FIFTH SUPPLEMENTAL 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)

PURPOSE OF THE SUPPLEMENTAL REPORT

1. In this Fifth Supplemental Report of the Monitor (the "**Fifth Supplemental Report**"), budget-to-actual analysis will be presented for the months of April and May 2012 (the "**Fifth Supplemental Period**"), with commentary for the HII Group consolidated globally, as well as by region, including Canada, the Netherlands, Germany, USA and the Baltics.

TERMS OF REFERENCE

2. In preparing this Fifth Supplemental Report, the Monitor has relied upon unaudited financial information, the HII Group's records, the Motion for an Initial Order, the Initial Order and further orders issued by the Court and its discussions with Management of the HII Group and their financial and legal advisors.

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

4. A copy of this Fifth Supplemental Report and the previous reports of the Monitor are available on the Monitor's website at www.deloitte.com/ca/homburg-invest.

OVERVIEW OF FIFTH SUPPLEMENTAL REPORT

5. For the Supplemental Report, the individual cash flow forecasts and actual results for the two-month period of September and October 2011 were combined by geographic region and then consolidated for budget to actual analysis purposes. Similar analysis was prepared for the Second Supplemental Report covering the months of November and December 2011, for the Third Supplemental Report for the month of January 2012, as well as the Fourth Supplemental Report covering the months of February and March 2012. The purpose of this Fifth Supplemental report is to provide the equivalent analysis for the two-month period of April and May 2012. Please note that a foreign exchange impact exists as a result of varying source currencies being used in the various regions.

HII GROUP'S CONSOLIDATED GLOBAL BUDGET TO ACTUAL ANALYSIS

6. The following is the global consolidated budget to actual cash flow analysis for the two-month period of April and May 2012 for the HII Group, which consists of Canada, the Netherlands, Germany, the USA and the Baltics:

Cash Flow Summary
April and May 2012
HII Group Consolidated

(C$000)	For the months of April and May		
HII Group Consolidated	**Actual**	**Budget**	**Variance**
Cash Inflow			
Rent	21,369	14,317	7,052
Other receipts	59,689	485	59,204
Proceeds of sale	436	1,619	(1,183)
Total Cash Inflow	**81,494**	**16,421**	**65,073**
Cash Outflow			
Payroll	580	475	(105)
Taxes	3,883	1,565	(2,318)
Mortgage principal and interest	9,865	11,248	1,383
Operating expenses	4,028	5,025	997
Professional fees	8,159	7,600	(559)
Capital expenditures	113	941	828
Other expenditures	71,194	3,558	(67,636)
Total Cash Outflow	**97,822**	**30,412**	**(67,410)**
Net Cash Flow	**(16,328)**	**(13,991)**	**(2,337)**
Opening Cash Balance	135,114	135,114	-
Add: Net Cash Flow	(16,328)	(13,991)	(2,337)
Add: FX Impact and Other Transactions	(970)	-	(970)
Ending Cash Balance	**117,816**	**121,123**	**(3,307)**
Cash Balance per Bank	**117,816**		

HII Group consolidated budget to actual commentary

7. Total cash inflows for HII Group were $81,494K for the period noted, while total cash outflows were $97,822K, which resulted in a negative net cash flow of $16,328K compared to a negative budgeted net cash flow of $13,991K.

Opening cash balances

8. The opening cash balances for each region as at April 1, 2012, reflect the allocated balances per the Fourth Supplemental Report prior to applying the impact of foreign exchange and other transactions. As such, the HII Group consolidated opening cash balance will differ from the Fourth Supplemental Report's ending cash by the amount allocated to foreign exchange and other transactions listed in the Fourth Supplemental Report.

9. In order to provide a direct comparison, actual and budgeted transactions for each region have been converted at the relevant monthly closing exchange rate as at May 31, 2012.

10. As a result of the negative net cash flows of $16,328K and after taking into consideration a cumulative foreign exchange impact of $970K, which was not allocated regionally as at May 31, 2012, the opening cash balance of $135,114K decreased to $117,816K.

11. The other receipts' favorable variance of $59,204K and the other expenditures' unfavorable variance of $67,636K were primarily generated as a result of frequent cash management transactions initiated from the operating bank accounts to interest-earning cash management bank accounts – particularly in the USA.

12. A detailed explanation of the global cash inflow and outflow variances is presented on a regional basis; therefore, please refer to each of the regional budget to actual variance analyses performed below for additional information.

CANADA CONSOLIDATED CASH FLOWS

13. The following is the consolidated budget to actual cash flow analysis for Canada for the Fifth Supplemental Period:

Cash Flow Summary
April and May 2012
Canada

(C$000)	For the months of April and May		
Canada	Actual	Budget	Variance
Cash Inflow			
Rent	294	391	(97)
Other receipts	2,239	485	1,754
Proceeds of sale	436	1,619	(1,183)
Total Cash Inflow	**2,969**	**2,495**	**474**
Cash Outflow			
Payroll	574	475	(99)
Taxes	112	169	57
Mortgage principal and interest	267	694	427
Mortgage interest	-	66	66
Operating expenses	900	1,620	720
Professional fees	8,062	7,554	(508)
Capital expenditures	45	5	(40)
Other expenditures	3,596	3,500	(96)
Total Cash Outflow	**13,556**	**14,083**	**527**
Net Cash Flow	**(10,587)**	**(11,588)**	**1,001**
Opening Cash Balance	**126,511**	**126,511**	**-**
Add: Net Cash Flow	**(10,587)**	**(11,588)**	**1,001**
Ending Cash Balance	**115,924**	**114,923**	**1,001**

Canada consolidated budget to actual commentary

14. Total cash inflows for Canada were $2,969K during the Fifth Supplemental Period, while total cash outflows were $13,556K, which resulted in a negative net cash flow of $10,587K compared to a negative budgeted net cash flow of $11,588K.

15. As a result of the negative net cash flow of $10,587K, the opening cash balance of $126,511K decreased to $115,924K as at May 31, 2012.

16. The Monitor's comments on the consolidated cash inflow and outflow variances for Canada for the Fifth Supplemental Period are as follows:

Inflows

17. Other receipts of $2,239K were received compared to budgeted other receipts of $485K resulting in a favorable variance of $1,754K. The favorable variance of $1,754K primarily consists of an unbudgeted distribution by HHUS of $1,246K and a timing difference for an amount of $726K received in May which was budgeted to be received in June. Other receipts also include interest earned on the restricted cash bank balance of approximately $189K and other miscellaneous receipts of $78K. The favorable variance was decreased by $485K as budgeted GST/HST reimbursements of $394K and other GST receipts of $91K from the sale of condos were not received.

18. Cash receipts from proceeds of sale of $436K were received compared to budgeted receipts of $1,619K, resulting in an unfavorable variance of $1,183K. This unfavorable variance is attributed to the following:

    i. The actual amount of $436K represents proceeds from the sale of four mortgage-free Lougheed Estate condos (Homco 122) for approximately $329K and the GST portion for the sale of four mortgaged Churchill condos sold for approximately $107K.

    ii. The budgeted amount of $1,619K represents the anticipated sale of one unit in each Castello, Homco 122 and Churchill for respectively $819K, $300K, $400K and the sale of two parking spaces for $100K in Homco 144.

    iii. The unfavorable variance of $1,183K in the proceeds of sale consists of sales in Castello and Homco 144 which have not sold. The remaining can be explained by miscellaneous favorable variances in sale prices of units in Homco 122, as well as the fact that four Churchill units were sold compared to only one being budgeted. As mentioned in previous Monitor’s reports, the net proceeds of Churchill condo sales are remitted to the secured lender.

Outflows

19. Mortgage principal and interest payments of $267K were disbursed compared to a budgeted amount of $760K, which resulted in a favorable variance of $493K. This favorable variance is a result of the direct payment of mortgage principal and commissions to the lender from the budgeted sales proceeds for the condo sales at Churchill. As previously mentioned in prior Monitor’s reports, condo unit sale proceeds are remitted directly to the associated lender and the associated mortgage principal and commissions are not made from HII’s bank accounts, resulting in a favorable variance in comparison to the amounts budgeted and therefore, creating a permanent favorable variance.

20. Operating expenses were $900K compared to a budgeted amount of $1,620K resulting in a favorable variance of $720K. The favorable variance is partially due to a credit of $227K which was received as a result of a reduced Head Lease obligation due to an additional subleased unit in CP. Budgeted operating expenses in Churchill of $125K which are deducted from the amount that are remitted to the secured lender upon the sale of each unit are also not reflected in the actual amount. The remaining variance is due to timing.

21. Professional fees were $8,062K, compared to a budgeted amount of $7,554K, which resulted in an unfavorable variance of $508K.

THE NETHERLANDS CONSOLIDATED CASH FLOWS

22. The following is the consolidated budget to actual cash flow analysis for the Netherlands for the Fifth Supplemental Period:

Cash Flow Summary
April and May 2012
Netherlands

(C$000) Netherlands	For the months of April and May Actual	Budget	Variance
Cash Inflow			
Rent	6,208	4,053	2,155
Other receipts	472	-	472
Proceeds of sale	-	-	-
Total Cash Inflow	**6,680**	**4,053**	**2,627**
Cash Outflow			
Payroll	-	-	-
Taxes	970	461	(509)
Mortgage principal and interest	3,934	4,436	502
Operating expenses	976	1,319	343
Professional fees	3	-	(3)
Capital expenditures	-	301	301
Other expenditures	-	-	-
Total Cash Outflow	**5,883**	**6,517**	**634**
Net Cash Flow	**797**	**(2,464)**	**3,261**
Opening Cash Balance	(2,823)	(2,823)	-
Add: Net Cash Flow	797	(2,464)	3,261
Ending Cash Balance	**(2,026)**	**(5,287)**	**3,261**

Conversion rate used (Opening balance) 1.3322 as at 03/30/2012
Conversion rate used: Closing 1.2794 as at 05/31/2012
Source: Bank of Canada

Mortgage debt

23. As indicated in Appendix C of the Seventh Monitor's Report, during the month of November 2011, a mortgage debt of €14,250K for Homco 76 matured and has not yet been renewed. The outstanding debt has been applied to Homco 76's operating account, placing the account further into overdraft. Management continues its discussions with the lender of Homco 76 to renegotiate the mortgage. The overdrawn amount is treated as debt and is not included in the closing balance of the Netherlands' cash flows since discussions are pending between Management and the lender. Until an agreement is reached between Management and the lender of Homco 76, all inflows continue to be applied to the matured loan balance.

The Netherlands consolidated budget to actual commentary

24. Total cash inflows for the Netherlands were $6,680K for the Fifth Supplemental Period, while total cash outflows were $5,883K, which resulted in a positive net cash flow of $797K compared to a budgeted negative net cash flow of $2,464K.

25. As a result of the positive net cash flow of $797K, the opening deficit balance of $2,823K decreased to a deficit of $2,026K as at May 31, 2012.

26. The Monitor's comments on the consolidated cash inflow and outflow variances for the Netherlands for the Fifth Supplemental Period are as follows:

Inflows

27. Rent of $6,208K was received compared to a budgeted amount of $4,053K, resulting in a positive timing variance of $2,155K during the Fifth Supplemental Period. This positive variance relates to timing and additional expense recoveries owed by the tenants which were received but not budgeted.

28. Other receipts of $472K were received compared to budgeted other receipts of nil, resulting in a positive variance of $472K. The other receipts generally consist of transfers to the ABN Amro bank accounts from the Main Euro Account for the mortgage and interest payments. Those transfers were not budgeted and will result in a permanent variance.

Outflows

29. Taxes of $970K were paid, compared to a budgeted amount of $461K, resulting in an unfavorable timing variance of $509K.

30. Mortgage principal and interest charges totaling $3,934K were incurred, compared to $4,436K budgeted for the same period, resulting in a favorable timing variance of $502K.

31. Operating expenses totaling $976K were incurred, compared to $1,319K budgeted for the same period resulting in a favorable timing variance of $343K.

32. Capital expenditures were nil compared to a budgeted amount of $301K, resulting in a favorable variance of $301K. The favorable variance is mainly attributable to the fact that capital projects were in progress, but had not been paid by the end of May 2012. This represents a timing difference as these expenditures will be incurred in future periods.

GERMANY CONSOLIDATED CASH FLOWS

33. The following is the consolidated budget to actual cash flow analysis for Germany for the Fifth Supplemental Period:

Cash Flow Summary
April and May 2012
Germany

(C$000) Germany	For the months of April and May Actual	Budget	Variance
Cash Inflow			
Rent	10,490	2,277	8,213
Other receipts	320	-	320
Proceeds of sale	-	-	-
Total Cash Inflow	**10,810**	**2,277**	**8,533**
Cash Outflow			
Payroll	-	-	-
Taxes	1,945	197	(1,748)
Mortgage principal and interest	1,435	1,873	438
Operating expenses	247	145	(102)
Professional fees	38	-	(38)
Capital expenditures	-	582	582
Other expenditures	8,523	58	(8,465)
Total Cash Outflow	**12,188**	**2,855**	**(9,333)**
Net Cash Flow	**(1,378)**	**(578)**	**(800)**
Opening Cash Balance	2,668	2,668	-
Add: Net Cash Flow	(1,378)	(578)	(800)
Ending Cash Balance	**1,290**	**2,090**	**(800)**

Conversion rate used (Opening balance) 1.3322 as at 03/30/2012
Coversion rate used: Closing 1.2794 as at 05/31/2012
Source: Bank of Canada

34. The German budget to actual analysis is composed of all German properties. HII's ownership in Moto is 93%, through the direct ownership of Valbonne 5, which is fully owned by Homco 110. Consistent with prior reports, for the purposes of the German consolidated budget to actual analysis and commentary contained within, no adjustment was made to the budgeted cash flows, or actual cash balances, to reflect HII's 93% ownership since the cash flow budgets and actuals take into account the cash flows of Homco 110 as a whole.

<u>Mortgage debt</u>

35. As discussed in the Fourth Supplemental Report, one of the lenders of Homco 110 requested that excess cash received in the operating account be applied against its mortgage debt balance. As at May 31, 2012, the net balance is €(35,805)K.

Germany consolidated budget to actual commentary

36. Total cash inflows for Germany were $10,810K for the Fifth Supplemental Period, while total cash outflows were $12,188K, which resulted in a negative net cash flow of $1,378K compared to a budgeted net cash flow of negative $578K.

37. As a result of the negative net cash flow of $1,378K, the opening cash balance of $2,668K decreased to $1,290K.

38. The Monitor's comments on the consolidated cash inflow and outflow variances for Germany for the Fifth Supplemental Period are as follows:

Inflows

39. Rent of $10,490K was received compared to a budgeted amount of $2,277K, resulting in a positive variance of $8,213K during the Fifth Supplemental Period. The variance is mainly due to timing as the rent receipts for Homco 110 are budgeted on a quarterly basis when rent receipts are in fact received on a monthly basis.

40. In order to earn interest income on excess funds contained in Homco 110's operating accounts, cash transfers are regularly made to and from the operating bank accounts into short-term term deposits. These cash movements are captured in the other receipts and other expenditure line items. As a result of this form of cash management, other receipts of $320K and other expenditures of $8,523K mainly consist of cash transfers to/from term deposits. These investments are not classified as cash inflows until they mature and the balances are remitted back to Homco 110.

Outflows

41. Taxes of $1,945K were paid compared to a budgeted amount of $197K, resulting in an unfavorable variance of $1,748K. The unfavorable variance is attributable to certain VAT payments which were not included in the budgeted amounts. Budgeted VAT outflows are calculated based on the budgeted result; while the actual payments are advanced payments which are based on actual results that occur.

42. Combined mortgage principal and interest payments of $1,435K were made, compared to a budgeted amount of $1,873K, resulting in a favorable variance of $438K. The variance is due to timing as the Coët Properties are in the process of renewing the mortgage. Until renewed, only interest payments are to be made. Principal payments will resume upon mortgage renewal.

43. Capital expenditures were nil compared to a budgeted amount of $582K, resulting in a favorable variance of $582K. The favorable variance is mainly attributable to timing, as there were many capital projects underway in April and May; however, payments for services rendered were not made in the current period.

USA CONSOLIDATED CASH FLOWS

44. The following table presents the consolidated budget to actual cash flow analysis for the USA properties for the Fifth Supplemental Period:

Cash Flow Summary
April and May 2012
USA

(C$000)	For the months of April and May		
USA	**Actual**	**Budget**	**Variance**
Cash Inflow			
Rent	2,929	3,111	(182)
Other receipts	56,642	-	56,642
Proceeds of sale	-	-	-
Total Cash Inflow	**59,571**	**3,111**	**56,460**
Cash Outflow			
Payroll	6	-	(6)
Taxes	623	564	(59)
Mortgage principal and interest	274	271	(3)
Mortgage interest	1,093	1,058	(35)
Operating expenses	604	579	(25)
Professional fees	14	17	3
Capital expenditures	-	-	-
Other expenditures	59,060	-	(59,060)
Total Cash Outflow	**61,674**	**2,489**	**(59,185)**
Net Cash Flow	**(2,103)**	**622**	**(2,725)**
Opening Cash Balance	4,148	4,148	-
Add: Net Cash Flow	(2,103)	622	(2,725)
Ending Cash Balance	**2,045**	**4,770**	**(2,725)**

Conversion rate used : Opening 0.9991 as at 03/30/2012
Coversion rate used: Closing 1.0349 as at 05/31/2012
Source: Bank of Canada

<u>USA consolidated budget to actual commentary</u>

45. The USA budget to actual analysis includes both Cedar and HHUS properties. HII's ownership of 80% in the Cedar properties through a joint venture represents a significant portion of the USA cash flows. For the purposes of the USA consolidated budget to actual analysis and commentary contained within, no adjustment was made to the budgeted cash flows, or actual cash balances, to reflect HII's 80% ownership since the cash flow budgets and actuals take into account the cash flows of Cedar as a whole.

46. Total cash inflows for the USA properties were $59,571K for the period noted, while total cash outflows were $61,674K, which resulted in a negative net cash flow of $2,103K compared to a budgeted positive net cash flow of $622K.

47. As a result of the negative net cash flow of $2,103K, the opening cash balance of $4,148 as of April 1, 2012 decreased to $2,045K as at May 31, 2012.

48. The Monitor's comments on the consolidated cash inflow and outflow variances for the USA for the Fifth Supplemental Period are as follows:

Inflows

49. Rent of $2,929K was received compared to a budgeted amount of $3,111K, resulting in an unfavorable variance of $182K. The unfavorable variance is mainly due to timing, as rent was budgeted to be received in regular monthly installments when, in fact, certain tenants pay rent on a bi-monthly or quarterly basis in accordance with their lease agreements.

50. In order to earn interest income on excess funds contained in HHUS's operating accounts, frequent cash transfers are regularly made to and from the operating bank accounts to an interest-earning cash management bank account. These cash movements are captured in the other receipts and other expenditures line items. As a result of this form of cash management, other receipts of $56,642K mainly include cash transfers received from the cash management account. These cash inflows are offset by outflows of the same nature, which account for most of the other expenses amount of $59,060K.

51. The negative net variance of other receipts and other expenses of $2,418K is primarily related to the distribution of dividends of $1,234K in April 2012 and $721K in May 2012 from HHUS to HII. The April distribution was not budgeted resulting in a permanent variance and the May distribution was budgeted in June, resulting a timing variance.

Outflows

52. Income taxes of $623K were paid during the Fifth Supplemental Period compared to a budgeted cash amount of $564K, resulting in an unfavorable timing variance of $59K.

53. The negative variance of $59,060K attributed to other expenditures has been explained in the Inflows section of the USA budget to actual commentary.

THE BALTICS CONSOLIDATED CASH FLOWS

54. The following is the consolidated budget to actual cash flow analysis for the Baltics for the Fifth Supplemental Period:

Cash Flow Summary
April and May 2012
Baltics

(C$000)	For the months of April and May		
Baltics	**Actual**	**Budget**	**Variance**
Cash Inflow			
Rent	1,448	4,485	(3,037)
Other receipts	15	-	15
Proceeds of sale	-	-	-
Total Cash Inflow	**1,463**	**4,485**	**(3,022)**
Cash Outflow			
Operating expenses	1,081	1,362	281
Loan interest & swap	2,224	2,212	(12)
Mortgage	638	638	-
Asset management fee	220	-	(220)
Professional fees	42	29	(13)
VAT payment	233	174	(59)
Capital expenditures	68	53	(15)
Other expenditures	15	-	(15)
Total Cash Outflow	**4,521**	**4,468**	**(53)**
Net Cash Flow	**(3,058)**	**17**	**(3,075)**
Opening Cash Balance	4,611	4,611	-
Add: Net Cash Flow	(3,058)	17	(3,075)
Ending Cash Balance	**1,553**	**4,628**	**(3,075)**

Conversion rate used (Opening balance) 1.3322 as at 03/30/2012
Conversion rate used (Closing balance) 1.2794 as at 05/31/2012
Source: Bank of Canada

Baltics consolidated budget to actual commentary

55. Total cash inflows for the Baltics were $1,463K for the Fifth Supplemental Period, while total cash outflows were $4,521K, which resulted in a negative net cash flow of $3,058K compared to a budgeted net cash flow of $17K.

56. As a result of the negative net cash flow of $3,058K, the opening cash balance of $4,611K decreased to $1,553K.

57. The Monitor's comments on the consolidated cash inflow and outflow variances for the Baltics for the Fifth Supplemental Period are as follows:

Inflows

58. Rent receipts were $1,448K compared to budgeted rent receipts of $4,485K resulting in an unfavorable timing variance of $3,037K. The unfavorable timing variance was due to a tenant disbursing a quarterly rent payment in March, which budgeted to be received in April.

Outflows

59. Operating expenditures of $1,081K were paid compared to a budgeted amount of $1,362K, resulting in a favorable timing variance of $281K.

60. Asset management fees of $220K were paid compared to a budgeted amount of nil, resulting in an unfavorable variance of $220K. The unfavorable variance is due to timing, as amounts were budgeted on a quarterly basis when, in fact, asset management fees are paid on a monthly basis.

61. VAT payments of $233K were paid compared to a budgeted amount of $174K resulting in an unfavorable timing variance of $59K. These expenses were budgeted to be incurred on a quarterly basis for a three-month period, but actual payments were disbursed on a monthly basis.