FOURTH 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 Fourth Supplemental Report of the Monitor (the "**Fourth Supplemental Report**"), budget-to-actual analysis will be presented for the months of February and March 2012 (the "**Fourth Supplemental Period**"), with commentary for all of 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 Fourth 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 Fourth Supplemental Report are as defined in the previous reports of the Monitor and the Debtors' Motions.

4. A copy of this Fourth 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 FOURTH SUPPLEMENTAL REPORT

5. For the Supplemental Report, the individual cash flow forecast 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, as well as for the Third Supplemental Report for the month of January 2012. The purpose of this Fourth Supplemental report is to provide the equivalent analysis the two-month period of February and March 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 February and March 2012 for the HII Group, which consists of Canada, the Netherlands, Germany, the USA and the Baltics:

Cash Flow Summary
February and March 2012
HII Group Consolidated

(C$000) HII Group Consolidated	For the months of February and March		
	Actual	Budget	Variance
Cash Inflow			
Rent	22,829	22,014	815
Other receipts	77,209	9,205	68,004
Proceeds of sale	2,107	1,519	588
Total Cash Inflow	**102,145**	**32,738**	**69,407**
Cash Outflow			
Payroll	429	400	(29)
Taxes	4,796	3,646	(1,150)
Mortgage principal and interest	15,104	15,711	607
Operating expenses	5,017	4,873	(144)
Professional fees	7,689	5,366	(2,323)
Capital expenditures	103	1,054	951
Other expenditures	68,176	4,154	(64,022)
Total Cash Outflow	**101,314**	**35,204**	**(66,110)**
Net Cash Flow	**831**	**(2,466)**	**3,297**
Opening Cash Balance	134,284	134,284	-
Add: Net Cash Flow	831	(2,466)	3,297
Add: FX Impact and Other Transactions	(752)	-	(752)
Ending Cash Balance	**134,363**	**131,818**	**2,545**
Cash Balance per Bank	**134,363**		

HII Group consolidated budget to actual commentary

7. Total cash inflows for HII Group were \$102,145K for the period noted, while total cash outflows were \$101,314K, which resulted in a positive net cash flow of \$831K compared to a budgeted net cash flow of \$(2,466)K.

Opening cash balances

8. The opening cash balances for each region as at February 1, 2012 reflect the allocated balances per the Third 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 Third Supplemental Report's ending cash by the amount allocated to foreign exchange and other transactions listed in the Third 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 March 31, 2012.

10. As a result of the positive net cash flow of $831K and after taking into consideration foreign exchange impact and other transactions of $(752)K, which were not allocated regionally as at March 31, 2012, the closing cash balance of $134,284K increased to $134,363K.

11. The other receipts favorable variance of $68,004K and the other expenditures unfavorable variance of $64,022K 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 Fourth Supplemental Period :

Cash Flow Summary
February and March 2012
Canada

(C$000) Canada	For the months of February and March Actual	Budget	Variance
Cash Inflow			
Rent	206	299	(93)
Other receipts	9,231	8,346	885
Proceeds of sale	2,107	1,519	588
Total Cash Inflow	**11,544**	**10,164**	**1,380**
Cash Outflow			
Payroll	422	400	(22)
Taxes	360	389	29
Mortgage principal and interest	87	749	662
Operating expenses	1,223	1,922	699
Professional fees	7,490	5,304	(2,186)
Capital expenditures	80	5	(75)
Other expenditures	5,699	3,500	(2,199)
Total Cash Outflow	**15,361**	**12,269**	**(3,092)**
Net Cash Flow	**(3,817)**	**(2,105)**	**(1,712)**
Opening Cash Balance	**130,328**	**130,328**	**-**
Add: Net Cash Flow	**(3,817)**	**(2,105)**	**(1,712)**
Ending Cash Balance	**126,511**	**128,223**	**(1,712)**

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

14. Total cash inflows for Canada were $11,544K during the Fourth Supplemental Period, while total cash outflows were $15,361K, which resulted in a negative net cash flow of $3,817K compared to a negative budgeted net cash flow of $2,105K.

15. As a result of the negative net cash flow of $3,817K, the opening cash balance of $130,328K decreased to $126,511K as at March 31, 2012.

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

Inflows

17. Other receipts of $9,231K are primarily composed of amounts received during the Fourth Supplemental Period such as, proceeds from the Amended Cominar Bid for $8,255K as well as a matured term deposit of $108K in Castello, a reversal of a debit by HSBC in Homco 88 for $542K and other miscellaneous refunds of $326K. The positive variance of $885K is mainly attributable to the elements listed above, excluding the Amended Cominar Bid, which was previously projected. Thus, this favorable variance is permanent.

18. Cash receipts from proceeds of sale of $2,107K were received compared to budgeted receipts of $1,519K, resulting in a favorable variance of $588K. This favorable variance is attributed to the following:

    i. The actual amount of $2,107K represents proceeds for mortgage free Lougheed Estates (Homco 122) condo sales for approximately $707K, a mortgage free Castello condo sale for approximately $824K, as well as a mortgage free Churchill condo sale for approximately $514K and the sale of one parking space in Homco 144 along with deposits for the sale of two additional ones for $62K.

    ii. The budgeted amount of $1,519K represents the anticipated sale of one unit in each Castello, Churchill and Inverness for respectively $819K, $400K and $200K and the sale of two parking spaces for $100K at Homco 144.

    iii. The favorable variance of $588K in the proceeds of sale consists mainly of proceeds of $707K after transaction cost and mortgage payments from sales of units in Lougheed which have not been budgeted. The remaining can be explained by miscellaneous favorable variances in sales prices and the fact that the unit budgeted in Inverness was sold, however as previously mentioned in previous Monitor's reports, the net proceeds are remitted to the secured lender.

Outflows

19. Mortgage principal and interest payments of $87K were disbursed compared to a budgeted amount of $749K, which resulted in a favorable variance of $662K. This favorable variance is mainly due to the direct payment of mortgage principal and commissions to the lender from the sales proceeds for the condo sales at Churchill and Inverness. As previously mentioned in previous 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 $1,223K compared to a budgeted amount of $1,922K resulting in a favorable variance of $699K. The favorable variance is due to timing.

21. Professional fees were $7,490K, compared to a budgeted amount of $5,304K, which resulted in an unfavorable variance of $2,186K. As previously communicated, additional professional fees in excess of the budgeted amount continue 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 indicated in paragraph 131 of the Ninth Report.

22. Other expenditures of $5,699K were incurred compared to budgeted other expenditures of $3,500K, resulting in an unfavorable variance of $2,199K. This variance is mainly due to HSBC drawing on amounts pledged in relation to letters of credit posted with respect to the Taberna Noteholders for an amount of $2,140K and other transfers to European Homcos, which had not been budgeted, creating this permanent unfavorable variance.

THE NETHERLANDS CONSOLIDATED CASH FLOWS

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

Cash Flow Summary
February and March 2012
Netherlands

(C$000) Netherlands	For the months of February and March Actual	Budget	Variance
Cash Inflow			
Rent	4,289	4,650	(361)
Other receipts	627	68	559
Proceeds of sale	-	-	-
Total Cash Inflow	**4,916**	**4,718**	**198**
Cash Outflow			
Payroll	-	-	-
Taxes	1,018	2,024	1,006
Mortgage principal and interest	2,770	1,833	(937)
Operating expenses	918	633	(285)
Professional fees	87	-	(87)
Capital expenditures	-	396	396
Other expenditures	94	-	(94)
Total Cash Outflow	**4,887**	**4,886**	**(1)**
Net Cash Flow	**29**	**(168)**	**197**
Opening Cash Balance	(2,851)	(2,851)	-
Add: Net Cash Flow	29	(168)	197
Ending Cash Balance	**(2,822)**	**(3,019)**	**197**

Conversion rate used (Opening balance) 1.3120 as at 01/31/2012
Coversion rate used: Closing 1.3322 as at 03/30/2012
Source: Bank of Canada

Mortgage debt

24. 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 are to be applied to the matured loan balance.

The Netherlands consolidated budget to actual commentary

25. Total cash inflows for the Netherlands were $4,916K for the Fourth Supplemental Period, while total cash outflows were $4,887K, which resulted in a positive net cash flow of $29K compared to a budgeted negative net cash flow of $168K.

26. As a result of the positive net cash flow of $29K, the opening cash balance of $(2,851)K increased to $(2,822)K as at March 31, 2012.

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

Inflows

28. Rent of $4,289K was received compared to a budgeted amount of $4,650K, resulting in a negative timing variance of $361K during the Fourth Supplemental Period.

29. Other receipts of $627K were received compared to budgeted other receipts of $68K, resulting in a positive variance of $559K. The other receipts generally consist of miscellaneous VAT receipts and a transfer from HII, which were not budgeted and will result in a permanent variance.

Outflows

30. Taxes of $1,018K were paid, compared to a budgeted amount of $2,024K, resulting in a favorable timing variance of $1,006K.

31. Mortgage principal and interest charges totaling $2,770K were incurred, compared to $1,833K budgeted for the same period, resulting in an unfavorable timing variance of $937K.

32. Operating expenses totaling $918K were incurred, compared to $633K budgeted for the same period resulting in an unfavorable variance of $285K. The unfavorable timing variance of $285K is mainly associated to expenses which were budgeted to be paid in April when in fact were paid in March.

33. Capital expenditures were nil compared to a budgeted amount of $396K, resulting in a favorable variance of $396K. The favorable variance is mainly attributable to timing.

GERMANY CONSOLIDATED CASH FLOWS

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

Cash Flow Summary
February and March 2012
Germany

(C$000)	For the months of February and March		
Germany	Actual	Budget	Variance
Cash Inflow			
Rent	11,289	13,178	(1,889)
Other receipts	13,646	-	13,646
Proceeds of sale	-	-	-
Total Cash Inflow	**24,935**	**13,178**	**11,757**
Cash Outflow			
Payroll	-	-	-
Taxes	2,695	762	(1,933)
Mortgage principal and interest	10,950	11,828	878
Operating expenses	836	448	(388)
Professional fees	16	7	(9)
Capital expenditures	-	653	653
Other expenditures	9,451	654	(8,797)
Total Cash Outflow	**23,948**	**14,352**	**(9,596)**
Net Cash Flow	**987**	**(1,174)**	**2,161**
Opening Cash Balance	1,679	1,679	-
Add: Net Cash Flow	987	(1,174)	2,161
Ending Cash Balance	**2,666**	**505**	**2,161**

Conversion rate used (Opening balance) 1.3120 as at 01/31/2012
Coversion rate used: Closing 1.3322 as at 03/30/2012
Source: Bank of Canada

35. 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.

Mortgage debt

36. As indicated in Appendix C of the Seventh Monitor's Report, during the month of December 2011, mortgage debt of €41,000K for Homco 110 matured. Prior to renewal of the mortgage debt, the entire amount of €41,000K was applied to Homco 110's operating account resulting in a net deficit of €40,944K when combined with the opening account balance of €56K. It was the Monitor's understanding that the loan renewal was to occur in early January 2012 for the deficit amount of €41,000K and that the deficit balance would remain on the operating account until a renewal facility was arranged. Subsequent to the application of the loan against the operating account, a

cash receipt of €3,638K was deposited into the operating account. Upon further inquiry in late February, the Monitor was informed that the cash received of €3,638K was applied against the operating account deficit by the bank, resulting in a net balance after other transactions of €(37,880)K, which was refinanced on February 27, 2012. As part of the refinancing, one of the lender of Homco 110 requested that on an ongoing basis excess cash received in the operating account be applied against its mortgage debt balance. As at March 31, 2012, the net balance is €(35,296)K.

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

37. Total cash inflows for Germany were $24,935K for the Fourth Supplemental Period, while total cash outflows were $23,948K, which resulted in a positive net cash flow of $987K compared to a budgeted net cash flow of $(1,174)K.

38. As a result of the positive net cash flow of $987K, the opening cash balance of $1,679K increased to $2,666K.

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

Inflows

40. Rent of $11,289K was received compared to a budgeted amount of $13,178K, resulting in a negative variance of $1,889K during the Fourth Supplemental Period. The variance is mainly due to timing as the rent receipts for Homco 110 is budgeted on a quarterly basis when rent receipts is in fact received on a monthly basis.

41. 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 expenditures line items. As a result of this form of cash management, other receipts of $13,646K mainly consist of cash transfers from term deposits. These investments are not classified as cash inflows until they mature and the balances are remitted back to Homco 110.

Outflows

42. Taxes of $2,695K were paid compared to a budgeted amount of $762K, resulting in an unfavorable variance of $1,933K. The unfavorable variance is attributable to certain VAT payments which were not included in the budgeted amounts.

43. Combined mortgage principal and interest payments of $10,950K were made, compared to a budgeted amount of $11,828K, resulting in a favorable variance of $878K. The variance is mainly due to timing.

44. Capital expenditures were nil compared to a budgeted amount of $653K, resulting in a favorable variance of $653K. The favorable variance is mainly attributable to timing.

USA CONSOLIDATED CASH FLOWS

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

Cash Flow Summary
February and March 2012
USA

(C$000)	For the months of February and March		
USA	Actual	Budget	Variance
Cash Inflow			
Rent	2,951	3,103	(152)
Other receipts	53,627	749	52,878
Proceeds of sale	-	-	-
Total Cash Inflow	**56,578**	**3,852**	**52,726**
Cash Outflow			
Payroll	7	-	(7)
Taxes	678	471	(207)
Mortgage principal and interest	1,297	1,301	4
Operating expenses	649	651	2
Professional fees	42	18	(24)
Capital expenditures	-	-	-
Other expenditures	52,893	-	(52,893)
Total Cash Outflow	**55,566**	**2,441**	**(53,125)**
Net Cash Flow	**1,012**	**1,411**	**(399)**
Opening Cash Balance	3,136	3,136	-
Add: Net Cash Flow	1,012	1,411	(399)
Ending Cash Balance	**4,148**	**4,547**	**(399)**

Conversion rate used : Opening 1.0052 as at 01/31/2012
Coversion rate used: Closing 0.9991 as at 03/30/2012
Source: Bank of Canada

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

46. 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.

47. Total cash inflows for the USA properties were $56,578K for the period noted, while total cash outflows were $55,566K, which resulted in a positive net cash flow of $1,012K compared to a budgeted positive net cash flow of $1,411K.

48. As a result of the positive net cash flow of $1,012K, the opening cash balance of $3,136K as of February 1, 2012 increased to $4,148K as at March 31, 2012.

49. HHUS entered into an amended mortgage agreement with its lender. As required by the amended mortgage agreement, a cash reserve of $300K must be held in an account by the lender. Therefore, $300K was transferred to a separate holding account with the lender in February 2012. The cash contained in this account is considered to be restricted; however, it has been included in the opening and closing cash balances presented for analysis purposes.

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

Inflows

51. Rent of $2,951K was received compared to a budgeted amount of $3,103K, resulting in a nominal unfavorable variance of $152K.

52. 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 $53,627K 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 expenditures amount of $52,893K. The positive net variance of $734K represents a cash inflow of $734K from the USA government agencies, which corresponds to an agreed settlement in connection to the expropriation of land owned by HHUS in the United States.

Outflows

53. Income taxes of $678K were paid during the Fourth Supplemental Period compared to a budgeted cash amount of $471K, resulting in an unfavorable timing variance of $207K.

54. The negative variance of $52,893K attributed to other expenditures has been explained in the Inflows section of the USA budget to actual commentary.

THE BALTICS CONSOLIDATED CASH FLOWS

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

Cash Flow Summary
February and March 2012
Baltics

(C$000) Baltics	For the months of February and March Actual	Budget	Variance
Cash Inflow			
Rent	4,094	784	3,310
Other receipts	78	42	36
Proceeds of sale	-	-	-
Total Cash Inflow	**4,172**	**826**	**3,346**
Cash Outflow			
Operating expenses	1,283	1,219	(64)
Loan interest & swap	-	-	-
Mortgage	-	-	-
Asset management fee	108	-	(108)
Professional fees	54	37	(17)
VAT payment	45	-	(45)
Capital expenditures	23	-	(23)
Other expenditures	39	-	(39)
Total Cash Outflow	**1,552**	**1,256**	**(296)**
Net Cash Flow	**2,620**	**(430)**	**3,050**
Opening Cash Balance	1,991	1,991	-
Add: Net Cash Flow	2,620	(430)	3,050
Ending Cash Balance	**4,611**	**1,561**	**3,050**

Conversion rate used (Opening balance) 1.3120 as at 01/31/2012
Conversion rate used (Closing balance) 1.3322 as at 03/30/2012
Source: Bank of Canada

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

56. Total cash inflows for the Baltics were $4,172K for the Fourth Supplemental Period, while total cash outflows were $1,552K, which resulted in a positive net cash flow of $2,620K compared to a budgeted net cash flow of $(430)K.

57. As a result of the positive net cash flow of $2,620K, the opening cash balance of $1,991K increased to $4,611K.

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

Inflows

59. Rent receipts were $4,094K compared to budgeted rent receipts of $784K resulting in a favorable timing variance of $3,310K. The favorable timing variance was due to an important tenant

disbursing in March the quarterly rent payments which were due and budgeted to be received on April 1st.

Outflows

60. Asset management fees were $108K compared to a budget of nil, resulting in an unfavorable variance of $108K. 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.