

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-041305-117

SUPERIOR COURT

(Commercial Division)

(sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
1985, c. C-36, as amended)

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

**Homburg Invest Inc.
Homburg Shareco Inc.
Churchill Estates Development Ltd.
CP Development Ltd.
North Calgary Land Ltd.
Homburg Management (Canada) Inc.**

Debtors / Petitioners

-and-

**Homco Realty Fund (52) Limited Partnership
Homco Realty Fund (61) Limited Partnership
Homco Realty Fund (83) Limited Partnership
Homco Realty Fund (88) Limited Partnership
Homco Realty Fund (89) Limited Partnership
Homco Realty Fund (92) Limited Partnership
Homco Realty Fund (94) Limited Partnership
Homco Realty Fund (96) Limited Partnership
Homco Realty Fund (105) Limited Partnership
Homco Realty Fund (121) Limited Partnership
Homco Realty Fund (142) Limited Partnership
Homco Realty Fund (190) Limited Partnership
Homco Realty Fund (191) Limited Partnership
Homco Realty Fund (199) Limited Partnership
Castello Development Ltd.**

Mises-en-cause

-and-

Samson Bélair/Deloitte & Touche Inc.

Monitor

<p>MOTION FOR ACCESS TO RESTRICTED CASH (Section 11 of the <i>Companies' Creditors Arrangement Act</i>, R.S.C., 1985)</p>
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**TO THE HONOURABLE JUSTICE LOUIS J. GOUIN OR TO ONE OF THE
HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL
DIVISION IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL, THE
PETITIONERS RESPECTFULLY SUBMIT AS FOLLOWS:**

I. INTRODUCTION

1. On September 9, 2011, the Honourable Louis J. Guin, J.S.C. issued an order (the “**Initial Order**”) pursuant to the *Companies Creditors’ Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) in respect of Homburg Invest Inc. (“**HII**”), Homburg Shareco Inc. (“**Shareco**”), Churchill Estates Development Ltd., Inverness Estates Development Ltd. (“**Inverness**”) and CP Development Ltd. (collectively the “**Initial Debtors**”) as appears from the Court record;
2. Pursuant to the Initial Order, Samson Bélair/Deloitte & Touche Inc. (the “**Monitor**”) was appointed as Monitor of the Initial Debtors and a stay of proceedings (the “**Stay of Proceedings**”) was issued from the date of the Initial Order until October 7, 2011;
3. On October 7, 2011, this Court issued an order (the “**First Extension Order**”) extending the Stay of Proceedings. Since then, this Court has further extended the Stay of Proceedings, most recently until January 17, 2014 (the “**Stay Period**”), as appears from the Court record;
4. As appears from the Initial Order and the First Extension Order, the Stay of Proceedings was initially extended in favour of the following limited partnerships: Homco Realty Fund (52) Limited Partnership (“**Homco 52**”), Homco Realty Fund (88) Limited Partnership (“**Homco 88**”), Homco Realty Fund (89) Limited Partnership, Homco Realty Fund (92) Limited Partnership, Homco Realty Fund (94) Limited Partnership (“**Homco 94**”), Homco Realty Fund (105) Limited Partnership (“**Homco 105**”), Homco Realty Fund (121) Limited Partnership (“**Homco 121**”), Homco Realty Fund (122) Limited Partnership (“**Homco 122**”), Homco Realty Fund (142) Limited Partnership and Homco Realty Fund (199) Limited Partnership (collectively the “**Initial Mises-en-cause**”);
5. On May 31, 2012, this Court issued an order amending the Initial Order to add North Calgary Land Ltd. (“**NCLL**”) as a Petitioner and Homco Realty Fund (96) Limited Partnership (“**Homco 96**”) as an Applicant Partnership thereunder. On December 14, 2012, this Court issued a further order amending the Initial Order to add Homco Realty Fund (190) Limited Partnership (“**Homco 190**”) and Homco Realty Fund (191) Limited Partnership (“**Homco 191**”) as Applicant Partnerships;
6. By Order of the Court made on February 6, 2013, the Initial Order was further amended to add Homco Realty Fund (61) Limited Partnership (“**Homco 61**”) as an additional Applicant Partnership and Castello Development Ltd. (“**Castello**”) as a mise-en-cause. On March 14, 2013, the Initial Order was further amended to add Homburg Management (Canada) Inc. (“**HMCI**”) as an additional Petitioner. On April 26, 2013, this Court issued a further order amending the Initial Order to add Homco Realty Fund (83) Limited Partnership (“**Homco 83**”) as Applicant Partnership. Finally, on July 11, 2013, this Court discontinued the stay of proceedings in respect of Homco 122 and on September 30, 2013, this Court discontinued the stay of proceedings in respect of Inverness (NCLL, Homco 96, Homco 190, Homco 191, Homco 61, Castello, HMCI, Homco 83, the Initial Debtors and the Initial Mises-en-cause (excluding Homco 122 and Inverness) are collectively referred to as the “**HII Group**”);

7. The HII Group respectfully requests that this Honourable Court render the orders sought herein to grant access to the required amount of Restricted Cash (as defined below);

II. DEVELOPMENTS SINCE DECEMBER 2, 2013

8. On December 2, 2013, this Honourable Court extended the Stay Period until January 17, 2014, to allow the Debtors to pursue steps to finalize their restructuring (the “**Sixteenth Extension**”). In the context of its request for Sixteenth Extension, HII did not request access to any Restricted Cash (as defined below) for the purposes of funding its cashflow requirements, for the reasons set forth more fully below;
9. As appears from the Twenty-Ninth Report of the Monitor (the “**Twenty-Ninth Report**”) filed in support of the Sixteenth Extension, in the Court record, the HII Group had expected that it would finance its cashflow needs for the extension period through, *inter alia*, the transfer of available funds from Homburg Holdings (U.S.) Inc. (“**HHUS**”), an indirect non-filing subsidiary of HII. As appears from the Court record, HHUS has been divesting properties located in the United States throughout the course of the restructuring;
10. As appears from the Twenty-Ninth Report, HII anticipated that it would obtain approximately \$4 million from HHUS in order to meet its cashflow requirements. Unfortunately, HII later learned that on or about the hearing date, Neil Chapman, the president of the property manager for HHUS, namely Homburg Realty Services (U.S.) Inc. (“**HRS**”), a wholly owned subsidiary of Homburg International Limited (“**HIL**”), an entity ultimately controlled, directly or indirectly, by Richard Homburg, proceeded to transfer, by way of electronic wire, approximately US\$2.6 million (the “**Diverted Funds**”) from HHUS’ bank account to a bank account in the name of HRS at the ANB Bank in Colorado Springs, Colorado;
11. The Diverted Funds were subsequently transferred to a bank account in the name of HIL (or a related entity), at the Bank of Nova Scotia in Halifax and then further transferred to a bank account in Barbados, which HII believes is controlled directly or indirectly by Richard Homburg, as detailed below;
12. According to HRS, the Diverted Funds are allegedly owing to it by HHUS for commissions on the disposition by HHUS of nine (9) shopping centre properties held in a joint venture with Cedar Shopping Centres, Inc. (the “**Cedar Properties**”);
13. Both prior to and following the acquisition by HHUS of its interest, in December 2007, in the joint venture holding the Cedar Properties, the Cedar Properties were managed exclusively by HHUS’ joint venture partner, Cedar Shopping Centers, Inc. In fact, the Cedar Properties are excluded from the Amended and Restated Master Property and Asset Management Agreement dated May 28, 2009 (the “**MPAMA**”) entered into between, *inter alia*, HHUS and HRS, the whole as appears from a copy of the MPAMA filed in support hereof as **Exhibit P-1**;
14. Consistent with the foregoing, since the date of the MPAMA, at no time whatsoever did HRS provide any property or asset management services in respect of the Cedar

Properties nor did HRS claim (other than as set forth herein) or receive any compensation for services rendered in respect of the Cedar Properties;

15. On July 29, 2011, HII terminated the MPAMA;
16. Any and all claims in connection with the termination of the MPAMA were settled and released pursuant to the Purchase Agreement entered into on November 17, 2011 between HII, Homburg Canada Incorporated (“**HCI**”) and their respective affiliates (the “**Purchase Agreement**”), providing for a purchase price payable by the HII group of companies to the HCI group of companies of an approximate amount of C\$21 million, as follows:
 - (a) A C\$10.5 million cash payment as at the closing date;
 - (b) The renouncement to rights in a note receivable for an amount of C\$7.4 million; and
 - (c) The delivery of two condominium properties valued at C\$3.1 million at the expiry of the Stay Period;
17. The Purchase Agreement contained several conditions precedent and was ultimately approved by the Court on January 12, 2012;
18. As previously reported to the Court, the sale of the Cedar Properties closed in October 2012. HRS only first claimed the payment of a commission relating to such sale on or about November 19, 2013, namely more than two years after the sale process was completed and more than a year after the transaction was completed;
19. HII and HHUS disagree and vigorously deny that any commission or amount is owed by HHUS to HRS with respect to the sale of the Cedar Properties;
20. Moreover, at no time did HRS even issue an invoice representing such claim;
21. The Diverted Funds were taken without authorization and without colour of right, HRS seeking to do justice unto itself. HII has also since discovered that Mr. Chapman would have made other unauthorized transfers, for a total of US\$285,000, in the past, in addition to the Diverted Funds;
22. Immediately upon discovering the transfer of the Diverted Funds, HHUS and HII demanded that same be immediately returned and removed any and all authority or control from Mr. Chapman over any HHUS assets. Counsel was immediately retained in Colorado and Nova Scotia to take all appropriate legal proceedings in order to recover the Diverted Funds. Filed in support hereof as **Exhibit P-2 en liasse** are copies of the emergency Ex Parte Motion and Notice of Action dated December 8, 2013, for an order for preservation of assets (a “**Mareva Injunction**”) presented before the Supreme Court of Nova Scotia and a copy of the Affidavit of James F. Miles sworn December 8, 2013, in support of the aforesaid Motion;

23. On December 9, 2013, Honourable Justice Moir of the Supreme Court of Nova Scotia granted the *Mareva* Injunction, as appears from a copy of the Order filed in support hereof as **Exhibit P-3**, and authorized the freezing of assets of 3258949 Nova Scotia Limited (formerly Homburg International Limited), Homburg International Limited (formerly Homburg Services Group (N.A.) Inc., Citadel and HRS (collectively, "**RH Entities**")) up to an aggregate of \$US2.895 million ;
24. When counsel for HII sought to enforce the *Mareva* Injunction, counsel was advised that the Diverted funds had already left Nova Scotia, by a wire transfer from the bank account of Homburg International Limited (or a related entity) to a bank account in Barbados (the "**Barbados Account**") which HII believes is controlled directly or indirectly by Richard Homburg;
25. HII and HHUS engaged counsel in Barbados to pursue further action in order to recover the Diverted Funds in the briefest delays. On December 13, 2013, the Supreme Court of Barbados issued an order for disclosure of the identity of the holder of the Barbados Account (a *Norwich Pharmacal* order), as more fully appears from a copy of the Order filed in support hereof as **Exhibit P-4**. It is currently anticipated that this order will be served on or about the date hereof;
26. HII also intends to bring proceedings before the CCAA Court in this regard as well as in connection with the failure of, *inter alia*, the RH Entities to respect their undertakings contained in the Purchase Agreement;
27. The RH Entities have since retained counsel in Nova Scotia and filed affidavit materials seeking to have the *Mareva* Injunction set aside or varied. It is currently contemplated that this matter will be heard by the Supreme Court of Nova Scotia on or about the date hereof;
28. In light of the foregoing, the HII Group has no alternative but to request access Restricted Cash (as defined below) to continue operations up to January 17, 2014. Upon the recovery of the Diverted Funds, they will be available for future cashflow needs or for distribution to the creditors, as the case may be;

III. ACCESS TO RESTRICTED CASH

29. On January 20, 2012, this Honourable Court rendered a judgment authorizing the sale of Canmarc REIT units (the "**REIT Units**") held by Homco Realty Fund (199) L.P. (the "**REIT Units Sale Order**"). As previously disclosed, the REIT Units were sold and resulted in proceeds of approximately \$145 million (the "**REIT Units Proceeds**");
30. The REIT Units Sale Order provided that HII shall be entitled to have access to the REIT Units Proceeds for an amount of up to \$10 million (the "**Accessible Cash**") for the purposes of funding the liquidity requirements of the HII Group during its restructuring under the CCAA and that all further funding requirements are to be approved by further order of this Honourable Court;

31. As of the date hereof, the REIT Units Proceeds, less the Accessible Cash and the commission paid to HII's financial advisor pursuant to the REIT Units Sale Order, constitute restricted cash (the "**Restricted Cash**");
32. In light of liquidity requirements, this Honourable Court authorized the HII Group to access additional amounts of Restricted Cash, totalling \$45.05 million, as follows:
 - (a) \$6 million on April 11, 2012;
 - (b) \$11 million on May 31, 2012;
 - (c) \$5.2 million on July 18, 2012;
 - (d) \$3 million on September 14, 2012;
 - (e) \$8.1 million on October 10, 2012;
 - (f) \$4.95 million on August 29, 2013; and
 - (g) \$6.8 million on September 30, 2013;
33. The HII Group's estimated liquidity requirements for the period ending January 17, 2014 2013 are such that, in light of the circumstances described above, access to an additional amount of Restricted Cash will be required, namely an estimated sum of approximately \$2.585 million, in order to have sufficient liquidity to pursue its restructuring efforts and meet its ongoing obligations, without using alternate sources of financing, as will appear from HII's the Monitor's Thirtieth Report to be filed in support of this motion;
34. In light of the foregoing, it is respectfully requested that this Honourable Court authorize HII to have access to an incremental amount of up to \$2.585 million of Restricted Cash to allow it to continue its operations and ultimately implement the Plans, the whole in the best interest of its stakeholders;

IV. CONCLUSION

35. HII is of the view that providing the relief requested herein is appropriate in the present circumstances. Accordingly, HII respectfully requests that this Honourable Court render the orders contained in the conclusions herein;
36. As will appear from the Thirtieth Report, the Monitor supports the present Motion;
37. The HII Group has acted, and continues to act, in good faith and with the utmost diligence;
38. The present motion is well founded in fact and law.

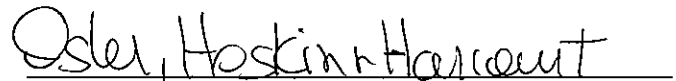
WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

1. **GRANT** the present *Motion for access to Restricted Cash* (the "**Motion**");

2. **ORDER** that Homburg Invest Inc. shall be entitled to have access to an incremental amount of up to \$2,585,000 (two million five hundred eighty-five thousand dollars) of the Restricted Cash for the purposes of funding the liquidity requirements of the HII Group during its restructuring under the *Companies Creditors' Arrangement Act*, R.S.C. 1985, c. C-36; all further funding requirements to be approved by further order of the Court;

THE WHOLE WITHOUT COSTS, save in the event of contestation.

MONTRÉAL, December 16, 2013




OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Debtors and Mises-en-cause

AFFIDAVIT

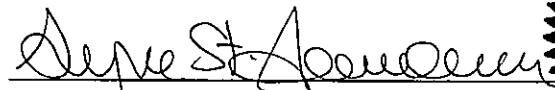
I the undersigned, Jan Schöningh, domiciled and residing at 597 Roslyn Avenue, Westmount, Québec, H3Y 2V1, solemnly declare the following:

1. I am the President and Chief Executive Officer of Homburg Invest Inc. and duly authorized representative of the Petitioners for the purpose hereof;
2. I have taken cognizance of the attached *Motion for access to Restricted Cash*;
3. All of the facts alleged in the said motion are true.

AND I HAVE SIGNED:


Jan Schöningh

SOLEMNLY DECLARED BEFORE ME
IN MONTRÉAL, QUÉBEC ON THE
16TH DAY OF DECEMBER 2013.


COMMISSIONER OF OATHS
FOR THE PROVINCE OF QUÉBEC



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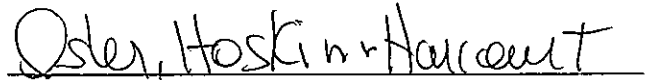
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Reinforcing Steel**

TAKE NOTICE that the *Motion for access to Restricted Cash* will be presented for hearing and allowance in the Superior Court, commercial division, at the Montréal Courthouse, 1 Notre-Dame Street East, Montréal, on December 18, 2013, at 10:00 a.m., or so soon thereafter as counsel may be heard, and in a room to be announced.

PLEASE ACT ACCORDINGLY.

MONTREAL, December 16, 2013


OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Debtors and Mises-en-cause

**CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL**

No.: 500-11-041305-117

SUPERIOR COURT
(Commercial Division)
(sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
1985, c. C-36, as amended)

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

**Homburg Invest Inc.
Homburg Shareco Inc.
Churchill Estates Development Ltd.
CP Development Ltd.
North Calgary Land Ltd.
Homburg Management (Canada) Inc.
Debtors / Petitioners**

-and-

**Homco Realty Fund (52) Limited Partnership
Homco Realty Fund (61) Limited Partnership
Homco Realty Fund (83) Limited Partnership
Homco Realty Fund (88) Limited Partnership
Homco Realty Fund (89) Limited Partnership
Homco Realty Fund (92) Limited Partnership
Homco Realty Fund (94) Limited Partnership
Homco Realty Fund (96) Limited Partnership
Homco Realty Fund (105) Limited Partnership
Homco Realty Fund (121) Limited Partnership
Homco Realty Fund (142) Limited Partnership
Homco Realty Fund (190) Limited Partnership
Homco Realty Fund (191) Limited Partnership
Homco Realty Fund (199) Limited Partnership
Castello Development Ltd.**

Mises-en-cause

-and-

**Samson Bélair/Deloitte & Touche Inc.
Monitor**

<p>LIST OF EXHIBITS</p>

Exhibit P-1: Amended and Restated Master Property and Asset Management Agreement dated May 28, 2009;

- Exhibit P-2: Copies of the emergency Ex Parte Motion and Notice of Action dated December 8, 2013 and Affidavit of James F. Miles sworn December 8, 2013 (*en liasse*);
- Exhibit P-3: Copy of the Supreme Court of Nova Scotia's Order issued on December 9, 2013;
- Exhibit P-4: Copy of the Supreme Court of Barbados' Order issued on December 13, 2013.

MONTREAL, December 16, 2013


OSLER, HOSKIN & HARCOURT LLP
Attorneys for the Debtors and Mises-en-cause

EXHIBIT P-1

Amended and Restated Master Property and Asset Management Agreement dated
May 28, 2009;

**AMENDED AND RESTATED
MASTER PROPERTY AND ASSET MANAGEMENT AGREEMENT**

BETWEEN:

Homburg Canada Incorporated

OF THE FIRST PART

AND:

Homburg Realty Services (US) Inc.

OF THE SECOND PART

AND:

Homburg Canada QC Inc.

OF THE THIRD PART

AND:

Homburg L.P. Management Inc., as a general partner for and on behalf of each of the limited partnerships referred to in Schedule "A"

OF THE FOURTH PART

AND:

Homburg CN L.P. Management Inc., as general partner for and on behalf of Homco Realty Fund (130) Limited Partnership;

OF THE FIFTH PART

AND:

Homburg LT LP1 GP1 Inc., as a general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1;

OF THE SIXTH PART

AND:

Homburg LT LP1 GP2 Inc., as general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 1;

OF THE SEVENTH PART

AND:

Homburg LT LP2 GP1 Inc., as general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 2;

OF THE EIGHTH PART

AND:

Homburg LT LP2 GP2 Inc., as general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 2;

OF THE NINTH PART

AND:

Homburg LT LP3 GP1 Inc., as general partner for and on behalf of
KUB Homburg NT;

OF THE TENTH PART

AND:

Homburg LT LP3 GP2 Inc., as general partner for and on behalf of
KUB Homburg NT

OF THE ELEVENTH PART

AND:

Homburg Estonia Latvia GP Inc., as general partner for and on
behalf of Homburg Baltic (LV) Investments KS, Homburg Baltic (ES)
Investments UU and Homburg Baltic (ES) AST Investments UU;

OF THE TWELFTH PART

AND:

Homburg Invest Inc.

OF THE THIRTEENTH PART

AND:

Homburg Holdings (U.S.) Inc.

OF THE FOURTEENTH PART

AND

Homburg Real Estate Trust

OF THE FIFTHTEENTH PART

AND:

Blackfoot Development Ltd.

OF THE SIXTHTEENTH PART

AND:

Citadel West Development Ltd.

OF THE SEVENTEENTH PART

AND:

Castello Development Ltd.

OF THE EIGHTEENTH PART

AND:

Churchill Estates Development Ltd.

OF THE NINETEENTH PART

AND:

Inverness Estates Development Ltd.

OF THE TWENTIETH PART

AND:

CP Development Ltd.

OF THE TWENTYFIRST PART

AND:

North Calgary Land Limited

OF THE TWENTYSECOND PART

AND:

High River Development Ltd.

OF THE TWENTYTHIRD PART

AND:

Homburg Kai Development Ltd.

OF THE TWENTYFOURTH PART

AND:

Holland Garden Development Ltd.

OF THE TWENTYFIFTH PART

AND:

Homburg Harris Centre Development Ltd.

OF THE TWENTYSIXTH PART

**AMENDED AND RESTATED
MASTER PROPERTY AND ASSET MANAGEMENT AGREEMENT**

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**THIS AMENDED AND RESTATED MASTER PROPERTY AND ASSET
MANAGEMENT AGREEMENT** made as of the 28th of May, 2009.

BETWEEN:

Homburg Canada Incorporated, a limited liability company incorporated under the laws of Nova Scotia and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Frank Matheson

(hereinafter referred to as the "HCI")

OF THE FIRST PART

AND:

Homburg Realty Services (US) Inc., a corporation incorporated under the laws of Colorado and having its principal place of business at 559 East Pikes Peak Avenue, Suite 320, Colorado Springs, Colorado 80903, and for the purpose of this Agreement lawfully represented by its Assistant Secretary, Mr. Frank Matheson

(hereinafter referred to as the "HRS")

OF THE SECOND PART

AND:

Homburg Canada QC Inc., a limited liability company incorporated under the laws of Nova Scotia and having its principal place of business in Montreal, Quebec, and for the purpose of this Agreement lawfully represented by its President, Mr. Frank Matheson

(hereinafter referred to as "HCQC")

OF THE THIRD PART

AND:

Homburg L.P. Management Incorporated, as general partner for and on behalf of each of the limited partnerships referred to in Schedule "A", each a limited partnership formed in the Province of Nova Scotia, Canada and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "Homburg LP")

OF THE FOURTH PART

AND:

Homburg CN L.P. Management Inc., as general partner for and on behalf of Homco Realty Fund (130) Limited Partnership, a limited partnership formed in the Province of Nova Scotia, Canada and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "HCN")

OF THE FIFTH PART

AND:

Homburg LT LP1 GP1 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP1GP1")

OF THE SIXTH PART

AND:

Homburg LT LP1 GP2 Inc. as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP1GP2")

OF THE SEVENTH PART

AND:

Homburg LT LP2 GP1 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 2, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP2GP1")

OF THE EIGHTH PART

AND:

Homburg LT LP2 GP2 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 2, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP2GP2")

OF THE NINTH PART

AND:

Homburg LT LP3 GP1 Inc., as general partner for and on behalf of KUB Homburg NT, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP3GP1")

OF THE TENTH PART

AND:

Homburg LT LP3 GP2 Inc., as general partner for and on behalf of KUB Homburg NT, a limited partnership formed in the Republic of Lithuania, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "LP3GP2")

OF THE ELEVENTH PART

AND:

Homburg Estonia Latvia GP Inc. as general partner, for and on behalf of the following partnerships: Homburg Baltic (LV) Investments KS, Homburg Baltic (ES) Investments UU and Homburg Baltic (ES) AST Investments UU, each a limited partnership formed in the Republics of Estonia and Latvia, and having its principal place of business in Halifax Regional Municipality, Nova Scotia, and for the purpose of this Agreement lawfully represented by its President, Mr. Richard Homburg

(hereinafter referred to as "HELGP")

(hereinafter LP1GP1, LP1GP2, LP2GP1, LP2GP2, LP3GP1, LP3GP2 and HELGP collectively referred to as "Baltic GP")

OF THE TWELFTH PART

AND:

Homburg Invest Inc., a corporation amalgamated under the laws of Alberta and having its head office at 1741 Brunswick Street, Suite 600, Halifax, Nova Scotia B3J 3X8, and for the purpose of this Agreement lawfully represented by its Vice President, Finance & CFO, Mr. Jamie Miles

(hereinafter referred to as "HII")

OF THE THIRTEENTH PART

AND:

Homburg Holdings (U.S.) Inc., a corporation incorporated under the laws of Colorado and having its principal place of business at 559 East Pikes Peak Avenue, Suite 320, Colorado Springs, Colorado 80903, and for the purpose of this Agreement lawfully represented by its Assistant Secretary, Mr. Frank W. Matheson

(hereinafter referred to as "Homburg US")

OF THE FOURTEENTH PART

AND:

Homburg Real Estate Trust, a trust governed by the laws of Quebec, having its place of business at 1 Place Alexis Nihon, Suite 1010, Montreal, Quebec H3Z 3B8, and for the purposes of this Agreement lawfully represented by its Trustee, Mr. James Beckerleg

(hereinafter referred to as "HRET")

OF THE FIFTEENTH PART

AND:

Blackfoot Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "BDL")

OF THE SIXTEENTH PART

AND:

Citadel West Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "CWDL")

OF THE SEVENTEENTH PART

AND:

Castello Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "CDL")

OF THE EIGHTEENTH PART

AND:

Churchill Estates Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "CEDL")

OF THE NINETEENTH PART

AND:

Inverness Estates Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "IEDL")

OF THE TWENTIETH PART

AND:

CP Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "CPDL")

OF THE TWENTYFIRST PART

AND:

North Calgary Land Limited, a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "NCLL")

OF THE TWENTYSECOND PART

AND:

High River Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Secretary, Mr. Frank Matheson

(hereinafter referred to as "HRDL")

OF THE TWENTYTHIRD PART

AND

Homburg Kai Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Vice-President and Chief Financial Officer, Mr. Jamie Miles

(hereinafter referred to as "HKDL")

OF THE TWENTYFOURTH PART

AND:

Holland Garden Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Vice-President and Chief Financial Officer, Mr. Jamie Miles

(hereinafter referred to as "HGDL")

OF THE TWENTYFIFTH PART

AND:

Homburg Harris Centre Development Ltd., a corporation incorporated under the laws of Alberta, having its principal place of business in Calgary, Alberta and for the purposes of this Agreement lawfully represented by its Vice-President and Chief Financial Officer, Mr. Jamie Miles

(hereinafter referred to as "HHCD")

OF THE TWENTYSIXTH PART

WHEREAS

1. Prior to June 13th, 2007, Homburg LP for and on behalf of each of the limited partnerships referred to in Schedule "A", HII and Homburg US (collectively, the Development Companies, Homburg LP, HII and Homburg US are referred to as the "Owners" and "Owner" means such one of them as the context requires) were each separately a party to existing asset management agreements and/or existing property management agreements with either HCI or HRS, as applicable (collectively, the "Existing Management Agreement");
2. In June 2007, BDL, CWDL, CDL, CEDL, IEDL, CPDL, NCLL, HRDL, HKDL, HGDL and HHCD (collectively, referred to as the "Development Companies") desired to enter into a property and asset management agreement with HCI;
3. Since HCI wished to provide property and asset management services to the Development Companies, HII, and Homburg LP for and on behalf of each of the limited partnerships referred to in Schedule "A" and HRS as a subsidiary of HCI wished to provide property and asset management services solely to Homburg US, the parties entered into a master property and asset management agreement effective as of the 13th day of June, 2007 (the "Original Master Agreement");
4. Under the Original Master Agreement, HCI and/or HRS provided general property management services and strategic planning, marketing, financial reporting and public disclosure, advisory and acquisition and disposition services to the Owners;
5. The parties to the Original Master Agreement desire to amend certain provisions of the Original Master Agreement to permit HCI to assign certain rights and obligations to other entities in relation to the performance and delivery of certain asset management and property management services;
6. The parties to the Original Master Agreement desire to amend the Original Master Agreement to reflect any additions and/or deletions (as applicable) to the parties to the Original Master Agreement and any additions and/or deletions (as applicable) to the properties which are governed by the Original Master Agreement;

7. HCN for and on behalf of the limited partnerships referred to in Schedule "A-1", Baltic GP for and on behalf of limited partnerships referred to in Schedule "A-2", HRET for and on behalf of the properties referred to in Schedule "C", (collectively, the Development Companies, Homburg LP, Baltic GP, HCN, HRET, HII and Homburg US are referred to as the "Owners" and "Owner" means such one of them as the context requires) are new Owners to be added to the Original Master Agreement;
8. HCI wishes to provide property and asset management services to the Development Companies, HII, Homburg LP for and on behalf of each of the limited partnerships referred to in Schedule "A", and Baltic GP for and on behalf of each of the limited partnerships referred to in Schedule "A-2";
9. HRS as a subsidiary of HCI wishes to provide property and asset management services solely to Homburg US. HCQC as a subsidiary of HCI wishes to provide only property management services solely to the limited partnerships referred to in Schedule "A-1" and to those properties owned directly and indirectly by HRET referred to in Schedule "C";
10. The Manager will provide general property management services and strategic planning, marketing, financial reporting and public disclosure, advisory and acquisition and disposition services to the Owners;
11. Therefore the parties wish to confirm and/or define their relationship by entering into an amended and restated master property and asset management agreement which will supersede the Original Master Agreement and any Existing Management Agreements previously entered into by any Owner with its respective Manager;
12. The term 'Owners' is used collectively in relation to Homburg LP, for and on behalf of each of the limited partnerships referred to in Schedule "A" (as amended from time to time) HCN, for and on behalf of each of the limited partnerships referred to in Schedule "A-1" (as amended from time to time) and Baltic GP for and on behalf of each of the limited partnerships referred to in Schedule "A-2"(as amended from time to time), HII, HRET, and Homburg US; however, when used in relation to HII, it is only used in connection with the property owned directly by HII in Schedule "C" and is not to be attributed to the limited partnerships referred to in Schedule "A", "A-1" or "A-2", as amended from time to time, where HII is also a limited partner; and
13. The term 'Manager' is used in relation to HCI, HCQC or HRS, as the context requires.

WITNESSETH:

In consideration of the mutual promises and covenants herein, the Manager and each of the Owners agree as follows:

ARTICLE I - INTERPRETATION

(a) Definitions

In this Agreement, including the Schedules:

"**Agreement**" means this Master Property and Asset Management Agreement and all schedules referred to herein, as amended from time to time.

"Assets" means all individual assets currently owned by each of the Owners and all future assets acquired by each of the Owners, with the exception of those assets which already have or will have third party asset management agreements in place.

"Asset Base" means, effective January 1, 2008, investment properties and development properties as reported under International Financial Reporting Standards as adopted by the International Accounting Standards Board.

"Baltic GP" means collectively LP1GP1, LP1GP2, LP2GP1, LP2GP2, LP3GP1, LP3GP2 and HELGP and any other general partners for Baltic limited partnerships which may be added to this Agreement from time to time.

"BDL" means Blackfoot Development Ltd., a corporation incorporated under the laws of Alberta.

"Business Day" means the day other than a Saturday, Sunday or statutory holiday in the Province of Nova Scotia.

"CDL" means Castello Development Ltd., a corporation incorporated under the laws of Alberta.

"CEDL" means Churchill Estates Development Ltd., a corporation incorporated under the laws of Alberta.

"CPDL" means CP Development Ltd., a corporation incorporated under the laws of Alberta.

"CWDL" means Citadel West Development Ltd., a corporation incorporated under the laws of Alberta.

"Development Companies" means collectively BDL, CWDL, CDL, CEDL, IEDL, CPDL, NCLL, HRDL, HKDL, HGDL and HHCD and any other development companies which may be added to this Agreement from time to time.

"Existing Management Agreement" means an existing asset management agreement and/or existing property management agreement between either HCI or HRS and each of the Owners, as applicable.

"HCI" means Homburg Canada Incorporated, a limited liability company incorporated under the laws of Nova Scotia.

"HCN" means Homburg CN L.P. Management Inc., as general partner, for and on behalf of the limited partnerships referred to in Schedule "A-1".

"HCQC" means Homburg Canada QC Inc., a limited liability company incorporated under the laws of Nova Scotia.

"HELGP" means Homburg Estonia Latvia GP Inc., as general partner, for and on behalf of the limited partnerships formed in the Republics of Estonia and Latvia, referred to in Schedule "A-2".

"HGDL" means Holland Garden Development Ltd., a corporation incorporated under the laws of Alberta.

"HHCD" means Homburg Harris Centre Development Ltd., a corporation incorporated under the laws of Alberta.

"HII" means Homburg Invest Inc., a corporation amalgamated under the laws of Alberta.

"HKDL" means Homburg Kai Development Ltd., a corporation incorporated under the laws of Alberta.

"HRDL" means High River Development Ltd., a corporation incorporated under the laws of Alberta.

"HRET" means Homburg Real Estate Trust, a trust governed by the laws of Quebec.

"HRS" means Homburg Realty Services (US) Inc., a corporation incorporated under the laws of Colorado.

"Homburg LP" means Homburg L.P. Management Incorporated, as general partner, for and on behalf of each of the limited partnerships referred to in Schedule "A".

"Homburg U.S." means Homburg Holdings (U.S.) Inc., a corporation incorporated under the laws of Colorado.

"IEDL" means Inverness Estates Development Ltd., a corporation incorporated under the laws of Alberta.

"Limited Partnerships" means the limited partnerships referred to in Schedules "A", "A-1" and "A-2" as amended from time to time.

"LP1GP1" means Homburg LT LP1 GP1 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1.

"LP1GP2" means Homburg LT LP1 GP2 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1.

"LP2GP1" means Homburg LT LP2 GP1 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 2.

"LP2GP2" means Homburg LT LP2 GP2 Inc., as general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 2.

"LP3GP1" means Homburg LT LP3 GP1 Inc., as general partner for and on behalf of KUB Homburg NT.

"LP3GP2" means Homburg LT LP3 GP2 Inc., as general partner for and on behalf of KUB Homburg NT.

"Manager" means either HCI, HCQC or HRS as the context requires.

"NCLL" means North Calgary Land Limited, a corporation incorporated under the laws of Alberta.

"Non-Competition Agreement" means the non-competition agreement dated June 13, 2007 between HII, HCI, Homburg LP and Richard Homburg.

"Original Master Agreement" means the master property and asset management agreement dated June 13, 2007 between HCI, HRS, Homburg LP, as general partner for and on behalf of each of the limited partnerships referred to in Schedule "A" attached to the Original Master Agreement, HII, Homburg US, BDL, CWDL, CDL, CEDL, IEDL, CPDL, NCLL, HRDL, HKDL, HGDL and HHCD.

"Owners" means collectively the Development Companies, Homburg LP, Baltic GP, HII, HRET, and Homburg US, and any other parties which may be added to this Agreement from time to time.

"Properties" means, collectively, the properties referred to in Schedule "B" which are owned by Homburg LP (on behalf of the limited partnerships referred to in Schedule "A"), the properties referred to in Schedule "B-1" which are owned by HCN (on behalf of the limited partnerships referred to in Schedule "A-1"), the properties referred to in Schedule "B-2" which are owned by Baltic GP (on behalf of limited partnerships referred to in Schedule "A-2") the properties referred to in Schedule "C" owned directly by Homburg US, HII or directly or indirectly by HRET, as applicable, the properties referred to in Schedule "C-1" owned by the Development Companies and all future properties acquired by the Owners, with the exception of those properties which already have or will have third party asset management agreements in place.

"Termination Compensation" has the definition assigned to it in Article IX(b).

"Termination Right" means the exercise of the right to terminate as set out in Article IX(a).

(b) Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule "A"	-	Limited Partnerships for which Homburg LP is General Partner
Schedule "A-1"		Limited Partnership for which HCN is General Partner
Schedule "A-2"		Limited Partnerships for which Baltic GP is General Partner
Schedule "B"	-	Properties owned by Homburg LP
Schedule "B-1"		Properties owned by HCN
Schedule "B-2"		Properties owned by Baltic GP
Schedule "C"	-	Properties owned by HII, Homburg US and HRET
Schedule "C1"	-	Properties owned by Development Companies
Schedule "D"	-	Compensation Schedule
Schedule "D1"	-	Development Companies – Compensation Schedule

(c) Rules of Interpretation

Unless a contrary intention appears in context, or express provisions of this Agreement provide otherwise:

- (i) the inclusion of headings and a table of contents herein are for convenience of reference only and are not to be considered or taken into account in construing the provisions of this Agreement;
- (ii) references to an Article, Section, or Schedule are references to an Article, Section, or Schedule, as the case may be, of this Agreement;
- (iii) references herein to an enactment, statute or similar legislative instrument shall include all amendments thereto and replacements therefore in whole or in part, and all regulations or other subordinate legislation issued, promulgated or otherwise in effect pursuant thereto, from time to time, whether or not so stated herein;
- (iv) words importing the singular shall include the plural and vice versa, and words importing a particular gender shall include all genders;
- (v) capitalized words and phrases used herein which are derivatives of words or phrases otherwise defined herein shall have a corresponding meaning;

- (vi) where a period of time is specified, dated or calculated from a date or event, such period shall, unless otherwise stated herein, be calculated excluding such date or the date on which such event occurs, as the case may be;
- (vii) time shall in all respects be of the essence hereof;
- (viii) the rule of contractual interpretation known as "*contra proferentem*" shall not apply in the interpretation or construction of this Agreement, and in this regard, the authorship of this Agreement or any portion hereof shall be irrelevant knowledge for any and all purposes; and
- (ix) words such as "hereof", "herein" or "hereunder" shall mean of, in or under this Agreement and not the specific section in which the reference occurs.

ARTICLE II - EXCLUSIVE AGENCY

i. Effective Date: June 13, 2007

Homburg LP hereby appoints HCI, effective the 13th day of June, 2007, the sole and exclusive leasing and rental agent and manager of the properties owned by Homburg LP (on behalf of the limited partnerships referred to in Schedule "A") described in Schedule "B" attached hereto, and all future properties acquired by Homburg LP (on behalf of each of the limited partnerships referred to in Schedule "A", as amended from time to time) and HCI hereby accepts such appointment.

HII hereby appoints HCI, effective the 13th day of June, 2007, the sole and exclusive leasing and rental agent and manager of the properties owned directly by HII described in Schedule "C" attached hereto and all future properties acquired by HII and HCI hereby accepts such appointment.

Homburg US hereby appoints HRS, effective the 13th day of June, 2007, the sole and exclusive leasing and rental agent and manager of the properties owned directly by Homburg US described in Schedule "C" attached hereto and all future properties acquired by Homburg US and HRS hereby accepts such appointment.

Each of the Development Companies hereby appoints HCI, effective the 13th day of June, 2007, the sole and exclusive leasing and rental agent and manager of the properties owned directly by each of the Development Companies described in Schedule "C-1" attached hereto and all future properties acquired by each of the Development Companies and HCI hereby accepts such appointment.

Each of the Development Companies, Homburg LP and HII also appoints HCI, effective the 13th day of June, 2007, the asset manager of their individual assets, and HCI hereby accepts such appointment.

Homburg US also appoints effective the 13th day of June, 2007, HRS the asset manager of its assets, and HRS hereby accepts such appointment.

ii. Effective Date: December 20, 2007

Each respective Baltic GP hereby appoints HCI, effective the 20th day of December, 2007, the sole and exclusive leasing and rental agent and manager of the properties owned by each respective Baltic GP (on behalf of the respective limited partnership referred to in Schedule "A-2") described in Schedule "B-2" attached hereto, and all future properties acquired by each

respective Baltic GP (on behalf of the respective limited partnership referred to in Schedule "A-2", as amended from time to time) and HCI hereby accepts such appointment.

Each respective Baltic GP (on behalf of the respective limited partnership referred to in Schedule "A-2") also appoints HCI, effective the 20th day of December, 2007, the asset manager of each of their respective individual assets, and HCI hereby accepts such appointment.

iii. Effective Date: January 1, 2008

HCN hereby appoints HCQC, effective the 1st day of January, 2008, the sole and exclusive leasing agent and manager of the properties owned by HCN (on behalf of the limited partnership referred to in Schedule "A-1") described in Schedule "B-1" attached hereto, and all future properties acquired by HCN (on behalf of the limited partnership referred to in Schedule "A-1") and HCQC hereby accepts such appointment.

HRET appoints HCQC, effective the 1st day of January, 2008, the sole and exclusive leasing agent and manager of the properties owned directly and indirectly by HRET described in Schedule "C" and HCQC hereby accepts such appointment.

Hereinafter, the properties referred to in Schedules "B", "B-1", "B-2", "C" and "C-1", and all future properties acquired by each of the Owners, shall be referred to collectively as the "Properties".

Hereinafter, HCI, HCQC and HRS are collectively referred to as the "Manager". As manager of the Owners' assets, the Manager has all the rights and obligations accruing to managers under the law. The Manager shall do and not do all that which a prudent and diligent manager ought to do and not to do and shall carry out its work for the benefit of the Owners' continuity.

ARTICLE III - ADDITION/REMOVAL OF OWNERS/PROPERTIES/ASSETS

The parties agree that they will (i) cause any new Owner to become a party to this Agreement and become bound by it as if it were an original party thereto; and (ii) periodically review the Schedules to this Agreement to reflect any additions or deletions, as applicable.

The parties hereto agree that all future properties and/or assets acquired by the Owners (except those that already have or will have third party property management agreements or asset management agreements in place, if determined by HII, HCQC, HRS and HCI to be more practicable) shall be governed by this Agreement and the Schedules attached hereto, subject to necessary adaptations. Without further consideration the parties covenant and agree to execute, acknowledge and deliver such other instruments and documents and take all such other actions as may be reasonably necessary to carry out their respective obligations under this Agreement.

Each of HCI, HCQC and HRS understands and agrees that their management obligations under this Agreement will extend to the Owners and Properties to be added as per the above and each of HCI, HCQC and HRS hereby accepts such appointment.

ARTICLE IV - TERM OF AGREEMENT

i. Effective Date: June 13, 2007

In the case of Homburg LP, HII, Homburg US and each of the Development Companies this Agreement shall be effective as of the 13th day of June, 2007, and shall continue until the 30th day of June, 2016, and shall be automatically renewed thereafter for successive periods of one (1) year each unless terminated earlier as provided for in Article X.

ii. **Effective Date: December 20, 2007**

In the case of each respective Baltic GP, this Agreement shall be effective as of the 20th day of December, 2007, and shall continue until the 30th day of June, 2016, and shall be automatically renewed thereafter for successive periods of one (1) year each unless terminated earlier as provided for in Article X.

iii. **Effective Date: January 1, 2008**

In the case of HCN and HRET, this Agreement shall be effective as of the 1st day of January, 2008, and shall continue until the 30th day of June, 2016, and shall be automatically renewed thereafter for successive periods of one (1) year each unless terminated earlier as provided for in Article X.

ARTICLE V - RENTAL

(a) **Rental of Properties**

The Manager shall use its best efforts to rent all space in the Properties which is now vacant or may become vacant during the term of this Agreement. When appropriate, the Manager shall engage, at its expense, the services of other real estate brokers to lease space in the Properties who shall be paid from such commissions as may become due to the Manager under the terms of this Agreement.

(b) **Negotiation of Leases**

The Owners shall refer all inquiries concerning the rental of space in the Properties to the Manager. All negotiations with prospective tenants shall be conducted by the Manager or under his direction within the rental rates parameters established by the Owners as described in Article V (c) below. The Manager shall have the authority to execute on behalf of the applicable Owner all leases or rental agreements for a period of five (5) years or less provided that such leases may also contain a renewal provision for one (1) additional term of five (5) years or less, subject to the rental rates parameters established by the Owners. The Manager shall execute all leases covering a term of more than five (5) years with the prior written approval of the applicable Owner.

(c) **Rental Rates**

Rental rates for space in the Properties shall be established by the Owners. The Manager shall promptly, following the execution of this Agreement and from time to time thereafter, make recommendations to the Owners with respect to rental rates.

(d) **Advertising**

Subject to the approval of the applicable Owner and at such Owner's expense, the Manager shall advertise such space as is available for rent and arrange for such signs, renting plans, brochures and other forms of advertising as may appear advisable.

(e) **Compensation**

As compensation for renting and leasing space in the Properties, the Owners shall pay the Manager as set forth in Schedule "D" or Schedule "D-1", as applicable.

ARTICLE VI - OPERATING MANAGEMENT

(a) Management of Properties

The Manager shall manage the Properties in an efficient and businesslike manner, having due regard for the age and physical condition of the Properties. The Manager, through his employees and independent contractors, shall supply complete operational services for the Properties. At its sole discretion, the Manager shall have the right to subcontract to third parties, at its cost, the performance of the activities entrusted to and under this Article VI.

(b) Repairs

The Manager shall, in the name of and at the expense of the applicable Owner, make or cause to be made such ordinary repairs and alterations as the Manager may deem advisable or necessary. The Manager will be authorized to expend any amount within the yearly budget for maintenance as approved by the applicable Owner. However, any repairs or alterations that will exceed the approved budget, will need the applicable Owner's prior written approval except in emergency repairs if, in the opinion of the Manager, such repairs are necessary to protect the Properties from damage or to maintain services to tenants as called for in their leases.

(c) Service Contracts

The Manager shall, in the name of and at the expense of the applicable Owner, contract at rates not to exceed market rates, for those utilities and other building operation and maintenance services the Manager shall deem advisable; provided that no service contract shall be for a term of exceeding one (1) year without the prior written approval of applicable Owner. The Manager shall, at the applicable Owner's expense, purchase and keep the Properties furnished with all necessary supplies. All expenses shall be charged to the applicable Owner at net cost, and such Owner shall be credited with all rebates, refunds, allowances and discounts allowed to the Manager.

(d) Employees

- (i) Except as provided for in Article VI(d)(ii), all persons employed in the operation of the Properties shall be employees of the Manager. The employees shall report to the Manager. The Manager shall make disbursements and deposits for all compensation and other amounts payable with respect to persons who are employed in the operation of the Properties, including, but not limited to, unemployment insurance, social security, workmen's compensation and other charges imposed by a governmental authority or provided for in a union agreement. The Manager shall maintain complete payroll records.
- (ii) HII shall have the right, in its sole discretion, to employ, retain or arrange for the employment or retention of such individuals required for the operation of the Properties which are owned directly or indirectly by HII.

(e) Expenditures

The Manager shall be responsible for and pay all of its operating and administrative expenses and other costs, including, without limitation:

- (i) employment expenses of its personnel, including, but not limited to, salaries, wages and the cost of employee benefit plans;

- (ii) rent, telephone, utilities, office, furniture, equipment and machinery and other office expenses of the Manager; and
- (iii) miscellaneous administrative expenses related to the performance by the Manager of its functions hereunder

(f) Collection of Segregation of Funds

The Manager shall collect the rent and other income from tenants of the Properties. All funds received by the Manager for or on behalf of the Owners shall be deposited in an internationally recognized bank or financial institution in an interest-bearing trust account, where available, maintained by the Manager for the deposits of funds of the Owners and not mingled with the funds of the Manager.

(g) Bonding Employees

All employees of the Manager who handle or are responsible for the Owners' funds shall be bonded by a fidelity bond in an adequate amount.

(h) Interest & Tax Payments

The Manager shall pay interest or amortization on mortgages, taxes, assessments, premiums on insurance or reserves for such items only as designated in Schedule "D" and Schedule "D-1".

(i) Special Services

At the request of any Owner, the Manager will also perform, as part of its management services hereunder, the following special services for such Owner: supervise remodeling; provide special accounting; and act as property consultant. Such special services shall be part of the services provided hereunder and are therefore included in the property management service fees described in Schedule "D" or Schedule "D-1", as applicable.

(j) Legal Proceedings

The Manager shall, at the applicable Owner's request and expense, engage counsel and cause such legal proceedings to be instituted as may be necessary to enforce payment of rent or to compromise disputes with tenants involving setoffs or damage claims so long as the amount involved does not exceed one (1) month's rent payable by such tenant.

(k) Compensation

As compensation for management of their Properties, the Owners shall pay the Manager Property Management Services Fees as set forth in paragraph (a) of Schedule "D", except for the Development Companies, in which case the property management service fees described in Schedule "D-1" shall be payable.

ARTICLE VII - ASSET MANAGEMENT

(a) Duties of the Manager

As Asset Manager, duties of the Manager shall include:

- (i) The following activities:
 - Strategic Planning for each of the Owners
 - PR and Marketing including investor relations, press releases, etc. for each of the Owners (if applicable)
 - Writing and producing the annual report, interim reports and prospectus for each of the Owners (if applicable)
 - Advising on buying and selling property by each of the Owners
 - Arranging financing for each of the Owners including the management of share issues
- (ii) The duties of the Manager as Asset Manager shall also include responsibilities relating to the acquisition and disposition of the Properties. This responsibility includes but is not limited to (i) determining future properties and/or assets to be acquired by the Owners; or (ii) determining which currently owned Properties should be disposed of.

The parties have agreed in Article III of this Agreement that all future properties and/or assets acquired by the Owners shall be governed by this Agreement and the Schedules attached hereto. Therefore, any future property and/or asset acquired by the Owners shall be subject to the acquisition fee as set forth in paragraph (b) of Schedule "D".

The Manager shall have the right to subcontract to third parties, at its cost, the performance of the activities entrusted to and under this Article VII.

(b) Compensation

As compensation for management of the Assets, the Owner shall pay the Manager asset management services fees as set forth in paragraph (b) of Schedule "D".

Notwithstanding the foregoing, since HCQC has not been appointed as an asset manager, HCQC is not entitled to receive asset management services fees in relation to its duties as manager of the properties owned by HCN (on behalf of the limited partnership referred to in Schedule "A-1") described in Schedule "B-1" attached hereto, and all future properties acquired by HCN (on behalf of the limited partnership referred to in Schedule "A-1") or as manager of the properties owned directly and indirectly by HRET described in Schedule "C" and all future properties acquired by HRET.

ARTICLE VIII - ADDITIONAL COVENANTS

(a) Indemnification

Each Owner agrees to hold and save the Manager harmless from any damage or injuries to persons or property by reason of any cause whatsoever either in and about the Properties owned by such Owner or elsewhere when the Manager is carrying out the provisions of this Agreement

in relation to such Owner or acting under the express directions of such Owner; to reimburse the Manager upon demand for any monies which the Manager is required to pay out for any reason whatsoever, under this Agreement or in connection with, or as an expense in defence of any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against the Manager or such Owner and the Manager, jointly or severally, affecting or due to the conditions of the Properties owned by such Owner or acts and to defend promptly and diligently, at such applicable Owner's sole expense, any claim, action or proceeding brought against the Manager or the Manager and such Owner jointly or severally arising out of or connected with any of the foregoing, and to hold harmless and fully indemnify the Manager from any judgment, loss or settlement on account thereof. The foregoing provisions of this Article shall survive the termination of this Agreement, but this shall not be construed to mean that any Owner's liability does not survive as to other provisions of this Agreement. Notwithstanding the foregoing, nothing contained in this Article shall relieve the Manager from responsibility to each Owner for gross negligence or wilful misconduct and the indemnity provided in this Article VIII (a) shall not extend to damages caused by:

- (i) any breach by Manager or any of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible, of any of the terms and provisions of this Agreement.
- (ii) any action taken by Manager or any of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible, contrary to the direction of any Owner pursuant to this Agreement.
- (iii) the fraud, wilful misconduct, wilful violation of applicable laws, wilful breach of fiduciary duty, negligence or wrongful act or omission by Manager of any of directors, its employees, agents, subcontractors or other persons for whom it is legally responsible.

During and after the termination of this Agreement, Manager shall indemnify and save each Owner and all of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible, harmless in respect of any action, cause of action, suit, debt, cost, expense, claim or demand whatsoever, at law or in equity, arising:

- (i) by way of any breach by Manager or any of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible, of any of the terms and provisions of this Agreement;
- (ii) by reason of any action taken by Manager or any of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible, contrary to the direction of the Owner pursuant to this Agreement; or
- (iii) the fraud, wilful misconduct, wilful violation of applicable laws, wilful breach of fiduciary duty, negligence or wrongful act or omission by Manager or any of its directors, employees, agents, subcontractors or other persons for whom it is legally responsible.

(b) Exercise of Duties

The Manager shall, in carrying out its duties and exercising its powers and authority under this Agreement:

- (i) act honestly and in good faith with a view to the best interest of the Owners; and
- (ii) exercise the care, diligence and skills that a diligent asset manager would exercise in similar circumstances.

(c) Insurance

Each Owner agrees to carry public liability, elevator liability, and contractual liability specifically insuring the indemnity provisions contained in Article VIII(a), steam boiler (if applicable), and such other insurance as the applicable Owner and the Manager agree to be necessary or desirable for the protection of the Properties and the interests of the applicable Owner. In each such policy of insurance, each Owner agrees to designate the Manager as a party insured with the Owner. A certificate of each policy issued by the carrier shall be delivered promptly to the Manager by each Owner. All policies shall provide for ten (10) days' written notice to the Manager prior to cancellation.

(d) Waiver of Subrogation

Each Owner shall procure an appropriate clause in, or endorsement on, each of its policies for fire or extended coverage insurance and on all other forms of property damage insurance, including, but not limited to, coverage such as water damage, property damage, boiler and machinery insurance and sprinkler leakage insurance, covering the Properties owned by the applicable Owner or personal property, fixtures or equipment located whereon whereby the insurer waives subrogation or consents to a waiver of the right of recovery against the Manager, and having obtained such clause or endorsement of waiver of subrogation or consent to a waiver of right of recovery. Except of the case of fraud, intentional fault or gross negligence on the part of the Manager and its directors, officers, employees and agents, each Owner hereby agrees that it will not make any claim against or seek to recover from the Manager for any loss or damage to property of the type covered by such insurance and in respect of which, the Owner has not been denied coverage from its insurer and has recovered the full amount of its loss.

ARTICLE IX - SALE OF PROPERTY

If the Properties of any Owner, or any part thereof, are sold prior to termination of this Agreement, the Manager shall represent such Owner in connection with the sale. Such Owner shall pay the Manager a commission at a rate noted in Schedule "D". For the purpose of this provision, sale of the Properties shall be deemed to include sale or transfer of shares of an entity which owns directly or indirectly the Properties but shall not include the sale of shares or the Properties to any other Owner or any related third party of the Owners. If the sale of the Properties is by way of the sale of shares, then the commission payable shall be calculated on the basis of the amount paid for the shares and the liabilities remaining with the applicable Owner.

ARTICLE X - TERMINATION

(a) Early Termination by Owners

In this Article, the term "Owner" shall, in the case of Homburg LP, mean Homburg L.P. Management Inc. acting on behalf of any one of the limited partnerships referred to in Schedule "A", as amended from time to time.

Notwithstanding any provision contained herein, each Owner (subject in the case of HII to the approval of a majority of independent directors) shall have the right to terminate this Agreement prior to the expiry of the initial term or any renewal term by:

- (a) providing not less than six (6) months' written notice prior to the end of the initial term or any renewal period; and

- (b) except where termination results from the gross negligence of the Manager, by paying an amount equal to: (i) 20% of the average total monthly compensation for its property management services multiplied by the number of months remaining in the then current term; and (ii) the Asset Management Fee paid over the previous two years ("Termination Compensation").

On the expiry or termination of this Agreement, the applicable Owner shall pay to the applicable Manager the Termination Compensation referred to herein and all other amounts owed to it hereunder as at the date of termination notice.

Without prejudice to the provisions of this Article, each Owner (subject in the case of HII to the approval of a majority of the independent directors) shall have the right to terminate this Agreement with immediate effect if the main reason for this were to be found in gross negligence on the part of the Manager or acts by the Manager which is in violation of the objects of the applicable Owner. For the purposes of this provision, "gross negligence" shall mean an intentional failure to perform or a conscious and voluntary act or omission of Manager which would result in Manager not effectively performing the duties required hereunder. In the event termination is a result of gross negligence of Manager as defined herein, the Termination Compensation shall not be payable, but all other amounts owing to Manager shall accompany the termination notice.

Each Owner (subject in the case of HII to the approval of a majority of the independent directors) shall have the right to terminate this Agreement with immediate effect upon written notice to be sent in accordance with Article XI(e) if any of the following events occur:

1. The Manager changes its object under its articles of association in such a way that the provision of management services is no longer an object or joint object of the enterprise.
2. The Manager and/or its directors and/or the personnel in its service acts in violation of any provision under this Agreement, or in performing this agreement acts in violation of the law and/or rules and regulations of the applicable Owner.

The Manager (subject in the case of HII to the approval of a majority of the independent directors) shall have the right to terminate this Agreement with immediate effect upon written notice to be sent in accordance with Article XI(e) if HCI breaches any of its covenants under the Non-Competition Agreement.

Upon termination, the applicable Owner shall remain bound by the obligations of all contracts for services, supplies and alterations the Manager has entered into in connection with the performance of its obligations hereunder.

The exercise of the right to terminate ("Termination Right") by any Owner of this Agreement as provided for in this Article shall not affect the enforceability or validity of the Agreement in respect of the remaining Owners, or limited partnerships referred to in Schedules "A", "A-1" and "A-2" who have not exercised the Termination Right.

(b) Early Termination by Manager

Notwithstanding any provision contained herein, the Manager shall have the right to terminate this Agreement prior to the expiry of the initial term or any renewal term by providing twelve (12) months written notice to the Owners.

(c) Compliance with Laws

If any Owner shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of any federal, provincial or municipal authority within three (3) months of notification by the appropriate authority or Manager of such failure, refusal or non-compliance (unless the Manager has given consent regarding such failure, refusal or non-compliance or unless such failure, refusal or non-compliance would not constitute a material adverse effect on the business, operations, financial situation or assets of HII, HRS or the Owners, on a consolidated basis) then, at the Manager's absolute discretion, this Agreement shall be deemed to have been terminated in respect of that specific Owner (and that specific Owner only) in accordance with the provisions of Article X(a).

(d) Bankruptcy and Insolvency

In the event a petition in bankruptcy is filed by or against any Owner or the Manager, or in the event that either shall make an assignment for the benefit of creditors or take advantage of any insolvency act, the applicable Owner or Manager, as the case may be, may immediately terminate this Agreement by written notice. Remedies set forth herein above shall be in addition to and shall not exclude any other remedy available under applicable law to the parties hereto.

(i) Manager:

This Agreement shall be deemed to have been dissolved by operation of the law by the mere occurrence of an event as referred to below and with immediate effects, without any notification or demand being required, if:

1. The Manager is declared bankrupt or permission has been granted for a suspension of payments or an application to this effect has been filed with the competent court; unless, in the case of involuntary proceedings the Manager is contesting such proceedings with diligence; and
2. The Manager is to be dissolved or liquidated, as the case maybe, or offers its creditors an out-of-court settlement.

(ii) Owners

In the event a petition in bankruptcy is filed by or against an Owner, unless contested with diligence, or in the event that either shall make an assignment, the applicable Manager, as the case may be, may immediately terminate this Agreement in respect of such Owner by 30 days' prior written notice.

(e) Return of Materials

- (i) On the expiry of termination of this Agreement, the Manager shall do all things and take all steps necessary or advisable to transfer management of the activities hereunder and shall forthwith deliver to the applicable Owner, to the extent in its possession or control:

1. all original books, records, documents and computer hardware>disks ("data") (where practical and readily available) and all books of account and accounting materials, invoices, vouchers and the like maintained in respect of such Owner;
2. all uncashed cheques relating to the asset management of such Owner and other moneys not yet deposited into the bank accounts at the date of termination or received subsequent to the date of expiry or termination by the Manager or its employees or agents;
3. all plans, physical condition reports, surveys, promotional marketing materials, permits, licences, warranties and guarantees and other applicable materials relating to such Owner; and any other records or documents or materials in its possession relating to such Owner,

and shall execute and deliver all documents and instruments necessary or advisable to effect such transfers. The Manager may retain copies of all records, documents and books of account.

- (ii) On the expiry or termination of this Agreement, the Manager shall:
1. forthwith deliver to the applicable Owner a final accounting and pay over any balance of such Owner funds held over by the Manager relating to the properties of such Owner, if any, less any amounts owing to the Manager pursuant to this Agreement and any amounts necessary to satisfy commitments made by the Manager to others pursuant to this Agreement prior to the date of termination;
 2. co-operate in effecting and communicating the termination of this Agreement to all third parties; and
 3. co-operate with the Owners and any new asset manager retained to replace the Manager, if any, to ensure a smooth and complete transition.

ARTICLE XI - OTHER

(a) Independent Contractors

It is expressly understood and agreed that the Manager will act as an independent contractor in performance of this Agreement. No provision hereunder shall be intended to create a partnership or a joint venture with respect to the Properties or otherwise.

(b) Obligation to Secrecy

Both during the term of this Agreement and after its termination, no matter in what manner or for what reason such termination took place, the Manager and personnel in its service shall observe secrecy in respect of all details, facts, circumstances and particulars concerning the Owners and its affiliated enterprises. This obligation to secrecy expressly extends to all particulars relating to participating interest, customers and business relations of the Owners.

(c) Departures from this Agreement

Any departures from this Agreement shall require a written endorsement thereto signed by the parties affected by such departure.

Where this Agreement extends to personnel in the service of the Manager, it undertakes vis-à-vis the Owners to include in its agreements with such personnel stipulations covering the correct performance of this Agreement.

(d) Governing Law

This Agreement shall be construed and interpreted in accordance with the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein and the parties agree to submit any dispute arising out of this Agreement to the courts of such Province.

Disputes arising from this Agreement, or more detailed agreements resulting from this Agreement, shall be brought by any party exclusively before the Supreme Court of Nova Scotia.

(e) Notice

Any notice required or permitted under this Agreement shall be given when actually delivered or when mailed as certified mail addressed as follows:

To Owners:

Homburg L.P. Management Inc.

As a general partner, for and on behalf of each of the limited partnerships referred to in Schedule "A"

32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1

Attn: Richard Homburg, President

Homburg Invest Inc.

1741 Brunswick Street, Suite 600,
Halifax, Nova Scotia, Canada
B3J 3X8

Attn: Jamie Miles

Homburg CN L.P. Management Inc.

As general partner, for and on behalf of Homco Realty Fund (130) Limited Partnership

32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1

Attn: Richard Homburg, President

Homburg Real Estate Trust

1 Place Alexis Nihon, Suite 1010
Montreal, Quebec
H3Z 3B8

Attn: Mr. James Beckerleg

Homburg LT LP1 GP1 Inc.

As general partner for and on behalf of KUB Homburg LT Baltijos Investicijos 1

32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1

Attn: Richard Homburg, President

Homburg LT LP1 GP2 Inc.

As general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 1
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Homburg LT LP2 GP1 Inc.

As general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 2
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Homburg LT LP2 GP2 Inc.

As general partner for and on behalf of
KUB Homburg LT Baltijos Investicijos 2
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Homburg LT LP3 GP1 Inc.

As general partner for and on behalf
KUB Homburg NT
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Homburg LT LP3 GP2 Inc.

As general partner for and on behalf
KUB Homburg NT
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Homburg Estonia Latvia GP Inc.

As general partner for and on behalf of Homburg Baltic (LV)
Investments KS, Homburg Baltic (ES) Investments UU and Homburg
Baltic (ES) AST Investments UU
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Richard Homburg, President

Blackfoot Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

Citadel West Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

Castello Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

Churchill Estates Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

Inverness Estates Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

CP Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

North Calgary Land Limited
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

High River Development Ltd.
32 Akerley Boulevard
Burnside Industrial Park
Dartmouth, Nova Scotia, Canada
B3B 1N1
Attn: Frank W. Matheson, Secretary

Homburg Kai Development Ltd.
 32 Akerley Boulevard
 Burnside Industrial Park
 Dartmouth, Nova Scotia, Canada
 B3B 1N1
Attn: Jamie Miles

Holland Garden Development Ltd.
 32 Akerley Boulevard
 Burnside Industrial Park
 Dartmouth, Nova Scotia, Canada
 B3B 1N1
Attn: Jamie Miles

Homburg Harris Centre Development Ltd.
 32 Akerley Boulevard
 Burnside Industrial Park
 Dartmouth, Nova Scotia, Canada
 B3B 1N1
Attn: Jamie Miles

Homburg Holdings (U.S.) Inc.
 559 East Pikes Peak Avenue, Suite 320,
 Colorado Springs, Colorado, United States
 80903
Attn: Frank W. Matheson, Assistant Secretary

To Manager:

Homburg Canada Incorporated
 32 Akerley Boulevard
 Burnside Industrial Park
 Dartmouth, Nova Scotia, Canada
 B3B 1N1
Attn: Frank Matheson, President

Homburg Realty Services (US) Inc.
 559 East Pikes Peak Avenue, Suite 320
 Colorado Springs, Colorado 80903
Attn: Frank Matheson, Assistant Secretary

Homburg Canada QC Inc.
 32 Akerley Boulevard
 Burnside Industrial Park
 Dartmouth, Nova Scotia, Canada
 B3B 1N1
Attn: Frank Matheson, President

(f) Management and Control of Limited Partnerships

HII, Homburg LP, HCN and each respective Baltic GP explicitly acknowledge and agree that HII's involvement in this Agreement shall not constitute or be interpreted as HII taking part in the management and control of the limited partnerships (referred to in Schedules "A", "A-1" and "A-2" as amended from time to time) business, nor is it the intention that HII transact any business for or on behalf of the limited partnerships referred to in Schedules "A", "A-1" and "A-2", as amended from time to time.

HII, Homburg LP, HCN and each respective Baltic GP explicitly agree and acknowledge that HII's involvement in this Agreement shall not give HII the power to act for or bind the limited

partnerships referred to in Schedules "A", "A-1" and "A-2", as amended from time to time, said powers being vested solely and exclusively in Homburg LP, HCN and each respective Baltic GP, as the general partner for and on behalf of each of the limited partnerships referred to in Schedules "A", "A-1" and "A-2", respectively, as amended from time to time.

(g) Entire Agreement

This Agreement constitutes the entire agreement among the parties and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

Each of the Owners and the Manager explicitly acknowledge and agree that this Agreement shall cancel and supersede the Existing Management Agreements entered into by each of the Owners with the Manager.

All agreements among some or all of the parties hereto regarding the management of assets and/or property of any of the Owners, whether written or oral, are hereby terminated.

(h) Counterparts and Transmission by Fax

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument.

The parties hereto agree that this Agreement may be transmitted by facsimile or such other similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertakes to provide each and every other party hereto with a copy of the Agreement bearing original signatures forthwith upon demand.

(i) Amendment and Waiver

No amendment, supplement, modification or waiver of this Agreement and, unless otherwise specified, no consent or approval by any party hereto, shall be binding unless executed in writing by the parties hereto (subject to, in the case of HII to the approval of the independent directors).

(j) Assignment

- i. Except as provided for in Article XI(j)(ii), neither this Agreement nor any of the rights and obligations arising from it shall be assignable in whole or in part by any party, except with the prior written consent of the parties and subject to the right of the Manager to subcontract certain of its obligations arising from Articles VI and VII.
- ii. HCI may assign, in whole or in part, any of its rights and obligations arising from Articles V, VI and VII of this Agreement, in relation to the performance and delivery of asset management and property management services, without the prior written consent of the Owner, in the circumstances noted below:
 - a. to an "affiliate" as such term is defined in section 2(2) of the *Companies Act* (Nova Scotia); or

- b. to a "subsidiary" as such term is defined in section 2(4) of the *Companies Act* (Nova Scotia).

HCI will provide written notice to the Owner of such an assignment within fourteen (14) days after the date of the assignment.

- iii. HCI acknowledges that the rights and obligations arising from Articles V, VI and VII of this Agreement, in relation to the performance and delivery of asset management and property management services shall only be assignable to those persons not referred to in Article XI(j)(ii)(a) and Article XI(j)(ii)(b), with the prior written consent of the Owner.
- iv. The Parties acknowledge and agree that, in case of an assignment described in Article XI(j)(i), Article XI(j)(ii) and Article XI(j)(iii), the assignee shall deliver the asset management and the property management services to the Owner. However, HCI shall remain jointly and severally liable for all assigned obligations.

(k) Successors and Assigns

All of the terms and provisions of this Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns.


ARTICLE XII - INVOICING FEES

- (a) Subject to Article XII(b), as compensation for management of the Properties and the Assets, each of the Owners shall pay the Manager as set forth in Schedule "D", with the exception of the Development Companies which shall pay the Manager as set forth in Schedule "D-1". The Manager shall invoice each of the Owners the agreed management fees and reasonable recoverable operational expenditures (subject, however, to Article VI(d) and (e)), plus any applicable taxes, within 7 days of the end of each month or quarter. These invoices of the Manager shall be payable 14 days after the date of the invoice.
- (b) The Parties acknowledge and agree that, in case of an assignment described in Article XI(j) of this Agreement, the assignee, as service provider, shall invoice the Owner the agreed management fees and reasonable recoverable operational expenditures (subject, however, to Article VI(d) and (e)), plus any applicable taxes, within seven (7) days of the end of each month or quarter. These invoices shall be payable fourteen (14) days after the date of the invoice.

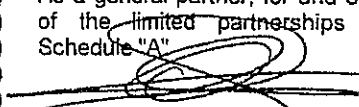
[remainder of page left intentionally blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement in duplicate as of the date first herein above written.

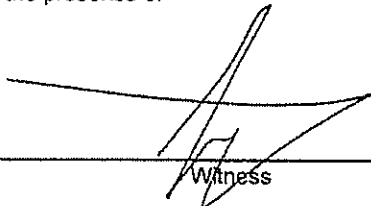
SIGNED, SEALED and DELIVERED
in the presence of



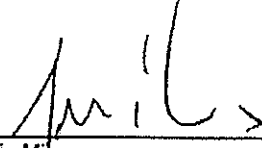
Witness

)
) Homburg L.P. Management Incorporated
) As a general partner, for and on behalf of each
) of the limited partnerships referred to in
) Schedule "A"
)
) 
)
) Per: _____
) Name: Richard Homburg
) Title: President

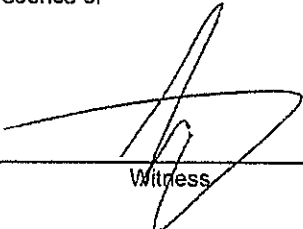
SIGNED, SEALED and DELIVERED
in the presence of



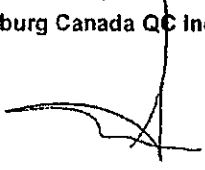
Witness

)
) Homburg Invest Inc.
)
) 
)
) Per: _____
) Name: Jamie Miles
) Title: Vice President, Finance & CFO

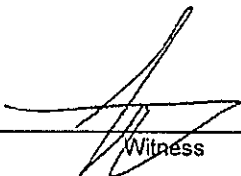
SIGNED, SEALED and DELIVERED
in the presence of



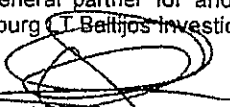
Witness

)
) Homburg Canada QC Inc.
)
) 
)
) Per: _____
) Name: Frank Matheson
) Title: President

SIGNED, SEALED and DELIVERED
in the presence of



Witness

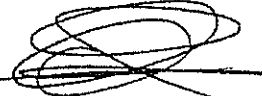
)
) Homburg LT LP1 GP1 Inc.
) As general partner for and on behalf of KUB
) Homburg (T. Beitijos Investicijos 1
)
) 
)
) Per: _____
) Name: Richard Homburg
) Title: President

SIGNED, SEALED and DELIVERED
in the presence of



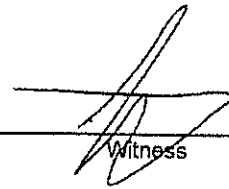
Witness

)
) Homburg LT LP1 GP2 Inc.
) As general partner for and on behalf of KUB
) Homburg LT Baltijos Investicijos 1




Per:
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of



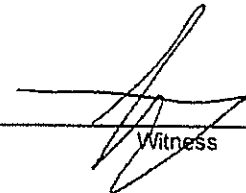
Witness

)
) Homburg LT LP2 GP1 Inc.
) As general partner for and on behalf of KUB
) Homburg LT Baltijos Investicijos 2




Per:
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of



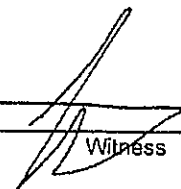
Witness

)
) Homburg LT LP2 GP2 Inc.
) As general partner for and on behalf of KUB
) Homburg LT Baltijos Investicijos 2




Per:
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of



Witness

)
) Homburg LT LP3 GP1 Inc.
) As general partner for and on behalf of KUB
) Homburg NT



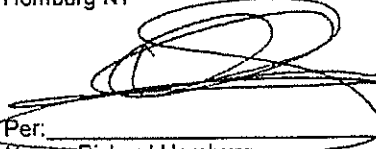
Per:
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of

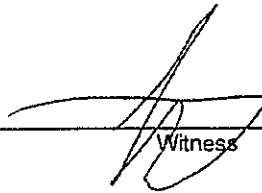


Witness

) Homburg LT LP3 GP2 Inc.
) As general partner for and on behalf of KUB
) Homburg NT

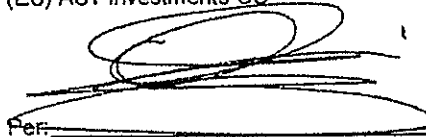

Per: _____
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of

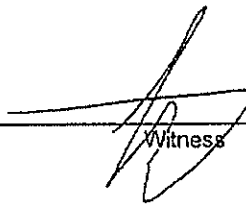


Witness

) Homburg Estonia Latvia GP
) Inc.
) As general partner for and on behalf of
) Homburg Baltic (LV) Investments KS, Homburg
) Baltic (ES) Investments UU, Homburg Baltic
) (ES) AST Investments UU



Per: _____
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of

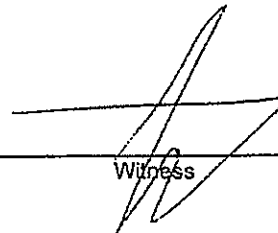


Witness

) Homburg CN L.P.
) Management Inc.
) As general partner for and on behalf of Homco
) Realty Fund (130) Limited Partnership



Per: _____
Name: Richard Homburg
Title: President

SIGNED, SEALED and DELIVERED
in the presence of

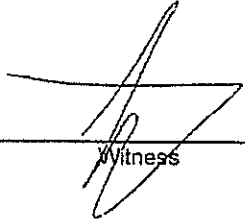


Witness

) Homburg Holdings (U.S.) Inc.


Per: _____
Name: Frank Matheson
Title: Assistant Secretary

SIGNED, SEALED and DELIVERED
in the presence of



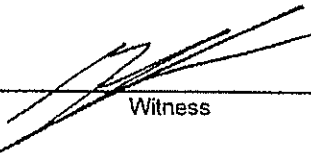
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in the presence of



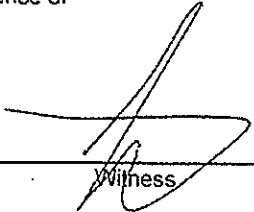
Witness

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in the presence of



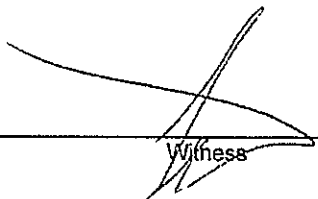
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in the presence of




Witness

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in the presence of




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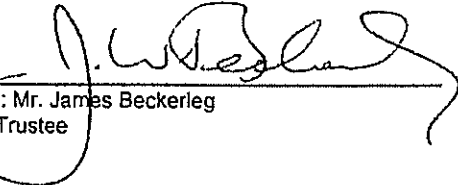
Homburg Canada Incorporated


Per: _____
Name: Frank Matheson
Title: President


Homburg Realty Services (US) Inc.


Per: _____
Name: Frank Matheson
Title: Assistant Secretary


Homburg Real Estate Trust


Per: _____
Name: Mr. James Beckerleg
Title: Trustee


Blackfoot Development Ltd.


Per: _____
Name: Frank Matheson
Title: Secretary

Citadel West Development Ltd.

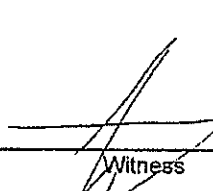

Per: _____
Name: Frank Matheson
Title: Secretary

SIGNED, SEALED and DELIVERED
in the presence of



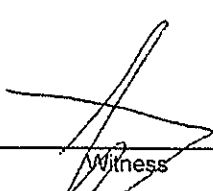
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in the presence of



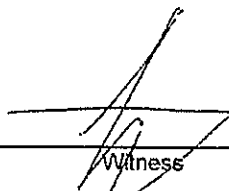
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in the presence of



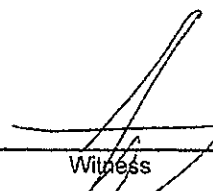
Witness

SIGNED, SEALED and DELIVERED
in the presence of




Witness

SIGNED, SEALED and DELIVERED
in the presence of




Witness

Castello Development Ltd.




Per:
Name: Frank Matheson
Title: Secretary

Churchill Estates Development Ltd.




Per:
Name: Frank Matheson
Title: Secretary

Inverness Estates Development Ltd.




Per:
Name: Frank Matheson
Title: Secretary

CP Development Ltd.



Per:
Name: Frank Matheson
Title: Secretary

North Calgary Land Limited



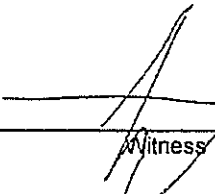
Per:
Name: Frank Matheson
Title: Secretary

SIGNED, SEALED and DELIVERED
in the presence of



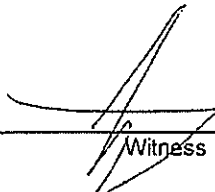
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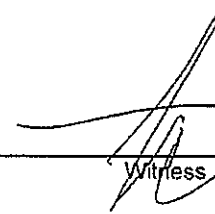
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SIGNED, SEALED and DELIVERED
in the presence of



Witness

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in the presence of



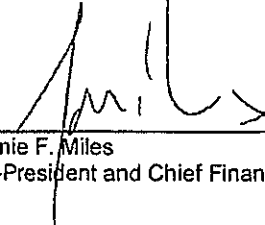
Witness

High River Development Ltd.



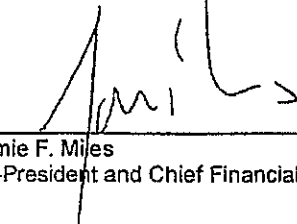
Per: _____
Name: Frank Matheson
Title: Secretary

Homburg Kai Development Ltd



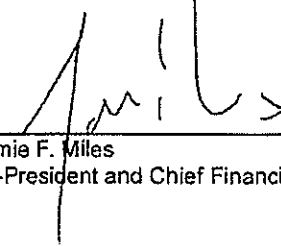
Per: _____
Name: Jamie F. Miles
Title: Vice-President and Chief Financial Officer

Holland Garden Development Ltd



Per: _____
Name: Jamie F. Miles
Title: Vice-President and Chief Financial Officer

Homburg Harris Centre Development Ltd



Per: _____
Name: Jamie F. Miles
Title: Vice-President and Chief Financial Officer

SCHEDULE "A"

Homco Realty Fund (1) Limited Partnership	Homco Realty Fund (37) Limited Partnership
Homco Realty Fund (2) Limited Partnership	Homco Realty Fund (38) Limited Partnership
Homco Realty Fund (4) Limited Partnership	Homco Realty Fund (39) Limited Partnership
Homco Realty Fund (7) Limited Partnership	Homco Realty Fund (40) Limited Partnership
Homco Realty Fund (8) Limited Partnership	Homco Realty Fund (41) Limited Partnership
Homco Realty Fund (9) Limited Partnership	Homco Realty Fund (42) Limited Partnership
Homco Realty Fund (11) Limited Partnership	Homco Realty Fund (43) Limited Partnership
Homco Realty Fund (12) Limited Partnership	Homco Realty Fund (44) Limited Partnership
Homco Realty Fund (13) Limited Partnership	Homco Realty Fund (45) Limited Partnership
Homco Realty Fund (14) Limited Partnership	Homco Realty Fund (46) Limited Partnership
Homco Realty Fund (15) Limited Partnership	Homco Realty Fund (52) Limited Partnership
Homco Realty Fund (16) Limited Partnership	Homco Realty Fund (53) Limited Partnership
Homco Realty Fund (17) Limited Partnership	Homco Realty Fund (55) Limited Partnership
Homco Realty Fund (18) Limited Partnership	Homco Realty Fund (56) Limited Partnership
Homco Realty Fund (24) Limited Partnership	Homco Realty Fund (57) Limited Partnership
Homco Realty Fund (25) Limited Partnership	Homco Realty Fund (59) Limited Partnership
Homco Realty Fund (30) Limited Partnership	Homco Realty Fund (61) Limited Partnership
Homco Realty Fund (31) Limited Partnership	Homco Realty Fund (62) Limited Partnership
Homco Realty Fund (32) Limited Partnership	Homco Realty Fund (63) Limited Partnership
Homco Realty Fund (33) Limited Partnership	Homco Realty Fund (64) Limited Partnership
Homco Realty Fund (34) Limited Partnership	Homburg Capital (CDN) Investment Limited Partnership (formerly, Homco Realty Fund (65) Limited Partnership)
Homco Realty Fund (36) Limited Partnership	Homco Realty Fund (67) Limited Partnership

Homco Realty Fund (68) Limited Partnership
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Homco Realty Fund (131) Limited Partnership

Homco Realty Fund (140) Limited Partnership

Homco Realty Fund (142) Limited Partnership

Homco Realty Fund (143) Limited Partnership

SCHEDULE "A-1"

Homco Realty Fund (130) Limited Partnership

SCHEDULE "A-2"

Name of Limited Partnership	General Partner(s)
KUB Homburg LT Baltijos Investicijos 1	Homburg LT LP1 GP1 Inc. Homburg LT LP1 GP 2 Inc.
KUB Homburg LT Baltijos Investicijos 2	Homburg LT LP2 GP1 Inc. Homburg LT LP2 GP2 Inc.
KUB Homburg NT	Homburg LT LP3 GP1 Inc. Homburg LT LP3 GP 2 Inc.
Homburg Baltic (LV) Investments KS	Homburg Estonia Latvia GP Inc.
Homburg Baltic (ES) Investments UU	Homburg Estonia Latvia GP Inc.
Homburg Baltic (ES) AST Investments UU	Homburg Estonia Latvia GP Inc.

SCHEDULE "B"

Name of Homco	Property
Homco Realty Fund (1) Limited Partnership	The Ambassador Apartments 356 Windmill Road Dartmouth, NS
Homco Realty Fund (2) Limited Partnership	Highfield Park Apartments 31 Highfield Drive Dartmouth, N.S. Highfield Park Apartments 35 Highfield Drive Dartmouth, N.S. Highfield Park Apartments 11 Joseph Young Street, Dartmouth, N.S.
Homco Realty Fund (4) Limited Partnership	295 George Street, Sydney, NS 141-143 Albro Lake Rd. Dartmouth, N.S.
Homco Realty Fund (7) Limited Partnership	Homburg Renaissance South 1310 Hollis Street 5157 Morris Street and 1313 Barrington Street Halifax, NS
Homco Realty Fund (8) Limited Partnership	Homburg Commercial Centre 2 Morris Drive/ 11 Akerley Boulevard Dartmouth, NS
Homco Realty Fund (9) Limited Partnership	#240, 720-28 th St. Calgary, AB 640, 720 & 820 – 28 th St., Calgary, AB
Homco Realty Fund (11) Limited Partnership	
Homco Realty Fund (12) Limited Partnership	Confederation Court Mall Charlottetown, PEI
Homco Realty Fund (13) Limited Partnership	Crowfoot Square 800-842 Crowfoot N.W. Calgary, Alberta
Homco Realty Fund (14) Limited Partnership	
Homco Realty Fund (15) Limited Partnership	Centron Corners 220-221 - 62 nd Ave., S.E. 253 - 62 nd Ave., S.E. 6223 - 2 nd St. S.E. 6227 - 2 nd St., S.E. Calgary, Alberta
Homco Realty Fund (16) Limited Partnership	1199 St. George Blvd., Moncton, NB 140 Commerce Street, Moncton, NB 150 Henri Dunant Street, Moncton, NB Arsenault Court (parking lot)

Name of Homco	Property
Homco Realty Fund (17) Limited Partnership	Willowbend Court Executive Townhouses 211-221 Glenforest Drive Halifax, NS
Homco Realty Fund (18) Limited Partnership	
Homco Realty Fund (24) Limited Partnership	715 & 735 Laurier St. 678 Evangeline St. Dieppe, NB
Homco Realty Fund (25) Limited Partnership	Sunridge Center 3660 - 20 th Ave., NE Calgary, AB
Homco Realty Fund (30) Limited Partnership	Shippagan Mall 231 J.D. Gauthier Blvd. Shippagan
Homco Realty Fund (31) Limited Partnership	Co-op Atlantic properties consisting of: 123 Halifax St, Moncton, NB 114 Price St., Moncton, NB 33 Henri Dunant St., Moncton 24 Carr Crescent, Gander, NF 20 Record St., Moncton, NB 11 Wright Ave., Sackville, NB 1 MacLean Court, Port Hawkesbury, NS 85 Halifax St. (parking lot)
Homco Realty Fund (32) Limited Partnership	Dartmouth Shopping Centre 118 Wyse Road Dartmouth, NS
Homco Realty Fund (33) Limited Partnership	4124 - 9 th St., SE Calgary, AB
Homco Realty Fund (34) Limited Partnership	139 Ave. & 600 Manning Crossing Edmonton, AB
Homco Realty Fund (36) Limited Partnership	
Homco Realty Fund (37) Limited Partnership	The Hammond Centre 950 Bedford Highway Halifax, NS
Homco Realty Fund (38) Limited Partnership	Sackville Centre 619 Sackville Drive HRM, NS
Homco Realty Fund (39) Limited Partnership	Sandpiper Centre 69/71/81 Cow Bay Rd. Eastern Passage, NS
Homco Realty Fund (40) Limited Partnership	(Zellers Store) 24 Stavanger Drive St. John's, NL
Homco Realty Fund (41) Limited Partnership	(Zellers Store) 194 Chain Lake Drive Halifax, NS
Homco Realty Fund (42) Limited Partnership	(Zellers Store) 100 Rue St-Jude Granby, Quebec
Homco Realty Fund (43) Limited Partnership	(Zellers Store) 60 Martindale Crescent Ancaster, Ontario
Homco Realty Fund (44) Limited Partnership	(Zellers Store) 129 Queensway East Simcoe, Ontario

Name of Homco	Property
Homco Realty Fund (45) Limited Partnership	(Zellers Store) 800 Mitchell Road South Listowell, Ontario
Homco Realty Fund (46) Limited Partnership	Zellers - Westbank Shopping Centre 3571 Old Okanagan Road Westbank, BC (Land lease)
Homco Realty Fund (52) Limited Partnership	Homburg Springs, 17300 – 6 Street NE, Calgary, AB
Homco Realty Fund (53) Limited Partnership	
Homco Realty Fund (55) Limited Partnership	Pizza Huts 920 Douglas Street St. Jean, QC ***** 950 Justras East Blvd. Victoriaville, QC ***** 99 St-Jean-Baptiste Blvd. Chateauguay, QC ***** 1950 Leonard-de-Vinci St. Ste-Julie, QC ***** 324 Boulevard Curee-Labelle Ste-Therese, QC ***** 484-25th Avenue Saint Eustache, QC ***** 2054 Bouelevard Cure-Labelle Saint-Jerome, QC ***** 670 Principale Street Ste-Agathe-des-Monts QC ***** 1837 Gascon Road Terrebonne, QC ***** 121 Visitation St. Joliette, QC
Homco Realty Fund (56) Limited Partnership	Foothills Centre, 3711/3715 61 st Avenue SE, (AKA) 6222 – 36 th Street SE, Calgary, AB
Homco Realty Fund (57) Limited Partnership	Shannon Plaza 451 Windmill Road Dartmouth, NS
Homco Realty Fund (59) Limited Partnership	Blackfoot Corporate Centre, 4411-6 th Street SE Calgary, AB
Homco Realty Fund (61) Limited Partnership	Homburg - Harris Center, 207-9 th Avenue SW and 213 – 9 th Avenue, Calgary, AB
Homco Realty Fund (62) Limited Partnership	
Homco Realty Fund (63) Limited Partnership	Churchill Estates 701-3 rd Avenue SW 303-6 th Avenue SW 305-6 th Avenue SW 307-6 th Avenue SW Calgary, AB
Homco Realty Fund (64) Limited Partnership	Inverness Estates , Meridian 6, Range 6, Township 71, Grande Prairie, AB

Name of Homco	Property
Homburg Capital (CDN) Investment Limited Partnership (formerly, Homco Realty Fund (65) Limited Partnership)	
Homco Realty Fund (67) Limited Partnership	Castello Tower (Condos), 530 12 th Avenue SW, Calgary, AB
Homco Realty Fund (68) Limited Partnership	All issued and outstanding ordinary shares of Valbonne Real Estate B.V., which owns: Furtherstraße 205-215 Nuremberg, Germany (Quelle Logistic Centre)
Homco Realty Fund (69) Limited Partnership	All issued and outstanding ordinary shares of Valbonne Real Estate 2 B.V., which owns: Philippstrasse 3 Bochum, Germany
Homco Realty Fund (70) Limited Partnership	All issued and outstanding ordinary shares of Coët B.V. Industriestrasse 19 Hassmersheim, Germany Wolfraamweg 2 Wolvega The Netherlands Elbestrasse 1-3 Marl Germany Binnerheide 26 Schwerte Germany
Homco Realty Fund (71) Limited Partnership	Meidoornkade 22-24, Houten, The Netherlands
Homco Realty Fund (72) Limited Partnership	Industriestraat 6,8,10, Numansdorp, The Netherlands
Homco Realty Fund (73) Limited Partnership	Fortranweg 10, Amersfoort, The Netherlands
Homco Realty Fund (74) Limited Partnership	Industrielaan 24, Uden, The Netherlands
Homco Realty Fund (76) Limited Partnership	Daalakkersweg 2, 2-A and 8, Eindhoven, The Netherlands
Homco Realty Fund (77) Limited Partnership	Valley Ford Dealership, 898 Park Street, Kentville, NS
Homco Realty Fund (81) Limited Partnership	Centre LaMarche, 155 – 25e Avenue, Town of Saint-Eustache, Quebec
Homco Realty Fund (83) Limited Partnership	The Northumberland, 135 – 137 Pownal Street Property, Charlottetown, PE
Homco Realty Fund (84) Limited Partnership	All issued and outstanding ordinary shares in Homco 84 BV, which owns: Stationsplein 7-9 Groningen The Netherlands (KPN)

Name of Homco	Property
Homco Realty Fund (85) Limited Partnership	All issued and outstanding ordinary shares in Homco 85 BV, which owns: Mathildelaan 1 Eindhoven The Netherlands (Phillips Lighting)
Homco Realty Fund (86) Limited Partnership	All issued and outstanding ordinary shares in Homco 86 BV, which owns: Benthemstraat 10 Rotterdam The Netherlands (Akragon)
Homco Realty Fund (87) Limited Partnership	All issued and outstanding ordinary shares in Homco 87 BV, which owns: Energieweg 9 Rotterdam The Netherlands (Blijdorp)
Homco Realty Fund (88) Limited Partnership	Kai Mortensen Towers, 1215-1239 - 11 th Avenue SW and 1110 - 12 th Street SW, Calgary, AB
Homco Realty Fund (89) Limited Partnership	Centron Park, 4041 - 6 th Street SE, and 4000-4 th Street SE, Calgary, AB
Homco Realty Fund (91) Limited Partnership	Pizza Huts 268 North Front Street, Belleville, ON 39 Warne Crescent, Kingston, ON 414 Old Highway #2, Trenton, ON 429/431 Kent Street West, Lindsay, ON 1 Commerce Road, Lindsay, ON 641 King Street East, Gananoque, ON 20 rue Toulouse, Granby, QC 8 boul Bromont, Bromont, QC 50 boul Lionel Groulx, Sherbrooke, QC
Homco Realty Fund (92) Limited Partnership	Industrieweg 6-8, 9 't Harde The Netherlands Nijverheidsweg 12 't Harde The Netherlands Nijverheidsweg 14 't Harde The Netherlands Nijverheidsweg 14-a 't Harde The Netherlands Nijverheidsweg 18 't Harde The Netherlands Nijverheidsweg 18-a 't Harde The Netherlands
Homco Realty Fund (94) Limited Partnership	Homburg Springs West, 17400 Cente Street NE, Calgary, AB
Homco Realty Fund (95) Limited Partnership	

Name of Homco	Property
Homco Realty Fund (96) Limited Partnership	North Calgary Land (Points North)
Homco Realty Fund (98) Limited Partnership	Caratpark, Teuchler Weg / Ecke Feldstraße Lutherstadt – Wittenberg, Germany
Homco Realty Fund (102) Limited Partnership	Hardwareweg 11, Amersfoort The Netherlands
Homco Realty Fund (103) Limited Partnership	Cara Properties, 170 Labelle, Rosemere, QC 101 Boulevard Arthur Sauve, St. Eustache, QC 255 Cremazie, Montreal, QC 2986 Boulevard St. Charles, Kirkland, QC
Homco Realty Fund (104) Limited Partnership	10131 – 117 th Avenue, Grande Prairie, Alberta (Western Financial Group) 5300 – 47 th Avenue Taber, AB (Western Financial Group)
Homco Realty Fund (105) Limited Partnership	1302 and 1316 – 11 th Avenue S.W. Calgary, Alberta (Cristal Towers)
Homco Realty Fund (106) Limited Partnership	1075 Wilfrid-Hamel Blvd Quebec City, QC (Scores Rotisseries Co. (Mike's)) 1095 Wilfrid-Hamel Blvd Quebec City, QC (Harvey's)
Homco Realty Fund (110) Limited Partnership	All issued and outstanding ordinary shares in Valbonne Real Estate 5 B.V., which has a 93.37% participation in MoTo Objekt CAMPEON GmbH & Co. KG., which owns: AM Campeon Complex 1-12, Munich, Germany
Homco Realty Fund (111) Limited Partnership	Tarasconweg 2, Franse Baan 606, Eindhoven, The Netherlands
Homco Realty Fund (112) Limited Partnership	Valkstraat 14, Sittard, The Netherlands
Homco Realty Fund (113) Limited Partnership	Corkstraat 42-46, Sheffieldstraat 21-39, Stuttgartstraat 30-44, Rotterdam, The Netherlands
Homco Realty Fund (114) Limited Partnership	Beelaarts van Bloklandstraat 10-14, Tilburg, The Netherlands Reitse Hoevenstraat 233-241, Tilburg, The Netherlands
Homco Realty Fund (115) Limited Partnership	Gentseweg 5-19, Gouda The Netherlands
Homco Realty Fund (116) Limited Partnership	All issued and outstanding ordinary shares in Homco 116 BV, which owns: Hoevenweg 11-11a Eindhoven The Netherlands

Name of Homco	Property
Homco Realty Fund (117) Limited Partnership	All issued and outstanding ordinary shares in Homco 117 BV, which owns: Wilhelminaplein 26 Roermond The Netherlands
Homco Realty Fund (118) Limited Partnership	All issued and outstanding ordinary shares in Homco 118 BV, which owns: Wilhelminasingel 5 Roermond The Netherlands
Homco Realty Fund (119) Limited Partnership	All issued and outstanding ordinary shares in Homco 119 BV, which owns: Noorderpoort 33 Venlo The Netherlands
Homco Realty Fund (120) Limited Partnership	All issued and outstanding shares in Homco Realty Fund 120 Gmbh, which owns: Keesomlaan 6-10, Amstelveen, The Netherlands
Homco Realty Fund (121) Limited Partnership	Henderson Farms North Side of Hwy. 566 and East Side of Range Road 293, Alberta
Homco Realty Fund (122) Limited Partnership	200 Lougheed Drive Fort McMurray, Alberta (Lougheed Estates)
Homco Realty Fund (123) Limited Partnership	Platinawerf 24, Beuningen, The Netherlands
Homco Realty Fund (128) Limited Partnership	Dirk Storkstraat, Hoofddorp, The Netherlands
Homco Realty Fund (131) Limited Partnership	Fred Roekestraat, Amsterdam, The Netherlands
Homco Realty Fund (140) Limited Partnership	A two-third interest in each of the following: Viger LP Chestermere Land Development LP 333 Sherbrooke St East LP
Homco Realty Fund (142) Limited Partnership	All issued and outstanding shares in Homco Realty Fund 142 GmbH, which owns: Bruistensingel 500-598 Hertogenbosch, the Netherlands Amstelveenseweg 400, 404 / IJsbaanpad 1-5 Amsterdam, the Netherlands
Homco Realty Fund (143) Limited Partnership	32 Akerley Boulevard Burnside Industrial Park Dartmouth, Nova Scotia, Canada

Schedule "B-1"

Name of Homco	Property
Homco realty Fund (130) Limited Partnership	895 – 935 De la Gauchetiere West, Montreal, QC (CN Central Station)

Schedule B-2

Name of Partnership	Properties
KUB Homburg LT Baltijos Investicijos 1	Laisves 75, Vilnius; Jogailos 9-1, Vilnius; Gedimino 10, Vilnius; Maironio 19, Kaunas; Turgaus 15, 17 and 19, Klaipeda, Lithuania
KUB Homburg LT Baltijos Investicijos 2	Owns Limited Partner units of KUB Homburg NT
KUB Homburg NT	Gedimino 12, Vilnius; Laisves 82, Kaunas; Ukmerges 20, Panevezys, Basanaviciaus 51, Kedainiai; Pulko 4, Alytus; Utenio 15, Uteria; Jogailos 9a, Vilnius; Kalvariju 98, Vilnius; Kestucio 38, Kaunas; Vokieciu 9, Vilnius; Tilzes 157, Siauliai; Burbos 3, Mazieikiai; Vytauto 11, Marijampole; Rotuses 8, Birzai; Zirmunu 70, Vilnius; Saltoniskiu 29, Vilnius; Darzu 13, Klaipeda; Vilniaus 1, Joniskis Lithuania
Homburg Baltic (LV) Investments KS	Unicentrs, Riga; Ozolu iela 1, Gulbene; Dubultu prospekts 19, Jurmalas; Pormalu iela 11, Jekabpils; Rigas iela 1, Sigulda; Talsu iela 3, Preili; Lacplesa iela 2, Aizkraukle; Berzpils iela 6, Balvi; Liela iela 11, Kandava; Baznicas iela 4/6, Liepaja; Rigas iela 9, Saldus; Brivibas iela 14, Dobeles; Kuldigas iela 3, Ventspils; Dzirnavu iela 5, Kuldiga; Burtnieku iela 8, Limbazi; Rigas iela 25, Valka; Studentu iela 2, Kraslava, Latvia
Homburg Baltic (ES) Investments UU	Tartu mnt 13, Tallinn; Maleva 1, Tallinn, Estonia
Homburg Baltic (ES) AST Investments UU	Ruutli 40a, Parnu; Aia 5, Valga; Vainu 11, Paide; Vaksali 2, Viljandi; Tallinna mnt 28, Narva; Tallinna mnt 12, Rapla; Rakvere 3a, Johvi; Aia 1 / Suur 4, Jogeva; Keskvaljak 7, Kardla; Tomimae 2, Tallinn Estonia

SCHEDULE "C"

Properties owned directly by HII:

1. Cariboo Industrial Estates, 1801 1st Avenue, Prince George, BC
2. 535 Yates Street, Victoria, BC

Properties owned directly by Homburg US:

1. 555 East Pikes Peak Road, Colorado Springs, CO
2. 557 East Pikes Peak Road, Colorado Springs, CO
3. 559 East Pikes Peak Road, Colorado Springs, CO
4. 4575 Hilton Parkway, Colorado Springs, CO
5. 3535 Van Teylingen Drive, Colorado Springs, CO
6. 669 Airport Freeway, Hurst, TX
7. 15510 Lexington Boulevard, Sugarland, TX
8. 8400 Blanco Road, San Antonio, TX
9. 3740 Colony Drive, San Antonio, TX
10. 10800-10812 & 10829-10835 Hillpoint Dr, San Antonio, TX
11. 4716-4724 & 4734-4748 Cotton Belt Drive, San Antonio, TX

Properties owned directly and indirectly by HRET:

1. 3103 & 3353-3493 Royal Blvd (Plaza de la Mauricie & Les Galleries Shawinigan), Shawinigan, QC (*owned directly by Homco Realty Fund (126) Limited Partnership and indirectly by HRET*)
2. 2831 Royal Blvd, Shawinigan, QC (*owned directly by Homco Realty Fund (126) Limited Partnership and indirectly by HRET*)
3. 736 King Street East, Sherbrooke, QC (*owned directly by Homco Realty Fund (127) Limited Partnership and indirectly by HRET*)
4. 3005 King Street West, Sherbrooke, QC (*owned directly by Homco Realty Fund (127) Limited Partnership and indirectly by HRET*)
5. 230 Blvd des Bois-Francis South, Victoriaville, QC (*owned directly by Homco Realty Fund (127) Limited Partnership and indirectly by HRET*)
6. 1600 Le Corbusier Boulevard (Centre Laval), Laval, QC
7. 777 Sainte-Catherine West and 1401 McGill College, Montreal, QC
8. 1035-1135 Jean-Baptiste Blvd. West, Saint Jerome, QC
9. 3310-3550 Cote-Vertu Blvd, Saint Laurent, QC
10. 1165 du Tremblay, Longueuil, QC
11. 1200 des Promenades, Longueuil, QC
12. 1200 Place Nobel, Longueuil, QC
13. Place Alexis Nihon, Montreal, QC

SCHEDULE "C-1"

Name of Entity	Property
Blackfoot Development Ltd.	Property transferred to Homco Realty Fund (59) Limited Partnership
Citadel West Development Ltd.	540-12 th Avenue SW Calgary, Alberta
Castello Development Ltd.	530 - 12th Avenue SW Calgary, Alberta
Churchill Estates Development Ltd.	701 - 3rd Avenue SW 303-6th Street SW 305-6th Street SW 307-6th Street SW Calgary, Alberta
Inverness Estates Development Ltd.	Meridian 6, Range 6, Township 71 Calgary, Alberta
CP Development Ltd.	4041- 6th Street SE Calgary, Alberta
North Calgary Land Limited	Points North
High River Development Ltd.	1010 -24th street Calgary, Alberta
Homburg Kai Development Ltd.	1215-1239 - 11th Avenue SW Calgary, Alberta
Holland Garden Development Ltd	6310 - 134 Avenue SW Calgary, Alberta
Homburg Harris Centre Development Ltd.	207 - 9th Avenue SW 213 - 9th Avenue Calgary, Alberta

SCHEDULE "D"

(a) Property Management Service Fees

The Manager will be entitled to the following fixed fees for its property management services, payable by each Owner, on a monthly basis:

1. For investment properties where Single Tenant Triple Net Leases (which is defined as a lease under which the lessee is the sole tenant occupying the relevant property and pays rent to the lessor, as well as generally all other costs and expenses that arise from the use of the property, such as utilities, property taxes, insurance and maintenance expenses) are in place, the Manager will not receive any property management fees;
2. For investment properties situated in Canada or the United States where Single Tenant Triple Net Leases (as such term is defined above) are not in place, fees will be a percentage (as set out in the chart below in relation to the properties located in Canada and the United States) of all cash receipts or net revenue (i.e. total basic rent plus expense recoveries) as generated by the Properties. On a go forward basis, any such fees to be determined in respect of any investment properties acquired from time to time shall be equal to the lesser of (i) market rates and (ii) 5% of all cash receipts or net revenue (i.e. total basic rent plus expense recoveries).
3. For investment properties situated in Europe where Single Tenant Triple Net Leases (as such term is defined above) are not in place, fees will be a percentage (as set out in the chart below in relation to the properties located in Europe) of annual rents as generated by the Properties. On a go forward basis, any such fees to be determined in respect of any investment properties acquired from time to time shall equal to the lesser of (i) market rates and (ii) 3.5% of annual rents.

Name of Entity	%
Homco Realty Fund (1) Limited Partnership	5%
Homco Realty Fund (2) Limited Partnership	5%
Homco Realty Fund (4) Limited Partnership	5%
Homco Realty Fund (7) Limited Partnership	5%
Homco Realty Fund (8) Limited Partnership	5%
Homco Realty Fund (9) Limited Partnership	5%
Homco Realty Fund (11) Limited Partnership	5%
Homco Realty Fund (12) Limited Partnership	5%
Homco Realty Fund (13) Limited Partnership	5%
Homco Realty Fund (14) Limited Partnership	5%
Homco Realty Fund (15) Limited Partnership	5%
Homco Realty Fund (16) Limited Partnership	3%
Homco Realty Fund (17) Limited Partnership	5%
Homco Realty Fund (18) Limited Partnership	5%
Homco Realty Fund (24) Limited Partnership	5%

Name of Entity	%
Homco Realty Fund (25) Limited Partnership	5%
Homco Realty Fund (30) Limited Partnership	5%
Homco Realty Fund (31) Limited Partnership	N/A
Homco Realty Fund (32) Limited Partnership	5%
Homco Realty Fund (33) Limited Partnership	5%
Homco Realty Fund (34) Limited Partnership	5%
Homco Realty Fund (36) Limited Partnership	5%
Homco Realty Fund (37) Limited Partnership	5%
Homco Realty Fund (38) Limited Partnership	5%
Homco Realty Fund (39) Limited Partnership	5%
Homco Realty Fund (40) Limited Partnership	N/A
Homco Realty Fund (41) Limited Partnership	N/A
Homco Realty Fund (42) Limited Partnership	N/A
Homco Realty Fund (43) Limited Partnership	N/A
Homco Realty Fund (44) Limited Partnership	N/A
Homco Realty Fund (45) Limited Partnership	N/A
Homco Realty Fund (46) Limited Partnership	N/A
Homco Realty Fund (52) Limited Partnership	N/A
Homco Realty Fund (53) Limited Partnership	N/A
Homco Realty Fund (55) Limited Partnership	N/A
Homco Realty Fund (56) Limited Partnership	5%
Homco Realty Fund (57) Limited Partnership	5%
Homco Realty Fund (59) Limited Partnership	5%
Homco Realty Fund (61) Limited Partnership	N/A
Homco Realty Fund (62) Limited Partnership	N/A
Homco Realty Fund (63) Limited Partnership	N/A
Homco Realty Fund (64) Limited Partnership	N/A
Homburg Capital (CDN) Investment Limited Partnership (formerly, Homco Realty Fund (65) Limited Partnership)	N/A
Homco Realty Fund (67) Limited Partnership	N/A
Homco Realty Fund (77) Limited Partnership	5%
Homco Realty Fund (81) Limited Partnership	5%

Name of Entity	%
Homco Realty Fund (83) Limited Partnership	N/A
Homco Realty Fund (88) Limited Partnership	N/A
Homco Realty Fund (89) Limited Partnership	N/A
Homco Realty Fund (91) Limited Partnership	N/A
Homco Realty Fund (94) Limited Partnership	N/A
Homco Realty Fund (95) Limited Partnership	5%
Homco Realty Fund (96) Limited Partnership	N/A
Homco Realty Fund (103) Limited Partnership	N/A
Homco Realty Fund (104) Limited Partnership	5%
Homco Realty Fund (105) Limited Partnership	N/A
Homco Realty Fund (106) Limited Partnership	5%
Homco Realty Fund (121) Limited Partnership	N/A
Homco Realty Fund (122) Limited Partnership	N/A
Homburg Invest Inc.	5%
Homburg Holdings (U.S.) Inc.	5%
Homburg Real Estate Trust	3.25% plus recoveries
Homco Realty Fund (68) Limited Partnership	N/A
Homco Realty Fund (69) Limited Partnership	N/A
Homco Realty Fund (70) Limited Partnership	2.5%
Homco Realty Fund (71) Limited Partnership	2.5%
Homco Realty Fund (72) Limited Partnership	2.5%
Homco Realty Fund (73) Limited Partnership	N/A
Homco Realty Fund (74) Limited Partnership	N/A
Homco Realty Fund (76) Limited Partnership	N/A
Homco Realty Fund (84) Limited Partnership	1.5%
Homco Realty Fund (85) Limited Partnership	1.5%
Homco Realty Fund (86) Limited Partnership	1.5%
Homco Realty Fund (87) Limited Partnership	1.5%
Homco Realty Fund (92) Limited Partnership	2.75%
Homco Realty Fund (98) Limited Partnership	3.0%
Homco Realty Fund (102) Limited Partnership	3.0%
Homco Realty Fund (110) Limited Partnership	N/A

Name of Entity	%
Homco Realty Fund (111) Limited Partnership	2.5%
Homco Realty Fund (112) Limited Partnership	3.0%
Homco Realty Fund (113) Limited Partnership	2.75%
Homco Realty Fund (114) Limited Partnership	2.5%
Homco Realty Fund (115) Limited Partnership	2.75%
Homco Realty Fund (116) Limited Partnership	2.75%
Homco Realty Fund (117) Limited Partnership	3.5%
Homco Realty Fund (118) Limited Partnership	2.75%
Homco Realty Fund (119) Limited Partnership	3.5%
Homco Realty Fund (120) Limited Partnership	2.75%
Homco Realty Fund (123) Limited Partnership	2.75%
Homco Realty Fund (128) Limited Partnership	2.75%
Homco Realty Fund (130) Limited Partnership	1.5% office and railway, 2.5% retail and ancillary, \$100,000/year parking
Homco Realty Fund (131) Limited Partnership	2.75%
Homco Realty Fund (140) Limited Partnership	N/A
Homco Realty Fund (142) Limited Partnership	2.75%
Homco Realty Fund (143) Limited Partnership	5%

4. Construction supervision fees equal to 10% of the gross value (before taxes) of the cost of construction or related construction contracts. Gross costs include the total hard and soft costs (including interest), but exclude land cost. The Manager will be responsible for, including but not limited to project management and all third party costs for construction management and other related costs; and
5. Leasing fees equal to a maximum of 10% of the first year net revenue for leases with a term of less than two years, a maximum of 15% of the first year net revenue for leases of three to four years and a maximum of 20% of the first year net revenue for leases of five years or longer.

The Manager shall pay out of the applicable Owner's funds, mortgage payments, taxes, assessments, premiums on insurance and all other payments related to the operation of the Properties.

(b) Asset Management Services Fees

The Manager will be entitled to the following fixed fees for its asset management services, payable by each Owner, on a monthly basis. On a go forward basis, any such fees to be determined in respect of any investment properties (wherever situated) acquired from time to time shall equal market rates:

1. For investment properties situated in Canada or the United States, annual fees of 0.30% of the total Asset Base, calculated on the quarterly basis for properties where Single Tenant Triple Net Leases (as such term is defined above) are in place, and 0.75% of the

- total Asset Base, calculated on a quarterly basis, for properties where a Single Tenant Triple Net Leases (as such term is defined above) are not in place;
2. With the exception of properties owned by Homco Realty Fund (110) Limited Partnership, for investment properties situated in Europe, annual fees of 0.20% of the total Asset Base, calculated on a quarterly basis;
 3. For investment properties situated in the Baltic states, annual fees of 0.5% of the total Asset Base, calculated on a quarterly basis;
 4. Share issue fees of 5% of the total gross proceeds raised in share issues of HII, provided that the Manager will assume all costs related to such share issues (including selling commissions payable to intermediaries, legal fees, marketing expenses, travel expenses and additional out-of-pocket expenses). No fees are payable by HII to the Manager with respect to shares issued to a vendor of a property acquired by HII or private placements to related parties; and
 5. Acquisition and disposition fees of 2.5% of the total acquisition or disposition price of the relevant property, provided however that, (i) in the context of a series of transactions forming part of the same transaction, the 2.5% fee is only payable once based on the total acquisition or disposition price, as the case may be; and (ii) the Manager will not be entitled to be reimbursed for any due diligence costs relating to any acquisitions or dispositions, whether successful or unsuccessful, including legal, accounting, financial advisory and brokerage services as well as travel expenses and the cost of obtaining structural, environmental, title and appraisal reports.

General

Applicable taxes (VAT/GST/HST) shall be in addition to the fees referred to herein.

SCHEDULE "D-1"

Property Management Service Fees

The Manager will be entitled to the following fixed fees for its property management services, payable by each Owner, on a monthly basis:

1. (a) Subject to 1(b) below, construction supervision fees equal to 10% of the gross value (before taxes) of the cost of construction or related construction contracts. Gross costs include the total hard and soft costs (including interest), but exclude land cost. The Manager will be responsible for all third party costs for construction management and other related costs; and

(b) Where third party construction contracts are in place, the aggregate construction supervision fees (including those fees paid to third parties) shall not exceed 10% of the gross value (before taxes) of the cost of construction or related construction contracts. For further clarity, the 10% fee owed to the Manager shall be less any third party costs for construction management and other related costs.
2. Leasing fees equal to 10% of the first year net revenue for leases with a term of less than two years, 15% of the first year net revenue for leases of three to four years or 20% of the first year net revenue for leases of five years or longer.

The Manager shall pay, out of the applicable Owner's funds, mortgage payments, taxes, assessments, premiums on insurance and all other payments related to the operation of the Properties.

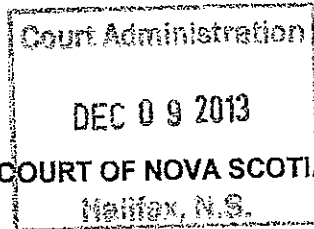
General

Applicable taxes (VAT/GST/HST) shall be in addition to the fees referred to herein.

EXHIBIT P-2

Copies of the emergency Ex Parte Motion and Notice of Action dated December 8, 2013 and Affidavit of James F. Miles sworn December 8, 2013 (*en liasse*);

2013



Hfx. No. 422406

BETWEEN:

HOMBURG INVEST INC.

Plaintiff

-and-

**3258949 NOVA SCOTIA LIMITED (formerly HOMBURG INTERNATIONAL LIMITED),
HOMBURG INTERNATIONAL LIMITED (formerly HOMBURG SERVICES GROUP (N.A.)
INC., CITADEL HOLDINGS INC. (formerly HOMBURG CANADA INCORPORATED), and
HOMBURG REALTY SERVICES (U.S.), INC.**

Defendants

**Ex Parte Motion
(Re: Preservation of Assets)**

Motion

Homburg Invest Inc., the Plaintiff in this proceeding, moves for an Order for an interim or interlocutory injunction to:

- (a) require the Defendants to preserve and protect the assets of the Plaintiff; and
- (b) require the cooperation of any third parties to preserve such assets (including The Bank of Nova Scotia/Scotiabank and ANB Bank of Colorado) to whom notice of the Order may be given in accordance with the terms of the Order.

Evidence in support of motion

The evidence in support of the motion is as follows:

Affidavit of James F. Miles, sworn on December 8, 2013.

References

The moving parties rely on the following legislation, Rules, or points of law:

- *Civil Procedure Rules* 1.01, 2.03, 22, 28, 41 and 42.11
- Section 43(9) of the *Judicature Act*
- Common law test for *Mareva* Injunctions

Reason motion is ex parte


This motion is made without notice to any other person because of the urgent need to protect the assets of the Plaintiff and because of the reasonable belief of Plaintiff that the Defendants will cause those assets to be further transferred outside the jurisdiction if they are given notice.

Hearing

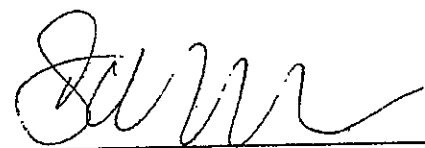
The party making this motion will appear before the Honourable Justice Gerald R.P. Moir in chambers at the Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia at 9:30 a.m. on **Monday, December 9, 2013.**

Signature

Signed: December , 2013



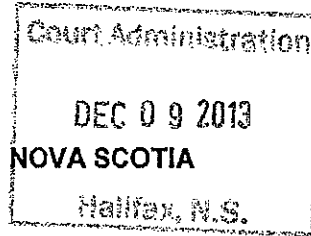
G. Grant Machum



Daniela Bassan

**Solicitors for the Plaintiff
Homburg Invest Inc.**

2013



Hfx No. 422406

SUPREME COURT OF NOVA SCOTIA

BETWEEN:



HOMBURG INVEST INC.

Plaintiff

-and-

**3258949 NOVA SCOTIA LIMITED (formerly HOMBURG INTERNATIONAL LIMITED),
HOMBURG INTERNATIONAL LIMITED (formerly HOMBURG SERVICES GROUP (N.A.)
INC., CITADEL HOLDINGS INC. (formerly HOMBURG CANADA INCORPORATED), and
HOMBURG REALTY SERVICES (U.S.), INC.**

Defendants

NOTICE OF ACTION

TO: 3258949 Nova Scotia Limited (formally Homburg International Limited)
Homburg International Limited (formerly Homburg Services Group (N.A.) Inc.
Citadel Holdings Inc. (formally Homburg Canada Incorporated)
Homburg Realty Services (U.S.), Inc.

ACTION HAS BEEN STARTED AGAINST YOU

The Plaintiff takes action against you.

The Plaintiff started the action by filing this Notice with the Court on the date certified by the Prothonotary.

The Plaintiff claims the relief described in the attached Statement of Claim. The claim is based on the grounds stated in the Statement of Claim.

DEFENDING THE ACTION

To defend the action, you or your counsel must file a Notice of Defence with the Court no more than the following number of days after the day this Notice of Action is delivered to you:

- 15 days if delivery is made in Nova Scotia
- 30 days if delivery is made elsewhere in Canada
- 45 days if delivery is made anywhere else.

JUDGMENT AGAINST YOU IF YOU DO NOT DEFEND

The Court may grant an Order for the relief claimed without further notice, unless you file the Notice of Defence before the deadline.

YOU MAY DEMAND NOTICE OF STEPS IN THE ACTION

If you do not have a Defence to the claim or you do not choose to defend it, you may, if you wish to have further notice, file a Demand for Notice.

If you file a Demand for Notice, the Plaintiff must notify you before obtaining an Order for the relief claimed and, unless the Court orders otherwise, you will be entitled to notice of each other step in this action.

RULE 57 – ACTION FOR DAMAGES UNDER \$100,000

Civil Procedure Rule 57 limits pretrial and trial procedures of a defended action so it will be more economical. The Rule applies if the Plaintiff states the action is within the Rule. Otherwise the Rule does not apply, except as a possible basis for costs against the Plaintiff.

This action is not within Rule 57.

FILING AND DELIVERING DOCUMENTS

Any documents you file with the Court must be filed at the Office of the Prothonotary, 1815 Upper Water Street, Halifax, Nova Scotia, B3J 1S7 (Telephone No. 902-424-4900).

When you file a document you must immediately deliver a copy of it to each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not required, or a judge orders it is not required.

CONTACT INFORMATION

The Plaintiff designates the following address:

Attention: Grant Machum / Daniela Bassan
Stewart McKelvey
Suite 900, Purdy's Wharf Tower One
1959 Upper Water Street
Halifax, NS B3J 3N2
Tel : 902-420-3330
Fax: 902-420-1417

Documents delivered to this address are considered received by the Plaintiff on delivery.


Further contact information is available from the Prothonotary.

PROPOSED PLACE OF TRIAL

The Plaintiff proposes that, if you defend this action, the trial will be held in Halifax, Nova Scotia.

SIGNATURES

Signed December 8, 2013



G. Grant Machum



Daniela Bassan

**Solicitors for the Plaintiff
Homburg Invest Inc.**

PROTHONOTARY'S CERTIFICATE

I certify that this Notice of Action, including the attached Statement of Claim, was filed with the Court on December 9, 2013.



Prothonotary

JASON WARHAM
Deputy Prothonotary

STATEMENT OF CLAIM

1. The Plaintiff, Homburg Invest Inc. ("HII") is an Alberta Corporation and is the parent corporation of Homburg Holdings (U.S.), Inc. ("HHUS"), which is a Colorado Corporation.
2. HII is duly registered to do business in Nova Scotia.
3. The Defendant, 3258949 Nova Scotia Limited, is a Nova Scotia Company which changed its name from Homburg International Limited on January 18, 2012. The Defendant Homburg International Limited is a Nova Scotia Company which changed its name from Homburg Services Group (N.A.) Inc. on January 18, 2012. Collectively, these Defendants are referred to as "HIL".
4. The Defendant, Citadel Holdings Inc., is a Nova Scotia Company which changed its name from Homburg Canada Incorporated ("HCI") on October 23, 2013.
5. HCI is the parent corporation of the Defendant Homburg Realty Services (US) Inc., a Colorado Corporation ("HRS").
6. HIL is under the same management as HRS. Neil Chapman ("Chapman") is the President of HRS.
7. HII is currently undergoing an insolvency restructuring of its business and financial affairs under the protection of the Canadian *Companies' Creditors Arrangement Act* (RSC 1985, c C-36), with proceedings in the Superior Court of Quebec.
8. As a part of that restructuring, HII divested itself of certain U.S. assets and limited assistance in this divestment came from HRS.
9. On November 19, 2013, Chapman sent an email to James Miles, Chief Financial Officer of HII and Chief Financial Officer and a Director of HHUS ("Miles") and copied to Jan Schöningh (President and CEO of HII - "Schöningh"), claiming a 2.5% disposition fee

on behalf of HRS for a divestment-related transaction completed in October 2012. Chapman offered to reduce the disposition fee to 1.5%.

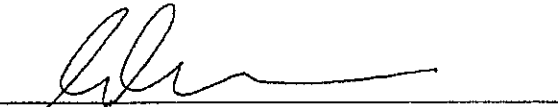
10. On December 1, 2013, Schöningh emailed Chapman, stating that HII would respond to Chapman's email regarding the claimed disposition fee that Chapman had alleged was owing. In his email, Schöningh did not agree that the fee was owing, nor did he authorize the payment of the fee.
11. On December 2, 2013, Chapman sent an email to Schöningh stating that he had been instructed by his employer to withdraw the "offer" to reduce the claimed disposition fee (which HII denies was owing) and that he had been further instructed to "receive" the 2.5% commission.
12. HHI did not understand, at the time, that Chapman had already withdrawn the funds from HHUS' accounts.
13. There was no written or oral agreement authorizing Chapman to withdraw these funds.
14. It was not until December 3, 2013 that HHI learned that Chapman had withdrawn the funds, i.e. US\$2.6 million.
15. On December 3, 2013, Schöningh emailed Chapman to formally object to the withdrawal of the funds.
16. On December 4, 2013, Schöningh emailed Chapman again, instructing Chapman to wire the funds back to HHUS.
17. On December 5, 2013, HII learned that the date on which Chapman had withdrawn the funds was November 29, 2013.
18. To this date, the funds have not been returned.

19. HII pleads that the actions of Chapman (on behalf of HRS) constitute an unlawful misappropriation of funds belonging to HHUS and HII.
20. HII understands that the funds were originally deposited into a bank account belonging to HRS in Colorado Springs, Colorado and that the funds have since been transferred to a bank account in the name of HIL in Nova Scotia.
21. By unlawfully withdrawing and subsequently transferring the monies, the Defendants committed the tort of conversion.
22. Further, by having the funds withdrawn from HII's accounts and deposited in the Colorado bank account of one or more of the Defendants and then transferred to the Nova Scotia bank account of one or more the Defendants, the Defendants collectively conspired to injure HII.
23. The Defendants knew, or ought to have known, that their activities, as outlined above, would harm and injure HII.
24. As a result of the Defendants' conspiracy, HII has suffered, and will continue to suffer, damages, including but not limited to a loss of assets.
25. During its investigation, HII has determined that there have been additional, unauthorized withdrawals from HHUS' accounts. These withdrawals are believed to have been effected by one or more of the Defendants at earlier dates and times and total approximately US\$186,000 for alleged commissions on property sales and US\$109,000 for alleged professional fees.
26. There was neither any written nor oral authorization for the withdrawal of these funds.

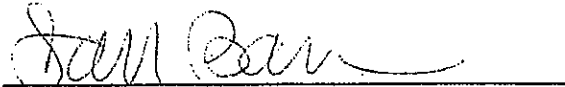
27. These additional funds were unlawfully withdrawn from HHUS' accounts with the intent to cause HII damage.
28. HII states that it is owed US\$2,895,000.00 (US\$2.6 million + US\$186,000 + US\$109,000) by the Defendants. HII claims in conversion and conspiracy against the Defendants the following:
- (a) US\$2,895,000.00;
 - (b) pre-judgment interest;
 - (c) punitive and aggravated damages;
 - (d) costs; and
 - (e) such further and other relief as this Honourable Court deems just and equitable.

Signatures

Signed December 8, 2013



G. Grant Machum



Daniela Bassan

Stewart McKelvey
Barristers & Solicitors
Suite 900 - Purdy's Wharf Tower One
1959 Upper Water Street
Halifax, NS B3J 3N2
Telephone: 902.420.3330
Facsimile: 902.420.1417

**Solicitors for the Plaintiff
Homburg Invest Inc.**

Form 39.08

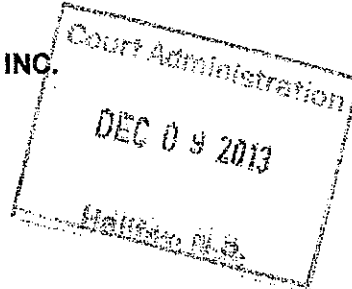
2013

Hfx No. 422406

SUPREME COURT OF NOVA SCOTIA

Between:

HOMBURG INVEST INC.



Plaintiff

- and -

**3258949 NOVA SCOTIA LIMITED (formerly HOMBURG INTERNATIONAL LIMITED),
HOMBURG INTERNATIONAL LIMITED (formerly HOMBURG SERVICES GROUP (N.A.)
INC., CITADEL HOLDINGS INC. (formerly HOMBURG CANADA INCORPORATED), and
HOMBURG REALTY SERVICES (U.S.), INC.**

Defendants

AFFIDAVIT OF JAMES F. MILES
(sworn December 8, 2013)

I, James F. Miles, do swear and give evidence as follows:

1. The Plaintiff Homburg Invest Inc. is an Alberta corporation ("HII"), which is the parent corporation of Homburg Holdings (U.S.) Inc. – a Colorado corporation ("HHUS"). HII is registered with the Nova Scotia Registry of Joint Stock Companies, and its registered office is in Dartmouth. Attached to this affidavit and marked as **Exhibit "A"** is a print-out of the HII corporate profile from the Nova Scotia Registry of Joint Stock Companies website.
2. HII is an international real estate company holding, mostly indirectly, properties in Canada, the U.S., the Netherlands, Germany and the Baltic countries. HHUS is the subsidiary of HII and owns the U.S. real estate properties of the HII group of entities.

3. I am the Chief Financial Officer of HII and the Chief Financial Officer and a Director of HHUS and reside in Nova Scotia. As such, I have personal knowledge of the evidence sworn to in this affidavit except where otherwise stated to be based on information and belief.
4. I state, in this affidavit, the source of any information that is not based on my own personal knowledge, and I hereby swear to my belief in same.
5. I swear this affidavit in support of the Plaintiff's request for an *ex parte* interim injunction, in order to freeze and preserve certain assets in Nova Scotia (as described in more detail below).
6. As required by Rules 41.06 and 42.11 of the *Civil Procedure Rules*, the Plaintiff hereby undertakes to:
 - (a) indemnify the Defendants for losses caused by the injunction that this affidavit is filed in support of, if a judge who finally determines the claim is satisfied that the injunction was not justified in light of the findings on the ultimate determination;
 - (b) move without delay for an interlocutory injunction, if the motion for an *ex parte* interim injunction is successful; and
 - (c) bring the Plaintiff's claim to a final determination without delay.

The Defendants

7. The Defendant 3258949 Nova Scotia Limited is a Nova Scotia company, which changed its name from Homburg International Limited. The Defendant Homburg International Limited is a Nova Scotia Company which changed its name from Homburg Services Group (N.A.) Inc. Collectively, these Defendants are referred to as "HIL". Attached to

this affidavit and marked as **Exhibit "B"** are print-outs of the HIL corporate profiles from the Nova Scotia Registry of Joint Stock Companies website.

8. The Defendant Homburg Canada Incorporated ("HCI") is a Nova Scotia company, which changed its name to Citadel Holdings Inc. on October 23, 2013. Attached to this affidavit and marked as **Exhibit "C"** is a print-out of the HCI corporate profile from the Nova Scotia Registry of Joint Stock Companies website.
9. HCI is the parent corporation of the Defendant Homburg Realty Services (US) Inc., a Colorado corporation ("HRS"). Neil Chapman is the President of HRS ("**Chapman**").
10. On the basis of the evidence contained in this affidavit, I believe that HIL maintains a bank account in the name of "Homburg International Limited" at The Bank of Nova Scotia / Scotiabank – Halifax Main Branch, located at 1709 Hollis Street in Halifax (the "**Bank Account**").

The CCAA Proceeding, Restructuring and Management of Properties

11. HIL is currently undergoing an insolvency restructuring of its business and financial affairs under the protection of the *Canadian Companies' Creditors Arrangement Act* (the "**CCAA Proceeding**") pursuant to an initial order rendered by the Superior Court of Quebec on September 9, 2011, which has since been amended and extended from time to time. The latest extension was granted until January 17, 2014 by Court Order dated December 2, 2013.
12. One component of the plan of restructuring is for HIL to divest its U.S. real property assets, which at the time of commencing the CCAA Proceeding consisted of: (i) 10 wholly-owned properties in Colorado and Texas with a combined value of approximately US\$18.5 million; and (ii) nine shopping center properties held in a joint venture with Cedar Shopping Centers, Inc. ("**Cedar**").

13. Prior to the CCAA Proceeding HHUS had already initiated and completed a sale process with respect to, namely, Cedar. This process had led to the identification of the superior bidder at the end of August 2011 and, in the following months, the parties negotiated the terms of agreements which however remained subject to the approval of the Monitor and of some third parties, namely lenders and securitization servicers.
14. On or about October 2012, HHUS completed the sale of the Cedar joint venture properties for gross proceeds of US \$104 million.

Purchase Agreement and Release

15. HCI and its affiliates – which held shares in HII effectively granting them a controlling position – historically contracted with HII and its affiliates to provide property management services with respect to the properties owned by HII and its affiliates and, in this context, HRS provided property management services with HHUS's owned properties in Colorado and Texas. HIL never contracted with HII and its affiliates.
16. The property management agreements were contained in an Amended and Restated Master Property and Asset Management Agreement between HHI, HCI and their respective affiliates (the "**Property Management Agreement**"), which contained the terms and conditions of the property management services for the global portfolio of properties.
17. This Property Management Agreement was terminated in August 2011, which resulted in the commencement of proceedings by HCI and its affiliates (including HRS) against HII and its affiliates (including HHUS) in the Supreme Court of Nova Scotia (Hfx No. 354620). The proceedings in connection with this claim were ultimately stayed by virtue of the CCAA Proceeding.

18. On November 17, 2011, HII, HCI and their respective affiliates and representatives entered into an agreement (the "**Purchase Agreement**") in order to resolve a number of control issues affecting the restructuring of HII and certain disputes and claims between the HII group of entities and the HCI group of entities (including the above-noted claim). A true copy of the Purchase Agreement is attached to this affidavit and marked as **Exhibit "D"**.
19. Also under Schedule F of the Purchase Agreement, HII, HHUS, HCI and HRS are amongst the parties to a general and mutual release pursuant to which HCI and HRS granted a full and final release to HII and HHUS of certain claims and disputes between the parties (the "**Release**"). It is HII's position that the Release clearly covers any claim that HRS may have had or ultimately have with respect to the Cedar transaction.
20. In consideration *inter alia* for the Release, the Purchase Agreement provides for the payment by the HII group of entities to the HCI group of entities of an amount of approximately CAD\$21 million (payable by way of a CAD\$10.5 million cash payment, the renouncement to rights in a note receivable for an amount of CAD\$7.4 million and the delivery of two condominium properties valued at CAD\$3.1 million).
21. On January 12, 2012, the CCAA Court approved the Purchase Agreement including the Release.
22. Thereafter, HRS continued to provide limited property management services to HHUS with respect to the Colorado and Texas properties, and HHUS continued to compensate HRS for the property management services only. However, at no point did HRS have any involvement with respect to the Cedar transaction or the negotiations in relation thereto.

23. Chapman had signing authority over the HHUS account at the ANB Bank in Colorado Springs, which was granted for operational purposes and only in relation to the Texas and Colorado properties. Any authority of Chapman (or anyone else at HRS) to access the HHUS account was only ever limited to payment for monthly fees, but never commissions. HRS had no authority to pay itself self-determined commissions, without agreement or approval from Hill.

Unauthorized Withdrawal of HHUS Funds

24. In an email to me dated November 19, 2013, with a copy to Mr. Jan Schöningh (Hill's President & CEO), Chapman asserted for the first time that HRS was owed a 2.5% disposition fee for the Cedar transaction which had closed one year ago in October 2012 (of US\$104 million). Chapman then offered to reduce the fee to 1.5%, half of which would be payable immediately, the other half in Q1, 2014. In Chapman's words:

Some items that were not considered on the last cash statement were the sale of one of the properties in San Antonio that closed yesterday adding another \$880k to the total and then a commission that needs to be paid to HRSUS for the sale of the Cedar Partnerships. As to the fee, traditionally HRSUS has been paid a 2.5% commission on the sale or acquisition of any asset. In the case of the Cedar Partnerships, I know that the final sale was for \$104 M USD. Traditionally, this would have meant a commission of \$2.6 M USD needed to be paid. That is a big number! With this in mind, I hope I understand the position that Hill is currently in and have been trying to be understanding of this situation and not jumping up and down saying this amount needs to be paid!!!! Unfortunately, I have to consider the future of the company that I represent. I also need to continue to consider HRSUS' relationship with Hill. I want to continue to manage Hill's properties in the US for as long as is necessary and I still want to continue to have the trust of Hill in knowing that I am serving their needs as best I can. With all of this bearing in mind, I feel that it would be reasonable for both sides to consider paying HRSUS a commission of 1.5%. I know, that is still a big number, but at the same time I hope that my willingness to consider a lower amount represents my desire to continue to serve the needs of Hill. In a further desire to help with the bigger picture, HRSUS would be willing to accept half of the commission now and the other half after the first of January 2014. [emphasis added]

25. A true copy of this November 19, 2013 email is attached to this affidavit and marked as **Exhibit "E"**.
26. HII disagreed with the assertion that HRS would be entitled to a commission on the Cedar transaction, and it informed Chapman in an email dated December 1, 2013 (Exhibit "G" below) that it would respond more comprehensively in due course.
27. Also, on November 21, 2013, Chapman confirmed to me, in response to an inquiry from my office, that US\$3.2 million would be available to be sent from HHUS to Canada for the purpose of the CCAA Proceeding.
28. HII was focused on matters related to the CCAA Proceeding and its impact upon the operations of HHUS. On November 29, 2013, Chapman sent a lengthy email to me (among others) in relation to certain HHUS / HII matters in this regard. A true copy of this email is attached to this affidavit and marked as **Exhibit "F"**.
29. Mr. Schöningh wrote to Chapman (with a copy to me, among other people) on December 1, 2013. In relation to the CCAA Proceeding, Mr. Schöningh noted that "Tomorrow we will be in court to seek another (and hopefully last) extension". As to the question of entitlement to a commission on the Cedar transaction, Mr. Schöningh advised Chapman as follows:

After then, we will turn our focus on some open issues, one of which being the HHUS. We will then also reply to your email from a few weeks ago when you suggested fees were due following the Cedar sale. [emphasis added]
30. A true copy of Mr. Schöningh's December 1, 2013 email in this regard is attached to this affidavit and marked as **Exhibit "G"**.

31. Chapman responded on December 2, 2013, by referring to instructions from his "employer" to withdraw the offer he made on November 19. In other words, HRS was now claiming entitlement to a 2.5% commission on the Cedar transaction – a commission that would amount to approximately US\$2.6 million. Irrespective of HII / HHUS's objection to HRS's entitlement to any commission on the Cedar transaction, HRS had never (and still has never) issued a formal invoice for this claimed amount, nor has HII received such an invoice. Under the Property Management Agreement, HCI always delivered invoices for approval and auditing purposes.
32. In this December 2, 2013 email, a true copy of which is attached to this affidavit and marked as **Exhibit "H"**, Chapman wrote:
- In wanting to remain completely above board with HII, I am hereby informing you and everyone copied on this email that I have been instructed by my employer to withdraw the offer you mention below to reduce the fee due for the sale of the Cedar Partnerships. I, as Homburg Realty Services (US), Inc.'s president have been instructed to receive the full 2.5% commission on the sale and have done so as has been the practice of Homburg Holdings (US), Inc. and Homburg Realty Services (US), Inc. since the companies first were established. [emphasis added]
33. At no time did HII or HHUS agree to pay any commission or authorize the withdrawal of any funds from the HHUS account in payment of commissions.
34. Despite Chapman's statement that he had been instructed by his employer to receive the full US\$2.6 million and "have done so", HII / HHUS did not understand at the time that Chapman had already transferred the funds out of the HHUS account.
35. It was not until the next day (on December 3) that HII /HHUS started to learn the details of Chapman's conduct in this regard. The events of December 3, 2013 unfolded as follows:

- (a) I am advised by Mr. Schöningh and verily believe that he had a telephone conversation with Chapman, during which they discussed matters related to the CCAA Proceeding and the December 2, 2013 hearing as follows. Chapman was advised that representations had been made to the Quebec Court regarding necessary HII cash flows and next restructuring steps. Chapman was instructed to wire funds from the HHUS into an account for HII's lawyers in the CCAA proceeding. At the same time, Chapman was advised that he is still "working as HII's agent for our Colorado and Texas properties and are being paid a fee for that." A true copy of Mr. Schöningh's email to Chapman to confirm this conversation (and copied to me) is attached to this affidavit and marked as **Exhibit "I"**.
- (b) After receipt of the email described in paragraph 32 above, I requested an updated cash report for HHUS. This was important, because a cash report had not been issued since November 14, 2013. Mid-afternoon on December 2, 2013, I received a cash report for HHUS. A true copy of an email exchange in this regard is attached to this affidavit and marked as **Exhibit "J"**.
- (c) On my review of that newly issued cash report, I became aware that the HHUS operating account (held at the ANB Bank in Colorado Springs, Colorado) was deficient by approximately US\$2.6 million. I then spoke with Chapman over the telephone, and he admitted to me that he had wired the US\$2.6 million into an HRS account in order to pay HRS a commission on the Cedar transaction (the "**Subject Assets**"). The wiring of these funds had not been authorized by HHUS or HII. In fact, the payment of any commission had not been authorized or agreed to and there were no invoices received.

(d) An email from Mr. Schöningh to Chapman was delivered shortly thereafter (a true copy of which is attached to this affidavit and marked as **Exhibit "K"**), formally objecting to the withdrawal of funds and denying any and all implications that such withdrawals were made pursuant to any agreement, whether written or oral, between HRS and HHUS regarding HRS's claim for property management fees or disposition fees. In sending this email, Mr. Schöningh copied HII's legal counsel, as well the court appointed monitor under the CCAA Proceeding and its legal counsel.

(e) In part, Mr. Schöningh wrote as follows in that email:

I have just been informed by our CFO Jamie Miles that you wired a substantial amount of money to a Homburg account, without any authorization. This is a very very serious matter. Any such payments made without formal approval of a representative of HII are unauthorized distributions from the HHUS accounts, and we hereby formally object to such improper payments and deny any and all implications that such payments were made pursuant to an agreement, whether written or oral, between HRS and HHUS regarding HRS' entitlement to property management fees.

I hereby advise you that you have no more banking authority or any other signing authority on behalf of HHUS.

(f) Chapman wrote an email in response, a true copy of which is attached to this affidavit and marked as **Exhibit "L"**, in which he took the following position (but did not suggest that he had any authorization to proceed with a removal of the Subject Assets from the HHUS operating account):

As to the first part of your below email, I agree, this is a very very serious matter. The commission was earned back in October of last year and I have put off requiring it's payment in trying to be helpful to HII and the bigger picture and not dumping one more issue on your shoulders. However, the commission was still owed. A very similar

transaction took place back when the Cedar Partnerships were originally purchased in 2007.¹

36. The next day, Mr. Schöningh wrote again to Chapman and instructed him to wire the Subject Assets back to HHUS. In that December 4, 2013 email, a true copy of which is attached to this affidavit and marked as **Exhibit "N"**, Mr. Schöningh wrote:

Neil,

Thank you for your email.

My understanding is that you took the funds from our account last Friday - is that correct?

Do you believe it is normal that an agent writes cheques of a company he is paid to represent, to himself (or affiliated entity) without any formal authorization?

From a call we had with your counsel Phil Decario in September 2011 you must recall that the former contract was terminated. So on what bases do you believe you were owed any fees?

In one of your latest emails you mention that you were instructed by your employer to remove off the table your "offer" of a reduced fee and "charge the full 2.5%. May I ask who your employer is? Or who you are referring to?

Of course we will remain civil, but we will contact the authorities to report this fraud and we will take action against all involved to recover our funds.

Wire the funds back immediately Neil, please.

Regards,

Jan

37. As of the date that I swear this affidavit, Chapman has not complied with this instruction to wire the Subject Assets back to the HHUS account and reverse the unauthorized

¹ In his email, Mr. Chapman refers to an email that I had sent him on December 2, 2013, a true copy of which is attached to this email and marked as **Exhibit "M"**.

transaction. In addition, I am advised by Mr. Schöningh and do verily believe that he has received no response from Chapman to this December 4, 2013 email.

38. It has since come to the attention of HII that other unauthorized withdrawals from HHUS bank accounts may have been effected by Chapman at earlier dates and times, specifically approximately US\$186,000 in commissions on property sales and US\$109,000 in professional fees. There were no invoices received for these amounts.
39. None of these withdrawals were authorized by HII, nor was there any oral or written agreement that these services would be remunerated over and beyond the existing payments Chapman receives as the property manager for HHUS in relation to the Texas and Colorado properties.

Collusion and Interference by HIL, HCI and their Directing Minds

40. As noted above, Chapman asserts in his email communications that he was instructed by his "employer" to wire the Subject Assets out of the HHUS account. His employer is technically HRS (of which Chapman is the President and therefore the directing mind), but I believe that Chapman refers more broadly to HCI and/or HIL as his employer (HCI being the parent company of HRS).
41. Although Mr. Schöningh specifically requested clarification from Chapman in his December 4 email about who Chapman refers to when he says "employer", Chapman has not answered this enquiry.
42. On review of the HIL and HCI corporate profiles (Exhibits "B" and "C"), I note that Richard Homburg, Jamie Wentzell and Michael O'Hara hold senior offices in the management of both HIL and HCI. Chapman is the President of HRS, which is in turn the subsidiary of HCI.

43. I am further informed by Mr. Schöningh, and do verily believe, that he had a telephone conversation with Chapman on December 3, 2013, during which Mr. Schöningh suggested that Chapman was receiving and acting upon "instructions from Halifax". I am informed that Chapman remained silent in response.
44. Based on my history and experience with Mr. Schöningh and (more broadly) with the Homburg group of entities, I interpret the suggestion of "instructions from Halifax" to refer to HCI and/or HIL, inclusive of Jamie Wentzell and Michael O'Hara.
45. In addition, I refer to and rely on my evidence below of my belief that the Subject Assets are now in the Bank Account in the name of HIL.

Urgency and Apprehension of Dissipation

46. I believe that the Subject Assets have been transferred into the Bank Account (as previously described at paragraph 10 of this affidavit), and I believe that this transfer came from an account in the name of HRS at the ANB Bank in Colorado Springs, Colorado. In addition, I believe that this transfer took place on December 2, 2013.
47. As support for my belief in this regard, I refer to the following:
- (a) On December 3, 2013, I communicated with Lillian Niemann at the ANB Bank in Colorado Springs, Colorado. In doing so, I advised by email (a true copy of which is attached to this affidavit and marked as **Exhibit "O"**) that:
- (i) "we [HIL / HHUS] suspect that the funds may be have been transferred into another account at ANB in the name of Homburg Realty Services, which has a separate and distinct ownership group from Homburg Holdings US Inc.";
- (ii) "our [HIL / HHUS] position is that this is a fraudulent transfer"; and

- (iii) "As this CCAA process is a legal process, I need to represent to the Court appointed monitor, and legal counsel to the Court appointed Monitor, that the funds in this account are frozen immediately, pending new signing officers being appointed."
 - (b) On December 5, 2013, I met twice in person with Esther Ah Yo (Assistant VP, Commercial Banking for ANB Bank in Colorado Springs, located at 102 N. Cascade Ave., Colorado Springs, CO 80903) together with Monique Leroux, a consultant to HIL. During our afternoon follow-up meeting, I was advised by Ms. Ah Yo and do verily believe, that the Subject Assets were transferred from the HHUS account into an HRS account at the ANB Bank in Colorado Springs on November 29, 2013. Chapman was the person who arranged for the transfer, along with Bob Harris (former President of HRS) as the co-signer on the wire.
 - (c) I was also informed, at the same meeting, by Ms. Ah Yo (and do verily believe) that the Subject Assets were subsequently transferred out of this HRS account on December 2, 2013 and were wired to an account in the name of "Homburg International Limited" at The Bank of Nova Scotia / Scotiabank on 1709 Hollis Street (with a reference to NOSCCATT).
48. I apprehend that HIL may dissipate the Subject Assets or otherwise remove them from the jurisdiction before such time as the Court can pronounce upon the merits of the allegations raised by HIL in the Statement of Claim (of conversion and conspiracy). Given the international nature of the HCI group of entities – and with its Chairman residing in Switzerland – it is very possible that the funds will be transferred abroad.
49. In the result, and in advance of seeking an injunction, I instructed HIL's Nova Scotia counsel (Grant Machum) to write to the Branch Manager of The Bank of Nova Scotia /

Scotiabank in relation to the Subject Assets and the Bank Account. A true copy of this December 6, 2013 letter from Mr. Machum to Steve Groves is attached to this affidavit and marked as **Exhibit "P"**.

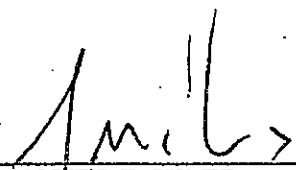
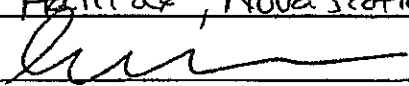
50. The Subject Assets were forecasted to be used for current cash-flow requirements in the course of the latest extension of the CCAA Proceeding (as ordered on December 2, 2013 by the Superior Court of Quebec).
51. Given that the conditions precedent to the implementation of the Court-sanctioned plan of arrangement are nearly complete, an inability by HII / the Monitor to access the Subject Assets could prejudice and delay conclusion of the CCAA Proceeding.
52. This is confirmed by the most recent report of the Court-appointed Monitor that was filed with the Superior Court of Quebec on November 29, 2013, a true copy of which is attached to this affidavit and marked as **Exhibit "Q"**. I refer to paragraph 18, which reads as follows:

In November 2013, HHUS paid the existing balance of approximately \$4.6M on the mortgage remaining on East Pikes Road owed to Firstbank. HHUS no longer has any significant liabilities and approximately \$4.1M, will be remitted to HII by the end of 2013.

53. I am informed by Pierre Laporte (of the Court-appointed Monitor in the CCAA proceeding), and do verily believe, that the above statement was made on the understanding that the Subject Assets were still in the HHUS account (which is no longer the case). HII was expecting and was entitled to these funds from HHUS, inclusive of the Subject Assets.
54. In light of the above concerns, the Monitor in the CCAA Proceeding has also written to The Bank of Nova Scotia / Scotiabank to express concern about preservation of the

subject Assets in the Bank Account. A true copy of this December 6, 2013 letter from Mr. Laporte to Mr. Groves is attached to this affidavit and marked as **Exhibit "R"**.

55. In light of Chapman's conduct as outlined above, HHUS initially commenced a civil proceeding against Chapman and HRS in Colorado. However, and given the new information that the Subject Assets were transferred out of Colorado to the Bank Account of HIL, HIL (as parent company to HHUS) decided it would be best to discontinue the Colorado proceeding (which had not yet been served on any parties) and commence with action in Nova Scotia.

Sworn to before me on December <u>8th</u> , 2013	}	
at <u>Halifax, Nova Scotia</u> 		
Signature of Authority		JAMES F. MILES
Print Name: <u>G. Grant Machum</u>		
Official Capacity: <u>Lawyer</u>		

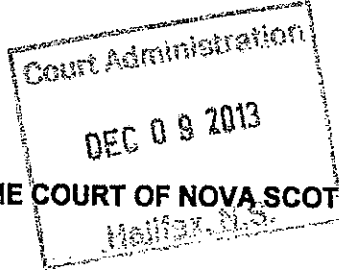
INDEX OF EXHIBITS

TAB	DESCRIPTION
A.	Print-out of the HII corporate profile from the Nova Scotia Registry of Joint Stock Companies website.
B.	Print-outs of the HIL corporate profiles from the Nova Scotia Registry of Joint Stock Companies website.
C.	Print-out of the HCL corporate profile from the Nova Scotia Registry of Joint Stock Companies website.
D.	Purchase Agreement dated November 17, 2011.
E.	Email from Neil Chapman to James Miles dated November 19, 2013.
F.	Email from Neil Chapman to Jamie Miles (among others) dated November 29, 2013.
G.	Email from Mr. Schöningh to Neil Chapman dated December 1, 2013.
H.	Email from Neil Chapman to Jan Schöningh dated December 2, 2013.
I.	Email from Jan Schöningh to Neil Chapman dated December 3, 2013.
J.	Email exchange between Kathy Gwin and James Miles dated December 3, 2013.
K.	Email from Jan Schöningh to Neil Chapman dated December 3, 2013.
L.	Email from Neil Chapman to Jan Schöningh dated December 3, 2013.
M.	Email from Jamie Miles to Mr. Chapman dated December 2, 2013.
N.	Email from Jan Schöningh to Neil Chapman dated December 4, 2013.
O.	Email from Jamie Miles to Lillian Niemann dated December 3, 2013.
P.	Letter from Grant Machum to Steve Groves dated December 6, 2013.
Q.	Twenty-Ninth Report to the Quebec Court by the CCAA Monitor, dated November 29, 2013.
R.	Letter from Pierre Laporte to Mr. Groves dated December 6, 2013.

EXHIBIT P-3

Copy of the Supreme Court of Nova Scotia's Order issued on December 9, 2013;

2013



Hfx No. 422406

SUPREME COURT OF NOVA SCOTIA

BETWEEN:

HOMBURG INVEST INC.

Plaintiff

-and-



**NOVA SCOTIA LIMITED (formerly HOMBURG INTERNATIONAL LIMITED),
HOMBURG INTERNATIONAL LIMITED (formerly HOMBURG SERVICES GROUP (N.A.)
INCORPORATED), HOLDINGS INC. (formerly HOMBURG CANADA INCORPORATED), and
HOMBURG REALTY SERVICES (U.S.), INC.**

Defendants

**ORDER
(Re: Preservation of Assets)**

BEFORE THE HONOURABLE JUSTICE GERALD R.P. MOIR IN CHAMBERS:

The Plaintiff made an *ex parte* Motion pursuant to Rules 41 and 42 of the Nova Scotia *Civil Procedure Rules* and the common law test for *Mareva* Injunctions for an interim or interlocutory injunction to protect and preserve the assets of the Plaintiff;

Sgd.
GRPM, J.

The Plaintiff relied on the Affidavit of James F. Miles sworn December 8, 2013 and written and / or oral submissions in this proceeding; and

The Motion was heard on an emergency *ex parte* basis at the request of the Plaintiff on December 9, 2013 at 9:30 a.m. in Halifax, Nova Scotia.

ON THE MOTION OF THE PLAINTIFF, IT IS ORDERED THAT:

Service on Respondents

1. As soon as practicable, the Plaintiff shall serve upon all Defendants the Notice of Action and Statement of Claim issued herein and copies of the Affidavit and all other material filed by the Plaintiff in support of this motion.

Preservation of Assets and Freezing Injunction: Defendants

2. Until trial or further Order of the Court, the Defendants shall not:
 - (a) remove from Nova Scotia or in any way diminish or otherwise dispose of the value of any of their assets in Nova Scotia; and

- (b) in any way diminish or otherwise dispose of the value of any of their assets whether they are situated in or outside Nova Scotia.
- 3. This Order applies to all assets beneficially owned by Defendants and any asset in which they have or may have an interest, whether they are held directly or indirectly by Defendants or through any company, trust, partnership, or other entity beneficially owned or controlled by Defendants or through any other affiliated person or company.
- 4. This Order applies to any such asset of the Defendants in respect of which they have the power, directly or indirectly, to dispose of or deal with the asset. The Defendants shall be regarded as having such power if a third party (including any individual or corporate entity) holds or controls the asset in accordance with direct or indirect instructions of Defendants.
- 5. In particular, but without any limitation, this Order shall apply, to the following assets of Defendants:
 - (a) any money in, or standing to the credit of, any bank account of any of the Defendants in Nova Scotia, including an account at The Bank of Nova Scotia / Scotiabank in Halifax, Nova Scotia, Canada;
 - (b) any money in, or standing to the credit of, any bank account of any of the Defendants outside Nova Scotia, including an account at ANB Bank in Colorado Springs, Colorado;
 - (c) any money in, or standing to the credit of, any other bank account to which Defendants have transferred funds, whether in or outside Nova Scotia.
- 6. If the total value free of charges or other securities ("**unencumbered value**") of the Defendants' assets in Nova Scotia exceeds \$US2.895 million, the Defendants may remove any of those assets from Nova Scotia or may dispose of or deal with them so long as the total unencumbered value of the Defendants' assets still in Nova Scotia remains above \$US2.895 million.
- 7. If the total unencumbered value of the Defendants' assets in Nova Scotia does not exceed \$US2.895 million, the Defendants must not remove any of those assets from Nova Scotia and must not dispose of or deal with any of them. If the Defendants have other assets outside Nova Scotia, they may dispose of or deal with those assets outside

Nova Scotia so long as the total unencumbered value of all their assets, whether in or outside Nova Scotia, remains above \$US2.895 million.

Cooperation to Preserve Assets: Third Parties

8. To give effect to the terms of this Order, the ANB Bank, The Bank of Nova Scotia / Scotiabank and any other financial institution wherever located and to whom notice of this Order may be provided, shall:
- (a) preserve all assets beneficially owned by any of the Defendants and any asset in which any of the Defendants have or may have an interest which are held by such banks and refrain from in any way diminishing or disposing of the value of such assets including, without any limitation, by not transferring any of Defendants' assets to the Defendants, any other creditor of Defendants, or any other person until further Order of this Court; and
 - (b) provide in writing to the Plaintiff and the Court within 5 business days of the date of service of this Order full details of the nature and value of all of Defendants' assets, if any, held by such banks or by any affiliated company or person.

Effect of Order

9. The terms of this Order will affect third parties in a country, province or state outside the jurisdiction of this Court in the following circumstances:
- (a) the Defendants or their officers/agents as the case may be;
 - (b) any person who:
 - (i) is subject to the jurisdiction of this Court;
 - (ii) has been given written notice of this Order at his/her/its residence or place of business within the jurisdiction of this Court; and
 - (iii) is able to prevent acts or omissions outside the jurisdiction of this Court which assist in or constitute a breach of the terms of this Order; and
 - (c) any other person to the extent that this Order is declared enforceable by or is actually enforced by a Court in that country, province or state.

10. Nothing in this Order shall, in respect of assets located outside Nova Scotia, prevent any third party from complying with:
- (a) what it reasonably believes to be its obligations under the laws of the country, province or state in which those assets are situated; and
 - (b) any Order of a Court of that country, province or state, provided that reasonable notice of any application for such Order is given to Plaintiff.

Costs, Variation or Discharge

11. The costs of this motion shall be reserved and subject to further Order of this Court.
12. Anyone served with or notified of this Order may make a motion to the Court at any time to vary or discharge this Order, but any such person must first inform the Plaintiff and serve upon the Plaintiff any evidence or materials to be relied upon in support of the motion.

DATED at Halifax, Nova Scotia, this ^{9th} day of December, 2013.

~~PROTHONOTARY~~

JASON WARHAM
Deputy Prothonotary

IN THE SUPREME COURT OF NOVA SCOTIA
I hereby certify that the foregoing document
identified by me as one of the Court, is a true
copy of the original document on file herein.
Dated the 9 day of Dec A.D., 2013

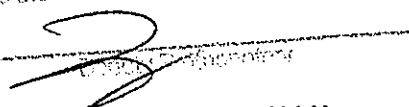

JASON WARHAM
Deputy Prothonotary

EXHIBIT P-4

Copy of the Supreme Court of Barbados' Order issued on December 13, 2013;

BARBADOS



Drawn &/ prepared by:

*Elliott D Motley & Co
Attorneys-at-Law
Shenstone
Strathclyde, St. Michael
Tel: 246 436-6725 Fax: 246 429-3769*

SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE

CLAIM NO:

BETWEEN: HOMBURG INVEST INC. CLAIMANT

AND: ROYAL BANK OF CANADA 1ST RESPONDENT

RBC ROYAL BANK OF CANADA 2ND RESPONDENT
(BARBADOS) LIMITED

ORDER

Before The Honourable Madam Justice Reifer

Dated the 13 December 2013

PENAL NOTICE:

**IF YOU THE WITHIN NAMED RESPONDENTS DISOBEY THIS ORDER YOU MAY
BE HELD TO BE IN CONTEMPT OF COURT AND LIABLE TO IMPRISONMENT
OR TO BE FINED OR TO HAVE YOUR ASSETS SEIZED**

A handwritten signature in black ink, appearing to be the name of the judge or a legal representative.

Important:
Notice to the Respondents

1. This Order obliges you to act as set out in the Order. You should read it all carefully. You are advised to consult an attorney-at-law as soon as possible. You have a right to ask the Court to vary or discharge this Order.
2. If you disobey this Order you may be found guilty of contempt of court and any of your directors may be sent to prison or fined, and you may be fined, or your assets may be seized.
3. An application was made on 13 December 2013 by Counsel for the Claimant to the Judge who heard the Application and read the Affidavit listed in Schedule 1 and accepted the undertakings set out in Schedule 2 at the end of this Order.

The Application was ex parte attended by Elliott D. Mottley & Co., Attorneys-at-Law for the Claimant.

IT IS ORDERED that up to and including trial or further Order of the Court (whichever be the earlier);

THE INJUNCTION

- a. The Respondents must on service of this Order forthwith deliver up the documents and other information referred to at Schedule 3 ('the Documents') to the Claimant's Attorneys-at-Law.
- b. The Respondents may agree with the Claimant's Attorneys-at-Law Elliott D. Mottley & Co. that this Order should be varied, but any agreement must be in writing.

A handwritten signature in black ink, appearing to be 'Elliott D. Mottley', is located in the bottom right corner of the page.

COSTS OF THIS APPLICATION

- c. The Claimant do pay the Respondents' costs of this Application. ✓

VARIATION OR DISCHARGE OF THIS ORDER

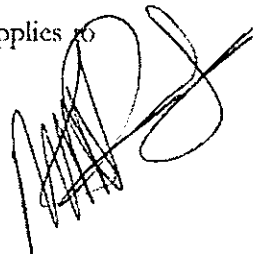
- d. The Respondents may apply to the Court at any time to vary or discharge this Order, but anyone wishing to do so must first inform the Claimant's Attorneys-at-Law in writing. ✓

NAME AND ADDRESS OF CLAIMANT'S ATTORNEYS-AT-LAW

- e. The Claimant's Attorneys-at-Law are: ELLIOTT D. MOTTLEY & CO., Attorneys-at-Law of whose address for service is "Shenstone", Strathclyde, St. Michael in this Island.

INTERPRETATION OF THIS ORDER

- f. In this Order the words 'he' and 'him' or 'his' include 'she' or 'her' and 'it' or 'its'.
- g. Where there are two or more Respondents then (unless otherwise stated):
- i references to 'the Respondents' mean both or all of them;
 - ii a requirement to serve on 'the Respondents' means on each of them. However, the Order is effective against any Respondents on whom it is served;
 - iii an Order requiring 'the Respondents' to do or not to do anything applies to all Respondents.

A handwritten signature in black ink, appearing to be 'M. Mottley', is located in the bottom right corner of the page.

EFFECT OF THIS ORDER

- h. A Respondents which is a corporation and which is ordered not to do something must not do it itself or by its directors, officers, employees or agents or in any other way.

All communications to the Court about this Order should be sent to the court should be sent to The Registry is which is located at The Law Courts, Bridgetown, Telephone (246)-426-3461, Fax (246) 426-2405.

SCHEDULE 1

Affidavits

The Judge read the following Affidavits before making this Order:

1. Affidavit of Stewart T. Mottley filed on 13 December 2013 on behalf of the Claimant Homburg Invest Inc.

SCHEDULE 2

Undertakings given to the Court by the Claimant

1. If the Court later finds that this Order has caused loss to the Respondents, and decides that the Respondents should be compensated for that loss, the Claimant will comply with any Order the Court may make. ✓
2. The Claimant shall not, without the permission of the Court, use or rely on any of the documents or other material supplied to it pursuant to paragraphs 2 and 3 and Schedule 3 of this Order in support of or connection with legal proceedings other than the present action or in bringing civil proceedings against any individual identified as the source of the Documents coming into the possession of the Respondents.



SCHEDULE 3
The Documents

1. The Respondents disclose to the Claimant forthwith copies of such documents or information that will identify the holder of an account with the Respondents relating to the transfer of sum of US\$2.6M from the account of Homburg International Limited, at the Bank of Nova Scotia, Scotia Bank Halifax Main Branch, Nova Scotia, Canada, to the Royal Bank of Canada, Bridgetown, Barbados on or about 4th December 2013; ✓
2. The Respondents disclose to the Claimant forthwith the sums or balances at present standing in the account to which the sum of US\$2.6M was transferred and held with the Respondents. ✓
3. ~~The Respondents disclose to the Claimant forthwith and permit the Claimant to take copies of the following documents: (i) all correspondence passing between the entity into whose account the money was credited with the Respondents from 4th December 2013 onwards. (ii) all cheques drawn on any account at the Respondents held by the entity in receipt of the money from 4th December 2013 onwards. (iii) all debit vouchers, transfer applications and orders and internal memoranda relating to any account at the Respondents held by the entity from 4th December 2013 onwards.~~

Deleted

*Seen & Approved
by Peter J as
amended:
13/12/13*

.....

Registrar



**SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE**

CLAIM NO.

BETWEEN

HOMBURG INVEST INC.

CLAIMANT

AND

ROYAL BANK OF CANADA

1ST RESPONDENT

**RBC ROYAL BANK OF CANADA
(BARBADOS) LIMITED**

2ND RESPONDENT

ORDER

**ELLIOTT D. MOTTLEY & CO
ATTORNEYS-AT-LAW**

No: 500-11-041305-117

SUPERIOR COURT
(Commercial Division)

DISTRICT OF MONTRÉAL

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

HOMBURG INVEST INC. & AL.

Debtors/Petitioners

-and-

HOMCO REALTY FUND (S2) LIMITED
PARTNERSHIP ET AL.

Mises-en-cause

-and-

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Monitor

MOTION FOR ACCESS TO RESTRICTED CASH (Sections 11
of the *Companies' Creditors Arrangement Act*, R.S.C., 1985),
AFIDAVIT, NOTICE OF PRESENTATION, LIST OF
EXHIBITS, EXHIBIT P-1 TO P-4

ORIGINAL

Mre. Martin Desrosiers

Mre. Sandra Abitan

Osler, Hoskin & Harcourt LLP

1000 De La Gauchetière Street West, Suite 2100

Montréal, Québec H3B 4W5

Tel: 514.904.8100 Fax: 514.904.8101

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o/f: 1131787