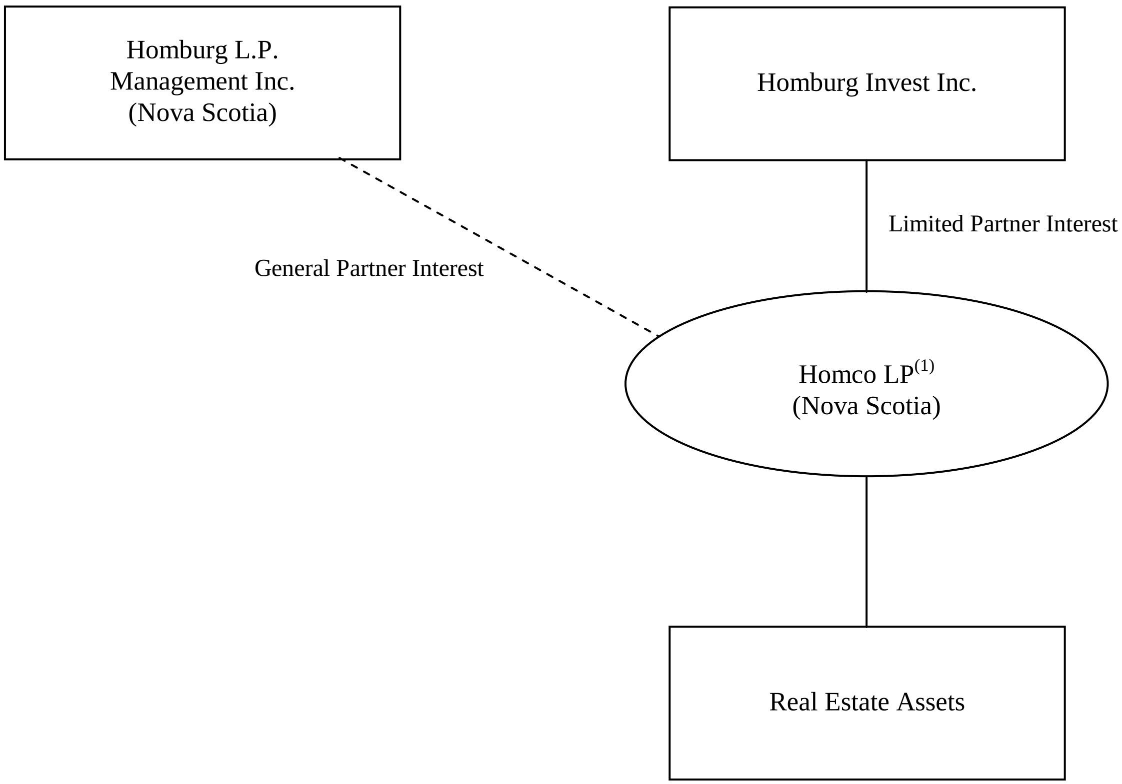
CORPORATE STRUCTURE

Simplified Structure of Homburg Invest Inc.'s Real Estate Holdings[1]



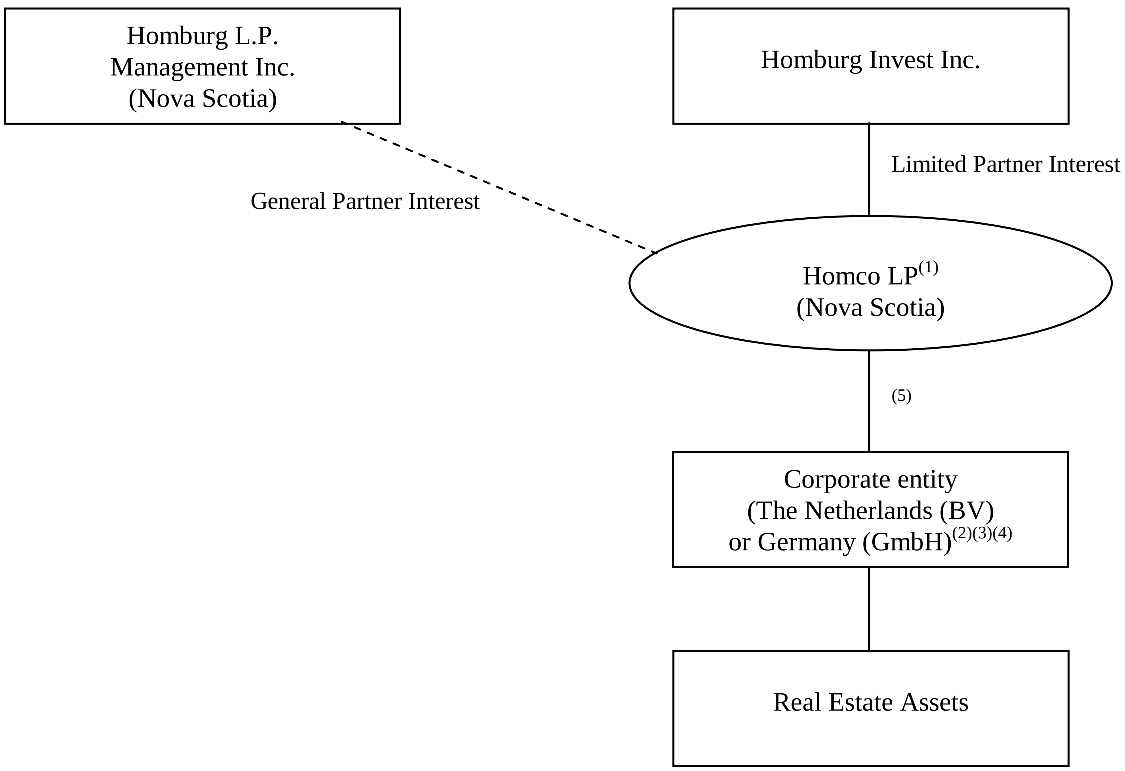
(1) The corporate structure behind each of these groups of properties is set out below.

Germany and the Netherlands
(where Homco LPs hold property directly)



(1) Homco Realty Fund (71) LP, Homco Realty Fund (72) LP, Homco Realty Fund (73) LP, Homco Realty Fund (74) LP, Homco Realty Fund (76) LP, Homco Realty Fund (92) LP, Homco Realty Fund (98) LP, Homco Realty Fund (102) LP, Homco Realty Fund (111) LP, Homco Realty Fund (112) LP, Homco Realty Fund (113) LP, Homco Realty Fund (114) LP, Homco Realty Fund (115) LP; Homco Realty Fund (123) LP.

Germany and the Netherlands
(where Homco LPs hold property indirectly through German or Dutch corporate entities)



(1)

Homco Realty Fund (69) LP	Homco Realty Fund (70) LP	Homco Realty Fund (84) LP	Homco Realty Fund (85) LP	Homco Realty Fund (86) LP	Homco Realty Fund (87) LP	Homco Realty Fund (116) LP	Homco Realty Fund (117) LP	Homco Realty Fund (118) LP	Homco Realty Fund (119) LP	Homco Realty Fund (120) LP	Homco Realty Fund (142) LP

(2)

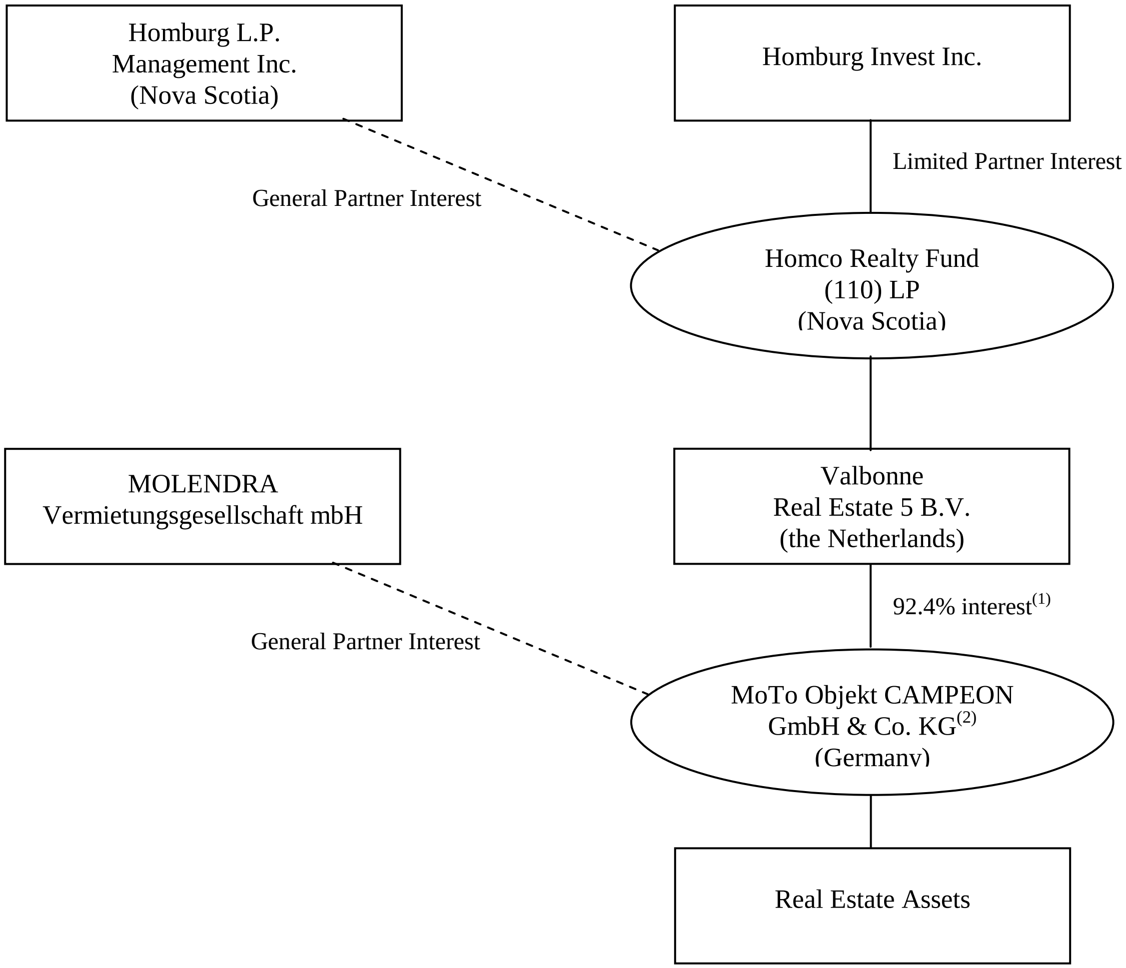
Valbonne Real Estate 2 BV	Coet BV	Homco Realty Fund (84) BV	Homco Realty Fund (85) BV	Homco Realty Fund (86) BV	Homco Realty Fund (87) BV	Homco Realty Fund (116) BV	Homco Realty Fund (117) BV	Homco Realty Fund (118) BV	Homco Realty Fund (119) BV	Homco Realty Fund 120 GmbH	Homco Realty Fund 142 GmbH

(3) In the case of one German property (Campeon Complex, Munich) the entity owned by the Homco LP holds an interest in a German limited partnership which itself holds the property. See the next page for a diagram detailing this particular corporate structure.

(4) HII has indicated that the limited partner of Homco Realty Fund (142) LP is Homburg Realty Funds Inc. The monitor has not been provided with the relevant partnership agreement.

(5) There are two shareholders of each Dutch entity. The Homco LP holds ordinary shares and a third party holds preference shares. The monitor has requested information as to the number of shares held by each shareholder and the voting and other rights of each class of shares.

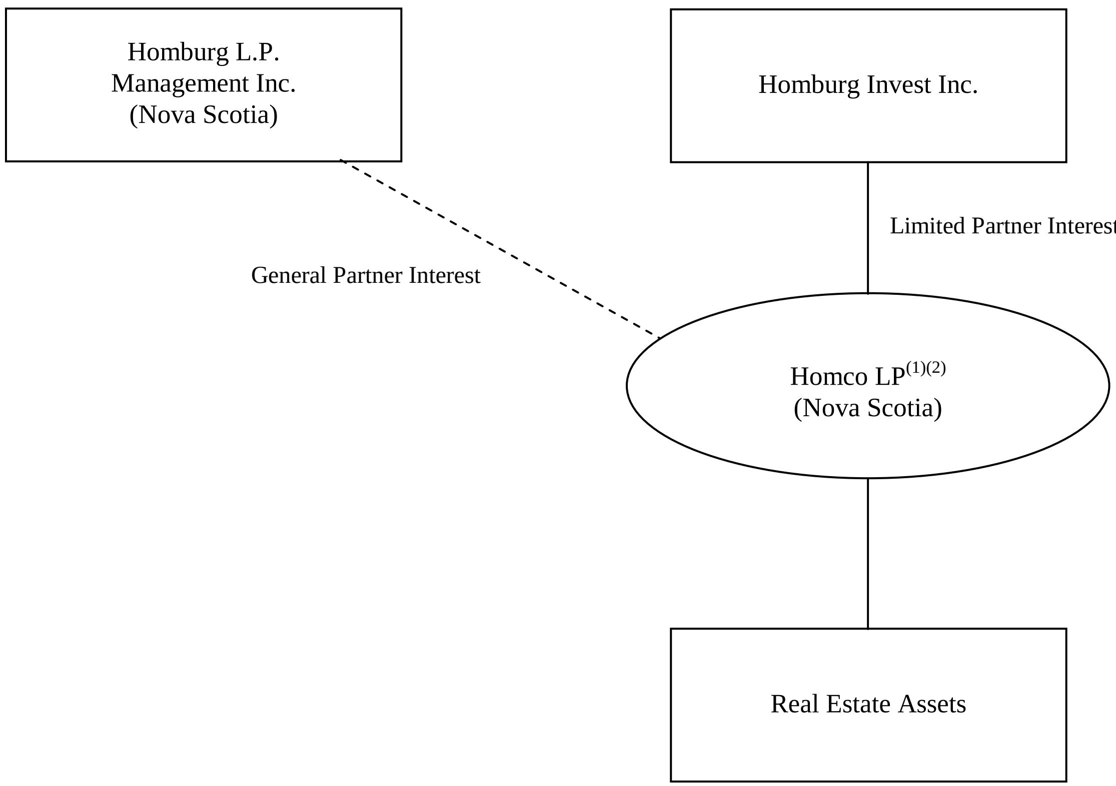
Germany and the Netherlands
(structure in respect of Campeon Complex, Munich)



(1) According to public searches, the other limited partners are NOVELLA Grundstacks-Vermietungsgellschaft mbH (6.552%), Dr. Manfred Hermann Gubelt (1.046%) and Paul Krüger (0.004%).

(2) A private limited partnership incorporated under German law.

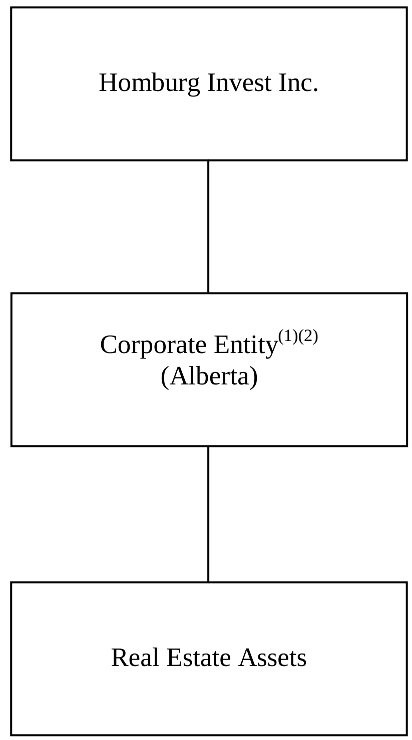
Canada
(where properties held through Homco LPs)



(1) Homco Realty Fund (49) LP, Homco Realty Fund (52) LP, Homco Realty Fund (83) LP, Homco Realty Fund (88) LP, Homco Realty Fund (89) LP, Homco Realty Fund (94) LP, Homco Realty Fund (105) LP, Homco Realty Fund (121) LP, Homco Realty Fund (122) LP, Homco Realty Fund (144) LP.

(2) As an exception to the corporate structure in Canada, HII has indicated that there are two limited partners of Homco Realty Fund (49) LP, namely HII and Maatschap Homburg Clareview.

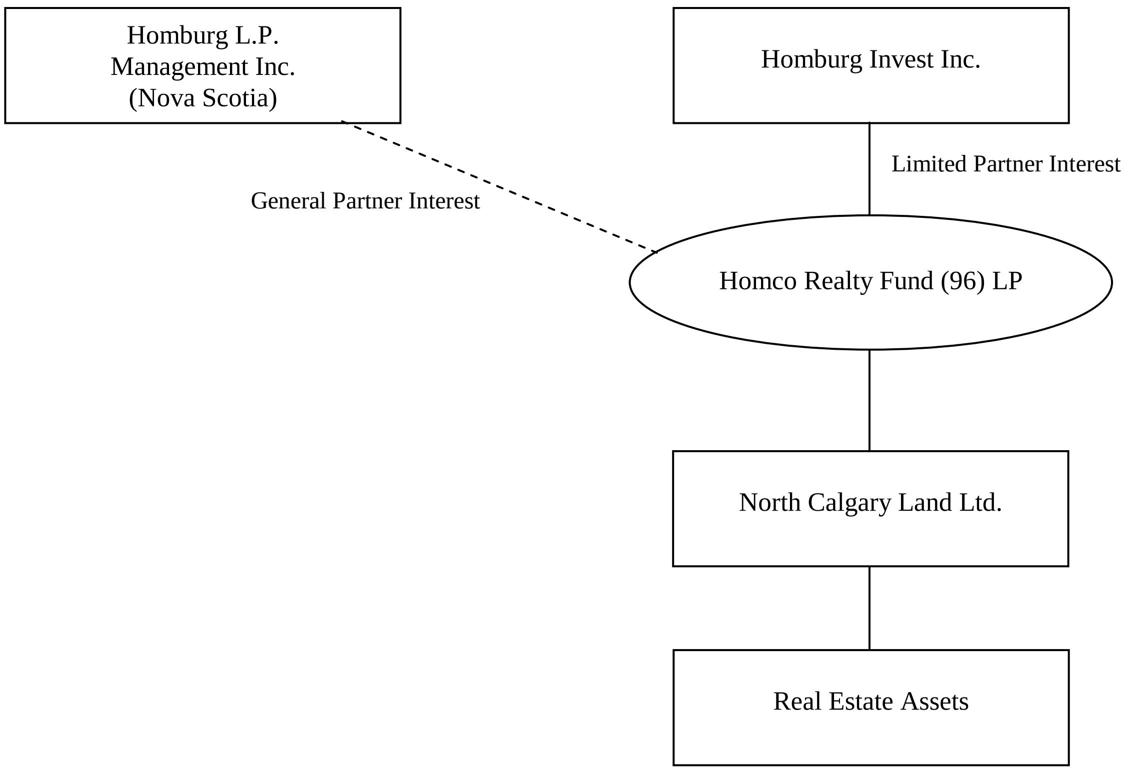
Canada
(where properties held through corporate entities)



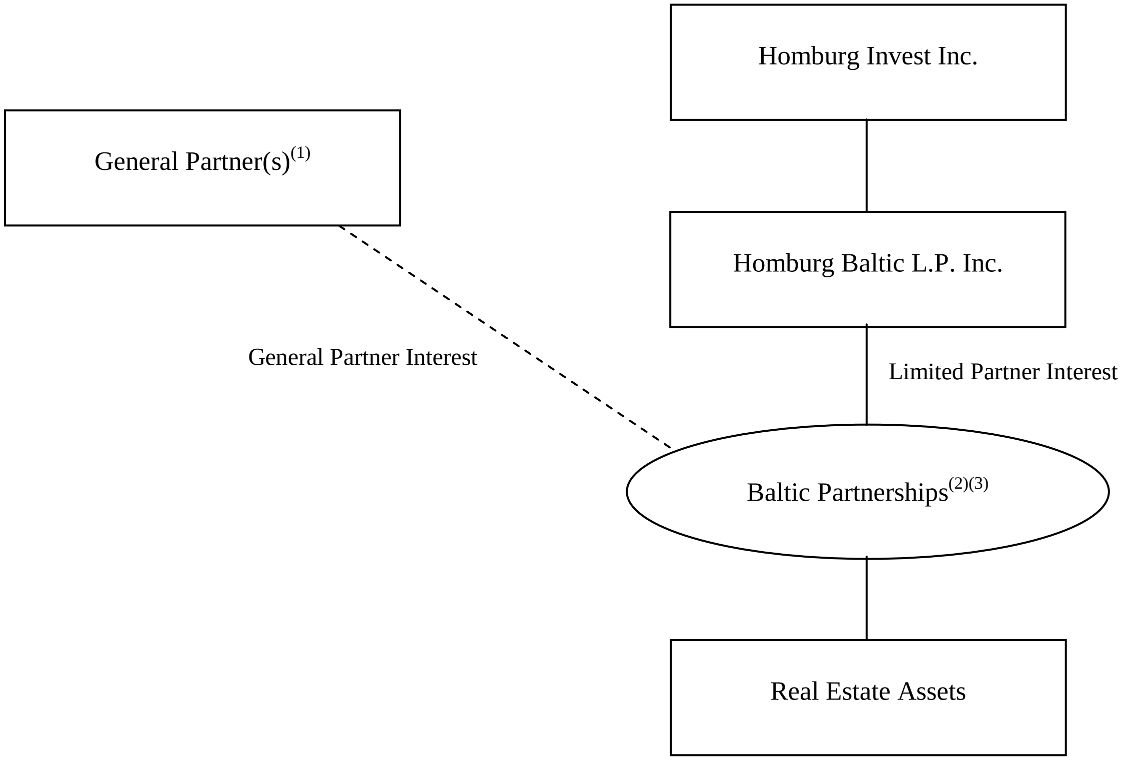
(1) Churchill Estates Development Ltd., Inverness Estates Development Ltd., Castello Development Ltd., Holland Garden Development Ltd., CP Development Ltd.

(2) North Calgary Land Ltd. is held through Homco Realty Fund (96) L.P. See the following page for a diagram detailing this particular corporate structure.

Canada
(North Calgary Land Ltd.)



Baltics



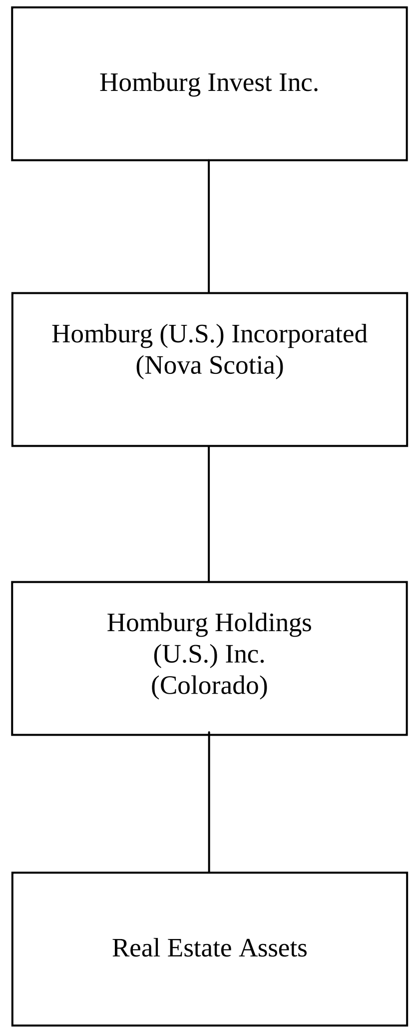
(1) Homburg LT LP1 GP 1 Inc. and Homburg LT LP1 GP 2 Inc. (as general partners of KUB Homburg LT Baltijos Investicijos 1); Homburg LT LP2 GP 1 Inc. and Homburg LT LP2 GP 2 Inc. (as general partners of KUB Homburg LT Baltijos Investicijos 2); Homburg LT LP3 GP1 Inc. and Homburg LT LP3 GP2 Inc. (as general partners of KUB Homburg NT) and Homburg Estonia Latvia GP Inc. (as general partner of Homburg Baltic (LV) Investments KS, Homburg Baltic (ES) Investments UU and Homburg Baltic (ES) AST Investments UU). Each of the general partners is a Nova Scotia entity with Richard Homburg as its President.

(2) KUB Homburg LT Baltijos Investicijos 1 (Lithuania), KUB Homburg LT Baltijos Investicijos 2, KUB Homburg NT, Homburg Baltic (LV) Investments KS (Latvia), Homburg Baltic (ES) Investments UU (Estonia) and Homburg Baltic (ES) AST Investments UU (Estonia)

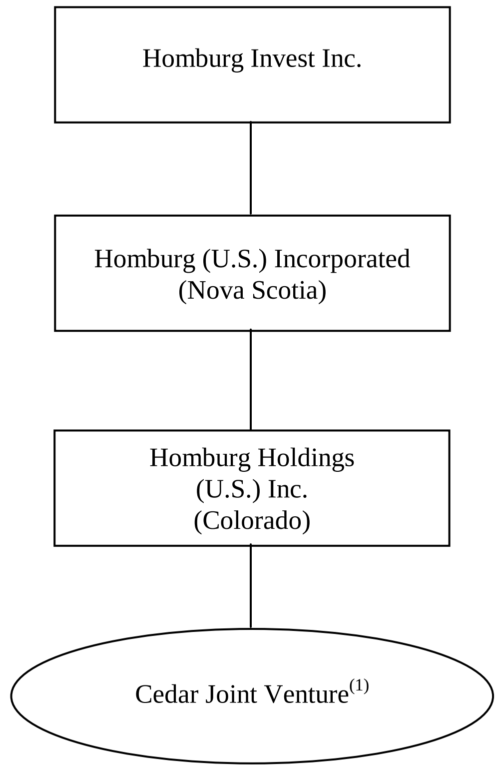
(3) KUB Homburg NT, as an exception in the Baltic structure, has two limited partners, namely Homburg Baltic LP Inc. and KUB Homburg LT Baltijos Investicijos 2. Homburg Baltic LP Inc. is the sole limited partner of Homburg LT Baltijos Investicijos 2.

U.S.A.

(where properties held directly through a corporate subsidiary)



U.S.A.
(where properties held through CEDAR joint venture)



(1) The joint venture is with Cedar Shopping Centers, Inc., a real estate investment trust listed on the New York Stock Exchange. Homburg Holdings (U.S.) Inc. has an 80% interest in the properties held by the joint venture.

APPENDIX G

HII

The following is the budget to actual cash flow analysis for HII for the period September 25, 2011 to November 19, 2011 (the "Period"):

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

	For the eight-week period of September 25, 2011 to November 19, 2011		
	Actual	Budget	Variance
Cash Inflows			
REIT distributions	1,292.8	1,474.6	(181.8)
REIT unit sale proceeds	25,000.1	34,500.0	(9,499.9)
Jamieson sublease receipts	1,082.1	1,025.0	57.1
GST/HST received	-	-	-
Intercompany receipts (Petionners and Mis-en-cause)	918.2	-	918.2
Other receipts	173.5	-	173.5
	28,466.7	36,999.6	(8,532.9)
Hotel related receipts			
Hotel revenue	478.8	270.6	208.2
Hotel construction draw	-	-	-
Total cash inflows	28,945.5	37,270.2	(8,324.7)
Cash outflows			
Commissions	-	1,380.0	1,380.0
Payroll	290.6	280.0	(10.6)
Rent expense	18.1	40.0	21.9
Professional fees	2,832.4	1,250.0	(1,582.4)
Insurance	22.6	36.0	13.4
Office & admin	442.4	70.0	(372.4)
Director fees	-	-	-
KERP	-	-	-
Capital tax	-	-	-
Jamieson obligation	-	2,240.8	2,240.8
Canoxy obligation	-	984.8	984.8
PEI obligation	222.0	237.1	15.1
Montreal obligation	193.2	193.2	-
CP obligation	229.2	236.7	7.5
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 (Petionners and Mis-en-cause)	1,327.1	-	(1,327.1)
	5,577.6	6,948.6	1,371.0
Hotel disbursements			
Payroll	102.9	108.8	5.9
Management fee	-	10.0	10.0
Property and other taxes	-	-	-
Insurance	-	-	-
General operating expenses	45.1	64.9	19.8
Construction costs and held cheques	185.8	605.6	419.8
Mortgage principal & interest	-	-	-
Total hotel disbursements	333.8	789.3	455.5
Total cash outflows	**5,911.4**	**7,737.9**	**1,826.5**
Opening cash balance	**(10,015.5)**	**(14,604.2)**	**4,588.7**
Variation in cash balance	**23,034.1**	**29,532.3**	**(6,498.2)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**13,018.6**	**14,928.1**	**(1,909.5)**

HII budget to actual commentary

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

Opening cash balance

The following amendments were made to the HII 13-week cash flow statement as included in the Second Monitor's Report:

- The opening cash balance was adjusted by $2,157K from $(14,806)K following a decision by Management to include an additional HII US bank account in the amount of $2,140K of which $2,000K is pledged to HSBC in exchange for a letter of credit. Other minor foreign currency accounts have also been included for an additional cash increase of $17K.

- An increase of approximately $2,352.5K was also applied on the opening balance in order to reflect cheques that were expected to be debited from the account on the date of the filing, which were subsequently stayed and successfully refunded to the respective account.

- Following discussions with Management, an additional $79.2K relating to REIT distribution proceeds held in a trading account was applied to the opening balance.

- As a result of the adjustments noted, the opening balance as of September 25, 2011 is calculated as follows:

HII - Opening cash adjustment ($C000)	
Opening balance (as at Sept 9, 2011)	(14,806.0)
Other HII foreign currency accounts	2,157.0
Outstanding cheques	2,352.5
REIT distribution held in a trading account	79.2
Adjusted opening balance (as at Sept 9, 2011)	(10,217.3)
Net cash variation (weeks 1 and 2)	201.8
Adjusted opening balance (as at Sept 25, 2011)	(10,015.5)

Inflows

- Cash inflows from REIT distributions were $181.8K under budget creating an unfavorable variance. Of the unfavorable variance of $181.8K, an amount of $79.2K was already received by HII and held in a trading account as reflected in the adjusted opening cash. The remaining balance of $102.6K is due to timing.

- With respect to the Bought Deal, the budgeted cash flows presented by Management have an unfavorable variance of $9,500K. The unfavorable variance is the result of transactions which occurred in the trust account held at Osler prior to the proceeds being transferred to HII. The variance of $9,500K is comprised of the following transactions:
  - A variance of $1,380K as a result of the underwriter's commission being paid directly from the gross proceeds of the transaction;
  - $4,686K of expenses which were paid directly from the trust account held at Osler;
  - $3,434K of the funds which remain in the trust account held at Osler (These funds will be transferred back to HII).

- A favorable variance of $918.2K (€120.9 at 1.4053, €198.1 at 1.3969 and €340.5 at 1.3839) is a result of intercompany transfers from the ShareCo European account to HII. Occasionally, Management uses the ShareCo European account as a holding account for various HII European transactions.

- Other receipts experienced a favorable variance of $173.5K. Of the favorable variance of $173.5K, $148.4K stemmed mainly from an insurance refund and a refund from the City of Calgary. The remaining $25.1K is derived from a distribution with respect to MediArena which was not included in the original budget.

- During the Period, the Holman Grand Hotel (the "**Hotel**") revenue of $478.8K exceeded the budgeted amount of $270.6K resulting in a favorable variance of $208.2K. The favorable variance of $208.2K is due to HII recovering $316K of funds being held by Richburg Inc. payable to HII, which were not included in the original budgeted amounts. After normalizing the actual variances for the prior period funds held by Richburg Inc., the Hotel operated at an unfavorable variance of $107.8K.

Outflows

- Commissions of $1,380.0K were budgeted as a result of the Bought Deal; however, the cash received from Osler for the Bought Deal was net of the underwriter's commission creating a favorable variance of $1,380.0K. As previously discussed, this favorable variance is offset by an unfavorable variance in the cash inflows expected from the Bought Deal.

- An unfavorable variance of $1,582.4K for professional fees was incurred during the period as a result of the CCAA filing. As stated in paragraph 24.f) of the First Report, additional professional fees were incurred as a result of the Company's and Monitor's legal counsel, and the Monitor spending significant amounts of time on numerous material issues.

- Office and administrative expenses experienced an unfavorable variance of $372.4K. Of the $372.4K unfavorable variance, $218.0K is due to licensing fees for the general ledger software. The remaining balance is due to the fact that HCI previously administered and paid a significant amount of the office and administrative expenses on HII's behalf. As such, the budgeted numbers were understated due to limited historical information available.

- Favorable variances of $2,240.8K and $984.8K were experienced in the Jamieson and Canoxy lease obligations, respectively. The favorable variances are a result of the Jamieson and Canoxy lease obligations having been paid directly out of the Bought Deal proceeds held in the trust account at Osler.

- An intercompany disbursement of $1,327.1K was incurred during the period, which was not in Management's budget, resulting in an unfavorable variance of $1,327.1K. The disbursement is a transfer of €950.0K (CAD 1.3969) to the ShareCo European account, which Management occasionally uses as a holding account for various HII European transactions.

- General operating expenses at the Hotel had a favorable variance of $19.8K during the period due to conservative cash Management.

- Construction costs and cheques held at the hotel had a favorable variance of $419.8K mainly due to stayed expenses as a result of the CCAA.

ShareCo Inc.

The following is the budget to actual cash flow analysis for ShareCo for the period September 25, 2011 to November 19, 2011:

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

	For the eight-week period of September 25, 2011 to November 19, 2011		
	Actual	Budget	Variance
Cash Inflows			
Mortgage bond issuance	-	-	-
Intercompany transfers (Petionners)	1,327.1	-	1,327.1
Total cash inflows	**1,327.1**	**-**	**1,327.1**
Cash Outflows			
Interest payments - mortgage bonds	-	-	-
Repayment of Bonds	-	-	-
Intercompany transfers (Petionners)	918.2	-	(918.2)
Total cash outflows	**918.2**	**-**	**(918.2)**
Opening cash balance	**4.5**	**4.5**	**-**
Variation in cash balance	**408.9**	**-**	**408.9**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**413.4**	**4.5**	**408.9**

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

The Monitor's comments on ShareCo's total cash inflow and outflow variances during the period September 25, 2011 to November 19, 2011 are as follows:

Opening cash balance

- The opening cash balance was adjusted from $3.3K to $4.5K to present the opening cash in Canadian dollars. The previous balance was reported in Euros and was converted at a rate of 1.3626 (Euro/CAD).

Inflows

- An intercompany receipt of $1,327.1K was experienced during the period, which was not in Management's budget, resulting in a favorable variance of $1,327.1K. The receipt is a transfer of €950.0K (CAD 1.3969) from HII to the ShareCo European account which Management occasionally uses as a holding account for various HII European transactions.

Outflows

- An unfavorable variance of $918.2K (€120.9 at 1.4053, €198.1 at 1.3969 and €340.5 at 1.3839) is a result of intercompany transfers from the ShareCo European account to HII.

Churchill

The following is the budget to actual cash flow analysis for Churchill for the period September 25, 2011 to November 19, 2011:

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

	For the eight-week period of September 25, 2011 to November 19, 2011		
	Actual	Budget	Variance
Cash Inflows			
Condo Sales Proceeds	-	500.0	(500.0)
GST collected	-	25.0	(25.0)
GST ITC refund	47.0	-	47.0
Total cash inflows	**47.0**	**525.0**	**(478.0)**
Cash Outflows			
Commissions	-	25.0	25.0
Advertising	-	-	-
R&M	1.9	6.0	4.1
Property tax	13.8	35.5	21.7
Professional fees	-	2.0	2.0
Insurance	-	-	-
Mortgage principal	-	474.0	474.0
Mortgage interest	-	-	-
Office & Admin	-	2.0	2.0
Condo Fees	52.4	53.5	1.1
GST remitted	38.3	-	(38.3)
Total cash outflows	**106.4**	**598.0**	**491.6**
Opening cash balance	**-**	**-**	**-**
Variation in cash balance	**(59.4)**	**(73.0)**	**13.6**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(59.4)**	**(73.0)**	**13.6**

Churchill budget to actual commentary

The Monitor’s comments on Churchill’s total cash inflow and outflow variances during the period September 25, 2011 to November 19, 2011 are as follows:

Inflows

- A prospective sale for Churchill was delayed as such no sales occurred in the Period. In the event of a sale, the gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Churchill directly.

- As there were no condominium sale transactions that closed during the Period, HII did not collect any GST.

- Faster than expected collections on GST ITC refunds resulted in a $47.0K favorable variance for the Period.

Outflows

- As there were no unit sales during the Period, favorable mortgage, commission and professional fee variances were experienced on a budget to actual basis. In the event of a sale, the gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, Churchill will incur the related sales expenses and the net proceeds will flow to Churchill directly.

- The original budgeted amount for Churchill's property taxes inadvertently included other Calgary properties owned by HII, which resulted in an overstatement of the budgeted property taxes to be paid specifically pertaining to Churchill alone. As a result, a favorable variance of $21.7K was generated.

- The unfavorable GST remittance of $38.3K variance is due to timing.

Inverness

The following is the budget to actual cash flow analysis for Inverness for the period September 25, 2011 to November 19, 2011:

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

	For the eight-week period of September 25, 2011 to November 19, 2011		
	Actual	**Budget**	**Variance**
Cash inflows			
Condo sales proceeds	-	550.0	(550.0)
GST collected	-	27.5	(27.5)
GST ITC refund	-	-	-
Total cash inflows	**-**	**577.5**	**(577.5)**
Cash outflows			
Commissions	-	27.5	27.5
Advertising	-	-	-
R&M	7.0	3.0	(4.0)
Property tax	-	-	-
Professional fees	-	3.0	3.0
Insurance	-	-	-
Mortgage principal	-	519.5	519.5
Mortgage interest	-	-	-
Office & admin	-	1.0	1.0
Condo fees	25.9	38.5	12.6
GST remitted	6.6	(1.5)	(8.1)
Total cash outflows	**39.5**	**591.0**	**551.5**
Opening cash balance	**6.2**	**6.2**	**-**
Variation in cash balance	**(39.5)**	**(13.5)**	**(26.0)**
Exchange rate (Gain / Loss)	**-**	**-**	**-**
Ending cash balance	**(33.3)**	**(7.3)**	**(26.0)**

Inverness budget to actual commentary

The Monitor's comments on Inverness' total cash inflow and outflow variances during the period September 25, 2011 to November 19, 2011 are as follows:

Inflows

- During the Period, three units were sold; however, no proceeds of the sales were received since the gross sales proceeds from the Inverness units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from sales will flow to Inverness directly.

Outflows

- As stated above, the sales proceeds from the Inverness units sold during the Period were financed. This resulted that all proceeds were remitted to the lender.

CP

The following is the budget to actual cash flow analysis for CP for the period September 25, 2011 to November 19, 2011:

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

	For the eight-week period of September 25, 2011 to November 19, 2011		
	Actual	**Budget**	**Variance**
Cash Inflows			
Costs Reimbursed from Escrow	1,027.0	1,800.0	(773.0)
GST refund from previous months	103.0	104.5	(1.5)
Other receipts	2.7	-	2.7
Total cash inflows	**1,132.7**	**1,904.5**	**(771.8)**
Cash Outflows			
Construction Costs (1,2&3)	2,057.5	1,800.0	(257.5)
Construction Costs (4&5)	47.4	60.0	12.6
Operating expenses	-	-	-
Head lease	-	-	-
Professional fees	41.0	-	(41.0)
Mortgage principal	-	-	-
Mortgage interest	-	-	-
GST paid	-	93.0	93.0
Total cash outflows	**2,145.9**	**1,953.0**	**(192.9)**
Opening cash balance	**107.8**	**107.8**	**-**
Variation in cash balance	**(1,013.2)**	**(48.5)**	**(964.7)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(905.4)**	**59.3**	**(964.7)**

CP budget to actual commentary

The Monitor's comments on CP's total cash inflow and outflow variances during the period September 25, 2011 to November 19, 2011 are as follows:

Inflows

- All cash inflows related to CP originate with the expenses incurred by CP in previous periods. Every dollar spent is to be reimbursed net of GST from the funds in escrow. The unfavorable variance on costs reimbursed from escrow is driven from the fact that the budgeted numbers have been allocated on a straight line basis and the actuals are paid as incurred. For the Period, CP has encountered increased construction costs. In addition, the fourth draw of reimbursable funds of approximately $1M has not yet been received.

Outflows

- Construction costs for buildings 1, 2 and 3 were under budgeted, resulting in an unfavorable variance of $257.5K when compared to the actual expenses. As noted, these construction costs are reimbursed from escrow to HII net of GST.

- The unfavorable variance of $41.0K in professional fees relates to legal fees incurred as a result of post-filing fees pertaining to the CP transaction for buildings 1, 2, and 3.

- The favorable variance of $93.0K with respect to the GST expenses is attributable to the budgeted construction costs (1, 2 and 3), which do not include the GST amounts. The actual construction costs (1, 2 and 3) include the GST amounts.

APPENDIX H

CASH FLOWS FOR OTHER HII-RELATED ENTITIES NOT COVERED BY THE INITIAL ORDER

APPENDIX I

HII 17-week cash flow forecast ($C)
Updated as of November 19, 2011

Number of weeks:	**17**	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Start Date:	**11/20/11**																	
Beginning period:		**20-Nov-11**	**27-Nov-11**	**4-Dec-11**	**11-Dec-11**	**18-Dec-11**	**25-Dec-11**	**1-Jan-12**	**8-Jan-12**	**15-Jan-12**	**22-Jan-12**	**29-Jan-12**	**5-Feb-12**	**12-Feb-12**	**19-Feb-12**	**26-Feb-12**	**4-Mar-12**	**11-Mar-12**
Ending period:		**26-Nov-11**	**3-Dec-11**	**10-Dec-11**	**17-Dec-11**	**24-Dec-11**	**31-Dec-11**	**7-Jan-12**	**14-Jan-12**	**21-Jan-12**	**28-Jan-12**	**4-Feb-12**	**11-Feb-12**	**18-Feb-12**	**25-Feb-12**	**3-Mar-12**	**10-Mar-12**	**17-Mar-12**
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows																		
REIT distributions		-	-	-	578,100	119,900	-	-	-	578,100	119,900	-	-	578,100	119,900	-	-	578,100
REIT unit sale proceeds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jamieson sublease receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST received		-	-	-	-	-	300,000	-	-	-	200,000	-	-	-	-	-	200,000	-
Hotel related receipts																		
Hotel revenue		27,284	25,737	25,737	25,000	35,000	35,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	30,000	30,000
Hotel construction draw		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		27,284	25,737	25,737	603,100	154,900	335,000	25,000	25,000	603,100	344,900	25,000	25,000	603,100	144,900	25,000	230,000	608,100
Cash outflows																		
Commissions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll		-	70,000	-	75,000	12,500	75,000	-	75,000	-	75,000	-	75,000	-	75,000	-	75,000	-
Rent expense		-	20,000	-	-	-	-	20,000	-	-	-	20,000	-	-	-	20,000	-	-
Professional fees		500,000	500,000	500,000	500,000	400,000	200,000	300,000	400,000	400,000	400,000	400,000	300,000	300,000	300,000	300,000	300,000	300,000
Insurance		18,000	-	-	-	-	-	17,000	-	-	-	17,000	-	-	-	17,000	-	-
Office & admin		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	20,000	20,000
Director fees		-	175,000	-	-	-	140,000	-	-	-	-	-	-	-	-	-	-	-
KERP		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Jamieson obligation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Canoxy obligation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PEI obligation		-	81,240	-	-	-	-	81,240	-	-	-	81,240	-	-	-	81,240	-	-
Montreal obligation		-	70,691	-	-	-	-	70,700	-	-	-	70,700	-	-	-	70,700	-	-
CP obligation		-	81,000	-	-	-	-	81,000	-	-	-	81,000	-	-	-	81,000	-	-
Corporate bond principal repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate bond interest payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt principal repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt interest payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HCSA interest payment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hotel disbursements																		
Payroll		-	25,737	-	26,000	-	25,000	-	25,000	-	25,000	-	24,000	-	24,000	-	26,000	-
Management fee		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and other taxes		-	-	-	46,667	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance		-	-	-	17,500	-	-	-	-	-	-	-	-	-	-	-	-	-
General operating expenses		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	11,000	12,000	12,000	12,000	12,000	12,000	12,000
Construction costs and held cheques		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal & interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total hotel disbursements		10,000	35,737	10,000	100,167	10,000	35,000	10,000	35,000	10,000	35,000	11,000	36,000	12,000	36,000	12,000	38,000	12,000
Total cash outflows		543,000	1,048,668	525,000	690,167	437,500	465,000	594,940	525,000	425,000	525,000	695,940	426,000	327,000	426,000	596,940	433,000	332,000
Opening cash balance		**13,018,600**	**12,502,884**	**11,479,952**	**10,980,689**	**10,893,622**	**10,611,022**	**10,481,022**	**9,911,082**	**9,411,082**	**9,589,182**	**9,409,082**	**8,738,142**	**8,337,142**	**8,613,242**	**8,332,142**	**7,760,202**	**7,557,202**
Variation in cash balance		(515,716)	(1,022,932)	(499,263)	(87,067)	(282,600)	(130,000)	(569,940)	(500,000)	178,100	(180,100)	(670,940)	(401,000)	276,100	(281,100)	(571,940)	(203,000)	276,100
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		**12,502,884**	**11,479,952**	**10,980,689**	**10,893,622**	**10,611,022**	**10,481,022**	**9,911,082**	**9,411,082**	**9,589,182**	**9,409,082**	**8,738,142**	**8,337,142**	**8,613,242**	**8,332,142**	**7,760,202**	**7,557,202**	**7,833,302**

Notes:

1) The cash flow forecast for weeks 11, 12 and 13, which was previously presented in the Second Monitor's Report, has been updated by Management.

2) Cash distribution which is expected to be made in conjunction with the HCI/HII potential transaction has not been included in the above cash flow. At the time of the preparation of this report, the potential transaction between HCI and HII has not yet been approved by the Court, as such no impact has been incorporated into the above forecast.

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 Section 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 November 19, 2011	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Canmarc REIT distribution	Distributions for 8,813,866 Canmarc REIT units at $0.95/year, paid monthly	X	
Canmarc REIT unit sales proceeds	No REIT unit sales are planned over the forecast period.		X
Jamieson head lease receipts	This head lease obligation is related to an agreement between Homburg Invest Inc. and Jamieson. The contract was resiliated with the final amount owing for the month of October 2011.	X	
GST refunded	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted.	X	
Hotel receipts	Based on a forecast provided by Management based on the number of room bookings and expected number of room bookings.		X
Forecast cash disbursements			
Commissions	4% commission on the sale of the Canmarc REIT units	X	
Payroll	Based on previous payroll expenses plus incentive compensation	X	
Rent expense	Rent at the Akerley Blvd. location	X	
Head lease obligations (Jamieson, Canoxy)	This head lease obligation was related to an agreement between Homburg Invest Inc. and BCIMC, and Homburg Invest Inc. and Cadillac Fairview. The contracts were resiliated with the final amount paid for the month of October 2011.	X	
Head lease obligations (Montreal, PEI)	This lease obligation is related to an agreement between Homburg Invest Inc. and Canmarc REIT for which Homburg Invest Inc. has the obligation to pay a lease to Canmarc REIT associated to the Homburg financial building, CP and CN building. Canmarc REIT units have been pledged relating to this head lease.	X	
Professional fees	Deloitte, McCarthy Tétrault, Osler, Ernst & Young (auditors), Cohn & Wolfe, Allen & Overy, Clifford Chance, National, and other professionals		X
Insurance	D&O insurance	X	
Office & admin	Bank fees, travel, telephone and other miscellaneous costs	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Director fees	Fees payable to Directors and Officers of HII	X	
KERP	Amount was fully funded prior to filing.	X	
Capital tax	Based on previous years' tax		X
Corporate bond principal payment	Amount stayed by proceedings	X	
Corporate bond interest payment	Amount stayed by proceedings	X	
Junior subordinate debt principal payment	Amount stayed by proceedings	X	
Junior subordinate debt interest payment	Amount stayed by proceedings	X	
HCSA interest payment	Amount stayed by proceedings	X	
GST remitted	Based on the taxable receipts of the previous month and applicable tax rates Payable on the last day of each month	X	
<u>Hotel disbursements</u>			
Payroll	Based on Management's assumptions related to occupancy and required staff	X	
Management fee	The Hotel does not have a management contract.	X	
Property and other taxes	Based on previous property and other tax expenses	X	
Insurance	Based on previous insurance 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	
<u>Closing cash balance</u>	Based on allocated cash transactions		X

ShareCo 17-week cash flow forecast ($C)
Updated as of November 19, 2011

Number of weeks:	17	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Start Date:	11/20/11																	
Beginning period:		20-Nov-11	27-Nov-11	4-Dec-11	11-Dec-11	18-Dec-11	25-Dec-11	1-Jan-12	8-Jan-12	15-Jan-12	22-Jan-12	29-Jan-12	5-Feb-12	12-Feb-12	19-Feb-12	26-Feb-12	4-Mar-12	11-Mar-12
Ending period:		26-Nov-11	3-Dec-11	10-Dec-11	17-Dec-11	24-Dec-11	31-Dec-11	7-Jan-12	14-Jan-12	21-Jan-12	28-Jan-12	4-Feb-12	11-Feb-12	18-Feb-12	25-Feb-12	3-Mar-12	10-Mar-12	17-Mar-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows																		
Mortgage bond issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows																		
Interest payments - mortgage bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening cash balance		413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400
Variation in cash balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400	413,400

Note: The cash flow forecast for weeks 11, 12 and 13, which was previously presented in the Second Monitor's Report, has been updated by Management.

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

(3) 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.

(4) 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 seventeen (17) weeks from November 20, 2011 to March 17, 2012. Occasionally, certain funds are transferred between HII and ShareCo.	X	
Opening cash balance	Based on allocated cash balances as at November 19, 2011	X	
Closing cash balance	Based on allocated cash transactions		X

Churchill 17-week cash flow forecast ($C)
Updated as of November 19, 2011

Number of weeks	17	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Start Date:	11/20/11																	
Beginning period:		20-Nov-11	27-Nov-11	4-Dec-11	10-Dec-11	17-Dec-11	25-Dec-11	1-Jan-12	8-Jan-12	15-Jan-12	22-Jan-12	29-Jan-12	5-Feb-12	12-Feb-12	19-Feb-12	26-Feb-12	4-Mar-12	11-Mar-12
Ending period:		26-Nov-11	3-Dec-11	10-Dec-11	17-Dec-11	24-Dec-11	31-Dec-11	7-Jan-12	14-Jan-12	21-Jan-12	28-Jan-12	4-Feb-12	11-Feb-12	18-Feb-12	25-Feb-12	3-Mar-12	10-Mar-12	17-Mar-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows																		
Condo sales proceeds		-	-	500,000	-	-	-	-	-	-	-	400,000	-	-	-	-	-	-
GST collected		-	-	25,000	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-
GST ITC refund		-	4,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		**-**	**4,105**	**525,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**420,000**	**-**	**-**	**-**	**-**	**-**	**-**
Cash outflows																		
Commissions		-	-	25,000	-	-	-	-	-	-	-	20,000	-	-	-	-	-	-
Advertising		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&M		3,000	-	-	-	-	3,000	-	-	-	-	3,000	-	-	-	3,000	-	-
Property tax		-	6,900	-	-	-	-	6,900	-	-	-	6,900	-	-	-	6,900	-	-
Professional fees		-	-	1,000	-	-	-	-	-	-	-	1,000	-	-	-	-	-	-
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	474,000	-	-	-	-	-	-	-	379,000	-	-	-	-	-	-
Mortgage interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Condo fees		-	19,300	-	-	-	-	18,800	-	-	-	18,300	-	-	-	18,300	-	-
GST remitted		-	-	-	-	-	22,585	-	-	-	-	-	-	-	16,795	-	-	-
Total cash outflows		**3,000**	**26,200**	**500,000**	**-**	**-**	**25,585**	**25,700**	**-**	**-**	**-**	**428,200**	**-**	**-**	**16,795**	**28,200**	**-**	**-**
Opening cash balance		**(59,400)**	**(62,400)**	**(84,495)**	**(59,495)**	**(59,495)**	**(59,495)**	**(85,080)**	**(110,780)**	**(110,780)**	**(110,780)**	**(110,780)**	**(118,980)**	**(118,980)**	**(118,980)**	**(135,775)**	**(163,975)**	**(163,975)**
Variation in cash balance		(3,000)	(22,095)	25,000	-	-	(25,585)	(25,700)	-	-	-	(8,200)	-	-	(16,795)	(28,200)	-	-
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		**(62,400)**	**(84,495)**	**(59,495)**	**(59,495)**	**(59,495)**	**(85,080)**	**(110,780)**	**(110,780)**	**(110,780)**	**(110,780)**	**(118,980)**	**(118,980)**	**(118,980)**	**(135,775)**	**(163,975)**	**(163,975)**	**(163,975)**

Notes:

1) The cash flow forecast for weeks 11, 12 and 13, which was previously presented in the Second Monitor’s Report, has been updated by Management.

2) Gross sales proceeds from the Churchill units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all net proceeds from future sales will flow to Churchill directly.

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

(3) 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.

(4) 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
Opening cash balance	Based on allocated cash balances as at November 19, 2011	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	A condominium is projected to be sold in January.		X
GST collected	Based on applicable taxes on forecast 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.	X	
Forecast cash disbursements			
Commissions	Commissions are based on 5% of the projected sales.		X
Advertising	Advertising expenses are based on previous expenses.	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	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Condominium fees based on previous expenses	X	
GST remitted	GST paid on expenses listed in this cash flow	X	
Closing cash balance	Based on allocated cash transactions		X

Inverness 17-week cash flow forecast ($C)
Updated as of November 19, 2011

Number of weeks:	17	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Start Date:	11/20/11																	
Beginning period:		20-Nov-11	27-Nov-11	4-Dec-11	10-Dec-11	17-Dec-11	25-Dec-11	1-Jan-12	8-Jan-12	15-Jan-12	22-Jan-12	29-Jan-12	5-Feb-12	12-Feb-12	19-Feb-12	26-Feb-12	4-Mar-12	11-Mar-12
Ending period:		26-Nov-11	3-Dec-11	10-Dec-11	17-Dec-11	24-Dec-11	31-Dec-11	7-Jan-12	14-Jan-12	21-Jan-12	28-Jan-12	4-Feb-12	11-Feb-12	18-Feb-12	25-Feb-12	3-Mar-12	10-Mar-12	17-Mar-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows																		
Condo sales proceeds		-	-	200,000	-	200,000	-	-	-	-	200,000	-	-	-	200,000	-	-	-
GST collected		-	-	10,000	-	10,000	-	-	-	-	10,000	-	-	-	10,000	-	-	-
GST ITC refund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		**-**	**-**	**210,000**	**-**	**210,000**	**-**	**-**	**-**	**-**	**210,000**	**-**	**-**	**-**	**210,000**	**-**	**-**	**-**
Cash outflows																		
Commissions		-	-	10,000	-	10,000	-	-	-	-	10,000	-	-	-	10,000	-	-	-
Advertising		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R&M		3,000	-	-	-	-	3,000	-	-	-	-	3,000	-	-	-	3,000	-	-
Property tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,500	-	-
Professional fees		-	-	1,000	-	1,000	-	-	-	-	1,000	-	-	-	1,000	-	-	-
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	189,000	-	189,000	-	-	-	-	189,000	-	-	-	189,000	-	-	-
Mortgage interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Condo fees		-	13,600	-	-	-	-	13,000	-	-	-	12,750	-	-	-	12,500	-	-
GST remitted		-	-	-	-	-	17,370	-	-	-	8,650	-	-	-	8,663	-	-	-
Total cash outflows		**3,000**	**13,600**	**200,000**	**-**	**200,000**	**20,370**	**13,000**	**-**	**-**	**208,650**	**15,750**	**-**	**-**	**208,663**	**72,000**	**-**	**-**
Opening cash balance		**(33,300)**	**(36,300)**	**(49,900)**	**(39,900)**	**(39,900)**	**(29,900)**	**(50,270)**	**(63,270)**	**(63,270)**	**(63,270)**	**(61,920)**	**(77,670)**	**(77,670)**	**(77,670)**	**(76,333)**	**(148,333)**	**(148,333)**
Variation in cash balance		(3,000)	(13,600)	10,000	-	10,000	(20,370)	(13,000)	-	-	1,350	(15,750)	-	-	1,338	(72,000)	-	-
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		**(36,300)**	**(49,900)**	**(39,900)**	**(39,900)**	**(29,900)**	**(50,270)**	**(63,270)**	**(63,270)**	**(63,270)**	**(61,920)**	**(77,670)**	**(77,670)**	**(77,670)**	**(76,333)**	**(148,333)**	**(148,333)**	**(148,333)**

Notes:
1) The cash flow forecast for weeks 11, 12 and 13, which was previously presented in the Second Monitor’s Report, has been updated by Management.

2) Gross sales proceeds from the Inverness units which have been financed are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all net proceeds from future sales will flow to Inverness directly.

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

(3) PROBABLE ASSUMPTIONS
Meaning assumptions that:

- (i) Inverness' 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.

(4) 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 November 19, 2011	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	Based on Management's monthly condo sales report		X
GST collected	Based on applicable taxes on forecast condo sales		X
GST ITC refund	No GST ITC refund forecast for Inverness Estates Development Ltd.	X	
Forecast cash disbursements			
Commissions	Based on 5% commissions on condo sales		X
Advertising	Based on previous advertising expenses	X	
R&M	Based on previous R&M expenses	X	
Property tax	Based on previous property expenses, paid semi-annually	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been prepaid.	X	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Based on previous condominium fees	X	
GST remitted	Based on GST paid on expenses incurred in the period of the cash flow	X	
Closing cash balance	Based on allocated cash transactions		X

CP 17-week cash flow forecast ($C)
Updated as of November 19, 2011

Number of weeks:	17	11	12	13	14	15	16	17	18	19
Start Date:	11/20/11									
Beginning period:		20-Nov-11	27-Nov-11	4-Dec-11	10-Dec-11	17-Dec-11	25-Dec-11	1-Jan-12	8-Jan-12	15-Jan-12
Ending period:		26-Nov-11	3-Dec-11	10-Dec-11	17-Dec-11	24-Dec-11	31-Dec-11	7-Jan-12	14-Jan-12	21-Jan-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows										
Costs reimbursed from escrow		-	600,000	-	-	300,000	300,000	250,000	50,000	50,000
GST refund from previous month		46,500	-	-	-	-	15,000	-	-	-
Total cash inflows		**46,500**	**600,000**	**-**	**-**	**300,000**	**315,000**	**250,000**	**50,000**	**50,000**
Cash outflow										
Construction costs (1,2&3)		-	420,000	-	-	315,000	315,000	262,500	52,500	52,500
Construction costs (4&5)		-	-	-	-	-	10,000	-	-	-
Head lease		-	-	-	-	-	-	-	-	-
Professional fees		-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	-	-	-	-	-	-	-
Mortgage interest		-	-	-	-	-	-	-	-	-
GST paid		-	-	-	-	-	-	-	-	-
Total cash outflows		**-**	**420,000**	**-**	**-**	**315,000**	**325,000**	**262,500**	**52,500**	**52,500**
Opening cash balance		**(905,400)**	**(858,900)**	**(678,900)**	**(678,900)**	**(678,900)**	**(693,900)**	**(703,900)**	**(716,400)**	**(718,900)**
Variantion in cash balance		46,500	180,000	-	-	(15,000)	(10,000)	(12,500)	(2,500)	(2,500)
Exchange rate		-	-	-	-	-	-	-	-	-
Ending cash balance		**(858,900)**	**(678,900)**	**(678,900)**	**(678,900)**	**(693,900)**	**(703,900)**	**(716,400)**	**(718,900)**	**(721,400)**

Number of weeks:	20	21	22	23	24	25	26	27
Start Date:								
Beginning period:	22-Jan-12	29-Jan-12	5-Feb-12	12-Feb-12	19-Feb-12	26-Feb-12	4-Mar-12	11-Mar-12
Ending period:	28-Jan-12	4-Feb-12	11-Feb-12	18-Feb-12	25-Feb-12	3-Mar-12	10-Mar-12	17-Mar-12
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows								
Costs reimbursed from escrow	300,000	300,000	250,000	50,000	50,000	-	-	-
GST refund from previous month	50,000	-	-	-	50,000	-	-	-
Total cash inflows	**350,000**	**300,000**	**250,000**	**50,000**	**100,000**	**-**	**-**	**-**
Cash outflow								
Construction costs (1,2&3)	315,000	315,000	262,500	52,500	52,500	-	-	-
Construction costs (4&5)	-	10,000	-	-	-	10,000	-	-
Head lease	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-
GST paid	-	-	-	-	-	-	-	-
Total cash outflows	**315,000**	**325,000**	**262,500**	**52,500**	**52,500**	**10,000**	**-**	**-**
Opening cash balance	**(721,400)**	**(686,400)**	**(711,400)**	**(723,900)**	**(726,400)**	**(678,900)**	**(688,900)**	**(688,900)**
Variantion in cash balance	35,000	(25,000)	(12,500)	(2,500)	47,500	(10,000)	-	-
Exchange rate	-	-	-	-	-	-	-	-
Ending cash balance	**(686,400)**	**(711,400)**	**(723,900)**	**(726,400)**	**(678,900)**	**(688,900)**	**(688,900)**	**(688,900)**

Note: The cash flow forecast for weeks 11, 12 and 13, which was previously presented in the Second Monitor’s Report, has been updated by Management.

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

(3) 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.

(4) 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
Opening cash balance	Based on allocated cash balances as at November 19, 2011	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Costs reimbursed from escrow	Funds in escrow received from Canmarc 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 applicable taxes on forecast expenses		X
Forecast cash disbursements			
Construction costs (1, 2 and 3)	Projected construction cost provided by Cuthbert & Smith (consulting), including GST		X
Construction costs (4 and 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	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
GST paid	GST is included in construction costs.	X	
Closing cash balance	Based on allocated cash transactions		X