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

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

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

HOMBURG INVEST INC., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its registered office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

HOMBURG SHARECO INC., a legal person, duly constituted under the *Companies Act* (Nova Scotia), having its head office at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta, T2P 4H2, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CHURCHILL ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

INVERNESS ESTATES DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

– and –

CP DEVELOPMENT LTD., a legal person, duly constituted under the *Business Corporations Act* (Alberta), having its head office at Unit 127, 6227-2nd Street SE, Calgary, Alberta, T2H 1J5, and having a chief place of business at Suite 1010, 1 Place Alexis Nihon, Montreal, Quebec, H3Z 3B8

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mis-en-cause

– and –

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

Monitor

NINTH REPORT TO THE COURT SUBMITTED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC. IN ITS CAPACITY AS MONITOR

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

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

2. Pursuant to the Initial Order, the Stay extend to the following limited partnerships which form an integral part of the business of the Debtors: Homco Realty Fund (52) Limited Partnership, 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 (following an amendment to the Initial Order on October 7, 2011), Homco Realty Fund (105) Limited Partnership, Homco Realty Fund (121) Limited Partnership, Homco Realty Fund (122) Limited Partnership, Homco Realty Fund (142) Limited Partnership and Homco Realty Fund (199) Limited Partnership (collectively, the "**Applicant Partnerships**" and, together with the Debtors, the "**HII Parties**").

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

4. Pursuant to the Initial Order, an initial stay of proceedings (the "**Stay**") was granted until October 7, 2011 in favor of the Debtors (as extended from time to time, the "**Stay Period**").

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

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

7. On October 7, 2011, the Stay Period was extended until December 9, 2011 pursuant to an Order of the Court.

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

9. On December 2, 2011, the Monitor filed its Fourth Report with the Court. The purpose of the Fourth Report was, *inter alia*, to provide an update of the HII Parties' corporate structure, financial information and operations, to describe the HII Parties' Control Issues (as defined in the Fourth Report), the potential alternatives to resolve same and the decision of HII to opt for the alternative of entering into a purchase agreement (the "**Purchase Agreement**") with Homburg Canada Inc. ("**HCI**") and certain of its affiliates (together with HCI, the "**HCI Group**"), and to present cash flow statements and forecasts.

10. On December 8, 2011, the Stay Period was extended until March 16, 2012 pursuant to an Order of the Court.

11. On January 10, 2012, the Monitor filed its Fifth Report with the Court. The purpose of the Fifth Report was to provide additional information regarding the Purchase Agreement and to provide an update of the Monitor's view on the motion to approve same. The Fifth Report described the developments since the Fourth Report and, in particular, the due diligence process conducted by the Monitor as a condition precedent to the closing of the transaction contemplated by the Purchase Agreement. The Fifth Report also provided an overview of the progress in the HII Parties' restructuring of operations and finances since the Fourth Report.

12. On January 12, 2012, the Court rendered a judgment approving the Purchase Agreement (the "**Purchase Agreement Approval Order**").

13. On January 19, 2012, the Monitor filed its Sixth Report with the Court. The purpose of the Sixth Report was to provide the Monitor's view on the motion for approval of the sale of the units held indirectly by HII in the capital of Canmarc REIT (the "**REIT Units**").

14. On January 20, 2012, the Court rendered a judgment authorizing the sale of the REIT Units for a cash consideration of no less than $16.50 per unit (the "**REIT Units Sale Order**").

15. On February 17, 2012, the Monitor filed its Seventh Report with the Court in accordance with the instructions of the Court in the Second Stay Period Extension Order. The purpose of the Seventh Report was to provide an update on the progress of the HII Parties' restructuring, the financial situation of the HII Group, the sale of the REIT Units and other relevant information.

16. On March 15, 2012, the Monitor filed its Eight Report with the Court. The purpose of the Eight Report was to provide an update on the progress of the HII Parties' restructuring and related steps, and the approval of the motion for a third extension of the Stay Period.

17. On March 16, 2011, the Stay Period was extended until May 31, 2012 pursuant to an Order of the Court (the "**Third Stay Period Extension Order**").

PURPOSE OF THE NINTH REPORT

18. This ninth report of the Monitor (the "**Ninth Report**") is intended to provide the Monitor's view on the Debtors' Motion for approval of the exercise of certain options granted in the Purchase Agreement and the Debtors' Motion for authorization to sell assets of Inverness and for directions, namely the authorization to make the Coët Investment (as defined hereunder) and to have access to an incremental amount of the Restricted Cash (as defined hereunder). This report also addresses the developments since the Eighth Report as well as the measures taken by the HII Parties, in collaboration with the Monitor, since the Third Stay Period Extension Order, the current activities of the HII Parties and the Monitor and, generally, the restructuring process.

19. This Ninth Report is structured as follows:

    I- Exercise of certain options;
    II- Inverness bulk sale transaction;
    III- HII Parties' operations;
    IV- Debtors' cash flows since February 26, 2012;
    V- Activities of the Monitor;
    VI- Amended 10-week cash flow forecasts;
    VII- Cash funding requirements and access to Restricted Cash;
    VIII- Conclusion and recommendations.

TERMS OF REFERENCE

20. In preparing this Ninth Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, and subsequent motions filed with the Court (collectively, the "**Debtors' Motions**") and exhibits in support of same, and its discussions with management of the HII Parties ("**Management**") and the HII Parties' and the Monitor's legal advisors. While the Monitor has analyzed the information, some in draft form, submitted in the limited time available, the Monitor has not performed an audit or otherwise verified such information. Forward looking financial information included in this Ninth Report is based on assumptions of Management regarding future events, and actual results achieved may vary from this information and such variations may be material.

21. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Ninth Report are as defined in the previous reports of the Monitor and the Debtors' Motions.

22. A copy of this Ninth Report and further reports of the Monitor are available on the Monitor's website at www.deloitte.com/ca/homburg-invest. The Monitor has also established a toll free number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the HII Parties' restructuring under the CCAA.

I- EXERCISE OF CERTAIN OPTIONS

23. As described in the Second Report, the Fourth Report and the Fifth Report, HII's Control Issues result from the fact that Homburg L.P. Management ("**HLPM**"), an entity indirectly controlled by Richard Homburg through HCI, is the general partner of virtually all of the limited partnerships which form part of HII's business (collectively, the "**Partnerships**") and of which HII is the sole limited partner.

24. As described in the Fifth Report, after a careful evaluation of the potential alternatives available to HII to address the Control Issues and following the due diligence conducted since the execution of the Purchase Agreement, the Monitor concluded that the Purchase Agreement constituted the best alternative under the circumstances to rapidly and effectively address the Control Issues and accelerate HII's restructuring for a number of reasons, including those set forth in the Fourth Report and the Fifth Report.

25. On January 12, 2012, the Court rendered the Purchase Agreement Approval Order. The Purchase Agreement provides for, *inter alia*, the following options granted to the HII Group (each an "**Option**" and collectively the "**Options**"):

    i. The option to purchase or otherwise obtain (directly or indirectly) title to the shares of:

        a. HLPM;

b. the Baltic GPs (namely the general partners of the Estonian, Latvian and Lithuanian limited partnerships (the "**Baltic Partnerships**") holding legal (registered) title to certain HII's assets); and

c. any European subsidiary of the Partnerships (the "**European Entities**");

ii. The option to require the transfer of the legal (registered) title to the properties held by HLPM, the Baltic GPs and any European Entities; and

iii. The option to require the resignation of any or all General Partners of any of the Partnerships or of the Baltic Partnerships, to require their replacement by any entity and/or to effect amendments to the Limited Partnership Agreements in respect of the Partnerships and/or Baltic Partnerships;

26. On February 17, 2012, in conformity with the Purchase Agreement Approval Order, the closing of the transaction between the HCI Group and the HII Group contemplated by the Purchase Agreement occurred.

27. The Options are designed to allow, *inter alia*, the HII Group to address the Control Issues and properly structure the transfer of the control of the General Partners and any assets of the Partnerships and Baltic Partnerships held directly or indirectly by the General Partners on behalf of the Partnerships, Baltic Partnerships or the European Entities, with a view to minimizing any negative tax consequences for the Partnerships, the Baltic Partnerships and HII, including in particular any real estate transfer tax ("**RETT**") relating to the assets, especially those located in the Netherlands and Germany.

28. As appears from the Second Report, certain Canadian real estate assets, namely seven properties located in Alberta and one property located in Prince Edward Island are held through Partnerships of which HLPM is the general partner and HII the limited partner (each a "**Canadian LP**" and collectively the "**Canadian LPs**") with legal title registered in the name of HLPM.

29. As disclosed in the Second, Fourth and Fifth Reports of the Monitor, real estate assets located in the Netherlands and Germany are generally held through Partnerships in which HII is the sole or principal limited partner and HLPM the sole general partner (each a "**Dutch or German LP**") with legal title registered in the name of HLPM.

30. There are also a number of Partnerships that hold no real estate and that are generally inactive in respect of which HLPM is the general partner (each an "**Inactive LP**").

31. In order to address the Control Issue as regards the Partnerships (other than the Baltic Partnerships), the HII Group intends to:

i. Incorporate direct or indirect wholly owned subsidiaries of HII, to act as general partners (each of which will be the general partner of no more than one Partnership) (each a "**New GP**" and collectively the "**New GPs**");

ii. Replace HLPM as the general partner of each Canadian LP with a New GP for each Canadian LP, save and except for Homco Realty Fund (83) Limited Partnership ("**Homco 83**");

iii. Replace HLPM as the general partner of each Inactive LP with a New GP for each Inactive LP or, alternatively, proceed with the windup and dissolution of any Inactive LP;

iv. Add a New GP to act as general partner of Homco 83 and provide for HLPM to remain as a general partner of Homco 83 for the sole purpose of acting as legal nominee in respect of the property or assets of Homco 83 that are registered in HLPM's name;

v. Add a New GP to each Dutch and German LP to act as general partner, save and except for Homco Realty Fund (110) Limited Partnership ("**Homco 110**"), and provide for HLPM to remain as a general partner of each for the sole purpose of acting as legal nominee in respect of the property or assets of each respective Dutch and German LP that are registered in HLPM's name;

vi. Replace HLPM as the general partner for Homco 110 with a New GP; and

vii. Reorganize the share capital of HLPM to provide HII with control of the voting rights of HLPM replace its board of directors with HII nominees and replace HLPM's officers with individuals appointed by the new board of directors;

(Collectively referred to as the "**First Option Exercise**").

32. In the Netherlands, HII sought and obtained, through its Dutch counsel Allen & Overy LLP, an advance tax ruling from the Dutch tax authorities confirming that no RETT would be payable in the Netherlands as a result of the First Option Exercise.

33. HII and the Monitor have also obtained legal opinions from their respective Canadian, Dutch and German counsel confirming that the First Option Exercise should not give rise to any tax liability, including liability for RETT in Holland or Germany.

34. In Canada, the transfer of legal title of certain properties from HLPM to the New GPs will result in registration fees in the aggregate amount of approximately $25K.

35. The First Option Exercise will allow the HII Group to address the AFM's concerns in respect of the Control Issue and will provide HII with the necessary authority to negotiate with secured lenders and relevant third parties, the whole with a view to advancing the restructuring and ultimately formulating a plan of arrangement for HII Group stakeholders.

36. Based on the foregoing and the other considerations outlined above it is the Monitor's recommendation that the First Option Exercise should be approved and that the Motion for approval of the exercise of certain options should therefore be granted by the Court.

II- INVERNESS BULK SALE TRANSACTION

BACKGROUND

Historical Sales

37. The Inverness condominium project consists of three four-floor buildings comprised of 249 condominium units in Grande Prairie, Alberta. Sales of the condominium units began in 2006 with the first closing taking place in December 2006.

38. As mentioned in the Fifth Report, North American Realty Corp. ("**North American**"), a full service commercial real estate broker and asset management group, which has worked on several other HII developments, was hired by HII in September 2009 to sell the remaining Inverness project's condominiums. At this time, there were 85 condominium units remaining unsold and since then, under North American's direction, 62 units have been sold (of which one sale remains to be closed at the beginning of May 2012).

39. Thus, as of this date, there are 23 condominium units which are yet to be sold, as well as 29 parking units (collectively, the "**Remaining Units**").

Market conditions

40. Grande Prairie is an industrial based city in the north western part of Alberta. It is located 465 km northwest of Edmonton. Grande Prairie is a small market in which it is difficult to generate condominium sales without external motivation and in which condominium sales compete with sales of single family homes (which can be purchased at prices which are highly competitive to prices of condominium units).

41. The table below details the 85 condominium units which were unsold as at September 2009 and for which North American was given the mandate to lead the sales efforts. The data presented below demonstrates that, historically, Inverness has been more successful in selling 2-bedroom units than 1-bedroom units and in selling units located on the 2nd to 4th floors rather than units located on the first floor. In fact, the average number of sales per year is higher for 2-bedroom units than 1-bedroom units, as it is for units located on the 2nd to 4th floors than for units located on the 1st floor. According to North American, given that most individuals looking for a 1-bedroom unit view the purchase as short-term, their primary motivation is price.

Condo type	Floor	# of unsold units (as of Sept. 2009)	# of units sold (from Sept. 2009 to March 2012)	# of unsold units (as of April 2012)	Average sales/ year	Estimated time to sell out (years)
2 bedrooms + den	1	0	0	0	N/A	N/A
	2-4	2	2	0	N/A	N/A
Large 2 bedrooms	1	6	6	0	N/A	N/A
	2-4	11	11	0	N/A	N/A
Small 2 bedrooms	1	14	6	8	2.32	3.44
	2-4	29	20	9	7.74	1.16
1 bedroom + den	1	2	2	0	N/A	N/A
	2-4	4	4	0	N/A	N/A
1 bedroom	1	6	5	1	1.94	0.52
	2-4	11	6	5	2.32	2.15
Total		**85**	**62**	**23**		**3.44**

Note *: Units sold from September 2009 to March 2012 include 1 unit for which there is a finalized sale agreement with a purchaser but for which the sale as not yet closed.*

42. 14 of the 23 Remaining Units therefore have somewhat less desirable characteristics for a potential purchaser, those units being either (or both) 1-bedrooms units or/and located on the first floor of one of the buildings of the Inverness project.

43. As presented in the table above and based on the historical annual average number of sales by condominium types and floor location, it is estimated that an additional 3.44 years would be required in order to sell all of the Inverness remaining unsold units, the remaining 8 unsold small two bedroom units located on the first floor.

THE PROPOSED INVERNESS TRANSACTION

Events leading up to the proposed transaction

44. As indicated in the Eight Report, following the receipt of two unsolicited offers from a group of investors (the "**First Potential Purchaser**") for the purchase in bulk of some or all of the Remaining Units, the Debtors had been negotiating with the First Potential Purchaser regarding the final terms of a potential formal purchase offer which would have been acceptable to Inverness, subject to the Monitor's and the Court's approval.

45. On or around March 12, 2012, while these discussions with the First Potential Purchaser were ongoing, the Monitor received an unsolicited offer to purchase the Remaining Units from Grande Prairie Place Enterprises (1996) Inc. ("**GPP**"), an owner of office buildings and commercial and residential developments in the Grande Prairie area. The terms and total purchase price provided by this initial offer to purchase of GPP were very similar to the terms and total purchase price being negotiated with the First Potential Purchaser.

46. In order to maximize the realization in respect of the Condominium Units, the Debtors, after consultation with the Monitor, instructed North American to send instructions to both interested parties for the submission of final revised offers. Said instructions were sent on March 23, 2012 to both the First Potential Purchaser and GPP (the "**Instructions**"). The

deadline for the presentation of the offers provided by the Instructions was March 28, 2012 at 12:00 PM (MST).

47. Both the First Potential Purchaser and GPP submitted revised and improved offers in conformity with the Instructions (the "**Bulk Purchase Offers**").

48. Following an analysis of the Bulk Purchase Offers, the Debtors and the Monitor concluded that the offer submitted by GPP was the best offer for the Debtors (same providing a higher purchase price than the First Potential Purchaser's offer and similar conditions).

49. GPP's revised and improved offer submitted on March 27, 2012 provides for, *inter alia*:

    i. An aggregate cash purchase price of $3,840,000 (excluding any retail sales tax and good and services tax) for the Remaining Units, free and clear of all liens, charges and encumbrances, other than certain "Permitted Encumbrances" (the "**Proposed Inverness Transaction**"); and

    ii. The closing of the Inverness Transaction 60 days following the acceptance of GPP's offer by Inverness.

50. The Debtors, after consultation with the Monitor and North American, instructed North American to revert to GPP and advise that Inverness was inclined to accept its offer subject to certain minor modifications and seek whether GPP would be willing to accelerate closing of the Proposed Inverness Transaction.

Terms of the Proposed Inverness Transaction

51. On April 6, 2012, GPP submitted and Inverness accepted a final offer to purchase the Remaining Units, providing for substantially the same terms and conditions of its offer submitted on March 27, 2012, except for a shortening of the delay for closing of the Inverness Transaction, namely by May 15, 2012 or, at GPP's option and subject to the payment an incremental deposit of $100,000, by May 30, 2012.

52. The Proposed Inverness Transaction provides for a total purchase price of $3,840,000 (excluding the GST payable on the transaction and any other retail sales tax as the case may be). The purchase price of the Proposed Inverness Transaction is $150K higher than the one provided in Bulk Purchase Offer of the First Potential Purchaser.

53. GPP already made a deposit of $100K at the time it submitted its Bulk Purchase Offer (in conformity with the Instructions) and the balance of the purchase price is payable at the time of closing of the transaction.

54. The closing of the Proposed Inverness Transaction is subject to the approval of the Monitor and of the Court. The Proposed Inverness Transaction does not include any other substantial purchaser's conditions which would be required in order to complete the transaction.

ALTERNATIVES AVAILABLE TO THE DEBTORS

55. Three alternatives were identified as available to the Debtors regarding the Inverness project:

    i. To reject the Bulk Purchase Offers and to continue trying to sell the 23 remaining unsold units through North American (the "**Status Quo Scenario**");

    ii. To seek approval of the Proposed Inverness Transaction by the Court in order to complete the Proposed Inverness Transaction (the "**Proposed Transaction Scenario**");

    iii. To reject the Bulk Purchase Offers and to liquidate the remaining unsold units by soliciting other bulk purchase offers through a formal sale process (the "**Liquidation Scenario**").

56. In order to properly assess the first two alternatives available to HII, the Debtors, in collaboration with the Monitor, estimated the net present value of the Status Quo Scenario and of the Proposed Transaction Scenario.

57. The estimated net present value of the Proposed Transaction Scenario is slightly higher, namely by approximately $40K, than the estimated net present value of the Status Quo Scenario (based on historical sales data), which makes it a more attractive alternative for HII to go ahead with the Proposed Inverness Transaction.

58. In addition to the fact that the Status Quo Scenario having a slightly lower estimated net present value, there are also additional risks and uncertainties associated with the Status Quo Scenario. The additional risks and uncertainties of the Status Quo Scenario include notably:

    i. The uncertainty of the selling prices that would be obtained for the Remaining Units;

    ii. The uncertainty of the sales rate of the Remaining Units given the lower desirability of the Remaining Units and the conditions of the condominium market in Grande Prairie.

59. Finally, with regards to the Liquidation Scenario, the Debtors believe that the actual process which led to the Bulk Purchase Offers has allowed, from a cost-benefit perspective, to maximize the realization value of the Remaining Units, and that any improved offers, as the case may be, that could potentially come following a more formal sale process, would not provide for an increase in realization value which would be material enough to compensate for the additional costs and professional fees necessitated by such process.

60. In their analysis of the Proposed Inverness Transaction, the Debtors and the Monitor also considered the following factors:

i. The Proposed Inverness Transaction provides for an aggregate purchase price of $3,840K (excluding sales taxes) for the 23 Remaining Units, which purchase price represents approximately 84% of the listed sale price of the Remaining Units. As mentioned previously in this Ninth Report, the Remaining Units mostly include units which have somewhat less desirable characteristics for a potential purchaser. As a comparison, the sale price of the last 14 units sold in the normal course of operations was discounted by an average of 8%.

ii. Romspen Investment Corporation ("**Romspen**"), which is Inverness' sole secured creditor and has a security interest over the Remaining Units and over Churchill's condominium units in order to guarantee Inverness' and Churchill's obligations towards Romspen (as further described in the Fifth Report), obtained an appraisal of the remaining unsold Inverness condominium units (as of November 2011) under both normal sale conditions and forced sale conditions. The appraisal obtained by Romspen indicated that the value of the unsold units under forced sale conditions would be significantly lower than 84% of the listed selling price/market value of the units.

IMPACT ON THE SECURED CREDITOR

61. After closing of the Proposed Inverness Transaction and of certain sales of Churchill's condominium units envisaged in the coming weeks (as mentioned in paragraph 88 hereunder), the Debtors estimate that the cash generated thereby will be greater than the outstanding balance of the loan owed to Romspen with respect to the Churchill's Condominiums (the "**Churchill Loan**") (Romspen's loan to Inverness now being fully reimbursed). Should Inverness not proceed with the Proposed Inverness Transaction and go with the Status Quo Scenario, the Debtors estimate that the Churchill Loan would be fully reimbursed approximately in November 2012.

62. Representatives of Romspen were kept informed by the Debtors and the Monitor of the process having led to the Proposed Inverness Transaction and have indicated no objection to said process.

RECOMMENDATION ON THE PROPOSED INVERNESS TRANSACTION

63. The Monitor recommends that the Proposed Inverness Transaction be sanctioned by the Court for the following reasons:

i. The Proposed Inverness Transaction provides for a total purchase price of the Remaining Units at a lesser discount than the discount contemplated under forced sale conditions (as per the independent appraisal of the units obtained by Romspen);

ii. The estimated NPV of the Proposed Transaction Scenario in the amount of $4,844,000, is slightly higher than the estimated NPV of the Status Quo Scenario in the amount of $4,804,000;

iii. The risks and uncertainties associated with the Proposed Transaction Scenario are significantly lower than the risks and uncertainties associated with Status Quo Scenario;

iv. The costs associated to the Liquidation Scenario would likely not be compensated by the potential improved offer, as the case may be, and the Liquidation Scenario would entail more risks and uncertainties and likely delay the closing of a transaction, as the case may be; and

v. The closing of the Proposed Inverness Transaction and the sale of the additional Churchill units will generate an amount which is greater than the balance owed to Romspen under the Churchill Loan, thus allowing the Debtors and their stakeholders to benefit from the substantial value of the remaining Churchill condominium units.

III- HII PARTIES' OPERATIONS

SALES TAX ISSUES

64. As discussed in the Eighth Report, since the Initial Order the CRA has been withholding GST and HST refunds owed to CP and HII. In December 2011 and January 2012, Management and the Monitor discussed the issue with the CRA officials and, on the basis thereof, were lead to believe that upon completion of various audit procedures, the refund balances owed would be settled within a couple of weeks. The CRA completed its field work audit procedures in February 2012. The refunds owed are $214K in GST refunds to CP and $1,970K in HST refunds to HII as at March 28, 2012 and continue to be withheld by the CRA.

65. On April 2, 2012, a representative of the Debtors met with the CRA officer to answer outstanding questions regarding the audit procedures and to discuss the potential reserves being claimed by the CRA under section 296 (1)(b) of the *Excise Tax Act*. Subsequent to the meeting, the Debtors provided additional supporting documentation at the request of the CRA officer.

66. It is the understanding of the Debtors that the outcome of the meeting with the CRA officer that the CRA audit process will be complete in the coming weeks. Once the audit process is completed, CP and HII will receive notices of assessment which are anticipated to indicate, based on the CRA officer's representations, that the CRA will claim reserves for the approximate amounts of $686K for HII and $65K for CP. CP and HII will have the right to contest the reserve amounts once the notices of assessment are received.

67. Once the notices of assessment are received, it is the understanding of the Debtors that GST and HST refunds of $149K and $1,284K will be received by CP and HII respectively, for a total refund of $1,433K. The payment of these refunds is expected to be received by the end of May. In addition to these GST and HST refunds, it is the understanding of the Debtors that future GST and HST refunds will be remitted to CP and HII on a timely basis.

HOMCO 70 AND COËT B.V.

68. HII is the sole limited partner of Homco Realty Fund (70) Limited Partnership ("**Homco 70**"), a Canadian entity, which is the sole shareholder of Coët B.V. ("**Coët**"), a Dutch subsidiary. Neither Homco 70 nor Coët are filing entities and they do not benefit from CCAA protection.

69. All units held by HII as sole limited partner of Homco 70 have been pledged as collateral security for the guarantee granted by HII in respect of the obligations of Shareco under the Homburg Mortgage Bond (Series 5) Bonds (the "**Mortgage Bond 5**").

70. Coët is the owner of four real estate properties located respectively in Wolvega (Netherlands), Hassmersheim (Germany), Schwerte (Germany) and Marl (Germany) (the "**Coët Properties**").

71. Coët is financed by a single loan advanced by HSH Nordbank AG ("**HSH**"), which has an outstanding balance of approximately € 27M (the "**HSH Loan**").

72. HSH has a security interest over the Coët Properties to guarantee the obligations of Coët under the HSH Loan. The term of the HSH Loan expired in October 2011.

73. Each Coët Property has a single tenant, which for the properties located in Wolvega (Netherlands), Hassmersheim (Germany) and Schwerte (Germany), is the same and its leases expire in December 2024.

74. For the property located in Marl (Germany) (the "**Marl Coët Property**"), the lease expires in May 2012. An extension of 10 years was negotiated with the actual tenant. However, this extension is conditional to HII committing to make some leasehold improvements and expand the leasable area in the Marl Coët Property, which are estimated at an amount of 1.6M Euros (the "**Required Investment**").

75. In the context of negotiating a renewal and extension of the HSH Loan over the past months, HII resolved to fund a maximum amount of 973,000 Euros (the "**Coët Investment**") in order to fund a portion of the Required Investment, which was a condition of HSH.

76. The funding of the Coët Investment by HII is a condition pursuant to the renewal and extension of the HSH Loan for a period of one year, retroactively to October 2011 (thus up to October 2012). Another condition to said renewal and extension is the provision for a cash flow sweep in favour of HSH in the event the interest service coverage ratio is not met by Homco 70.

77. Pursuant to HII and the Monitor's analysis, the Coët Properties have been classified as "Category 1" properties (namely, as described in the Eight Report of the Monitor, properties that have equity and generate positive cash flows), under reserve of the Required Investment to be made in 2012 with respect to the Marl Coët Property and, potentially, of

the cash flow sweep for the 2012 period, and amongst the most valuable in the HII Group's portfolio.

78. Assuming the Coët Investment is made, the Coët Properties will generate significant positive cash flows in the future and will permit to secure the value of the related property. It is expected that the Coët Investment will be the only short term investment required from HII in respect of Coët

79. The Monitor reviewed the different alternatives for the HII Group, namely:

    (a) That Homco 70 proceed with the Required Investment, which will be partially funded by HII through the Coët Investment; or

    (b) That Homco 70 does not proceed with the Required Investment.

80. It is the understanding of the Monitor that proceeding with the Required Investment will likely prevent the inevitable decline of the market value of said property absent said investment being made, as this alternative will secure the actual tenant and thus, a positive cash flow, for an additional period of 10 years. The Coët Investment will further allow the renewal and extension of the HSH Loan up to October 2012.

81. For more clarity, it is also the understanding of the Monitor that if required investments would not be incorporated to the Marl Coët Property, the tenant would not agree to renew the lease. Considering the current market for similar properties in the same area, finding a new tenant could be a challenge.

82. After having analysed the forecasted cash flows under both potential scenarios, the Monitor is of the view that the option to proceed with the Required Investment, which will be partially funded by the Coët Investment, is the best alternative for HII. Retaining the actual tenant and at the same time keeping the full occupancy of the Marl Coët Property is the best option to protect its value. The other alternative will compromise a value which is estimated to be higher than the Coët Investment.

83. Based on the appraisals and analysis conducted, it appears that the Coët Investment will allow to maximize the value of the Coët Properties and thus of the underlying security interests of the Mortgage Bond 5, resulting in a reduction of the dividend related to potential unsecured deficiency claim by the holders of the Mortgage Bond 5 for a greater amount than the Coët Investment.

CONDOMINIUM PROJECTS OF CHURCHILL AND INVERNESS

<u>Sales of Mortgaged Condominiums since the Eighth Report</u>

84. As mentioned in the Eighth Report, four purchase agreements pertaining to Churchill Mortgaged Condominiums were entered into and it was anticipated the closing of the sales relating thereto would take place in the near future. One of those sales has indeed since

closed. Consequently, the net sale proceeds of this sale, totaling approximately $396K, were remitted to Romspen as partial reimbursement of its loans.

85. During the period of this report, which is from February 26, 2012 to March 24, 2012, Inverness completed a total of nine (9) sales pertaining to the Inverness Mortgaged Condominiums. Consequently, the net proceeds of these sales, totaling approximately $1.5M, were remitted to Romspen as partial reimbursement of its loans. The payments made to Romspen since the Eighth Report are presented in Appendix B of this Ninth Report. Other payments to Romspen subsequent to the period covered by this Ninth Report are listed below in paragraph 87.

86. When compared to the appraisals of the Mortgaged Condominiums filed by Romspen as exhibits in support of the Romspen Motion (the "**Appraisals**"), the nine Inverness (9) sales and the Churchill sale, in the aggregate, were made at a slight discount when compared to the individual "market values" provided in the Appraisals.

87. Also, it has come to the Monitor's attention that two additional Inverness Mortgaged Condominiums and one Churchill Mortgaged Condominium have been sold subsequent to the period covered by this Ninth Report. The subsequent net sale proceeds remitted to Romspen are, respectively, $158.7K, $212.3K and $402.9K, for a total of $773.9K.

88. Finally, since the Eighth Report, the Monitor was advised that two additional purchase agreements pertaining to Churchill Mortgaged Condominiums and one Inverness Mortgaged Condominium were signed and Management anticipates completing this sale in the near future.

89. These anticipated sales of Churchill condominium units, combined with the closing of the Proposed Inverness Transaction, will generate an amount of liquidity which is greater than the balance owed to Romspen under the Churchill Loan.

IV- DEBTORS CASH FLOWS SINCE FEBRUARY 26, 2012

90. The purpose of this section is as follows:

    i. Provide budget to actual analysis highlights by Debtor for the period from February 26, 2012 to March 24, 2012; and

    ii. Provide commentary on the variances by Debtor.

<u>Overview</u>

91. The following table provides an overview of the allocated opening cash balances, the allocated cash closing balances, and the cash variations by Debtor for the period from February 26, 2012 to March 24, 2012:

Cash variation for the period of February 26, 2012 to March 24, 2012 (C$000)					
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance	Funding by HII	Adjusted closing cash balance
Homburg Invest Inc.	129,598	(5,234)	124,364	(189)	124,175
Homburg Shareco Inc.	39	-	39	-	39
Churchill Estates Development Ltd.	414	(5)	409	-	409
Inverness Estates Development Ltd.	(95)	(16)	(111)	111	-
CP Development Ltd.	(24)	(54)	(78)	78	-

92. For the budget to actual cash flow forecast analysis of HII, Shareco, Churchill, Inverness, and CP for the period from February 26, 2012 to March 24, 2012, and commentary in respect of the analysis performed, please refer to Appendix B.

93. The following significant transactions, excluding the normal receipts and disbursements arising from operations, have occurred subsequent to the last day of the budget to actual analysis, between March 24, 2012, to April 3, 2012:

    i. Professional fees paid include $687K for services rendered to the HII Parties related to the CCAA proceedings.

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

<u>HII</u>

95. Total cash inflows for HII were $83.5K for the period noted, while total cash outflows were $5,317.9K, which resulted in a negative net cash variation of $5,234.4K compared to a budgeted negative net cash variation of $2,952.3K.

<u>Shareco</u>

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

<u>Churchill</u>

97. For the period noted, total cash inflows for Churchill were $5.8K and total cash outflows were $10.6K, which resulted in a negative net cash variation of $4.8K compared to a budgeted negative net cash variation of $27K.

<u>Inverness</u>

98. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $16.7K, which resulted in a negative net cash variation of $16.7K compared to a budgeted negative net cash variation of $80.2K.

CP

99. For the period noted, total cash inflows for CP were nil and total cash outflows were $54.1K, which resulted in a negative net cash variation of $54.1K compared to a budgeted negative net cash variation of $10K.

V- ACTIVITIES OF THE MONITOR

Cash flow monitoring of the HII Parties

100. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Ninth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from February 26, 2012 to March 24, 2012, has been prepared together with commentary of cash variances, as presented in Appendix B.

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

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

Cash flow monitoring of the HII Group

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

104. On March 15, 2012, a supplemental report to the Eighth Report was included as Appendix D. This report summarized the monthly cash flow variances for January 2012 for the HII Group entities. The Monitor is expecting to circulate an updated supplemental report including variances for February at the end of April and another supplemental report including variances for March together with its next extension report scheduled to be filed at the end of May 2012.

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

Notifying and reporting duties performed by the Monitor

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

Documentation relating to assets

107. As indicated in the Fifth Report, Seventh Report and Eighth Report, the Monitor was assisting the HII Group to gather relevant documentation to develop a fact sheet by

property used to analyze the financial situation of each property in the HII Group. The gathering and analysis of said documentation, along with the cash flows by each property in the HII Group and by geographic location, are being used to assist the Monitor and Management in assessing each property considered in the restructuring initiatives.

<u>Active participation in the decision-making relating to the resolution of the Control Issues and the contemplated exercise of the Options</u>

108. The Monitor and its counsels actively participated in the analysis leading to the contemplated exercise of the Options in a tax-efficient way, and more specifically in the analysis having led to the contemplated First Option Exercise.

<u>Communications with certain creditors or claimants</u>

109. As indicated in the Eighth Report, some alleged creditors of the HII Parties have instituted proceedings against the latter or their assets. The Monitor has sent notices of the Stay to the claimants and filed said notices in the respective court records. As at the date of this Ninth Report and since the Eighth Report, the Monitor has been advised of three additional proceedings filed against HII for which a notice of stay was served and filed in the applicable court record. The following table lists the notices of the Stay that were sent and filed in the respective court records since the Initial Order:

Plaintif (s)	Defendant (s)	Date of claim	Amount of claim $	Court name	Court number	Date of Stay of Notice
2967-6822 Québec Inc. (Contract Partners of North America)	Dyne Holdings Ltd and Homburg Invest Inc.	12/21/2011	39,929	Supreme Court of Prince Edward Island (General Section)	S1-GS-24578	2/7/2012
Vipond Fire Protection (Division of Vipond Inc.)	Dyne Holdings Ltd and Homburg Invest Inc.	1/5/2012	116,041	Supreme Court of Prince Edward Island (General Section)	S1-GS-24591	2/7/2012
James C Johnson Associates Inc.	Dyne Holdings Ltd and Homburg Invest Inc.	12/22/2011	79,909	Supreme Court of Prince Edward Island (General Section)	S1-GS-24582	2/7/2012
Fitzgerald & Snow (2010) Ltd./Precision Mechanical Inc./J & S Sheet Metal Ltd.	Dyne Holdings Ltd and Homburg Invest Inc.	12/21/2011	1,672,939	Supreme Court of Prince Edward Island (General Section)	S1-GS-24577	2/7/2012
C & T Reinforcing Steel Co. (Alberta) Ltd	Homburg L.P. Management Incorporated in its capacity as a general partner of Homburg Realty Fund (88) Ltd. Partnership	1/4/2012	1,072,888	Court of Queen's Bench of Alberta	1201-00063	1/25/2012
Island Lightning Rod Co. Ltd.	Dyne Holdings Ltd and Homburg Invest Inc. and DBA Solar Electric Inc.	12/5/2011	23,521	Supreme Court of Prince Edward Island (General Section)	S1-GS-24538	12/23/2011
WM & M (1993) Ltd.	Dyne Holdings Ltd and Homburg Invest Inc.	12/5/2011	27,355	Supreme Court of Prince Edward Island (General Section)	S1-GS-24537	12/23/2011
Dramis Network Cabling (N.S.) Ltd	Dyne Holdings Ltd and Homburg Invest Inc.	11/28/2011	67,202	Supreme Court of Prince Edward Island (General Section)	S1-GS-24525	12/12/2011
Homburg Canada Inc. Homburg Realty Services (US) Inc., Homburg Services Group (Europe) B.V., Stollburgh Capital B.V., Homburg Real Estate Services B.V. and Homburg L.P. Management Inc.	HOMBURG INVEST INC., CHURCHILL ESTATES DEVELOPMENT LTD., INVERNESS ESTATES DEVELOPMENT LTD., CP DEVELOPMENT LTD, HOMBURG SHARECO INC, 'HOMBURG REALTY FUND (92) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (199) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (52) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (53) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (88) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (89) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (105) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (121) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (122) LIMITED PARTNERSHIP, HOMBURG REALTY FUND (142) LIMITED PARTNERSHIP, AS WELL AS OTHER ENTITIES PART OF THE HII GROUP.	8/29/2011	27,343,930	Supreme Court of Nova Scotia	354620	9/23/2011
Day Night Neon Signs Limited	Dyne Holdings Ltd and Homburg Invest Inc.	1/12/2012	65,411	Supreme Court of Prince Edward Island (General Section)	S1-GS-24604	4/2/2012
Lafarge Canada Inc.	Homburg L.P. Management Incorporated in its capacity as a general partner of Homburg Realty Fund (88) Ltd. Partnership	3/12/2012	425,564	Court of Queen's Bench of Alberta	1201-03296	4/2/2012
Gordie Kirkpatrick, doing business under the name and style of MRE ENT	Dyne Holdings Ltd and Homburg Invest Inc.	2/22/2012	15,798	Supreme Court of Prince Edward Island (General Section)	S1-GS-24680	3/22/2012
NORR Architects Planners	Homburg L.P. Management Incorporated and Homburg Invest Inc., operating as Homco Realty Fund (88) Limited Partnership	3/21/2012	176,742	Court of Queen's Bench of Alberta	1201-03629	3/27/2012

VI- AMENDED 10-WEEK CASH FLOW FORECASTS

110. HII has revised and amended certain cash flows namely, HII, CP and Inverness for the remaining 10 weeks of the 14-week cash flow forecast presented in the Eighth Report. These revisions and amendments have been made to certain cash flows in order to accurately reflect the Petitioners' extended forecasts, as new financial element came to the attention of HII.

111. The opening cash balances at March 25, 2012 of HII, Churchill, CP and Inverness have been updated in light of actual cash transactions which have been allocated to the respective Debtor.

112. The amended 10-week cash flow forecasts for HII, Shareco, Churchill, Inverness and CP, as well as additional commentary identifying the primary assumptions are attached as Appendix C.

Amended 10-week cash flow forecast ($C000)			
Petitioner	Opening cash balance	Total variation in cash balance	Closing cash balance
Homburg Invest Inc.	124,364	(12,776)	111,588
Homburg ShareCo Inc.	39	-	39
Churchill Estates Development Ltd.	409	(64)	345
Inverness Estates Development Ltd.	(111)	117	6
CP Development Ltd.	(78)	90	12

HII

113. HII's primary source of cash is composed of GST receipts estimated to be approximately $390K per month. HII will also collect funds associated with the Holman Grand Hotel.

114. As discussed earlier in paragraphs 65 to 67 of this Ninth Report, HII met with the CRA to discuss the holdbacks of GST and HST since the Initial Order. Consequently, GST and HST cash flows presented in this Ninth Report for the week ending March 31, 2012 have been reduced from $394K to nil since that, as of the date of this report, the CRA has not yet provided HII with the confirmation that all ongoing GST and HST refunds will be issued to HII. However, following discussions with the CRA it is anticipated that by the week of April 22, 2012, on-going GST and HST refunds will be remitted to HII. In addition, a portion of the amount owing from the CRA between September 9, 2011 and the date of this report is anticipated to be released at the end of May 2012 (without prejudice to HII's claim for the full amount), resulting in a GST and HST inflow of $1,284K.

115. Professional fees in conjunction with the restructuring of the HII Group are all included in HII's projected cash flow. Professional fees have been amended from the amounts presented in the cash flows of the Eighth Report, which previously ranged between $475K per week to $750K per week. As such, they have been increased to $850K per week, in order to reflect historical and anticipated figures experienced since the CCAA filing.

116. Non-restructuring related professional fees have been amended from the Eighth Report to reflect audit fees payable to Ernst & Young estimated to be $1,035K.

Churchill

117. No amendments have been made to the Churchill cash flow.

Inverness

118. A cash inflow of $158.4K is expected in April 2012 related a term deposit that will mature, which was required for a home warranty plan while the property was under construction. Management advises that the policy has been cancelled resulting in a deposit refund that was not anticipated at the time and preparation of the Eighth Report.

CP

119. Since the Eighth Report, construction costs on Buildings 1, 2 & 3 are anticipated for April and May 2012 to result in an outflow of $301k and $604K for a total of $905K including GST. It is anticipated that these construction costs will be reimbursed from escrow net of GST in May 2012, for $286.7K and $575.5K for a total of $862.3K.

120. Inflows from a GST income tax credit of $14K generated by construction costs of $287K are forecasted to be received the week ending June 2, 2012. In addition to the $14K and as mentioned in paragraphs 65 to 67 of this Ninth Report, HII met with CRA to discuss the reimbursement of GST holdbacks. It is anticipated that these amounts will be partially released at the end of May 2012 (without prejudice to CP's claim for the full amount), resulting in a GST inflow of $149K.

VII- CASH FUNDING REQUIREMENTS AND ACCESS TO RESTRICTED CASH

Restricted Cash

121. As further discussed in the Seventh Report of the Monitor, following the REIT Units Sale Order, the REIT Units were sold and resulted in proceeds of approximately $145.4M (the "**REIT Units Proceeds**"), of which, pursuant to the REIT Units Sale Order, an amount of approximately $21.4M (the "**Proceeds in Trust**") is held in trust in order to secure certain obligations which were secured by a pledge on certain REIT Units.

122. The REIT Units Sale Order provides that HII shall be entitled to have access to the Net Proceeds for an amount of up to $10.0M (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.

123. Thus, the REIT Units Proceeds, less the Proceeds in Trust (reserved for another purpose), the Accessible Cash and the commission paid to HII's financial advisor pursuant to the REIT Units Sale Order, namely an amount of approximately $113.1M plus interest accrued on said amount (namely approximately 0.2M as of this date), constitute restricted cash (the "**Restricted Cash**").

Cash budgeting and monitoring

124. The Monitor currently performs budget to actual analysis for the five Debtors on a weekly basis.

125. As discussed in previous Monitor's Reports, the cash balance presented in the weekly budget to actual analysis is based on an allocated cash method that is approximate due to timing and which does not equal the actual cash contained in the Debtors' bank accounts. This is essentially explained by the fact that each HII Group entity does not have an individual operational bank account and therefore all transactions are being process through

the HII account. As a result, there are both receipts and disbursements that flow through the HII account which do not relate to the HII Parties.

To monitor the actual cash balance, the Monitor has provided Supplemental Reports that reconcile overall cash inflows, cash outflows, and opening and closing bank balances for the HII Group by geographic location.

Analysis of cash funding requirements and results

126. HII, with the assistance of the Monitor, conducted an analysis of the Debtors and other HII Group entities' cash flows to evaluate, based on new or updated information, the cash requirements for the 9-week period ending June 2, 2012. This analysis was required due to changes to the Debtors' cash flow since the Eighth Report and the fact that HII is not authorized to use the Restricted Cash without further order of the Court.

127. The table below provides an overview of the estimated cash funding requirements of HII as at March 31, 2012 for the period ending June 2, 2012:

Homburg Invest Inc. ($C000) Revised required funding Analysis performed as at March 31, 2012		
Projected HII cash surplus at June 2, 2012 presented in the Eighth Report		163
Adjustments to Petitioners cash flows		
HII	Interest income	103
HII	CRA refund	1,284
HII	Professional fees - pre April 1, 2012	(2,112.58)
HII	Professional fees - post April 1, 2012	(2,275)
HII	Ernst & Young	(1,035)
CP	CRA refund	163.22
CP	Cash in escrow settlement	(43)
Inverness	Term deposit maturity	158
		(3,757)
Adjustments to non-Petitioners cash flows		
Non-Petitioner	Homco 61 matured term deposit	548
Non-Petitioner	Distribution from HHUS	2,183
Non-Petitioner	Homco 110 distribution	(4,000)
Note 1	Other	(764)
		(2,033)
Adjusted projected HII cash deficit at June 2, 2012		(5,627)

Note 1: This amount includes a number of miscellaneous adjustments that will be presented in further detail in the Supplemental Report to be released at a future date covering the period March 2012.

128. As appears at paragraph 128 of the Eighth Report, it was forecasted that HII would have a cash surplus of $0.2M as at June 2, 2012 (rounded from $163K as noted above). Based on the updated analysis performed, it is forecasted that HII will now require additional funding of approximately $5,627K for the period ending June 2, 2012.

Overview of adjustments to HII's cash flows

Adjustments to the Petitioners' forecasted cash flows

129. Interest income of $103K is to be received in April 2012 on proceeds from the sale of REIT units.

130. As noted in certain sections of this Ninth Report pertaining to GST/HST refunds being withheld by the CRA, it is expected that a GST/HST refund net of a reserve holdback will be disbursed by CRA of approximately $1,284K to HII and approximately $163K to CP, resulting in a material positive impact on HII's cash flows for the period ending June 2, 2012.

131. Professional fees of $2,113K in excess of the amount budgeted in HII's forecasted cash flows are expected to be incurred. These fees are a direct result of the additional work performed by HII, the Monitor's and their legal counsels in Canada and Europe, in the context of HII's restructuring. The scope and complexity of issues faced by the Monitor and the various legal counsels have resulted in the significant and continuous use of specialized professionals throughout the restructuring process, in a number of different jurisdictions. The following is a non-exhaustive list of items for which additional professional fees were incurred or will be incurred during the period ending June 2, 2012:

- Corporate and tax issues in relation to the exercises of the Options and, more generally, the numerous steps and measures to resolve the Control Issues;
- Due diligence in regards to the Purchase Agreement;
- Establishment of strategy and potential alternatives relating to the negotiations with the various mortgage lenders in various jurisdictions and meetings with the European mortgage lenders scheduled in May 2012;
- AFM proceedings and communications with the AFM;
- Negotiations and communications with the creditors, especially the trustees of the Bondholders and the Taberna Noteholders;
- Communications with the Bondholders, translation of certain documents in Dutch and organization of meetings of Bondholders that will be held at the beginning of May 2012;
- Preparation of cash flows and projected cash flows (over periods of 3 years and 1-years) by each property in the HII Group and by geographic location;
- Categorization of properties;
- Modelling of potential restructuring alternatives;
- Preparation of liquidation value analysis;
- Review of security in multiple jurisdictions in favour of the Mortgage Bondholders and certain mortgaged lenders;
- Review of credit agreements with various lenders in various jurisdictions;
- Organization of a claims process;
- Motions to lift the stay of proceedings;
- Head leases (Jamieson, Canoxy);

- Statoil;
- Proceedings in front of the Court of Appeal by Statoil and Romspen;
- Analysis leading to the sale of the REIT Units;
- Transaction due diligence regarding the Cedar Limited Partnership properties located in the U.S.;
- Homco 110;
- Analysis of sales tax issues and discussions with the CRA;
- Inverness Transaction;
- Registrations of liens and sending of numerous notices of stay of proceedings;
- Drawings of letters of credit and dealing with HSBC.

132. Also included in the budgeted professional fees are the advances to be made to the trustees of the Bondholders for amounts equivalent to their fees and expenses incurred as and from December 3, 2011, in conformity with the order of the Court rendered on February 15, 2012. The amounts so advanced to the trustees for the period from December 5, 2011 to February 29, 2012 total approximately $750K, as further detailed in Appendix B.

133. As a result, the net cash outflow forecasted as included in HII's cash flow forecast presented in the Appendices to this Ninth Report was amended to reflect weekly professional fees of $850K resulting in an increase of professional fees of $2,275K for the period March 25, 2012 to June 2, 2012 over the previous cash flow forecast submitted in the Eighth Report.

134. Ernst & Young LLP was engaged by Management to perform the financial audit for the fiscal year ending December 31, 2011. It is expected that a payment in settlement of their professional fees of approximately $1,035K will be made during the period ending June 2, 2012, resulting in an additional material cash outflow for HII.

135. A timing variance resulting from a net cash outflow due to an escrow settlement of approximately $43K is forecasted to be disbursed.

136. A forecasted cash receipt of $158K is expected to be received in Inverness as a result of the maturity of a term deposit.

Adjustments to non-Petitioners' forecasted cash flows

137. Homco 61 is expecting a cash inflow of approximately $548K in April 2012 related a term deposits that have matured, which were previously required for certain letters of credits which have since expired.

138. The Cedar and HHUS properties located in the U.S. are generating consistent positive cash inflows from operations. Based on an analysis performed by Management, it was determined that a one-time distribution of approximately $1,283K in addition to an additional quarterly distribution of $1,000K, for a total of approximately $2,183K will be made to HII to support on-going operations during the interim period.

139. In the Germany section of the Supplemental Report to the Eighth Report, the Monitor indicated that as part of Homco 110 refinancing efforts with Falcon International Bank ("**Falcon**"), excess cash received in the operating account was applied against its mortgage debt balance of approximately €37,900K, and that Management was in discussion with Falcon regarding this arrangement. Management was previously expecting a refund of approximately $4,000K; however, Management has been unsuccessful in negotiating any amendments to the arrangement, and as a result, the quarterly distribution of approximately $4,000K was permanently applied by Falcon in reduction of its loan balance instead of being refunded to HII.

140. After taking into account all net cash inflows or outflows for the HII Group and all other adjustments, it is expected that HII will need an estimated incremental amount of $5,627K from the Restricted Cash.

141. The Monitor is thus of the view that HII should be allowed to use an incremental amount of $6,000K from the Restricted Cash in order to accomplish the various steps that are required to advance the restructuring of the HII Group's finances and affairs until the expiry of the Stay Period on June 2, 2012.

VIII- CONCLUSION AND RECOMMENDATIONS

142. It is the Monitor's view that the HII Parties have acted in good faith and with due diligence in accordance with the Initial Order.

143. It is the Monitor's view that, for the reasons elaborated in Section II of this Ninth Report, that the First Option Exercise should be approved and that the motion for approval of the exercise of certain options should therefore be granted by the Court.

144. It is the Monitor's view that:

   i. For the reasons elaborated in Section I of this Ninth Report, the First Option Exercise should be approved;

   ii. For the reasons elaborated in Section II of this Ninth Report, the Proposed Inverness Transaction should be approved;

   iii. For the reasons elaborated in Section III of this Ninth Report, the Coët Investment should be approved;

   iv. For the reasons elaborated in Section VII of this Ninth Report, the use of the Restricted Cash for an incremental amount of $6M should be authorized;

   v. Such that the Motion for approval of the exercise of certain options and the Motion for authorization to sell assets of Inverness and for directions should therefore be granted by the Court.

145. Based on the Monitor's discussions with the HII Parties' representatives, it is the Monitor's opinion that the HII Parties have acted and continue to act in good faith and with due diligence, and will continue to work towards the development of a viable plan of arrangement.

The Monitor respectfully submits this Ninth Report to the Court.

DATED AT MONTREAL, this 10th day of April 2012.

Pierre Laporte, CA, CIRP
President

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

APPENDIX A

THE ENTITIES Mis en Cause

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

APPENDIX B

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

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

	For the four-week period of February 26, 2012 to March 24, 2012		
	Actual	Budget	Variance
Cash inflows			
REIT distributions	(102.7)	-	(102.7)
REIT unit sale proceeds	-	-	-
Jamieson sublease receipts	-	-	-
GST/HST received	-	-	-
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	110.3	134.9	(24.6)
	7.6	134.9	(127.3)
Hotel related receipts			
Hotel revenue	75.9	112.7	(36.8)
Hotel construction draw	-	-	-
Total cash inflows	83.5	247.6	(164.1)
Cash outflows			
Commissions	-	-	-
Payroll	152.6	150.0	(2.6)
Rent expense	29.4	25.0	(4.4)
Professional fees	2,589.6	2,600.0	10.4
Insurance	17.1	17.0	(0.1)
Office & admin	50.7	75.0	24.3
Director fees	-	-	-
KERP	-	-	-
Capital tax	-	-	-
Jamieson obligation	-	-	-
Canoxy obligation	-	-	-
PEI obligation	87.8	81.2	(6.6)
Montreal obligation	71.3	70.7	(0.6)
CP obligation	85.7	81.0	(4.7)
Corporate bond principal repayment	-	-	-
Corporate bond interest payment	-	-	-
Junior subordinate debt principal repayment	-	-	-
Junior subordinate debt interest payment	-	-	-
HCSA interest payment	-	-	-
GST/HST paid	3.0	-	(3.0)
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Other expenditures	2,140.1	-	(2,140.1)
	5,227.3	3,099.9	(2,127.4)
Hotel disbursements			
Payroll	41.5	52.0	10.5
Management fee	11.9	-	(11.9)
Property and other taxes	9.8	-	(9.8)
Insurance	1.7	-	(1.7)
General operating expenses	22.2	48.0	25.8
Construction costs and held cheques	3.5	-	(3.5)
Mortgage principal & interest	-	-	-
Total hotel disbursements	90.6	100.0	9.4
Total cash outflows	**5,317.9**	**3,199.9**	**(2,118.0)**
Opening cash balance	**129,598.1**	**129,598.1**	**-**
Variation in cash balance	**(5,234.4)**	**(2,952.3)**	**(2,282.1)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**124,363.7**	**126,645.8**	**(2,282.1)**
Funding from HII	**(189.3)**	**(208.7)**	**19.4**
Adjusted cash balance	**124,174.4**	**126,437.1**	**(2,262.7)**

HII budget to actual commentary

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

Ending cash balance

- In addition to the ending cash balance presented of $124,363.7K, please note that $1,796.8K is currently held in the Monitor's trust account as at March 25, 2012. This amount represents funds reserved for the KERP and as indicated in paragraphs 94 to 96 of the Fifth Report, amounts received which are related to the Canoxy Place Subtenants.

- In April 2012, an amount of approximately $113.1M will be transferred into a restricted account as previously explained in paragraph 127 of the Eighth Report.

Inflows

- Cash inflows from REIT distributions were $(102.7)K compared to a budgeted amount of nil, resulting in an unfavorable variance of $102.7K. The unfavorable variance is attributable to the reimbursement of an amount that was inadvertently received following a distribution for units held in the trust account at Osler as previously mentioned in Appendix B of the Eighth Report.

- Other receipts were $110.3K, compared to a budgeted number of $134.9, which resulted in an unfavorable variance of $24.6K. The unfavorable variance is mainly due to lesser interest revenue than expected.

- Hotel revenues were $75.9K compared to a budgeted amount of $112.7K, resulting in an unfavorable variance of $36.8K. The unfavorable variance is due to lower than expected occupancy during the period noted.

Outflows

- Professional fees were $2,589.6K compared to a budgeted amount of $2,600K, resulting in a favorable variance of $10.4K. As previously communicated, additional professional fees in excess of the budgeted amount continued to be incurred as a result of the Company's and the Monitor's legal counsel, and professionals spending significant amounts of time on numerous material issues during the CCAA filing, such as the procedures, discussions and due diligence surrounding the professional services associated to Cedar and Inverness, thus this favorable variance is related to timing.

- In accordance with the Court Order dated February 17, 2012, the payment of fees, disbursements and expenses of the Trustees of the Stichting Homburg Bonds and Stichting Homburg Capital Securities A (collectively, "**Stichting**") and their legal and financial advisors are to be advanced by HII. The following table presents a summary of the actual fees advanced to Stichting for the period ending March 24, 2012:

Stichting Homburg invoice list					
Invoice	**Date Range**	**Schedule**	**Amount**	**Payment Status**	**Date paid**
INVOICE nr 3.2012	Dec. 5, 2011 - Dec. 31, 2011	Schedule 2 31 Dec 2011	239,127.81	Paid	12-Mar-12
INVOICE nr 4.2012	Jan 1, 2012 - Jan. 31, 2012	Schedule 3 31 Jan 12	265,485.87	Paid	12-Mar-12
INVOICE nr 5.2012	Feb 1, 2012 - Feb. 29, 2012	Schedule 4 29 Feb 12	248,270.04	Paid	26-Mar-12
		Total	**752,883.72**		

As noted, a total of approximately $753K was advanced to the Stitching's Trustees and their advisors – please note that this amount is included in the total professional fees of $2,589.6K. The advances of these fees will be set-off against any distribution made to the Bondholders under any plan of arrangement.

- Office and administrative expenditures were $50.7K, compared to a budgeted amount of $75K, which resulted in a favorable variance of $24.3K. The favorable variance is due timing.

- Other expenditures were $2,140.1K compared to a budgeted amount of nil, which resulted in an unfavorable variance of $2,140.1K. This unfavorable variance is the result of the HSBC drawing on amounts pledged in relation to letters of credit posted with respect to the Taberna note holders.

- Payroll at the Hotel was $41.5K compared to a budgeted amount of $52K which resulted in a favorable variance of $10.5K. The favorable variance is the result of a lower than expected occupancy rate.

- Management fees at the Hotel were $11.9K compared to a budgeted amount of nil, which resulted in an unfavorable variance of $11.9K. The unfavorable variance is due to the fact that management fees for March had been included in the budgeted amount for General operating expenses.

- Property and other taxes at the Hotel were $9.8K compared to a budget amount of nil, which resulted in a permanent unfavorable variance of $9.8K. The unfavorable variance is due to the fact that property and other taxes have been included in the budgeted amount for General operating expenses.

- General operating expenses at the Hotel were $22.2K, compared to a budgeted amount of $48K, which resulted in a favorable variance of $25.8K during the period. The favorable variance is due to management fees, insurance expense and property and other taxes being included in the budgeted amount, when the actual expenses were segregated into separate categories. The segregated expenses totaled $23.4K, and when added to the actual expenses of $22.2K in General operating expenses, a favorable variance of $2.4K is noted.

ShareCo Inc.

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

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

	For the four-week period of February 26, 2012 to March 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Mortgage bond issuance	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Interest payments - mortgage bonds	-	-	-
Repayment of Bonds	-	-	-
Intercompany transfers (Petitioners)	-	-	-
Total cash outflows	**-**	**-**	**-**
Opening cash balance	**39.1**	**39.1**	**-**
Variation in cash balance	**-**	**-**	**-**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**39.1**	**39.1**	**-**

ShareCo Inc. budget to actual commentary

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

Inflows-Outflows

- No transactions occurred during the period in ShareCo.

Churchill

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

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

	For the four-week period of February 26, 2012 to March 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	-	-
GST collected	-	-	-
GST ITC refund	0.3	-	0.3
Rent	5.5	-	5.5
Total cash inflows	**5.8**	**-**	**5.8**
Cash outflows			
Commissions	-	-	-
Advertising	-	-	-
R&M	5.6	3.0	(2.6)
Property tax	-	6.9	6.9
Professional fees	-	-	-
Insurance	-	0.3	0.3
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	5.0	16.8	11.8
GST remitted	-	-	-
Total cash outflows	**10.6**	**27.0**	**16.4**
Opening cash balance	**413.9**	**413.9**	**-**
Variation in cash balance	**(4.8)**	**(27.0)**	**22.2**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**409.1**	**386.9**	**22.2**
Funding from HII	**-**	**-**	**-**
Funded ending cash balance	**409.1**	**386.9**	**22.2**

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

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

Inflows

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

- Rent receipt was $5.5K compared to a budgeted amount of nil, which resulted in a permanent favorable variance of $5.5K. The permanent favorable variance is due to the fact that no rent receipts were included in the budget for the month of March.

- The following table displays the amount that has been remitted to the mortgage lender during the period noted:

Churchill Estates Development Ltd. Post-filing Condo Sales ($C000)							
Sale	Cash closing date	Sale price (1)	GST	Commission (2)	Other expenses (condo fees, legal fees) (3)	Proceeds received in trust account on sale	Amount remitted to mortgage lendor (4) (1)-(2)-(3)=(4)
1	21-Mar-12	421.9	21.1	(25.0)	(0.7)	417.3	396.2
Total		**421.9**	**21.1**	**(25.0)**	**(0.7)**	**417.3**	**396.2**

Outflows

- Condo fees were $5K compared to a budgeted amount of $16.8K which resulted in favorable $11.8K. The favorable variance is due to timing.

Inverness

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

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

	For the four-week period of February 26, 2012 to March 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	-	-
GST collected	-	-	-
GST ITC refund	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Commissions	-	-	-
Advertising	-	-	-
R&M	4.4	3.0	(1.4)
Property tax	-	56.5	56.5
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	12.3	12.0	(0.3)
GST remitted	-	8.7	8.7
Total cash outflows	**16.7**	**80.2**	**63.5**
Opening cash balance	**(94.5)**	**(94.5)**	**-**
Variation in cash balance	**(16.7)**	**(80.2)**	**63.5**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(111.2)**	**(174.7)**	**63.5**
Funding from HII	**111.2**	**174.7**	**63.5**
Funded ending cash balance	**-**	**-**	**-**

Inverness budget to actual commentary

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

Inflows

- During the period noted, 9 units were sold, however no proceeds of sales were received since the gross sales proceeds from the Inverness units, which are financed, are reduced by the sales related expenses and the net balance is applied to the outstanding loan obligation. Once the loan obligation related to the project is retired, all remaining net proceeds from future sales will flow to Churchill to pay down its loan obligation to Romspen.

- The following table displays the amounts that have been remitted to the mortgage lender during the period noted:

Inverness Estates Development Ltd. 2012 Condo Sales ($C000)								
Sale	Building, Unit	Cash closing date	Sale price	GST (Net of rebates)	Commission	Other expenses (condo fees, legal fees)	Proceeds received in the lawyer's trust account on sale	Amount remitted to mortgage lender
1	C, 105	1-Mar-12	152.1	4.9	(5.0)	(6.3)	145.7	145.7
2	C, 206	1-Mar-12	154.1	4.9	(5.0)	(6.4)	147.6	147.6
3	C, 217	1-Mar-12	212.7	6.8	(5.0)	(9.3)	205.2	205.2
4	C, 401	1-Mar-12	169.1	5.4	(5.0)	(7.3)	162.2	162.2
5	C, 122	16-Mar-12	160.5	8.0	(10.0)	2.8	161.3	161.3
6	C, 117	16-Mar-12	150.0	7.5	(10.0)	3.2	150.7	150.7
7	C, 114	16-Mar-12	194.0	9.7	(10.0)	1.6	195.3	195.3
8	B, 301	16-Mar-12	166.5	8.3	(10.0)	2.5	167.3	167.3
9	B, 115	16-Mar-12	152.5	7.6	(10.0)	3.1	153.2	153.2
Total			**1,511.5**	**63.1**	**(70.0)**	**(16.1)**	**1,488.5**	**1,488.5**

Outflows

- As demonstrated above, the sales proceeds from the Inverness units sold during the period noted were financed, as such all proceeds were remitted to the lender. As noted in the table, an amount greater than the sale price is remitted to the lender, as the proceeds remitted to the lender also include GST/HST received on the sale. The GST/HST on those unit sales is expected to be remitted to the CRA on the following month.

- Property taxes were nil, compared to a budgeted amount of $56.5K, which resulted in a favorable variance of $56.5K. The variance is due to the budget showing the amount being paid on a quarterly basis, when in fact the property taxes are paid on a semi-annual basis.

- GST remitted was nil, compared to a budgeted amount of $8.7K, which resulted in a favorable timing variance of $8.7k.

CP

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

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

	For the 4-week period of February 26, 2012 to March 24, 2012		
	Actual	Budget	Variance
Cash inflows			
Costs reimbursed from escrow	-	-	-
GST refund from previous months	-	-	-
Other receipts	-	-	-
Total cash inflows	**-**	**-**	**-**
Cash outflows			
Construction costs (1,2&3)	8.7	-	(8.7)
Construction costs (4&5)	-	10.0	10.0
Operating expenses	-	-	-
Professional fees	45.4	-	(45.4)
Mortgage principal	-	-	-
Mortgage interest	-	-	-
GST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	**54.1**	**10.0**	**(44.1)**
Opening cash balance	**(24.0)**	**(24.0)**	**-**
Variation in cash balance	**(54.1)**	**(10.0)**	**(44.1)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(78.1)**	**(34.0)**	**(44.1)**
Funding from HII	**78.1**	**34.0**	**44.1**
Funded ending cash balance	**-**	**-**	**-**

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

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

Outflows

- Construction costs for buildings 1, 2 and 3 were $8.7K compared to a budgeted amount of nil, resulting in an unfavorable variance of $8.7K. The unfavorable variance is mainly due to irregular expenses that had not been budgeted.

- Professional fees were $45.4K, compared to a budgeted amount of nil, which resulted in an unfavorable variance of $45.4K. The unfavorable variance is mainly due to legal fees incurred with respect to various liens associated with buildings 1, 2 & 3.

APPENDIX C
HII 10-week cash flow forecast ($C)
Updated as of April 5, 2012

Number of weeks: 10	29	30	31	32	33	34	35	36	37	38
Beginning period:	**25-Mar-12**	**1-Apr-12**	**8-Apr-12**	**15-Apr-12**	**22-Apr-12**	**29-Apr-12**	**6-May-12**	**13-May-12**	**20-May-12**	**27-May-12**
Ending period:	**31-Mar-12**	**7-Apr-12**	**14-Apr-12**	**21-Apr-12**	**28-Apr-12**	**5-May-12**	**12-May-12**	**19-May-12**	**26-May-12**	**2-Jun-12**
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows										
REIT distributions	-	-	-	-	-	-	-	-	-	-
REIT unit sale proceeds	-	-	-	-	-	-	-	-	-	-
Jamieson sublease receipts	-	-	-	-	-	-	-	-	-	-
GST/HST received	-	-	-	-	394,050	-	-	-	391,800	1,284,219
Other receipts	-	102,956	-	-	-	-	-	-	-	-
Hotel related receipts										
Hotel revenue	29,250	24,800	24,800	24,800	24,800	33,750	33,750	33,750	33,750	45,000
Hotel construction draw	-	-	-	-	-	-	-	-	-	-
Total cash inflows	29,250	127,756	24,800	24,800	418,850	33,750	33,750	33,750	425,550	1,329,219
Cash outflows										
Commissions	-	-	-	-	-	-	-	-	-	-
Payroll	-	100,000	-	75,000	-	75,000	-	75,000	-	75,000
Rent expense	-	25,000	-	-	-	25,000	-	-	-	25,000
Restructuring related professional fees	750,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000	850,000
Non-restructuring related professional fees	-	-	-	-	-	-	-	-	-	1,035,000
Insurance	-	17,000	-	-	-	17,000	-	-	-	17,000
Office & admin	20,000	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500
Director fees	-	-	-	-	175,000	-	-	-	-	-
KERP	-	-	-	-	-	-	-	-	-	-
Capital tax	-	-	-	-	-	-	-	-	-	-
Jamieson obligation	-	-	-	-	-	-	-	-	-	-
Canoxy obligation	-	-	-	-	-	-	-	-	-	-
PEI obligation	-	76,265	-	-	-	76,265	-	-	-	76,265
Montreal obligation	-	71,350	-	-	-	71,350	-	-	-	71,350
CP obligation	-	85,660	-	-	-	85,660	-	-	-	85,660
Corporate bond principal repayment	-	-	-	-	-	-	-	-	-	-
Corporate bond interest payment	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt principal repayment	-	-	-	-	-	-	-	-	-	-
Junior subordinate debt interest payment	-	-	-	-	-	-	-	-	-	-
HCSA interest payment	-	-	-	-	-	-	-	-	-	-
GST/HST paid	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	3,500,000	-	-	-	-	-	-
Hotel disbursements										
Payroll	-	25,000	-	25,000	-	30,000	-	30,000	-	30,000
Management fee	-	4,000	-	-	-	4,000	-	-	-	4,000
Property and other taxes	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
General operating expenses	12,000	25,000	25,000	25,000	25,000	25,000	35,000	35,000	35,000	35,000
Construction costs and held cheques	-	-	-	-	-	-	-	-	-	-
Mortgage principal & interest	-	-	-	-	-	-	-	-	-	-
Total hotel disbursements	12,000	54,000	25,000	50,000	25,000	59,000	35,000	65,000	35,000	69,000
Total cash outflows	782,000	1,331,775	927,500	4,527,500	1,102,500	1,311,775	937,500	1,042,500	937,500	2,356,775
Opening cash balance	**124,363,700**	**123,610,950**	**122,406,931**	**121,504,231**	**117,001,531**	**116,317,881**	**115,039,856**	**114,136,106**	**113,127,356**	**112,615,406**
Variation in cash balance	(752,750)	(1,204,019)	(902,700)	(4,502,700)	(683,650)	(1,278,025)	(903,750)	(1,008,750)	(511,950)	(1,027,556)
Exchange rate	-	-	-	-	-	-	-	-	-	-
Ending cash balance	**123,610,950**	**122,406,931**	**121,504,231**	**117,001,531**	**116,317,881**	**115,039,856**	**114,136,106**	**113,127,356**	**112,615,406**	**111,587,850**
Funding from HII (cumulative)	**(189,300)**	**(214,282)**	**(214,282)**	**(88,100)**	**(389,207)**	**(399,207)**	**(112,438)**	**(112,438)**	**(716,754)**	**-**
Adjusted cash balance	**123,421,650**	**122,192,649**	**121,289,949**	**116,913,431**	**115,928,674**	**114,640,649**	**114,023,668**	**113,014,918**	**111,898,652**	**111,587,850**

Notes:

1) The cash flow forecast for weeks 29 through 38, which was previously presented in the Eighth Monitor's Report, has been updated by Management.
2) Opening cash balance has been modified to reflect the allocated cash balance as at March 25, 2012
3) Removal of the GST receipts of $400K scheduled to be received the week ending March 31, 2012.
4) Interest earned on the restricted cash received from the sale on REIT units to Cominar has been forecasted to be received during the first week of April 2012.
5) GST credits currently being withheld by CRA are expected to be received at the end of May 2012.
6) Professional fees have been increased to $850K per week to reflect historical and anticipated professional fees incurred during the CCAA.
7) Non-restructuring professional fees payable to Ernst and Young have been forecasted at $1,035K.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

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

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

NOTE B – DEFINITIONS

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

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

(3) PROBABLE ASSUMPTIONS
Meaning assumptions that:

- (i) HII's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of HII; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED
Meaning that the assumptions are based on either one or more of the following factors:

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

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated cash balances as at March 25, 2011	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars.		X
<u>Forecast cash receipts</u>			
Canmarc REIT distribution	Distributions for 8,813,866 Canmarc REIT units at $0.95/year, paid monthly	X	
Canmarc REIT unit sales Proceeds	No REIT unit sales are planned over the forecast period.		X
Jamieson head lease receipts	This head lease obligation is related to an agreement between Homburg Invest Inc. and Jamieson. The contract was resiliated with the final amount owing for the month of October 2011.	X	
GST refunded	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted.	X	
Hotel receipts	Based on a forecast provided by Management based on the number of room bookings and expected number of room bookings.		X
<u>Forecast cash disbursements</u>			
Commissions	4% commission on the sale of the Canmarc REIT units	X	
Payroll	Based on previous payroll expenses plus incentive compensation	X	
Rent expense	Rent at the Akerley Blvd. and Montreal location	X	
Head lease obligations (Jamieson, Canoxy)	This head lease obligation was related to an agreement between Homburg Invest Inc. and BCIMC, and Homburg Invest Inc. and Cadillac Fairview. The contracts were resiliated with the final amount paid for the month of October 2011.	X	
Head lease obligations (Montreal, PEI)	This lease obligation is related to an agreement between Homburg Invest Inc. and Canmarc REIT for which Homburg Invest Inc. has the obligation to pay a lease to Canmarc REIT associated to the Homburg financial building, CP and CN building. Canmarc REIT units have been pledged relating to this head lease.	X	
Restructuring related professional fees	Deloitte, McCarthy Tétrault, Osler, Ernst & Young (auditors), Cohn & Wolfe, Allen & Overy, Clifford Chance, National, and other professionals	X	
Non-restructuring related professional fees	Audit fees	X	
Insurance	D&O insurance	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Office & admin	Bank fees, travel, telephone and other miscellaneous costs	X	
Director fees	Fees payable to Directors and Officers of HII	X	
KERP	Amount was fully funded prior to filing.	X	
Capital tax	Based on previous years' tax		X
Corporate bond principal Payment	Amount stayed by proceedings	X	
Corporate bond interest Payment	Amount stayed by proceedings	X	
Junior subordinate debt principal payment	Amount stayed by proceedings	X	
Junior subordinate debt interest Payment	Amount stayed by proceedings	X	
HCSA interest payment	Amount stayed by proceedings	X	
GST remitted	Based on the taxable receipts of the previous month and applicable tax rates Payable on the last day of each month	X	
Hotel disbursements			
Payroll	Based on Management's assumptions related to occupancy and required staff	X	
Management fee	The Hotel does not have a management contract.	X	
Property and other taxes	Based on previous property and other tax expenses	X	
Insurance	Based on previous insurance expenses	X	
General operating expenses	Based on previous G&A expenses		X
Construction costs	Remaining construction has currently been halted	X	
Mortgage principal & interest	Amount stayed by proceedings	X	
Closing cash balance	Based on allocated cash transactions		X

Churchill 10-week cash flow forecast ($C)
Updated as of April 5, 2012

Number of weeks	10	29	30	31	32	33	34	35	36	37	38
Beginning period:		25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	6-May-12	13-May-12	20-May-12	27-May-12
Ending period:		31-Mar-12	7-Apr-12	14-Apr-12	21-Apr-12	28-Apr-12	5-May-12	12-May-12	19-May-12	26-May-12	2-Jun-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows											
Condo sales proceeds		-	-	-	-	-	-	-	-	-	400,000
GST collected		-	-	-	-	-	-	-	-	-	20,000
GST ITC refund		-	-	-	-	-	-	-	-	-	-
Rent		-	5,500	-	-	-	5,500	-	-	-	5,500
Total cash inflows		**-**	**5,500**	**-**	**-**	**-**	**5,500**	**-**	**-**	**-**	**425,500**
Cash outflows											
Commissions		-	-	-	-	-	-	-	-	-	20,000
Advertising		-	-	-	-	-	-	-	-	-	-
R&M		-	3,000	-	-	-	3,000	-	-	-	3,000
Property tax		-	6,900	-	-	-	6,900	-	-	-	6,900
Professional fees		-	-	-	-	-	-	-	-	-	1,000
Insurance		-	250	-	-	-	250	-	-	-	250
Mortgage principal		-	-	-	-	-	-	-	-	-	379,000
Mortgage interest		-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-
Condo fees		-	16,797	-	-	-	16,797	-	-	-	16,797
GST remitted		-	-	-	-	-	20,000	-	-	-	-
Total cash outflows		**-**	**26,947**	**-**	**-**	**-**	**46,947**	**-**	**-**	**-**	**426,947**
Opening cash balance		**409,100**	**409,100**	**387,653**	**387,653**	**387,653**	**387,653**	**346,206**	**346,206**	**346,206**	**346,206**
Variation in cash balance		-	(21,447)	-	-	-	(41,447)	-	-	-	(1,447)
Exchange rate		-	-	-	-	-	-	-	-	-	-
Ending cash balance		**409,100**	**387,653**	**387,653**	**387,653**	**387,653**	**346,206**	**346,206**	**346,206**	**346,206**	**344,759**

Notes:

1) The cash flow forecast for weeks 29 through 38, which was previously presented in the Eighth Report, has been updated by Management.
2) Opening cash balance has been modified to reflect the allocated cash balance as at March 25, 2012.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

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

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

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

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

(2) HYPOTHETICAL ASSUMPTIONS

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

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) Churchill's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Churchill; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

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

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

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated cash balances as at March 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	A condominium is projected to be sold in May.		X
GST collected	Based on applicable taxes on forecast condo sales		X
GST ITC refund	Based on the previous months' taxable disbursements and the applicable tax rates. Refund is received approximately six weeks after it is submitted.	X	
Rent	Monthly rent based on the rental of one unit	X	
Forecast cash disbursements			
Commissions	Commissions are based on 5% of the projected sales.		X
Advertising	Advertising expenses are based on previous expenses.	X	
R&M	Repairs and maintenance expenses are based on previous expenses.	X	
Property tax	Property tax is paid in monthly installments.	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been pre-paid for the year.	X	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Condominium fees based on previous expenses	X	
GST remitted	GST paid on expenses listed in this cash flow	X	

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Closing cash balance</u>	Based on allocated cash transactions		X

Inverness 10-week cash flow forecast ($C)
Updated as of April 5, 2012

Number of weeks:	10	29	30	31	32	33	34	35	36	37	38
Start Date:	2/26/12										
Beginning period:		25-Mar-12	1-Apr-12	8-Apr-12	15-Apr-12	22-Apr-12	29-Apr-12	6-May-12	13-May-12	20-May-12	27-May-12
Ending period:		31-Mar-12	7-Apr-12	14-Apr-12	21-Apr-12	28-Apr-12	5-May-12	12-May-12	19-May-12	26-May-12	2-Jun-12
		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows											
Condo sales proceeds		-	-	-	-	200,000	-	-	-	200,000	-
Other receipts		-	-	-	158,395	-	-	-	-	-	-
GST collected		-	-	-	-	10,000	-	-	-	10,000	-
GST ITC refund		-	-	-	-	-	-	-	-	-	-
Total cash inflows		**-**	**-**	**-**	**158,395**	**210,000**	**-**	**-**	**-**	**210,000**	**-**
Cash outflows											
Commissions		-	-	-	-	10,000	-	-	-	10,000	-
Advertising		-	-	-	-	-	-	-	-	-	-
R&M		-	3,000	-	-		3,000	-	-	-	3,000
Property tax		-	-	-	-	-	-	-	-	-	-
Professional fees		-	-	-	-	1,000	-	-	-	1,000	-
Insurance		-	-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	-	-	189,000	-	-	-	189,000	-
Mortgage interest		-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	-	-	-	-	-	-
Condo fees		-	11,982	-	-		11,598	-	-	-	11,213
GST remitted		-	-	-	-	8,701	-	-	-	8,720	-
Total cash outflows		**-**	**14,982**	**-**	**-**	**208,701**	**14,598**	**-**	**-**	**208,720**	**14,213**
Opening cash balance		**(111,200)**	**(111,200)**	**(126,182)**	**(126,182)**	**32,213**	**33,512**	**18,914**	**18,914**	**18,914**	**20,194**
Variation in cash balance		-	(14,982)	-	158,395	1,299	(14,598)	-	-	1,280	(14,213)
Exchange rate		-	-	-	-	-	-	-	-	-	-
Ending cash balance		**(111,200)**	**(126,182)**	**(126,182)**	**32,213**	**33,512**	**18,914**	**18,914**	**18,914**	**20,194**	**5,981**
Funding from HII (cumulative)		**111,200**	**126,182**	**126,182**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted cash balance		**-**	**-**	**-**	**32,213**	**33,512**	**18,914**	**18,914**	**18,914**	**20,194**	**5,981**

Notes:

1) The cash flow forecast for weeks 29-38, which was previously presented in the Eighth Report, has been updated by Management.
2) Opening cash balance has been modified to reflect the allocated cash balance as at March 25, 2012
3) A deposit refund of $158.4K resulting from the cancellation of a home warranty policy is anticipated to be received the week ending April 21, 2012.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

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

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

NOTE B – DEFINITIONS

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

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

(3) PROBABLE ASSUMPTIONS
Meaning assumptions that:

- (i) Inverness' cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of Inverness; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED
Meaning that the assumptions are based on either one or more of the following factors:

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

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated cash balances as at March 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	Based on Management's monthly condo sales report		X
GST collected	Based on applicable taxes on forecast condo sales		X
GST ITC refund	No GST ITC refund forecast for Inverness Estates Development Ltd.	X	
Forecast cash disbursements			
Commissions	Based on 5% commissions on condo sales		X
Advertising	Based on previous advertising expenses	X	
R&M	Based on previous R&M expenses	X	
Property tax	Based on previous property expenses, paid semi-annually	X	
Professional fees	Legal and closing costs for sale of property		X
Insurance	Insurance has been prepaid.	X	
Mortgage principal	The remaining proceeds, net of cost of sales, are to be paid upon the sale of any condominium.	X	
Mortgage interest	Amount stayed by proceedings	X	
Office & admin	Based on previous office and administrative expenses	X	
Condo fees	Based on previous condominium fees	X	
GST remitted	Based on GST paid on expenses incurred in the period of the cash flow	X	
Closing cash balance	Based on allocated cash transactions		X

CP 10-week cash flow forecast ($C)
Updated as of April 5, 2012

Number of weeks: 10	29	30	31	32	33	34	35	36	37	38
Beginning period:	**25-Mar-12**	**1-Apr-12**	**8-Apr-12**	**15-Apr-12**	**22-Apr-12**	**29-Apr-12**	**6-May-12**	**13-May-12**	**20-May-12**	**27-May-12**
Ending period:	**31-Mar-12**	**7-Apr-12**	**14-Apr-12**	**21-Apr-12**	**28-Apr-12**	**5-May-12**	**12-May-12**	**19-May-12**	**26-May-12**	**2-Jun-12**
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows										
Costs reimbursed from escrow	-	-	-	-	-	-	286,769	-	-	575,539
GST refund from previous month	-	-	-	-	-	-	-	-	-	163,222
Total cash inflows	**-**	**-**	**-**	**-**	**-**	**-**	**286,769**	**-**	**-**	**738,761**
Cash outflow										
Construction costs (1,2&3)	-	-	-	-	301,107	-	-	-	604,316	-
Construction costs (4&5)	-	10,000	-	-	-	10,000	-	-	-	10,000
Head lease	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-
Mortgage principal	-	-	-	-	-	-	-	-	-	-
Mortgage interest	-	-	-	-	-	-	-	-	-	-
GST paid	-	-	-	-	-	-	-	-	-	-
Total cash outflows	**-**	**10,000**	**-**	**-**	**301,107**	**10,000**	**-**	**-**	**604,316**	**10,000**
Opening cash balance	**(78,100)**	**(78,100)**	**(88,100)**	**(88,100)**	**(88,100)**	**(389,207)**	**(399,207)**	**(112,438)**	**(112,438)**	**(716,754)**
Variantion in cash balance	-	(10,000)	-	-	(301,107)	(10,000)	286,769	-	(604,316)	728,761
Exchange rate	-	-	-	-	-	-	-	-	-	-
Ending cash balance	**(78,100)**	**(88,100)**	**(88,100)**	**(88,100)**	**(389,207)**	**(399,207)**	**(112,438)**	**(112,438)**	**(716,754)**	**12,007**
Funding from HII (cumulative)	**78,100**	**88,100**	**88,100**	**88,100**	**389,207**	**399,207**	**112,438**	**112,438**	**716,754**	**-**
Adjusted cash balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,007**

Note:

1) The cash flow forecast for weeks 29 through 38, which was previously presented in the Eighth Report, has been updated by Management.
2) Opening cash balance has been modified to reflect the allocated cash balance as at March 25, 2012
3) Reimbursements of the capital expenditures of $287K and $576K for building 1, 2 & 3, net of GST, are anticipated in the months of April and May respectively.
4) Reimbursement of the GST for $163.2K is anticipated in May.
5) Capital expenditures for building 1, 2 & 3 in the amounts of $301K and 604K are anticipated in the months of April and May respectively.

NOTES AND REPRESENTATIONS TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE AND WARNINGS

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

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

NOTE B – DEFINITIONS

(1) CASH FLOW STATEMENT

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

(2) HYPOTHETICAL ASSUMPTIONS

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

(3) PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) CP's cash flow reflects the most probable set of economic conditions and planned courses of action, **Suitably Supported**, that are consistent with the plans of CP; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED

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

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

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Opening cash balance	Based on allocated cash balances as at March 25, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Costs reimbursed from escrow	Funds in escrow received from Canmarc REIT following the sale of three of the CP Development Ltd. properties. The funds are released from the escrow account once the construction costs have been paid.		X
GST refund from previous month	Based on applicable taxes on forecast expenses		X
Forecast cash disbursements			
Construction costs (1, 2 and 3)	Projected construction cost provided by Cuthbert & Smith (consulting), including GST		X
Construction costs (4 and 5)	Carrying costs for properties 4 and 5 for which construction has been halted (insurance, taxes and maintenance), including GST		X
Professional fees	No professional fees as per Management's assumptions	X	
Mortgage principal	Amount stayed by proceedings	X	
Mortgage interest	Amount stayed by proceedings	X	
GST paid	GST is included in construction costs.	X	
Closing cash balance	Based on allocated cash transactions		X