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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

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

INTRODUCTION

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

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

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

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

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

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

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

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

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 with Homburg Canada Inc. ("**HCI**") and certain of its affiliates (the "**Purchase Agreement**"), and to present cash flow statements and forecasts.

10. On December 8, 2011, the Stay was extended until March 16, 2012 pursuant to an Order of the Court (the "**Second Stay Period Extension Order**").

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 transactions 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

PURPOSE OF THE SIXTH REPORT

12. This sixth report of the Monitor (the "**Sixth Report**") is intended 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 Real Estate Investment Trust ("**Canmarc REIT**").

13. This Sixth Report is structured as follows:

I- Sale of the Canmarc REIT Units; and
II- Conclusion and recommendation.

TERMS OF REFERENCE

14. In preparing this Sixth Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an initial order dated September 9, 2011 (the "**Motion for Initial Order**") 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 (the "**Management**") and the HII Parties' and the Monitor's legal advisors. While the Monitor has analysed 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 Fifth 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.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Sixth Report are as defined in the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Debtors' Motions and the Purchase Agreement.

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

I- SALE OF THE CANMARC REIT UNITS

17. On November 28, 2011, Cominar Real Estate Investment Trust ("**Cominar REIT**") launched an unsolicited bid (the "**Cominar Bid**") to acquire all of the issued and outstanding units of Canmarc REIT for a per unit consideration of $15.30 in cash or 0.7 unit of Cominar REIT, subject to certain limitations.

18. With the approval of the Monitor, HII engaged RBC Dominion Securities Inc. ("**RBC**") to assist the Company to assess its options and to analyse any potential bid for the Canmarc REIT Units.

19. HII owns indirectly, through Partnership (199), 8,813,866 units of Canmarc REIT (the "**Canmarc REIT Units**").

20. On December 6, 2011, Canmarc REIT announced that it had adopted a new unitholder rights plan in addition to Canmarc REIT's existing rights plan dated May 25, 2010. This new rights plan effectively prevents any person from accumulating a number of Canmarc REIT units exceeding 15% ot the outstanding units and Cominar from accumulating any more units.

21. On December 13, 2011, Canmarc REIT announced that its board of trustees ("**Canmarc Trustees**") unanimously recommended the rejection of the Cominar Bid and that unitholders should not tender their units.

22. On January 12, 2012, Cominar REIT announced that the Cominar Bid was extended to January 27, 2012.

23. On January 16, 2012, Cominar REIT and Canmarc REIT jointly announced that they had entered into a support agreement (the "**Support Agreement**") for the acquisition by Cominar REIT of all the issued and outstanding units of Canmarc REIT and that the consideration under the Cominar Bid was increased to a per unit consideration of $16.50 in cash or 0.7607 unit of Cominar REIT, subject to certain limitations (the "**Amended Cominar Bid**").

24. The Amended Cominar Bid provides for an increase of approximately 43% in cash value compared to the unit cash value when HII concluded the Bought Deal on September 13, 2011 and would generate gross proceeds of approximately $145.4M for HII at its current price.

25. The Amended Cominar Bid is open for acceptance until 3:00 p.m. (Toronto time) on January 27, 2012.

26. On January 17, 2012, Canmarc REIT issued a Notice of Change to Trustees' Circular recommending the acceptance of the Amended Cominar Bid, and which outlines *inter alia* the process that led to the Amended Cominar Bid and the decision of Canmarc REIT to enter into the Support Agreement.

27. On January 18, 2012, RBC provided HII with its report relating to the Amended Cominar Bid, which based on available information included, without limitation, a NAV (net asset value) analysis of Canmarc REIT, an AFFO accretion analysis of the acquisition by Cominar REIT of Canmarc REIT, a precedent transaction analysis as well as a public comparable analysis. The report also reviewed the alternatives to the Cominar Bid, and concluded that the Amended Cominar Bid is within the range of the values derived from the aforementioned analyses.

28. On January 19, 2012, HII's board of directors authorised HII to dispose of the Canmarc REIT Units by tendering them in the Amended Cominar Bid or by otherwise selling them for a cash consideration of no less than $16.50 per unit.

29. 1,300,000 of the Canmarc REIT Units are currently pledged and HII plans, as required under the relevant security documents, to cause the net proceeds received from the disposal of said pledged units to be charged by said pledge in substitution therefor.

RECOMMENDATION OF THE MONITOR REGARDING THE TENDERING OF THE CANMARC REIT UNITS

30. After analysing the Amended Cominar Bid, and considering the advice received by HII from RBC, the Monitor is of the opinion that the Amended Cominar Bid creates an attractive monetization opportunity for the Canmarc REIT Units, and that it would be in the best interests of HII's stakeholders if HII were permitted to tender the Canmarc REIT Units to the Amended Cominar Bid, or otherwise dispose of them for a cash consideration of no less than $16.50 per unit. The Monitor concurs with HII's belief that the Amended Cominar Bid is in the best interest of all stakeholders as it allows HII to address short term liquidity issues and will allow some flexibility in the elaboration of a plan of arrangement. More specifically, such approval will:

    i. Allow HII to protect and limit volatility risk of its short term liquidity;

    ii. Allow HII to secure a favourable price that is aligned with market values, for a non-core asset of the Company;

iii. Provide HII with the necessary liquidity to address short term needs relating to its restructuring, the payment of the purchase price instalments due under the Purchase Agreement and to address potential operational issues or opportunities; and

iv. Provide flexibility and options in the elaboration of a plan of arrangement, including a potential cash distribution to HII's creditors.

II- CONCLUSION AND RECOMMENDATION

31. It is the Monitor's view that, for the reasons elaborated in Section I of this Sixth Report, the motion for approval of the sale of the Canmar REIT Units should be granted by the Court.

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

33. Based on discussions with HII's representatives, it is the Monitor's opinion that HII has acted and continues to act in good faith and with due diligence.

The Monitor respectfully submits this Sixth Report to the Court.

DATED AT MONTREAL, this 19th day of January 2012.

Pierre Laporte, CA, CIRP
President

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