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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

TENTH 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 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 ("**Homco 199**") (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, which Stay has been extended from time to time by order of the Court. On March 16, 2012, the Court last extended the Stay, up until May 31, 2012 (the "**Stay Period**").

5. Since the Initial Order, the Monitor has filed reports with the Court and served same to the service list from time to time. The Monitor filed nine such Monitor's reports prior to this tenth Monitor's Report. A copy of all the Monitor's reports is 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.

PURPOSE OF THE TENTH REPORT

6. This tenth report of the Monitor (the "**Tenth Report**") is intended to provide an update on the progress of the HII Parties' restructuring and relating steps, confirm the support of the Monitor to the Debtors' Fourth Motion to Extend the Stay Period, to Amend the Initial Order and for Related Order, and expose the issues raised in the Monitor's Motion for Directions in relation to the Canmarc REIT Security. This report also addresses the developments as well as the measures taken by the HII Parties, in collaboration with the Monitor, since the Ninth Report, the current activities of the HII Parties and the Monitor and, generally, the restructuring process.

7. This Tenth Report is structured as follows:

I- Exercise of certain options;
II- Restructuring initiatives;
III- HII's Parties operations;
IV- Update on Inverness bulk sale;
V- Developments with the AFM;
VI- Bondholders' meetings in the Netherlands;
VII- Virtual data room;
VIII- Financial information update;
IX- Debtors cash flows since March 25, 2012;
X- Other activities of the Monitor;
XI- Extension of the Stay Period; and
XII- Conclusion and recommendations.

TERMS OF REFERENCE

8. In preparing this Tenth Report, the Monitor has relied upon audited and unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, subsequent motions filed with the Court (collectively, the "**Debtors' Motions**") and exhibits in support of same, 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 Tenth Report is based on assumptions of Management regarding future events, and actual results achieved will vary from this information and such variations may be material.

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

I. EXERCISE OF CERTAIN OPTIONS

10. On April 30, 2012, the HII Group completed the First Option Exercise, as described at paragraph 31 of the Ninth Report and as authorized by the Court in its order dated April 11, 2012. As discussed in length in previous reports, the exercise of the options enabled HII to resolve the control issues without triggering payments for real estate transfer taxes in Germany, the Netherlands and PEI.

11. More specifically:

    i. To achieve these objectives, HII created a new general partner ("**New GP**") for each Partnership which is either the sole general partner or the "managing general partner" of each Partnership of which HII is the sole limited partner. In Germany, the Netherlands and PEI, in order to avoid the triggering of real estate transfer taxes, the New GP is the "managing general partner" and has, pursuant to the amended and restated limited partnership agreements which have been executed for each relevant Partnership, all of the rights and obligations relating to the management of the business of such Partnership and the role of HLPM is limited to holding the registered title to real or personal property held for or on behalf of the Partnership;

    ii. Most of the Inactive Partnerships have been dissolved (as list of dissolved Partnerships is included in Appendix B; and

    iii. The share capital of HLPM has been restructured to provide HII with control of the voting rights of HLPM.

12. The only remaining steps to complete the First Option Exercise relate to changes of the directors of the European subsidiaries of the Partnerships which, in certain cases, are the ultimate owners of the real estate properties and borrowers of the mortgage loans. These changes are currently being implemented following the applicable mechanisms under Dutch or German corporate law.

13. The revised organizational structure of HII following the completion of the First Option Exercise is presented in Appendix C.

II. RESTRUCTURING INITIATIVES

14. As further described in the Eighth Report, the Monitor assisted Management to perform a detailed analysis of each of the properties owned by the HII Group ("**Portfolio Analysis**"). As provided therein, the Portfolio Analysis consisted in categorizing each investment property between categories 1 to 4.

15. The Monitor and Management have also built a comprehensive detailed integrated cash flow projection model. Since the Third Extension Order, the Monitor and Management have completed the process of modeling, for the next 10 years, different scenarios providing for different assumptions, including those potential financial and operational restructuring options that HII could implement in the coming months. These cash flow projections have been posted in the Data room.

16. These analyses and projections permitted to establish the strategies with respect to each property and, accordingly, with respect to the different mortgage lenders. Since the closing of the First Option Exercise, the representatives of the New GPs and the Monitor have met with the following European mortgage lenders and exposed their respective situations, as well as their restructuring initiatives and requests:

    i. SNS Bank: SNS Bank is financing 13 properties. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $116.7M Euros, and the related secured debts totaled $117.1M Euros (under stand-alone loans for each property). Out of these 13 properties, four (4) are considered "bad" properties, having negative cash flows and negative equity. SNS was advised that HII will stop funding these four (4) properties starting June 1, 2012

    ii. EuroHypo AG: EuroHypo AG is financing two (2) properties. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $50M Euros, and the related secured debts totaled $61M Euro (under stand-alone loans for each property). One of these two (2) properties is considered a "bad" property, having negative cash flows and negative equity. EuroHypo AG was advised that HII will stop funding this property starting June 1, 2012

    iii. ABN Amro: ABN Amro is financing three (3) properties. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $19.5M Euros, and the related secured debts totaled $31.9M Euros (under stand-alone loans for each property). All these three (3) properties are considered as "bad" properties, having negative cash flows and negative equity. ABN Amro was advised that HII will stop funding the 3 properties starting June 1, 2012

17. The restructuring initiatives involving the European properties which are contemplated and were divulged to these mortgage lenders are as follows:

    i. Ongoing discussions with mortgage lenders to reduce their loan amount for some properties in order to realign their loan amounts to an acceptable loan to value ratio for both parties. This adjustment would therefore reduce the interest cost and the yearly capital payments of these loans in the future. The reduction in loan would be such that the related property would generate sufficient cash flows to fund the operating expenses and capital expenditures;

    ii. As mentioned, HII will stop funding all the negative cash flows properties in a near future, namely on or around June 1st 2012. This will improve the cash flows of the HII Group as before March 15, 2012, these properties have been financed by positive cash flows coming from "good" properties and investments and subsequently from HII and investments.

18. The implementation of these contemplated restructuring initiatives will have a positive impact on the balance sheet and the future results and cash flows of the HII Group.

19. Management and the Monitor are hopeful that the above proposals and the ongoing exchanges with the mortgage lenders will permit consensual outcomes. However, these negotiations will require

more time to be completed and as such may impact the timeline to file a plan (or plans) of arrangement as they constitute an important step of the restructuring process.

20. As for the other European lenders, their situation is as follows:

    i. HSH Bank: As described in the Ninth Report, HSH Bank is financing four (4) properties held by Coët B.V., a subsidiary of Homco 70. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $36.4M Euros, and the related secured debt totaled $27.4M Euros (under a single loan for the four properties). None of these four properties have negative cash flows or negative equity. Following the closing of First Option Exercise, HII and the Monitor met with HSH in order to discuss about the term of the extension of the HSH Loan. Management is seeking an extension for a term longer than the October 2012 currently contemplated.

    ii. SEB Bank: SEB Bank is financing 54 properties. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $155M Euros, and the related secured debt totaled $119M Euros (under a single loan for the 54 properties). The Monitor, Management and the representative of the Baltic GP have met twice with SEB Bank in order to discuss about several potential restructuring initiatives. Following these meetings, each party is currently in the process of modeling the discussed restructuring initiatives and, in due time, will reconvene with the objective of implementing the restructuring initiatives.

    iii. FGH Bank: FGH Bank is financing four (4) properties. As of December 31, 2011, the aggregate fair market value of these properties was evaluated at $28.2M Euros, and the related secured debts totaled $27.3M Euros (under three stand-alone loans, one being for two properties). Management and the Monitor expect to meet FGH Bank to discuss restructuring initiatives in the month of June 2012.

    iv. Falcon International Bank ("**Falcon**"): As it was further exposed in the Eighth Monitor's Report, the loan of Homco 110's subsidiary, Valbonne 5, was increased and extended at the end of February 2012 when it was expiring. Such extension was conditional to the exercise of the Novella Option prior to May 31, 2012 and to the registration of a second rank mortgage in favour of Falcon directly on the Campeon Property, which is owned by Moto. It has now become clear that, for reasons outside of the HII Group's control, these conditions will not be met by May 31, 2012. Management has requested Falcon to extend the delay to meet such conditions.

21. Also, since the closing of the First Option Exercise, the HII Group, along with the Monitor, has been reviewing its cash management in order to better plan, manage, monitor, and control cash flows.

22. Management and the Monitor also had preliminary discussions with HSBC regarding some of the Canadian properties held for future development. These discussions mainly revolved around a development plan or a monetization/disposition process of some of the properties under development or held for sale.

23. As further described hereunder, the HII Group will shortly be seeking from the Court an order to be authorized to initiate a disposition process for one of the Canadian properties, namely the lands

owned by North Calgary Land Ltd. ("**NCLL**"). HII continues to analyze its options regarding its other Canadian properties.

24. As for its US properties, other than the ones relating to the Cedar limited partnerships further discussed hereunder, the HII Group is currently finalizing details for the engagement of a broker to launch a sale process of these assets. Management expects that this process will last approximately six months.

III. HII PARTIES' OPERATIONS

SALES TAX ISSUES WITH THE CANADA REVENUE AGENCY ("CRA")

25. The Eighth and Ninth Reports described that, since September 2011, the CRA has been holding all refunds of GST and HST becoming due to HII and CP. In the Ninth Report, it was exposed that GST and HST net refunds (representing $1,284K in respect of HII and $149K in respect of CP, once reduced by certain alleged reserves), were expected to be received by HII and CP at the end of May 2012.

26. Subsequent to the Ninth Report, the CRA verbally advised HII's representative that it had changed its position and that the remittance of said refunds would be further delayed.

27. On May 9, 2012, HII's legal counsel sent a demand letter to the CRA requesting that the refunds be released forthwith.

28. Following HII's demand letter, HII and CP received assessments for respectively $686K and $64K, namely the amounts of the previously alleged reserves.

29. Also, the CRA advised the HII Parties' representatives that the net amount owed to CP would be remitted shortly and that, as for HII, a motion to lift the Stay would be presented to the CCAA Court with a view to netting the GST credit owed to HII against alleged corporate income tax debt owed by HII.

30. The refunds owed by the CRA are now currently estimated at amounts, net of the assessments, of $2,362K in respect of HII and $155K in respect of CP. These amounts exclude an additional amount of $2,223K owed to HII by the CRA following HII's amended December 2011 sales tax return, which was filed with the CRA on or around April 30, 2012.

31. In light of these recent developments and assessments and new allegations of the CRA relating to alleged corporate income tax debt, HII and CP, along with the Monitor, are reviewing the situation and will determine whether the CRA's position will be challenged.

CHURCHILL CONDOMINIUM PROJECT

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

32. Since the Ninth Report, five (5) Churchill Mortgage Condominiums were sold and the net sale proceeds totaling approximately $1,934K were remitted to Romspen Investment Corp. ("**Romspen**") as partial reimbursement of its secured loans, as further detailed in Appendix D.

33. When compared to the appraisals of the Mortgaged Condominiums filed by Romspen in support of its Motion filed in December 2011 (the "**Appraisals**"), these five (5) sales, were closed at prices in the aggregate slightly lower than the individual "market values" provided in the Appraisals.

34. Also, the Monitor was advised that one additional purchase agreement pertaining to Churchill Mortgaged Condominiums was signed and Management anticipates completing this sale in the near future.

35. The closing of the Inverness Transaction (further discussed hereunder) approved by the Court on April 11, 2012 which will be completed on or around May 30, 2012, should permit to fully reimburse the balance owed to Romspen under the Churchill Loan. In light of the imminent closing, Management and the Monitor are reviewing the alleged outstanding claim of Romspen and will determine whether such claim is accurate and, in the negative, the proper proceedings to contest it without affecting the closing of the Inverness Transaction

36. Following said closing, there will be nine unsold condominium units remaining in Churchill (excluding the condominium unit to be transferred pursuant to and as a consideration under the Purchase Agreement), none of which being affected by any security, thus leaving significant equity for Churchill's stakeholders. In fact, the aggregate value of these remaining nine condominium units, based on their list price, is above $6M. The timing for this value to be realized is dependent on market conditions, but is estimated by Management to be between 18 and 27 months.

37. On April 12, 2012, the Quebec Court of Appeal dismissed Romspen's Motion for leave to Appeal the January 23, 2012 Judgment of the Court.

UPDATE ON THE PROPOSED CEDAR TRANSACTION

38. As further described in the Eighth Report, on February 17, 2012, HHUS executed an agreement with Cedar to purchase 20% of the assets of seven of the Cedar limited partnerships (the "**Seven LP Purchase Agreement**") with a view that the properties could subsequently be sold to Vastgood/Prudential (the "**Buyers**"), subject to the approval of the Monitor and of certain loan securitization servicers. In conjunction with the Seven LP Purchase Agreement, HHUS was to dispose of 80% of its interest in the two remaining Cedar limited partnerships (Fieldstone and Meadows) to Cedar.

39. On April 20, 2012, at the request of the Buyers, Cedar and HHUS agreed to replace the Seven LP Purchase Agreement such that both Cedar and HHUS would compel the seven partnerships to sell their properties directly to the Buyers, rather than pursuant to the envisaged two steps approach i.e. sale to HHUS and then to the Buyers. The same day, a new Purchase and Sale Agreement dated April 20, 2012 (the "**Direct Purchase Offer**") was entered into. Otherwise, the underlying valuation of the properties and the terms of the sale transaction provided in the Direct Purchase Offer, including the aggregate net proceeds, remain substantially unchanged from the Seven LP Purchase Agreement and the sale of HHUS' interest in Fieldstone and Meadows.

40. Upon the closing of the sale, the proceeds therefrom – net of any outstanding mortgage principal and accrued interest – will be distributed from the limited partnerships to Cedar and HHUS based on

their respective percentage of ownership i.e. 20% and 80%, and based on the values and contractual terms as included in the relevant agreements of purchase and sale.

41. As indicated in the Eighth Report, HHUS expects to yield after-tax proceeds of approximately $24M. It is expected that these proceeds will in fact be incrementally higher than $24M in light of the ongoing mortgage payments expected to be made prior to the closing of the transaction, resulting in a reduction of the outstanding balance of the mortgage loan principal, and thus in an increase of the limited partners' equity and ensuing distributions to Cedar and HHUS.

42. A holdback of $1.5M will be held in escrow for a period of one-year from the closing date. Within five days of the first anniversary of the closing date, the amount held in escrow, less any amount claimed or held for outstanding claim, will be returned to HHUS.

43. As noted, the outstanding mortgage loans were sold into a securitization structure, thus the transfer of any of the Cedar Partnerships or their assets requires the consent of several securitization servicers. Management has sent all required information to the securitization servicers and is awaiting a response. The Monitor and Management cannot determine when, or if, approval will be received; however, Management has indicated that a response will likely be received in the early fall 2012.

44. The Monitor has almost completed its review of the Direct Purchase Offer. Information relating to some fiscal issues in connection with this transaction is still to be obtained; the Monitor anticipates obtaining same by mid-June and will then be in a position to provide its recommendation regarding the contemplated transaction

LEASE OBLIGATIONS IN CANOXY PLACE

45. On April 12, 2012, the Court of Appeal dismissed Statoil Canada Ltd.'s ("**Statoil**") Motion for Leave to Appeal the Judgment rendered by the Court on December 5, 2011 on the Motion for Re-Assignment and Assignment of Agreements and Releases of Obligations presented in relation to HII's lease obligations in Canoxy Place. The Judgment on Re-Assignment and Assignment of Agreements and Releases is executory notwithstanding appeal. Statoil did not indicate any intention to seek leave to the Supreme Court of Canada and the judgment will thus shortly become final.

46. On May 3, 2012, The Cadillac Fairview Corporation Limited ("**Cadillac Fairview**") filed a Motion to Clarify and Give Effect to the Judgment on the Motion for Re-Assignment and Assignment of Agreements and Releases of Obligations, relating to the outstanding rent due for the period up to and including December 5, 2011.

47. On May 15, 2012, Cadillac Fairview's counsel advised the Court that new developments may eliminate the need to present the Motion to Clarify and Give Effect.

48. As for the funds held by Avison Young Real Estate Alberta Inc. ("**Avison Young**"), the latter is expected, at least in relation to Canoxy Place, to present a motion to lift the Stay in order to be authorized to exercise set off in relation to certain commissions allegedly owed by HII. HII and the Monitor will take position on said motion once it is served.

49. As for the deposits held in relation to Jamieson Place, HII's and the Monitor's counsel are holding discussions with Avison Young's counsel relating to the treatment of a deposit made by one subtenant whose sublease was terminated as a consequence of the disclaimer of the Jamieson head lease.

DISCLAIMERS OF HEAD LEASES WITH ENTITIES RELATED TO CANMARC REIT AND MOTION FOR DIRECTIONS IN RELATION TO THE CANMARC REIT SECURITY

2010 Agreements

50. On May 25, 2010, in the context of the initial public offering of Canmarc REIT (then Homburg Canada REIT) ("**Canmarc REIT**"), a Master Purchase Agreement was entered into between Homburg Canada REIT Limited Partnership ("**Homburg REIT LP**"), as purchaser, and certain Partnerships, including principally Homco 199, as vendors, and HII as guarantor to certain obligations of the vendors (the "**Master Purchase Agreement**").

51. Also on May 25, 2010, the following three head leases were entered into by HII, as tenant:

    i. a head lease with Fitzroy Development Inc., as landlord, for the lease of premises in the Fitzroy Building in Prince Edward Island;

    ii. a head lease with Dyne Holdings Limited, as landlord, for the lease of premises in the Centre Court Building in Prince Edward Island (the "**Centre Court Head Lease**"); and

    iii. a head lease with Homco Realty Fund (130) Limited Partnership, as landlord, for the lease of premises in the CN Building in Montreal, Quebec;

    (collectively, the "**2010 Head Leases**").

52. The landlords under the 2010 Head Leases (collectively, the "**Landlords**") are entities related to Canmarc REIT.

53. Also on May 25, 2010, a movable hypothec agreement (as amended and restated on August 18, 2011, the "**Canmarc REIT Security**") was entered into whereby Homco 199, as grantor, hypothecated and pledged in favour of Canmarc REIT, as secured creditor, certain units of Canmarc REIT it held, as follows:

    i. 600,000 units to secure HII's obligations under the 2010 Head Leases (the "**2010 Head Leases Obligations**") and the tax indemnity obligations of HII under Section 5.1(d) of the Master Purchase Agreement (the "**Tax Indemnity Obligations**"), for the principal sum of $6,000,000, bearing interest at the rate of 25% per annum (the "**600,000 Canmarc REIT Secured Units**"); and

    ii. 400,000 units to secure HII's "Remediation Costs" obligations under the Master Purchase Obligations (the "**Remediation Obligations**") and the Tax Indemnity Obligations, for the principal sum of $4,000,000, bearing interest at the rate of 25% per annum (the "**400,000 Canmarc REIT Secured Units**").

54. On January 20, 2012, the Court authorized the disposition Homco 199's Canmarc REIT units at a minimum price of $16.50/unit and ordered that the net cash proceeds relating to the 600,000 Canmarc REIT Secured Units and the 400,000 Canmarc REIT Secured Units be deposited in trust with Osler.

Disclaimer of 2010 Head Leases

55. On May 29, 2012, HII, with the prior approval of the Monitor, sent lease disclaimer notices to the Landlords with respect to the 2010 Head Leases.

56. HII's monthly rental obligations under the 2010 Head Leases are approximately $172.4K, which amount is being reduced by $47.2K/month collected directly by the Landlord (Dyne Holdings Limited) from certain tenants in the Fitzroy Head Lease, such that HII incurred a net monthly loss and cash outflow of $125.1K/month (the "**2010 Head Leases Negative Differential**").

57. The 2010 Head Leases Negative Differential, in the absence of additional rent collected from certain tenants to reduce it, is expected to increase over the years in light of the fact that the 2010 Head Leases provide for a "step rent" formula. Also, the 2010 Head Leases Negative Differential adds to tenant improvements and commissions which would become due under the terms of the 2010 Head Leases.

58. Considering the negative impact of the 2010 Head Leases Negative Differential on the cash flow of HII and the material savings for HII, the Monitor approved the disclaimer of the 2010 Head Leases, being of the opinion that said disclaimers will enhance the prospect of a viable plan of arrangement.

59. In accordance with the disclaimers, the 2010 Head Leases will terminate on June 28, 2012.

60. HII has met and intends to continue to meet its post-filing obligations to pay rent owed under the 2010 Head Leases for the period between September 9, 2011 and June 28, 2012, the date at which the disclaimer of the 2010 Head Leases will become effective.

Release of cash held in trust by Osler in relation to the Canmarc REIT security

2010 Head Leases Obligations

61. The Monitor's counsel reviewed the Canmarc REIT Security and advised the Monitor that same would not be valid to secure the 2010 Head Leases Obligations.

62. Actually, the 2010 Head Leases Obligations are obligations of HII towards the Landlords under the 2010 Head Leases. No documents were provided to the Monitor establishing that HII would have any obligation towards Canmarc REIT under the 2010 Head Leases or establishing that Canmarc REIT would have any claim in relation to the 2010 Head Leases.

63. As such, Canmarc REIT, the holder of the Canmarc REIT Security, is not the beneficiary of the 2010 Head Leases Obligations which are contemplated to be secured by the Canmarc REIT Security and, accordingly, has no claim to make against HII or Homco 199 pursuant to the 2010 Head Leases.

Tax Indemnity Obligations and Remediation Obligations

64. The Monitor's counsel further advised the Monitor that the Canmarc REIT Security would not be valid to secure the Tax Indemnity Obligations and the Remediation Obligations (the "**Tax and Remediation Obligations**").

65. HII, is the guarantor of the vendors' obligations under section 5 of the Master Purchase Agreement towards Homburg REIT LP. No documents were provided to the Monitor establishing that HII would have any obligation towards Canmarc REIT under the Master Purchase Agreement or establishing that Canmarc REIT would have any right in the Master Purchase Agreement.

66. As such, Canmarc REIT, the holder of the Canmarc REIT Security, is not the beneficiary of the Tax and Remediation Obligations which are contemplated to be secured by the Canmarc REIT Security and, accordingly, has no claim to make against HII or Homco 199 relating to the Tax and Remediation Obligations.

Motion for Directions relating to the Canmarc REIT Security

67. In these circumstances, the Monitor will file a Motion for Directions relating to the Canmarc REIT Security seeking directions in relation to the cash being held in trust by Osler, relating to the net cash proceeds of to the 600,000 Canmarc REIT Secured Units and the 400,000 Canmarc REIT Secured Units, namely approximately, respectively, $9.8M and $6.6M.

<u>2011 Agreements</u>

68. On June 22, 2011, a purchase and sale agreement was entered into between Canmarc REIT LP, as purchaser, and CP, as vendor, and HII as guarantor to certain obligations of the vendor.

69. Following this transaction, on June 27, 2011, HII, as tenant, entered into a head lease with HCR LP (CP Calgary) ("**HCR LP**"), as landlord, for the lease of premises in the Centron Park Building in Calgary, Alberta (the "**Centron Head Lease**").

70. HCR LP, the landlord under the 2011 Centron Head Lease, is a related entity to Canmarc REIT.

71. On August 18, 2011, a movable hypothec agreement was entered into whereby Homco 199, as grantor and express guarantor, hypothecated and pledged in favour of the landlord, HCR LP, as secured creditor, 300,000 units of Canmarc REIT to secure HII's obligations under the 2011 Centron Head Lease, for the principal sum of $5,000,000, bearing interest at the rate of 25% per annum (the "**Centron Head Lease Security**").

72. On January 20, 2012, the Court authorized the disposition Homco 199's Canmarc REIT units at a minimum price of $16.50/unit and ordered that the net cash proceeds relating to the units pledged by the Centron Head Lease Security be deposited in trust with Osler.

<u>Disclaimer of 2011 Centron Head Lease</u>

73. On May 29, 2012, HII with the prior approval of the Monitor, HII sent a notice to disclaim the Centron Head Lease to HCR LP.

74. HII's aggregate monthly rental obligation under the Centron Head Lease is currently approximately a gross $83K/month, which amount is being reduced by $40.9K/month collected from certain tenants in the premises rented under the Centron Head Lease, such that HII incurred a net monthly loss of $42.1K/month (the "**Centron Negative Differential**").

75. Considering the negative impact of the Centron Negative Differential on the cash flow of HII, the Monitor approved the disclaimer of the Centron Head Lease, being of the opinion that said disclaimer will enhance the prospect of a viable plan of arrangement.

76. In accordance with the disclaimer, the Centron Head Lease will terminate on June 28, 2012.

77. HII has met and intends to continue to meet its post-filing obligations to pay rent owed under the Centron Head Lease for the period between September 9, 2011 and June 28, 2012, the date at which the disclaimer of the Centron Head Lease will become effective.

78. The cash being held in trust by Osler, in replacement of the units being pledged under the 2011 Centron Head Lease Security, namely approximately $4.4M, will continue to be held by Osler. HCR LP's secured claim will be treated in the claims process and, once determined, will benefit from a security over said cash.

NCLL

79. NCLL is a subsidiary of Homco Realty Fund (96) Limited Partnership ("**Homco 96**"), whose limited partner is HII. Since the closing of the First Options Exercise, the general partner of Homco 96 is HII (96) GP Inc., which replaced HLPM.

80. NCLL owns land for development in Balzac, Alberta, in the vicinity of Calgary (the "**NCLL Lands**"). Such NCLL Lands represent the most important asset of NCLL and Homco 96. The Monitor is informed that, as of the date hereof, no construction work has begun on the NCLL Lands.

81. Management has informed the Monitor that NCLL would also be the holder of water rights in the region of the NCLL Lands, although some of these water rights would not be registered under NCLL's name. Management, along with the Monitor, is reviewing the situation relating to the water rights and will take necessary measures for said rights to be repatriated under NCLL's name as the case may be.

82. NCLL and Homco 96 are both insolvent in that they are unable to meet their obligations as they become due without seeking additional advances from HII and in that the value of their assets is less than the value of their liabilities when considering the advances made by HII over the years.

83. Over the past few months, Management received unsolicited offers from an agent acting on behalf of Titan Entertainment Group Inc. ("**Titan**") for the purchase of lands of NCLL (the "**NCLL Lands**").

84. The latest Titan offer received by NCLL provides for a purchase price that is in line with the latest evaluation of the NCLL Lands as at December 31, 2011(the "**Titan Offer**"), but carried certain conditions which are not acceptable to NCLL. Still, since the purchase price offered under the Titan Offer is interesting, Management and the Monitor are holding discussions with Titan in order for the Titan Offer to be amended such that it would no longer carry any closing conditions.

85. In these circumstances, Management and the Monitor believe that, should an amended Titan Offer be received along the same terms as the initial one but without any closing condition, it would be in the best interest of NCLL and its stakeholders, including in particular HII and its creditors, to secure such eventual amended Titan Offer and to, concurrently, conduct a sale process to ensure the maximization of the realization value of the NCLL Lands. Should this materialize, NCLL has the intention to seek the Court's approval of a sale process and, in any event, NCLL will seek the Monitor's and the Court's approval of any sale.

86. The balance of the debt owed to HSBC secured by the NCLL Lands is approximately $7.25M. Centron Construction Corporation also filed a construction lien over the NCLL Lands, which lien is being contested by NCLL. There is thus substantial equity for the unsecured creditors, principally HII, in relation to the NCLL Lands.

87. In this context, Homco 96 and NCLL, along with the Monitor, determined that the appropriate course of action in the best interest of Homco 96's and NCLL's stakeholders, including in particular HII and its creditors, was to add Homco 96 as an Applicant Partnership and NCLL as a Debtor in the CCAA Proceedings.

CASTELLO POTENTIAL CAPITAL EXPENDITURES

88. Castello Development Ltd. is a subsidiary of HII which is not a party to the CCAA proceedings.

89. Castello owns a luxury 19-storey concrete tower condominium project (the "**Castello Project**"). The Castello Project was completed and ready for occupancy in the last quarter of 2008 and consists of 106 suites. There are four penthouse suites with one located on each corner of the 19th floor. HII owns the three remaining unsold penthouse units.

90. Deck deficiencies creating water leakages have been discovered in all four penthouses.

91. It is apparent to potential purchasers and the current owner that a problem exists given that repair work are ongoing on all of the decks. The aggregate list price of HII's three remaining units is $2.7M and they are all free of mortgage debt. In order to facilitate the sales process Management is of the opinion that HII should proceed with the repairs of the decks the cost of which is estimated at approximately $200K. The repair needs to be done during the spring or late fall of 2012 when temperatures provide the appropriate conditions for the concrete to cure.

92. In addition, HII has been notified of several additional expenditures which are required to be incurred in order to satisfy certain obligations with respect to Castello. In order to facilitate the sales process Management recommends that these expenditures be incurred, the cost of which is estimated to be in the range of $40K to $95K.

93. These capital expenditures will need to be financed by HII, by way of advances made to Castello, which will be reimbursed upon the sale of the remaining units and from the proceeds thereof.

94. Based on Management's representations and recommendations, the Monitor has no objection with HII proceeding with the above mentioned capital expenditures.

NEGOTIATIONS OF NEW KERP PAYMENTS

95. HII's KERP will expire on June 30, 2012. There is currently ongoing discussion between Management and the Monitor regarding the renewal of the KERP from July 1st, 2012 going forward.

96. In due time, HII will seek approval of this new KERP by the Court.

SALE OF THE JURMALA PROPERTY IN LATVIA

97. On March 23, 2012, Homburg LV Investments KS, HII's subsidiary and legal owner of HII's properties in Latvia, and Mr. Boris Semjonovs, an individual living in Latvia (the "**Buyer"**), entered into a letter of intent for the sale/purchase of one of HII's properties located in the Baltic States (located at Dubultu St. 19, Jurmala, Latvia (the "**Jurmala Property"**)). HII had initiated the sale efforts regarding the Jurmala Property in December 2011.

98. The letter of intent provides for a total purchase price of 900K Euros (excluding any sales taxes (VAT), if applicable). The sale is conditional to the consent of SEB, the tenant of the property, as well as the consent of SEB Bank in Sweden, HII's mortgage lender in the Baltics, which has a cross-collateral security on this asset as well as most of the assets located in the Baltics.

99. SEB in Latvia has indicated to HII that they will consent to the transaction. SEB in Sweden has also indicated to HII that they will consent to the transaction as long as the sales proceeds be deposited in a restricted account which will only be used to pay for capital expenditures to be incurred with respect the other properties in the Baltics, with a view to enhance the value of HII's portfolio in the Baltics. Since there is no mortgage debt attributed to the property being sold, all of the sale proceeds would therefore be deposited in the restricted account.

100. The Monitor informed Management that it supports the proposed transaction.

101. Management is currently in the process of having the legal formalities completed in order to close the proposed transaction between HII's subsidiary and the Buyer before the expiry of the letter of intent on June 21, 2012.

IV. UPDATE ON INVERNESS TRANSACTION

102. On April 11, 2012, the Court rendered an Order authorizing the bulk sale of the 23 remaining unsold condominium units of the Inverness project to Grande Prairie Place Enterprises (1996) Inc. ("**GPP**"). As indicated in the Ninth Report, the Inverness Transaction contemplated a closing of the transaction on May 15, 2012 with an option to GPP, subject to the payment of an incremental deposit of $100K, to postpone the closing date to May 30, 2012.

103. GPP decided to exercise its option included in the final agreement with Inverness and therefore paid, on April 27, 2011**,** an additional deposit of $100K. The closing of the Inverness Transaction is thus now scheduled for May 30, 2012.

104. As described above, the proceeds of the Inverness Transaction should permit a full and final reimbursement of Romspen's secured debt, and leave nine condominiums in Churchill free of any secured debt.

V. DEVELOPMENTS WITH THE AFM

Revocation Decision

105. As of the date hereof, the decision by the AFM on HII's Objection to the Revocation Decision (as further described in the Fourth Report and Fifth Reports) has not yet been rendered.

106. Pursuant to the Revocation Decision, the delay set by the AFM for such winding-up was six (6) months after the Revocation Decision had been made known to HII. This delay expired on May 24, 2012.

107. The Monitor was informed that HII verbally requested that the AFM delay its decision on the Objection until its plan of arrangement has been finalised. Furthermore HII requested an extension of the term by which HII is required under the Revocation Decision to wind up its licensed activities in the Netherlands.

108. By letter dated May 1, 2012, the AFM informed HII that the delay for such winding-up was extended to four weeks after the date of AFM's decision on the Objection to the Revocation Decision.

109. On May 23, 2012, HII reiterated its request to the AFM to delay its decision under HII's Objection to the Revocation Decision until such time as the plan of arrangement that HII is preparing in the context of the CCAA proceedings is filed.

110. On May 24, 2012, the AFM confirmed to HII, by letter dated May 21, 2012, that it postpones the issuance of its decision under HII's Objection to the Revocation Decision by six weeks, namely to mid-July 2012.

111. Hence, this implies that the delay for HII to wind-up its licensed activities in the Netherlands, should the Revocation Decision be maintained, would be in mid-August 2012.

Monitor's Intervention

112. To safeguard its rights to object to the Revocation Decision, on January 26, 2012 the Monitor also appealed the AFM's decision dated December 15, 2011 under the Monitor's objection against the Intervention Opinion (as further described in the Fourth and Fifth Reports). This appeal is also pending before the Administrative Court of Rotterdam. A court hearing is scheduled to take place during the month of October 2012.

113. With respect to the Monitor's intervention in the proceedings, the AFM rendered a decision dated February, 29 2012 under the Monitor's Objection to the Revocation License, ruling that the objection is inadmissible on the grounds that the Monitor cannot be considered an "interested party" (as defined under the Dutch Administrative Law Act) in respect of the Revocation Decision. On April 11, 2012, the Monitor appealed this decision with the Administrative Court of Rotterdam, which has yet rendered a decision on the appeal.

VI. BONDHOLDERS' MEETINGS IN THE NETHERLANDS

114. On May 9 and 10, 2012, HII and the Trustees (Stichtings) to the Bondholders, along with the Monitor, held three Bondholders' meetings in the Netherlands, namely one for the Corporate Bondholders, one for the Mortgage Bondholders (all series) and one for the Capital Securities A Debentureholders. Approximately 600, 200, and 100 individuals (including Bondholders, proxy holders, and invitees) attended each of the three respective meetings.

115. During each of the meetings, Management discussed the overall state of the economy and of the real estate industry in the recent years which led to the HII Group's insolvency, as well as the implications of the CCAA for HII and its creditors and the status of the CCAA proceedings. The Trustees also made presentations on their role in the context of the CCAA and their views on the restructuring process.

116. The Monitor's presentations to the attendees covered the following subject matter:

i. The definition and the main steps of a CCAA filing;

ii. The definition and the role of the Monitor in a CCAA filing;

iii. The reasons why HII filed under CCAA;

iv. The main activities of HII and the Monitor since the CCAA filing, which included the:
   a. Cash Management activities;
   b. Activities related to the AFM;
   c. Control issues and related transactions;
   d. Various litigation with the different stakeholders;
   e. Operational restructuring;
   f. Implementation and maintenance of a data room;
   g. REIT transaction;
   h. Forensic review;
   i. Development and execution of bank strategies;
   j. Net realization value analysis;
   k. Development of a financial model;
   l. Analysis and review of HII's potential restructuring options;

v. The estimated timeline of the remaining restructuring steps and the measures contemplated in the coming months.

117. Following the presentations made by the Management, the Trustees and the Monitor, there was a question period during which the Management, the Trustees and the Monitor answered all the questions asked by the Bondholders present at the meeting.

118. During the meetings, Bondholders were also asked to vote on an extraordinary resolution to approve:

i. The advances made by HII to the Trustees pursuant to the terms of the judgment of the Court on the Trustee's Funding Motion rendered on February 15, 2012; and

ii. The fact that the advances made will be compensated against the amount of any future distributions to the various Bondholders to be made in connection with the CCAA proceedings or otherwise.

119. Each class of Bondholders voted in favour (with the required majority) of the extraordinary resolution. More precisely, the resolution were respectively approved by majorities of 97.6% of the 61.7% voting Corporate Bondholders, 96.2% of the 62.0% voting Mortgage Bondholders and 94.2% of the 55.9% voting Capital Securities A Debentureholders.

VII. VIRTUAL DATA ROOM

OVERVIEW

120. On an ongoing basis, the HII Group, in collaboration with the Monitor, continues to add relevant information pertaining to the affairs of the HII Group in the Data Room.

121. Since the last Monitor's Report, updated cash flow projections (reflecting the scenarios presented to the European mortgage lenders), updated Fact Sheets (reflecting the closing of the First Option Exercises) and a document presenting an overview of the current situation of HII have been made available in the Data Room.

VIII. FINANCIAL INFORMATION UPDATE

122. On May 4, 2012, HII released its latest consolidated audited financial results for the twelve-month period ended December 31, 2011. On a consolidated basis, HII's net loss was $360M on December 31, 2011, compared to the net loss of $88M on December 31, 2010 which represents a decrease of $272M to HII's net income. The Company primarily attributes this loss to the decrease in real estate values, as well as the loss of several major tenants, which is explained by depressed global economic and market conditions.

123. The table below illustrates the consolidated results of the HII Group for the twelve-month period ended December 31, 2010 and December 31, 2011:

HII and its affiliates Consolidated Statements of Income and Loss (C$000)	Twelve Months ended December 31, 2011 Audited	Twelve Months ended December 31, 2010 Audited
Total revenues	**139,966**	**148,065**
Property operating expenses & Cost of sale of properties developed for resale	37,958	46,997
Gross income from operations	**102,008**	**101,068**
Net adjustment to fair values	(243,273)	(48,478)
Interest expenses	(103,436)	(110,648)
Accelerated accretion expense	(36,787)	-
Interest expense on liabilitites subject to compromise	(31,363)	-
General and administrative	(24,728)	(14,820)
Share of loss of an associate	(15,652)	(12,628)
Other	(6,616)	-
	(461,855)	**(82,745)**
Net income (loss) from continuing operations	**(359,847)**	**18,323**
Net loss from discontinued operations after tax	(459)	(106,377)
Net income (loss)	**(360,306)**	**(88,054)**

NET ADJUSTMENT TO FMV

124. The following table illustrates the fair market of the properties owed by the HII Group allocated by property type or on a geography basis:

Homburg Invest Inc. Property allocation As at December 31, 2010 and 2011	December 31, 2011 Fair Value (C$000)	December 31, 2010 Fair Value (C$000)
By geographical segment		
Germany	668,200	748,700
The Netherlands	320,900	422,900
Baltic States	204,700	208,300
North America	30,500	21,800
	1,224,300	**1,401,700**
By property type		
Office	961,200	1,090,900
Retail	102,300	106,600
Industrial	160,800	204,200
	1,224,300	**1,401,700**
Construction properties being developed for resale	26,500	36,900
Land and property held for future development	73,100	107,600
Investment properties under construction	70,600	109,800
	1,394,500	**1,656,000**

Source: Homburg Invest Inc. year end MD&A
Numbers of buildings, units and gross square footage excludes assets available for sale

125. The main assets of HII on a consolidated basis, as of December 31, 2011, were comprised of investment properties (income producing), investment properties under development, and investment properties at fair market value (Canmarc REIT units) (prior to the sale of said Canmarc REIT units at the beginning of 2012).

126. As a result of independent third party appraisals and management estimates, HII recorded in its 2011 results a negative fair value adjustment on its property portfolio as at December 31, 2011. This adjustment is mainly related to the decline in the investment property values between December 31, 2010 and 2011, as well as the decline in the investment properties under development and resale. Economic and market conditions in each jurisdiction are different and mortgage financing is specific to each region; the net equity value of each property needs to be evaluated on an individual basis, as they may have a positive or negative value. In addition, some properties are not generating sufficient cash to cover costs and their related financial obligations. As indicated earlier, Management advised most mortgage lenders that, as of June 2012 (or July 2012 in one case), HII will cease funding the negative cash flow properties with no potential upside.

<u>Investment Properties</u>

127. HII's investment properties had a total reported fair value of $1,224M as at December 31, 2011 compared to $1,402M as at December 31, 2010. The decrease of $178M is primarily due to the continuing weakening real estate market in the Netherlands demonstrated by the significant decrease in occupancy rates throughout 2010 and 2011, as well as unfavourable global market conditions.

128. The method used to perform the evaluation is based on contracted rent, budgeted expenses and market assumptions at renewal for each property. The quality of the HII Group's real estate portfolio and the fact that market conditions in the Netherlands are such that the vacancy rate in commercial building in the Netherlands is unusually high result in the HII Group facing pressure to reduce rent in order to keep tenants, which necessarily affect value of properties.

<u>Properties under development for resale (Construction properties being developed for resale)</u>

129. The assets classified as held for resale (four buildings including the investment properties of Churchill, Inverness, Northumberland and Castello, located in Canada, and were valued at $26.5M as of December 31, 2011 compared to $36.9M as of December 31, 2010, which resulted in a fair value adjustment of $10.4K. The assets are essentially comprised of condominium units. As previously discussed, the value of the HII property portfolio was negatively revaluated as of the most recent year-end due to unfavourable market conditions. However, most of the decrease is principally explained by the fact that some condominium units were also sold during the year in the normal course of business.

<u>Investment properties under development (Composed of both Land and property held for future development and Investment properties under construction)</u>

130. The Investment properties under development comprised of the properties under construction and the various parcels of land held for future development in the Calgary region have a total reported value of $144M as at December 31, 2011 compared to $217M as at December 31, 2010. A fair value adjustment to these properties of approximately $73M was primarily due to declining economic and market conditions. Since these assets are under development, they are not generating any revenue and significant investments would be required in order to complete the planned developments.

BALANCE SHEET ANALYSIS

131. The table below illustrates the financial position of HII and its affiliates as per the audited consolidated balance sheet as of year-end over the last four fiscal years:

HII and its affiliates Consolidated Balance Sheets (C$000)	December 31, 2011 Audited	December 31, 2010 Audited	December 31, 2009 Audited	December 31, 2008 Audited
Assets				
Current assets	322,446	230,821	229,122	276,387
Long-term assets	1,405,801	1,832,060	3,063,127	3,863,678
	1,728,247	**2,062,881**	**3,292,249**	**4,140,065**
Liabilities				
Current liabilities	1,380,251	445,336	989,257	443,436
Long term liabilities	618,345	1,515,869	2,102,921	3,085,730
	1,998,596	**1,961,205**	**3,092,178**	**3,529,166**
Total equity	**(270,349)**	**101,676**	**200,071**	**610,899**
Total liabilities and equity	**1,728,247**	**2,062,881**	**3,292,249**	**4,140,065**

Source: Homburg Invest Inc. audited financial statements as of December 31, 2008, 2009, 2010 and 2011

132. As illustrated above, the financial situation of HII and its affiliates continued to deteriorate during the past year. This deterioration is illustrated by the increase in net losses experienced over the last three years. As a result, the net equity position of the HII Group has decreased from $610,899K to $(270,349)K between December 31, 2008 and December 31, 2011. The decrease is mainly attributable to the decrease in investment property values since December 2008.

133. A portion of the total investment in an associate (Canmarc REIT) of $191,702K (included in the HII Group's assets as of December 31, 2010) was sold during the fiscal year 2011 and the remaining balance was sold subsequently in January 2012 pursuant to the approval by the Court as provided in the judgment rendered on January 20, 2012. Only a portion of the proceeds of the funds is accessible by the HII Group to fund its restructuring and current operations.

CASH FLOW ANALYSIS

134. The table below illustrates the consolidated statements of cash flows of HII and its affiliates as at December 31, 2011, compared to the previous three years.

HII and its affiliates Consolidated Statements of Cash flows (C$000)	Year Ended December 31, 2011 Audited	Year Ended December 31, 2010 Audited	Year Ended December 31, 2009 Audited	Year Ended December 31, 2008 Audited
Operating activities				
Net income (loss) from continuing operations	(359,847)	18,323	(361,877)	(276,653)
Items not affecting cash	290,524	(17,782)	324,726	350,144
	(69,323)	541	(37,151)	73,491
Change in non-cash working capital and other	59,098	(20,803)	91,311	25,668
Net cash (used in) from continuing operations	(10,225)	(20,262)	54,160	99,159
Net cash from discontinuing operations	971	3,744	3,522	-
	(9,254)	**(16,518)**	**57,682**	**99,159**
Investing activities				
Net cash (used in) from investing activities	**58,972**	**66,680**	**(53,016)**	**(158,773)**
Financing activities				
Net cash (used in) from financing activities	**(42,812)**	**(69,114)**	**11,544**	**58,046**
Increase (decrease) in cash	6,906	(18,952)	16,210	(1,586)
Cash beginning of year	13,617	32,569	16,359	17,927
Cash end of period	20,523	13,617	32,569	16,359

135. Net cash generated from the investing activities in 2011 ($59M) is mostly due to proceeds on sale of investments ($60M) and to proceeds on sale of development properties ($40M). Net cash used in financing activities in 2011 ($43M) is mostly due to the decrease in mortgages payable ($28M) and to the decrease in construction financing ($8M). Please refer to Appendix F for more details regarding the items not affecting cash, the change in non-cash working capital, the investing activities and the financing activities indicated in the above table.

136. As illustrated above, HII did not operate profitably during the year ended December 31, 2011 and incurred a net loss from continuing operations of $360M for the fiscal year. The net loss was mainly generated by variations in the fair market value of: investment properties; development properties and properties held for sale, accelerated accretion of Capital Securities A, the amortization of financing fees, and a loss from an associate (Canmarc REIT).

137. However, these elements did not translate into a loss in liquidity as most of them did not have any cash impact on the operations of HII. As indicated above, there has been a cash increase of $7M during the fiscal year ended on December 31, 2011. Excluding the cash generated by the sale of the Canmarc REIT units (approximately $60M), HII's cash has decreased by approximately $53M during the year ended December 31, 2011.

138. The restructuring initiatives of HII, including in particular the negotiations with the mortgage lenders, the termination of the HII funding for the category 3 and 4 properties held by certain Partnerships, the sale of certain assets and the termination of certain head leases seek to address these cash flow issues with the objective of having a viable business at the emergence of the CCAA.

IX. DEBTORS' CASH FLOWS SINCE MARCH 25, 2012

139. The purpose of this section is as follows:

i. Provide budget to actual analysis highlights by Debtor for the period from March 25, 2012 to May 12, 2012; and

ii. Provide commentary on the variances by Debtor.

OVERVIEW

140. 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 March 25, 2012 to May 12, 2012:

Cash variation for the period of March 25, 2012 to May 12, 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.	124,364	(118,007)	6,357	(292)	6,065
Homburg Shareco Inc.	39	-	39	-	39
Churchill Estates Development Ltd.	409	92	501	-	501
Inverness Estates Development Ltd.	(111)	(102)	(213)	213	-
CP Development Ltd.	(78)	-	(78)	78	-

141. For the budget to actual cash flow forecast analysis of HII, Shareco, Churchill, Inverness, and CP for the period from March 25, 2012 to May 12, 2012, and commentary in respect of the analysis performed, please refer to Appendix D.

142. There have been no significant transactions, excluding the normal receipts and disbursements arising from operations, which have occurred subsequent to the last day of the budget to actual analysis, for the period March 25, 2012, to May 12, 2012.

143. 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>

144. Total cash inflows for HII were $1,732.3K for the period noted, while total cash outflows were $119,739.6K, which resulted in a negative net cash variation of $118,007.3K compared to a budgeted negative net cash variation of $10,227.6K. This significant variance is mainly due to the transfer of $107,277K of restricted funds (including interests) to the segregated Homco 199 bank account.

<u>Shareco</u>

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

<u>Churchill</u>

146. For the period noted, total cash inflows for Churchill were $131.9K and total cash outflows were $40.3K, which resulted in a positive net cash variation of $91.6K compared to a budgeted negative net cash variation of $63K.

<u>Inverness</u>

147. For the period noted, total cash inflows for Inverness were nil, and total cash outflows were $102.3K, which resulted in a negative net cash variation of $102.3K compared to a budgeted negative net cash variation of $28.3K.

<u>CP</u>

148. For the period noted, total cash inflows for CP were nil and total cash outflows were nil, which resulted in a cash variation of nil compared to a budgeted negative net cash variation of $34.3K.

X- OTHER ACTIVITIES OF THE MONITOR

149. This section summarizes other activities of the Monitor which are not expressly addressed in the previous sections of this Tenth Report.

CASH FLOW MONITORING OF THE HII PARTIES

150. On a weekly basis, the Monitor continues to analyze the Debtors' cash flows. As previously indicated in this Tenth Report, a budget to actual cash flow forecast analysis of the Debtors, for the period from March 25, 2012 to May 12, 2012, has been prepared together with commentary of cash variances, as presented in Appendix D.

151. 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.

152. 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

153. 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.

154. 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

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

REVIEW OF SECURITY AND CREDITORS' RIGHTS

156. With the purpose of assisting the HII Parties in the development of a viable plan of arrangement, the Monitor and its counsel have started its review and analysis of various creditors' rights.

157. More particularly, the Monitor's counsel in Quebec, Nova Scotia and Alberta have been reviewing the security documents relating to the four different series of outstanding Mortgage Bonds, each series having security over different collateralized assets.

158. Except for Series 4 and Series 7 of the Mortgage Bonds which are secured by, *inter alia*, land mortgages over real estate properties in Alberta, all the security granted to the Mortgage Bonds are, through a series of assignments and transactions, ultimately over HII's limited partnership units in certain Partnerships of the HII Group. The ultimate impact of this structure is that the Mortgage Bondholders are the beneficiaries of the "equity", if any, in certain Partnerships. In most, if not all cases, the value of said "equity" is estimated at a value which is insufficient to cover the amounts owed under the applicable series of Mortgage Bonds.

159. The Monitor will update the Trustees of the conclusions of the legal opinions once they are finalized and received.

160. Also, the Monitor mandated counsel in New York to review the rights of the Taberna Noteholders under the note indentures governed by New York law. It is likely that a debate will ensue as between the Trustees (Stichtings) to the Mortgage and Corporate Bondholders and the Taberna Noteholders regarding namely the implications, both in terms of voting and distribution rights, of the subordination provisions in the Taberna note indentures.

161. Finally, as further described above, the Monitor's counsel reviewed the Canmarc REIT Security and the Centron Head Lease Security, the conclusions of said analysis led to the Motion for Directions relating to the Canmarc REIT Security.

CLAIMS PROCESS

162. On April 30, 2012, the Court rendered an Order approving the Claims Process.

163. On May 17, 2012, the Monitor sent to every known creditor and bondholder a claims package consisting of the following:

- Notice to Creditor;
- Proof of Claim form; and
- Instruction Letter.

164. These documents have been sent in French and English to creditors in North America, and Dutch and English to creditors in Europe.

165. Between May 17 and May 24, 2012, the Notice to Creditors was published in the following newspapers:

- The Calgary Herald, the Globe and Mail and the Halifax Chronicle Herald (English version); and
- La Presse (French version).

166. Given that May 17, 2012, was a statutory holiday in the Netherlands, the Dutch version of the Notice to Creditors was been published in the newspaper De Volkskrant (published in Amsterdam) on May 18, 2012.

COMMUNICATIONS WITH CERTAIN CREDITORS OR CLAIMANTS

167. Since the CCAA filing and despite the Stay, some creditors have instituted proceedings to recover their claims against the HII Parties 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 Tenth Report and since the Ninth Report, the Monitor has been advised of no additional proceedings filed against HII.

168. Since the beginning of the claims process, the Monitor has been responding to claimants or potential claimants' questions on the claims process and its implications.

XI- EXTENSION OF THE STAY PERIOD

OVERVIEW

169. Pursuant to the Third Extension Order, the Stay Period was extended until May 31, 2012.

170. The HII Parties notified the Monitor of their intention to request a fourth extension to the Stay Period to August 31, 2012. This extension would allow the HII Parties to complete the Claims Process approved by this Court and to continue to stabilize their operations. As well, the extension will allow the HII Parties to develop a viable plan (or plans) of arrangement under the CCAA. Subject namely to the outcome of the negotiation with the mortgage lenders, it is the intention of the HII Parties to file such plan (or plans) of arrangement with their creditors around the end of August, 2012, namely towards the end of the extended Stay Period which is being sought from the Court by the Debtors.

171. It is the Monitor's opinion that it is necessary to provide the HII Parties with a fourth extension to the Stay Period in order to ensure that the HII Parties continue to evaluate the different restructuring options available to them for the benefit of their stakeholders and to develop and file their plan (or plans) of arrangement. The Monitor considers the HII Parties' restructuring process to be progressing well; however, more time is required in order to complete its restructuring

EXTENDED 13-WEEK CASH FLOW FORECASTS

172. Management has provided the Monitor with new cash flow forecasts for the fourth extension of the Stay Period. Management has adjusted the projected cash flows for the Debtors to August 31, 2012, corresponding to the end of the fourth extension to the Stay Period ("**Fourth Extension Period**").

173. The extended 13-week cash flow forecasts for HII, Shareco, Churchill, Inverness and CP, as well as additional commentary identifying the primary assumptions, are attached as Appendix E**.**

174. Presented in the table below is a summary of the cash variations for each of the Debtors:

($C000)	Extension - 13 weeks period ending August 31, 2012					
	June 3, 2012	August 31, 2012		*Variation detail*		
	Revised opening cash balance forecasted (Appendix E)	variation for the 13 weeks period	Closing cash balance	Net cash out flows already approved and delayed in time	Additionnal net cash out flows for the extension period	Total net cash out flows -13 weeks period
Homburg Invest Inc.	3,317	(13,604)	(10,287)	3,317	10,287	13,604
Homburg shareco Inc.	39	-	39	39	(39)	-
Churchill Estates Development Ltd.	499	466	965	499	(965)	(466)
Inverness estates Development Ltd.	-	445	445	-	(445)	(445)
CP Development	-	-	-	-	-	-
	3,855	(12,693)	(8,838)	3,855	8,838	12,693

<u>HII</u>

175. Cash inflows for the period are $1,896K and cash outflows for the period are $15,500K, resulting in a net outflow of $13,604K. This net outflow is a result of the payment to the HCI Group of the third installment pursuant to the Purchase Agreement, professional fees, Directors and Officers insurance, payroll, GST remittances on condo sales, operating expenses and head lease obligations.

176. HII's cash receipts will primarily be composed of receipts from the Holman Grand Hotel and Other Receipt from HHUS. HII has forecasted a distribution from HHUS in June 2012, of $965K ($950K USD), $1M USD less withholding taxes of five percent. This distribution relates to excess cash from operations from the Cedar portfolio, which was to be received during the amended 10-week cash flow forecasts presented in the Ninth Report.

177. As previously noted by the Monitor, GST/HST refunds owed to HII are currently being held back by the CRA. As mentioned in paragraph 114 of the Ninth Report, Management was expecting on-going GST and HST refunds. However, as previously mentioned, there is uncertainty as to when a refund could be expected. Thus, GST and HST refunds were removed from the HII budget.

178. Professional fees in conjunction with the restructuring of the HII Group are included in HII's projected cash flow and are based on the historical figures experienced and revised to reflect the estimated fees going forward.

179. In addition to normal Directors fees, an amount to be paid for the renewal of the Directors and Officers insurance coverage has been added.

180. KERP monies are held in trust by the Monitor once they are funded by HII. It is expected that a new KERP will be negotiated and funded the week ending June 30, 2012. Given that this amount has not yet been negotiated, it has not been included in the forecast.

181. HII continues to incur significant costs related to its 2010 Head Leases and Centron Head Lease obligations. Such head leases obligations are approximately $208K a month. As described hereinabove, on May 29, 2012, these leases have been disclaimed. HII will however continue to incur costs related to the ground lease pertaining to the Holman Grand Hotel in PEI.

182. As of the date of this Tenth Report, all expenses incurred to date and going forward have been or will be paid out of HII's working capital.

183. Given the Court approved Purchase Agreement between the HCI Group and the HII Group, the last installments has been included in the Fourth Extension Period cash flow forecast. The timing of the

previous installments was such that the first was paid in February and the second payment was paid in April.

Shareco

184. The Monitor does not anticipate any cash inflows or outflows pertaining to Shareco for the Fourth Extension Period.

185. At the time of this Tenth Report, there is nothing that would lead us to believe that Shareco will need additional financing to meet current obligations during the Fourth Extension Period.

Churchill

186. Cash inflows for the period are $3,749K and cash outflows for the period are $3,283K, resulting in a net inflow of $466K. This favorable variance is a result of condo sales proceeds exceeding condo fees incurred, mortgage principal paid and property taxes remitted.

187. Following the closing of the Inverness Transaction, an amount corresponding to the outstanding mortgage balance in Churchill is to be transferred to Churchill since both Churchill and Inverness properties are cross collateralized. This amount will permit a full reimbursement of the balance owed under the mortgage loan.

188. The Churchill Fourth Extension Period cash flow forecast assumes that the majority of cash inflows will be generated by the sale of condominium units and the transfer from the Inverness Bulk sale.

189. As of the date of this Tenth Report, all expenses going forward will be paid out of Churchill's working capital.

Inverness

190. Cash inflows for the period are $4,170K and cash outflows for the period are $3,725K, resulting in a net inflow of $445K. This favorable variance is a result of the Inverness bulk sale scheduled to close at the beginning of June 2012 and no further condo fees and property taxes are budgeted subsequent to the sale.

191. As previously mentioned, an amount corresponding to the outstanding loan balance of Churchill will be transferred following the Inverness Bulk sale.

192. Should Inverness continue to have insufficient cash receipts, HII will continue to support the operations of Inverness.

CP

193. Cash inflows for the period are $1,100K and cash outflows for the period are $1,100K, resulting in a nil net outflow. This unfavorable variance is a result of construction costs incurred on buildings 4 and 5 and GST remittances.

194. Management anticipates that cash inflows will be generated by costs reimbursed from escrow for buildings 1, 2 & 3, as most of the outflows relating to constructions costs are for these buildings.

195. A GST/HST reimbursement is expected to be received in the month of June for approximately $150K.

196. Should CP continue to have insufficient cash receipts, HII will continue to support the operations of CP.

CASH FUNDING REQUIREMENT AND ACCESS TO RESTRICTED CASH

Restricted Cash

197. As noted in the Ninth Report, the REIT Units Proceeds, less the Proceeds in Trust, the initial Accessible Cash of $10.0M and the commission paid to HII's financial advisor pursuant to the REIT Units Sale Order, equaling an amount of approximately $113.1M plus accrued interest on said amount, constituted the Restricted Cash.

198. Subsequent to the Ninth Report, on April 11, 2012, the Court authorized HII to have access to an additional $6.0M of the Restricted Cash for the purposes of funding the liquidity requirements. As a result, the amount of the Restricted Cash was reduced by $6M from approximately $113.1M to $107.1M plus accrued interest.

Cash budgeting and monitoring

199. The Monitor continues to perform budget to actual analysis for the five Debtors on a weekly basis.

200. As discussed in previous reports of the Monitor, the cash balance presented in the weekly budget to actual analysis is a 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 due to the fact that each HII Group entity does not have an individual operational bank account and therefore all transactions are being processed 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.

201. The Monitor continues to provide Supplemental Reports that reconcile overall cash inflows, cash outflows, and opening and closing bank balances for all bank accounts of the HII Group by geographic location.

Analysis of cash funding requirements and results

202. HII, with the assistance of the Monitor, conducted an analysis of the HII Group entities' cash flows to evaluate the cash funding required to sustain the HII Group for the proposed extension to the Stay Period ending August 31, 2012. This analysis is required as the HII Group is not forecasted to be cash flow positive solely from cash generated by operations based on the cash flow forecasts developed by Management and validated by the Monitor.

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

Number of weeks presented: 13 weeks (all amounts stated in CAD)		June 3 to August 31, 2012 (13-weeks)
		Forecast
Forecasted opening cash balance as at June 2, 2012 ***(Note 1)***	**A**	**3,991,742**
Net cash flow by Debtor - June 3, 2012 to August 31, 2012 ***(Note 2)***		
Net cash inflow/(outflow) - HII		(13,604,000)
Net cash inflow/(outflow) - CP		-
Net cash inflow/(outflow) - Churchill		465,760
Net cash inflow/(outflow) - Inverness		445,000
Net cash inflow/(outflow) - ShareCo		-
Net cash inflow/(outflow) - Debtors	**B**	**(12,693,240)**
Net cash flow by HII Group entity excluding Debtors - June 3, 2012 to August 31, 2012		
Net cash inflow/(outflow) - Canada		1,361,989
Net cash inflow/(outflow) - USA		-
Net cash inflow/(outflow) - Netherlands		357,011
Net cash inflow/(outflow) - Germany		(132,273)
Net cash inflow/(outflow) - Baltics		-
Net cash inflow/(outflow) - HII Group excluding Debtors by region	**C**	**1,586,727**
Less: Outstanding cheques		
HII - Estimated outstanding cheques as at June 3, 2012 ***(Note 3)***	**D**	(3,741,529)
TOTAL CASH INFLOW/(OUTFLOW) - ALL ENTITIES	**E=+B+C+D**	(14,848,042)
ESTIMATED ending cash balance as at August 31, 2012 ***(Note 4)***	**F=A+E**	**(10,856,300)**

Note 1 - The forecasted opening cash balance as at June 2, 2012 constitute the forecasted opening cash balance for the HII Group, which includes the petitioners and all the other entities of HII

Note 2 - The net cash flows by HII Group entity excluding Debtors by region take into consideration that HII will stop funding all the negative cash flows properties in a near future, namely on or around June 1st 2012

Note 3 **-** Outstanding cheques should be taken out of the cash balance as their are considered by Management as paid and then excluded from accounts payable listing

Note 4 **-** The table above and forecasts relating to HII do not include a disbursement of $100,662.07 being sought from HSBC in payment of a shortfall following the reimbursement of certain amounts owed under letters of credit.

204. The opening forecasted cash balance as at June 2, 2012 includes only the bank accounts controlled by the Debtors. Accounts denominated in European Euros and American dollars have been converted to Canadian dollars at the foreign exchange rate as at May 25, 2012.

205. For the HII Group, it is forecasted that a cash shortfall of approximately $10.9M for the period ending August 31, 2012 will result. This amount is calculated based on the net cash flow variations as indicated in the table above. As indicated, the cash shortfall primarily pertains to HII. For additional information regarding the Debtors' cash inflows and outflows to August 31, 2012, please refer to Appendix E of this Tenth Report. Please note that the analysis does not account for cash inflows or cash outflows that were forecasted to occur prior to the extended period – effectively temporary timing variances. This amount cannot be estimated as the information to complete the analysis, such as bank statements for the month of May 2012 for the HII Group entities, is not available to Management and the Monitor.

206. To account for payments that have been issued, but have not yet cleared the bank and thus are not reflected in the opening cash balance, total outstanding cheques have been deducted.

207. The Monitor is of the view that HII should be allowed to use an incremental amount of $11M from the Restricted Cash in order to accomplish the various steps that are required to advance the restructuring of the HII Group until the expiry of the proposed Fourth Extension of the Stay Period.

XII- CONCLUSIONS AND RECOMMENDATIONS

208. 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.

209. It is the Monitor's opinion that, for the reasons further elaborated in this Tenth Report:

    i. An extension of the Stay Period to August 31, 2012 should be granted to ensure that the HII Parties are able to implement certain essential restructuring initiatives and develop and file a viable plan (or plans) of arrangement with their creditors;

    ii. NCLL should be added as Debtor and Homco 96 as Applicant Partnership in the CCAA proceedings and the claims process in place for the other Debtors and Applicant Partnerships should apply to them, *mutatis mutandis*; and

    iii. The use of the Restricted Cash for an incremental amount of $11M should be authorized.

210. Based on discussions with Management and general supervision of the affairs of the HII Parties, it is the Monitor's opinion that the HII Parties have acted and continue to act in good faith and with due diligence, and that they will likely be able to develop and file a plan (or plans) of arrangement prior to the end of the sought extension period.

The Monitor respectfully submits this Tenth Report to the Court.

DATED AT MONTREAL, this 29th day of May 2012.

Pierre Laporte, CA, CIRP
President

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

APPENDICES

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

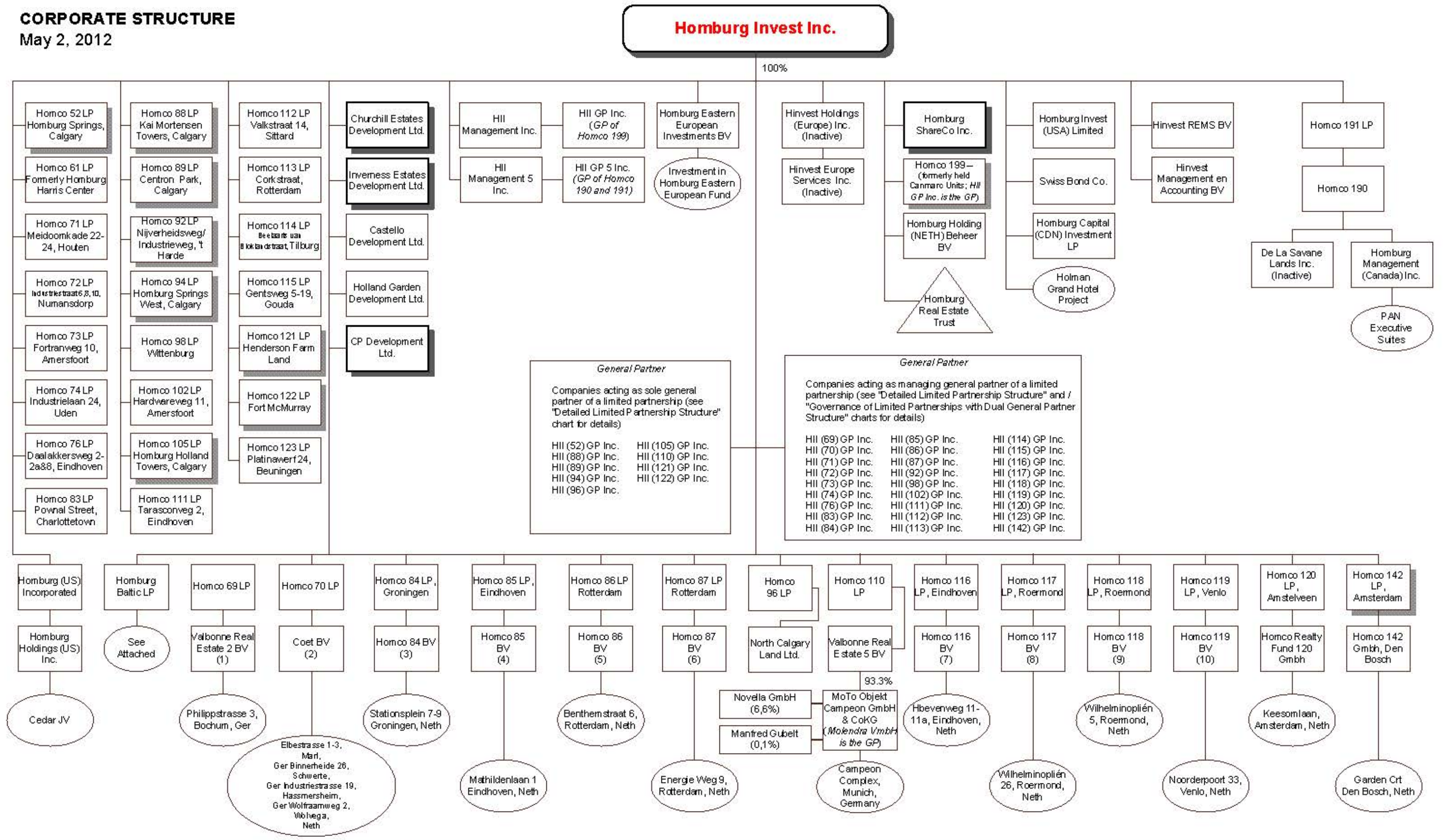
APPENDIX B

Dissolved Partnerships

1. Homco Realty Fund (11) Limited Partnership
2. Homco Realty Fund (12) Limited Partnership
3. Homco Realty Fund (13) Limited Partnership
4. Homco Realty Fund (14) Limited Partnership
5. Homco Realty Fund (18) Limited Partnership
6. Homco Realty Fund (25) Limited Partnership
7. Homco Realty Fund (36) Limited Partnership
8. Homco Realty Fund (41) Limited Partnership
9. Homco Realty Fund (42) Limited Partnership
10. Homco Realty Fund (43) Limited Partnership
11. Homco Realty Fund (46) Limited Partnership
12. Homco Realty Fund (56) Limited Partnership
13. Homco Realty Fund (63) Limited Partnership
14. Homco Realty Fund (64) Limited Partnership
15. Homco Realty Fund (95) Limited Partnership
16. Homco Realty Fund (104) Limited Partnership
17. Homco Realty Fund (144) Limited Partnership

APPENDIX C

The revised organizational structure of HII following the completion of the First Option Exercise



Legend

Black shaded contour: Petitioner in the CCAA Proceedings

Gray dotted/shaded contour: Also under CCAA stay (**"Applicant Partnership"**)

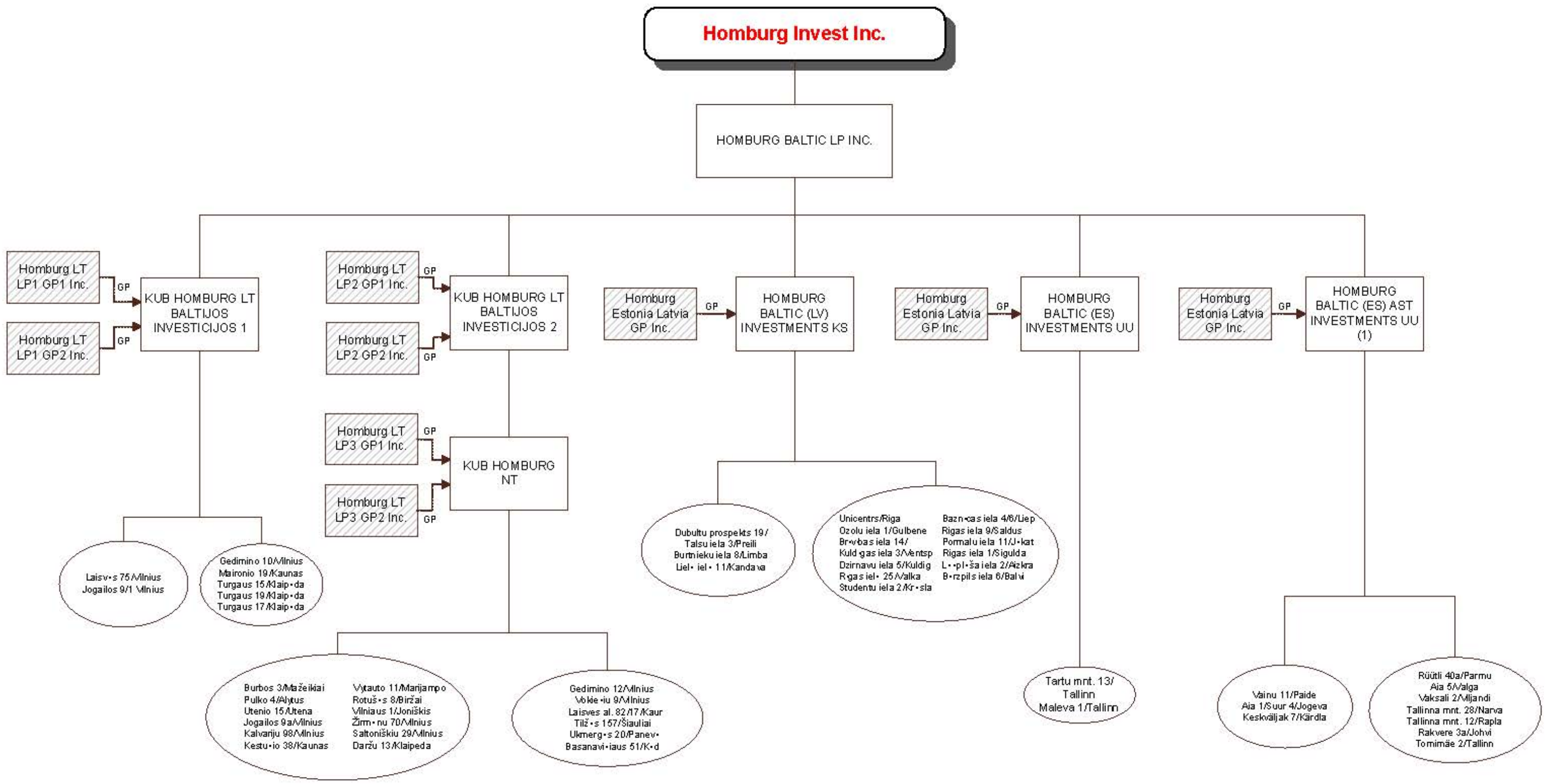
Notes

(1) Hofer Cooperation NV (1,200 PREF. / 6%)
(2) Torvel BV (1,080 PREF. / 6%)
(3) Alliance II CV (1,485 PREF. / 90%)
(4) Alliance II CV (1,452 PREF. / 90.02%)
(5) Alliance III CV (16,200 PREF. / 90%)
(6) Torvel Vastgoed BV (1,107 PREF. / 90%)
(7) Muermans Vastgoed XXI BV (1,061,846 PREF. / 90%)
(8) Muermans Vastgoed Roermond BV (635,066 PREF. / 90%)
(9) Muermans Vastgoed Roermond BV (506,010 PREF. / 90%)
(10) Muermans Vastgoed Roermond BV (868,876 PREF. / 90%)

With respect to all the above notes, by a mechanism of shareholders' agreement and loan to the preferred shareholder, the parent limited partnership in fact has full control over the BV and has substantially all the economic interest in the BV.

General Comments

For the relationship between general partners and the limited partnerships, see table "Detailed Limited Partnership Structure".



Legend

Entity controlled by non HII Group party

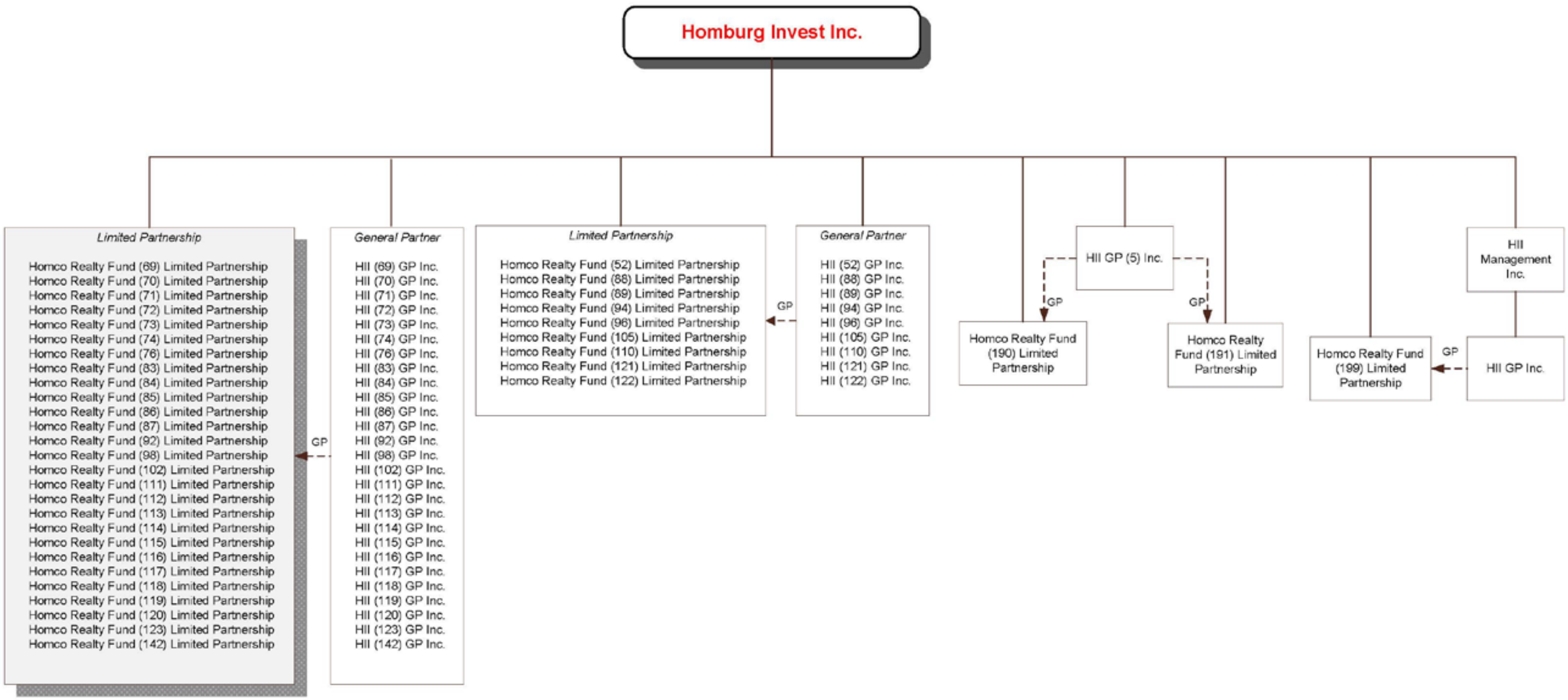
Notes

Dotted line means the entity is the general partner of the limited partnership at the tip of the arrow.

(1) As Tornianagi merged with Homburg Baltic (ES) AST Investments UU

Detailed Limited Partnership Structure

May 2, 2012

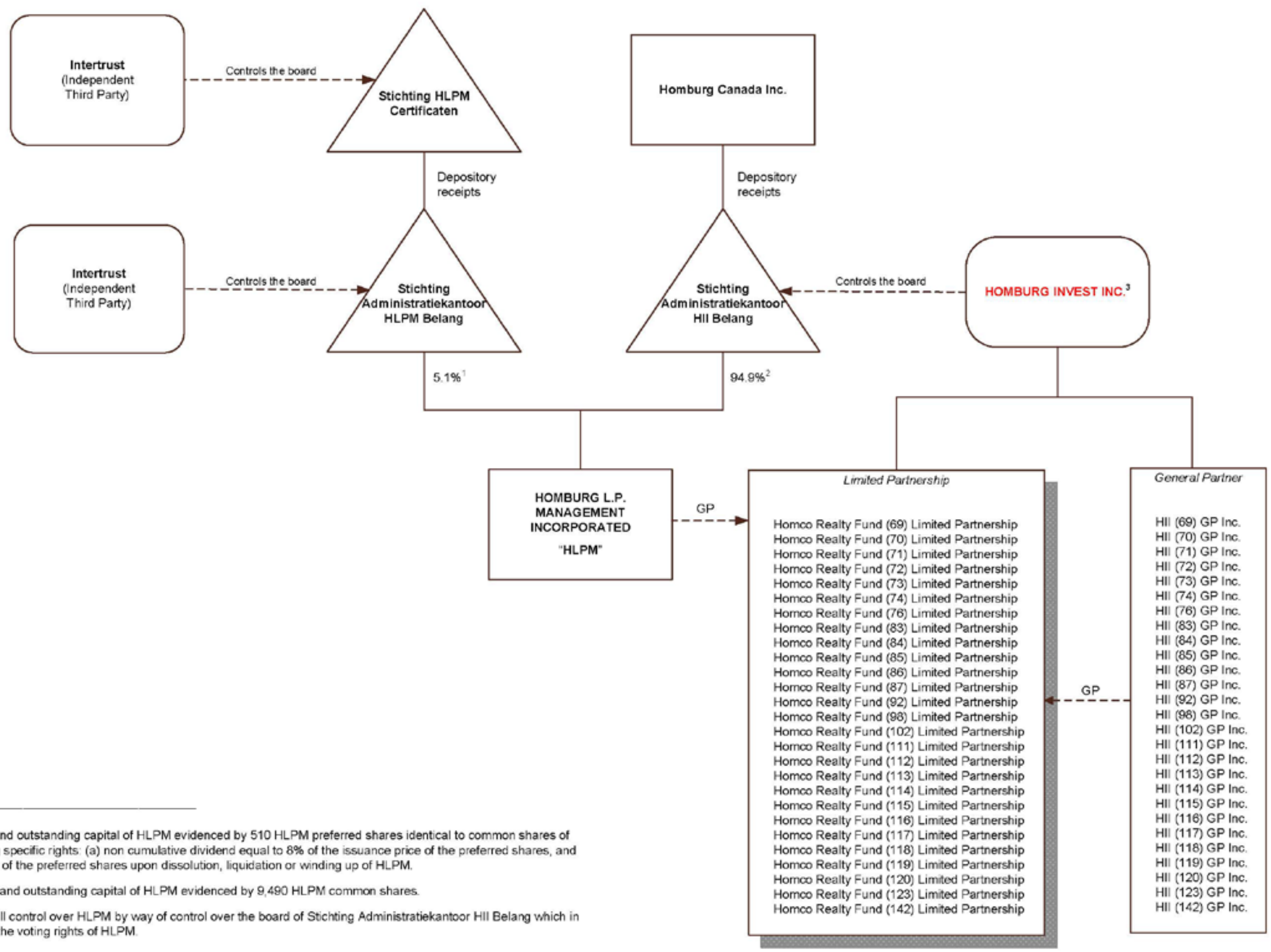


Notes:

- Shading indicates entities for which Homburg L.P. Management Incorporated (**HLPM**) is "Holding General Partner". The role of the Holding General Partner is strictly limited to holding registered title to real or personal property for and on behalf of the relevant limited partnership. The capital of HLPM is indirectly owned by Homburg Canada Incorporated (see detailed chart "Governance of Limited Partnerships with Dual General Partner Structure") through depository receipts (with no voting rights) issued by a Dutch foundation (stichting) which in turn owns directly 94.9% of the share capital of HLPM. The Dutch foundation is controlled by HII Group officers and has full and total authority to appoint the directors of HLPM.
- Dotted line means the entity is the general partner of the limited partnership at the tip of the arrow.
- All limited partnerships and limited companies Acting as general partners are formed and existing under the laws of Nova Scotia.

Governance of Limited Partnerships with Dual General Partner Structure

May 2, 2012



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1 5.1% of the aggregate issued and outstanding capital of HLPM evidenced by 510 HLPM preferred shares identical to common shares of HLPM except with the following specific rights: (a) non cumulative dividend equal to 8% of the issuance price of the preferred shares, and (b) 125 % of the issuance price of the preferred shares upon dissolution, liquidation or winding up of HLPM.

2 94.9% of the aggregate issued and outstanding capital of HLPM evidenced by 9,490 HLPM common shares.

3 Homburg Invest has de facto full control over HLPM by way of control over the board of Stichting Administratiekantoor HII Belang which in turn has control over 94.9% of the voting rights of HLPM.

APPENDIX D

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 seven-week period of March 25, 2012 to May 12, 2012		
	Actual	Budget	Variance
Cash inflows			
REIT distributions	-	-	-
REIT unit sale proceeds	-	-	-
Jamieson sublease receipts	-	-	-
GST/HST received	-	394.1	(394.1)
Intercompany receipts (Petitioners and Mis-en-cause)	-	-	-
Other receipts	1,602.5	103.0	1,499.5
	1,602.5	497.1	1,105.4
Hotel related receipts			
Hotel revenue	129.8	196.1	(66.3)
Hotel construction draw	-	-	-
Total cash inflows	1,732.3	693.2	1,039.1
Cash outflows			
Commissions	-	-	-
Payroll	306.3	250.0	(56.3)
Rent expense	47.4	50.0	2.6
Professional fees	6,769.8	5,850.0	(919.8)
Non-restructuring related professional fees	1,029.2	-	(1,029.2)
Insurance	20.3	34.0	13.7
Office & admin	127.4	335.0	207.6
Director fees	39.6	175.0	135.4
KERP	-	-	-
Capital tax	-	-	-
Jamieson obligation	-	-	-
Canoxy obligation	-	-	-
PEI obligation	175.6	152.6	(23.0)
Montreal obligation	142.7	142.8	0.1
CP obligation	(56.5)	171.4	227.9
Corporate bond principal repayment	-	-	-
Corporate bond interest payment	-	-	-
Junior subordinate debt principal repayment	-	-	-
Junior subordinate debt interest payment	-	-	-
HCSA interest payment	-	-	-
GST/HST paid	-	-	-
Intercompany disbursements (Petitioners and Mis-en-cause)	-	-	-
Other expenditures	110,971.2	3,500.0	(107,471.2)
	119,573.0	10,660.8	(108,912.2)
Hotel disbursements			
Payroll	65.0	80.0	15.0
Management fee	2.1	8.0	5.9
Property and other taxes	6.1	-	(6.1)
Insurance	3.4	-	(3.4)
General operating expenses	62.3	172.0	109.7
Construction costs and held cheques	27.7	-	(27.7)
Mortgage principal & interest	-	-	-
Total hotel disbursements	166.6	260.0	93.4
Total cash outflows	**119,739.6**	**10,920.8**	**(108,818.8)**
Opening cash balance	**124,363.7**	**124,363.7**	**-**
Variation in cash balance	**(118,007.3)**	**(10,227.6)**	**(107,779.7)**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**6,356.4**	**114,136.1**	**(107,779.7)**
Funding from HII	**(291.6)**	**(251.9)**	**(39.7)**
Adjusted cash balance	**6,064.8**	**113,884.2**	**(107,819.4)**

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 $6,356.4K, please note that $1,799.3K is currently held in the Monitor’s trust account as at May 12, 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.

Inflows

- GST and HST received were nil compared to a budgeted amount of $394.1K, which resulted in an unfavorable variance of $394.1K. The unfavorable variance is attributable to the CRA still withholding GST and HST reimbursement as previously discussed in this Tenth Report.

- Other receipts were $1,602.5K, compared to a budgeted number of $103K, which resulted in a favorable variance of $1,499.5K. The favorable variance is due to various unbudgeted amounts, which are mainly composed of:
    - An amount of $1,234K in distributions from HHUS;
    - An amount of $134.9K which represents a reimbursement of a portion of the RBC fees paid to complete the Amended Cominar Bid. The amount of $134.9K is the portion of the RBC fees allocated to the in trust amount held at Osler ($21.5M), which should not have been paid by HII; and,
    - Various amounts of interest receipts totaling $129.6K.

- Hotel revenues were $129.8K compared to a budgeted amount of $196.1K, resulting in an unfavorable variance of $66.3K. The unfavorable variance is due to lower than expected occupancy during the period noted.

Outflows

- Payroll was $306.3K compared to a budgeted amount of $250K, creating an unfavorable variance of $56.3. This permanent unfavorable variance of $56.3K is due to an unbudgeted payment of the employee incentive plan to finish the year end audit following the filing of the CCAA.

- Professional fees were $6,769.8K compared to a budgeted amount of $5,850K, resulting in an unfavorable variance of $919.8K. 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, CRA issues, discussions and due diligence surrounding the professional services associated to Cedar and Inverness, leading to this unfavorable variance related to timing. Also, this difference considers an amount of $557K that was advance to the Stitching’s Trustees and their advisors, which was not originally considered in the projected cash flows.

- 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 since the Court Order was implemented:

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 2012	265,485.87	Paid	12-Mar-12
INVOICE nr 5.2012	Feb. 1, 2012 - Feb. 29, 2012	Schedule 4 29 Feb 2012	248,270.04	Paid	26-Mar-12
INVOICE nr 6.2012	Mar. 1, 2012 - Mar. 31, 2012	Schedule 5 31 Mar 2012	235,751.97	Paid	7-May-12
INVOICE nr 7.2012	Mar. 1, 2012 - Mar. 31, 2012	Schedule 6 31 Mar 2012	73,088.46	Paid	8-May-12
Total			**$ 1,061,724.15**		

A total of approximately $1,062K was advanced to the Stitching's Trustees and their advisors since February 17, 2012 and $557K for the period noted. The advances of these fees will be set-off against any distribution made to the Bondholders under any plan of arrangement.

- Non-restructuring related Professional fees were $1,029.2K compared to a budgeted amount of nil, resulting in an unfavorable variance of $1,029.2K. The unfavorable variance is mainly due to amounts of $967K paid to Ernst & Young LLP for the year end audit and other miscellaneous professional fees for $62.2K. Audit fees payable to Ernst & Young LLP were budgeted to be paid during the last week of May, as such the unfavorable variance is due to timing.

- Office and administrative expenditures were $127.4K, compared to a budgeted amount of $335K, which resulted in a favorable variance of $207.6K. The favorable variance is due timing.

- Directors fees were $39.6K compare to a budgeted amount of $175K, which resulted in a favorable variance of $135.4K. This variance is mainly due to timing.

- PEI obligation expense was $175.6K compared to a budgeted amount of $152.6K, which resulted in an unfavorable variance of $23K. The variance is mainly due to a tenant that had free rent up until the month of April, but for which HII inadvertently paid the rent portion for the months of April and May. HII has requested credit for these payments which is expected to be applied in the next two future rent periods.

- CP obligation was $(56.5)K compared to a budgeted amount of $171.4K, which resulted in a favorable variance of $227.9K. The favorable variance is due to an amount of $227.7K which was received after management settled the payment details regarding a rented unit in CP and is reducing the effective head lease obligation. This amount represents the nine months of rent owed from September to May.

- Other expenditures were $110,971.2K compared to a budgeted amount of $3,500K, which resulted in an unfavorable variance of $107,471.2K. This unfavorable variance is the mainly the result of transferring restricted funds of $107,277K, received from the Amended Cominar Bid, to a restricted account in Homco 199. These funds were transferred to Homco 199, as it was the stockholder of the REIT units that were sold. In addition, other miscellaneous transfers to European Homcos of $194.2K were made.

- Payroll at the Hotel was $65K compared to a budgeted amount of $80K which resulted in a favorable variance of $15K. The favorable variance is the result of a lower than expected occupancy rate, resulting in a reduction of staffing requirements.

- General operating expenses at the Hotel were $62.3K, compared to a budgeted amount of $172K, which resulted in a favorable variance of $109.7K during the period. The favorable variance of $109.7K is due to stricter expense policy and a lower than expected occupancy rate.

- Construction costs at the Hotel of $27.7M, compared to a budgeted amount of nil, which resulted in an unfavorable variance of $27.7M. These costs relate to architect fees which were not budgeted.

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 seven-week period of March 25, 2012 to May 12, 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**	**-**

<u>ShareCo Inc. budget to actual commentary</u>

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 seven-week period of March 25, 2012 to May 12, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
Condo sales proceeds	-	-	-
GST collected	126.0	-	126.0
GST ITC refund	0.4	-	0.4
Rent	5.5	11.0	(5.5)
Total cash inflows	**131.9**	**11.0**	**120.9**
Cash outflows			
Commissions	-	-	-
Advertising	1.0	-	(1.0)
R&M	9.0	6.0	(3.0)
Property tax	-	13.8	13.8
Professional fees	-	-	-
Insurance	3.6	0.6	(3.0)
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	26.7	33.6	6.9
GST remitted	-	20.0	20.0
Total cash outflows	**40.3**	**74.0**	**33.7**
Opening cash balance	**409.1**	**409.1**	**-**
Variation in cash balance	**91.6**	**(63.0)**	**154.6**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**500.7**	**346.1**	**154.6**
Funding from HII	**-**	**-**	**-**

Churchill budget to actual commentary

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

Inflows

- During the Period, five units were 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.

- GST collected of $126K includes amounts for a sale that occurred in the prior period which was received during the period noted. 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	**Unit**	**Legal closing date**	**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 lender (4) (1)-(2)-(3)=(4)**
1	901		30-Mar-12	428.6	21.4	(50.0)	24.3	424.3	402.9
2	801		27-Apr-12	435.2	21.8	(10.0)	(18.0)	429.0	407.3
3	701		18-Apr-12	414.3	20.7	(25.0)	(36.0)	374.0	353.2
4	301		27-Apr-12	414.3	20.7	(15.0)	(10.0)	410.0	389.3
5	206		16-Apr-12	405.4	20.3	(10.0)	(13.9)	401.8	381.5
Total				**2,097.8**	**104.9**	**(110.0)**	**(53.6)**	**2,039.1**	**1,934.2**

- Rent receipt was $5.5K compared to a budgeted amount of $11K, which resulted in a temporary unfavorable variance of $5.5K.

Outflows

- Property tax was nil compared to a budgeted amount of $13.8K which resulted in a favorable variance of $13.8K. The variance is mainly due to timing

- Condo fees were $26.7K compared to a budgeted amount of $33.6K which resulted in a favorable variance of $6.9K. The favorable variance is due to timing.

- GST remitted was nil compared to a budgeted amount of $20K, which resulted in a favorable variance of $20K. The variance is mainly 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 seven-week period of March 25, 2012 to May 12, 2012		
	Actual	Budget	Variance
Cash inflows			
Condo sales proceeds	-	200.0	(200.0)
GST collected	-	10.0	(10.0)
GST ITC refund	-	-	-
Total cash inflows	**-**	**210.0**	**(210.0)**
Cash outflows			
Commissions	-	10.0	10.0
Advertising	-	-	-
R&M	7.9	6.0	(1.9)
Property tax	-	-	-
Professional fees	-	1.0	1.0
Insurance	2.4	-	(2.4)
Mortgage principal	-	189.0	189.0
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	-	23.6	23.6
GST remitted	92.0	8.7	(83.3)
Total cash outflows	**102.3**	**238.3**	**136.0**
Opening cash balance	**(111.2)**	**(111.2)**	**-**
Variation in cash balance	**(102.3)**	**(28.3)**	**(74.0)**
Exchange rate (Gain / Loss)	-	-	**-**
Ending cash balance	**(213.5)**	**(139.5)**	**(74.0)**
Funding from HII	**213.5**	**139.5**	**(74.0)**
Funded ending cash balance	**-**	**-**	**-**

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

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

Inflows

- During the period noted, three units and six parking spaces were sold and represent spaces that current owners bought. 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	Unit	Legal closing date	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 lendor
1			C, 317	30-Mar-12	216.6	6.9	(5.0)	(6.2)	212.3	212.3
2			C,301	26-Apr-12	166.2	5.3	(10.0)	(5.5)	156.0	156.0
3			B,116	3-Apr-12	160.5	5.1	(10.0)	3.1	158.7	158.7
4			C, P522	1-Apr-12	7.5	0.4	-	(1.1)	6.7	6.7
5			C, P198	1-Apr-12	10.0	0.5	-	(1.3)	9.2	9.2
6			C, P307	30-Apr-12	7.1	0.4	-	(0.8)	6.7	6.7
7			C, P316	1-Apr-12	5.5	0.3	-	(0.9)	4.9	4.9
8			C, P516	1-Apr-12	7.1	0.4	-	(0.8)	6.7	6.7
9			C, P538	1-Apr-12	7.5	0.4	-	(1.2)	6.7	6.7
Total					**588.0**	**19.7**	**(25.0)**	**(14.7)**	**567.9**	**567.9**

Outflows

- As demonstrated above, the net sales proceeds (selling price and GST, net of commission and other expenses) from the financed Inverness units sold during the period noted were remitted to the lender. As noted in the table, the full amount of net sales proceeds is remitted to the lender, as they also include GST/HST received on the sale. The GST/HST on those unit sales is expected to be remitted to the CRA in the following month.

- Mortgage and principal were nil, compared to a budgeted amount of $189K, which resulted in a favorable variance of $189K. The variance is due sales proceeds being remitted directly to the mortgage lender.

- GST remitted was $92K, compared to a budgeted amount of $8.7K, which resulted in an unfavorable timing variance of $83.3K. The unfavourable variance is from GST remitted on four units reported in the Eighth Monitor's Report.

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 seven-week period of March 25, 2012 to May 12, 2012		
	Actual	**Budget**	**Variance**
Cash inflows			
Costs reimbursed from escrow	-	286.8	(286.8)
GST refund from previous months	-	-	-
Other receipts	-	-	-
Total cash inflows	**-**	**286.8**	**(286.8)**
Cash outflows			
Construction costs (1,2&3)	-	301.1	301.1
Construction costs (4&5)	-	20.0	20.0
Operating expenses	-	-	-
Professional fees	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
GST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	**-**	**321.1**	**321.1**
Opening cash balance	**(78.1)**	**(78.1)**	**-**
Variation in cash balance	**-**	**(34.3)**	**34.3**
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	**(78.1)**	**(112.4)**	**34.3**
Funding from HII	**78.1**	**112.4**	**(34.3)**
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 $0K compared to a budgeted amount of $301.1K, resulting in a favorable variance of $301.1K. The favorable variance is mainly due to the fact that the interior construction costs for buildings 1, 2 and 3 have been completed and the company is pursuing tenants to rent the premises prior to initiating additional work on the building. Some additional exterior work remains, however, work has temporarily ceased for the winter months and has not yet resumed. As work is planned to resume in spring 2012, additional construction costs will continue to be incurred and reimbursed from escrow.

APPENDIX E

HII Extended 13-week cash flow forecast ($C)
Updated as of May 13, 2012

9th report PUBLISHED

Number of weeks:	16	36	37	38	
Beginning period:	13-May-12	13-May-12	20-May-12	27-May-12	TOTAL
Ending period:		19-May-12	26-May-12	2-Jun-12	3-Week period
		Forecast	Forecast	Forecast	
Cash inflows					
GST/HST received		-	-	-	-
Other receipts		-	-	-	-
Hotel related receipts					
Hotel revenue		33,750	33,750	45,000	112,500
Total cash inflows		33,750	33,750	45,000	112,500
Cash outflows					
Payroll		75,000	-	75,000	150,000
Rent expense		-	-	25,000	25,000
Restructuring related professional fees		674,000	674,000	674,000	2,022,000
Non-restructuring related professional fees		-	-	-	-
Insurance		-	-	17,000	17,000
Office & admin		52,500	52,500	52,500	157,500
Director fees		-	-	-	-
PEI obligation		-	-	71,000	71,000
Montreal obligation		-	-	71,400	71,400
CP obligation		-	-	65,700	65,700
Other expenditures		-	-	-	-
					-
Hotel disbursements					-
Payroll		30,000	-	30,000	60,000
Management fee		-	-	4,000	4,000
Property and other taxes		-	-	90,000	90,000
General operating expenses		35,000	35,000	35,000	105,000
Construction costs		-	-	-	-
Mortgage principal & interest		-	-	-	-
Total hotel disbursements		65,000	35,000	159,000	259,000
Total cash outflows		866,500	761,500	1,210,600	2,838,600
Opening cash balance		6,356,400	5,523,650	4,795,900	6,356,400
Variation in cash balance		(832,750)	(727,750)	(1,165,600)	(2,726,100)
Exchange rate		-	-	-	-
Ending cash balance		5,523,650	4,795,900	3,630,300	3,630,300
Funding from HII		(291,600)	(291,600)	(312,813)	(312,813)
Adjusted cash balance		5,232,050	4,504,300	3,317,487	3,317,487

10th report

Number of weeks:	39	40	41	42	43	44	45	46	47	48	49	50	51	
Beginning period:	3-Jun-12	10-Jun-12	17-Jun-12	24-Jun-12	1-Jul-12	8-Jul-12	15-Jul-12	22-Jul-12	29-Jul-12	5-Aug-12	12-Aug-12	19-Aug-12	26-Aug-12	TOTAL
Ending period:	9-Jun-12	16-Jun-12	23-Jun-12	30-Jun-12	7-Jul-12	14-Jul-12	21-Jul-12	28-Jul-12	4-Aug-12	11-Aug-12	18-Aug-12	25-Aug-12	1-Sep-12	13-Week Period
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows														
GST/HST received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	965,600	-	-	-	-	-	-	-	-	-	-	-	-	965,600
Hotel related receipts														
Hotel revenue	70,000	70,000	70,000	70,000	75,000	75,000	75,000	75,000	70,000	70,000	70,000	70,000	70,000	930,000
Total cash inflows	1,035,600	70,000	70,000	70,000	75,000	75,000	75,000	75,000	70,000	70,000	70,000	70,000	70,000	1,895,600
Cash outflows														
Payroll	-	75,000	-	90,000	-	75,000	-	75,000	-	75,000	-	75,000	-	465,000
Rent expense	-	-	-	-	25,000	-	-	-	25,000	-	-	-	-	50,000
Restructuring related professional fees	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	674,000	8,762,000
Non-restructuring related professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	17,000	-	-	-	17,000	-	-	-	-	34,000
Office & admin	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	52,500	682,500
Director fees	738,000	-	-	-	-	-	-	175,000	-	-	-	-	-	913,000
PEI obligation	-	-	-	-	16,300	-	-	-	16,300	-	-	-	-	32,600
Montreal obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	3,500,000	-	-	-	-	297,000	-	-	-	-	-	3,797,000
														-
Hotel disbursements														-
Payroll		35,000	-	35,000	-	35,000	-	35,000	-	35,000	-	35,000	-	210,000
Management fee	-	-	-	-	4,000	-	-	-	4,000	-	-	-	-	8,000
Property and other taxes	-	-	-	-	-	-	-	-	-	-	-	-	90,000	90,000
General operating expenses	40,000	40,000	40,000	40,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	565,000
Construction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal & interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total hotel disbursements	40,000	75,000	40,000	75,000	49,000	80,000	45,000	80,000	49,000	80,000	45,000	80,000	135,000	873,000
Total cash outflows	1,504,500	876,500	4,266,500	891,500	833,800	881,500	771,500	1,353,500	833,800	881,500	771,500	881,500	861,500	15,609,100
Opening cash balance	3,630,300	3,161,400	2,354,900	(1,841,600)	(2,663,100)	(3,421,900)	(4,228,400)	(4,924,900)	(6,203,400)	(6,967,200)	(7,778,700)	(8,480,200)	(9,291,700)	3,630,300
Variation in cash balance	(468,900)	(806,500)	(4,196,500)	(821,500)	(758,800)	(806,500)	(696,500)	(1,278,500)	(763,800)	(811,500)	(701,500)	(811,500)	(791,500)	(13,713,500)
Exchange rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance	3,161,400	2,354,900	(1,841,600)	(2,663,100)	(3,421,900)	(4,228,400)	(4,924,900)	(6,203,400)	(6,967,200)	(7,778,700)	(8,480,200)	(9,291,700)	(10,083,200)	(10,083,200)
Funding from HII	-	-	(488,100)	(624,100)	(159,100)	(159,100)	(159,100)	(659,100)	(669,100)	(194,100)	(194,100)	(194,100)	(204,100)	(204,100)
Adjusted cash balance	3,161,400	2,354,900	(2,329,700)	(3,287,200)	(3,581,000)	(4,387,500)	(5,084,000)	(6,862,500)	(7,636,300)	(7,972,800)	(8,674,300)	(9,485,800)	(10,287,300)	(10,287,300)

Notes:

1) The cash flow forecast for weeks 36, 37 and 38, which was previously presented in the Ninth Report, has been updated by Management.
2) During the week ending June 9, 2012, an amount of 738,000 is forecasted to be disbursed in regard of the Director fees. This relate to the extension and run-off terms from Chubb and Arch for their respective layers of coverage, related to the D&O coverage.
3) The table above and forecasts relating to HII do not include a disbursement of $100,662.07 being sought from HSBC in payment of a shortfall following the reimbursement of certain amounts owed under letters of credit

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
Opening cash balance	Based on allocated cash balances as at May 13, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
GST refunded	GST refunds are not expected to be received during the weeks 36 to 52.		X
Other receipts	Forecasted distribution from HHUS	X	
Hotel receipts	Based on forecasts provided by Management established on the number of room bookings and expected number of room bookings.		X
Forecast cash disbursements			
Payroll	Based on previous payroll expenses plus incentive compensation	X	
Rent expense	Rent at the Akerley Blvd. and Montreal location	X	
Restructuring related professional fees	Deloitte, McCarthy Tétrault, Osler, Cohn & Wolfe, Allen & Overy, Clifford Chance, National, The Baltics HII lawyers and the Trustees fess. In regard of the Trustees fees, they will be refund to HII once a distribution will be made pursuant to a plan of arrangement or otherwise.	X	
Non-restructuring related professional fees	Ernst & Young (auditors); Audit fees. Fees paid to Ernst & Young for the 2011 audit were disbursed prior to May 12, 2012.	X	
Insurance	Directors & Officers insurance	X	
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	
Head lease obligations (Montreal, PEI and CP)	These lease obligations are related to an agreement between Homburg Invest Inc. and Cominar REIT for which Homburg Invest Inc. has the obligation to pay a lease to Cominar REIT associated to the Homburg financial building, CP properties, PEI properties and CN building. Cominar REIT units have been pledged relating to this head lease. These leases are expected to be resiliated during the forecast period.	X	

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

ShareCo Extended 13-week cash flow forecast ($C)
Updated as of May 13, 2012

		9th report PUBLISHED				10th report													
Number of weeks:	16	36	37	38		39	40	41	42	43	44	45	46	47	48	49	50	51	
Beginning period:	13-May-12	13-May-12	20-May-12	27-May-12	TOTAL	3-Jun-12	10-Jun-12	17-Jun-12	24-Jun-12	1-Jul-12	8-Jul-12	15-Jul-12	22-Jul-12	29-Jul-12	5-Aug-12	12-Aug-12	19-Aug-12	26-Aug-12	TOTAL
Ending period:		19-May-12	26-May-12	2-Jun-12	3-Week Period	9-Jun-12	16-Jun-12	23-Jun-12	30-Jun-12	7-Jul-12	14-Jul-12	21-Jul-12	28-Jul-12	4-Aug-12	11-Aug-12	18-Aug-12	25-Aug-12	1-Sep-12	13-Week Period
		Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows																			
Mortgage bond issuance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash outflows																			
Interest payments - mortgage bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash outflows		-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening cash balance		39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100
Variation in cash balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100	39,100

Notes:

1) Opening cash balance has been modified to reflect the allocated cash balance as at May 13, 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 ShareCo, as defined in Section 2(1) of the Act based on probable and hypothetical assumptions that reflect ShareCo'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 ShareCo's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS
Meaning assumptions that:

- (i) ShareCo'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 ShareCo; 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 ShareCo;
- (ii) The performance of other industry/market participants engaged in similar activities as ShareCo;
- (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
General cash flow assumptions	This entity holds four series of asset-backed mortgage bonds. The mortgage bonds are 7-year bonds issued in series and secured by a first or second charge over specific assets and a corporate guarantee. As the debt is entirely affected by the Stay Period, there will not be any cash inflows or outflows relating to the debt in ShareCo for the seventeen (17) weeks from May 13, 2012 to September 8, 2012. Occasionally, certain funds are transferred between HII and ShareCo.	X	
Opening cash balance	Based on allocated closing cash balances as at May 13, 2012	X	
Closing cash balance	Based on allocated cash transactions		X

Churchill Extended 13-week cash flow forecast ($C)
Updated as of May 13, 2012

		9th report PUBLISHED				10th report													
Number of weeks	**16**	36	37	38		39	40	41	42	43	44	45	46	47	48	49	50	51	
Beginning period:	**13-May-12**	**13-May-12**	**20-May-12**	**27-May-12**	**TOTAL**	**3-Jun-12**	**10-Jun-12**	**17-Jun-12**	**24-Jun-12**	**1-Jul-12**	**8-Jul-12**	**15-Jul-12**	**22-Jul-12**	**29-Jul-12**	**5-Aug-12**	**12-Aug-12**	**19-Aug-12**	**26-Aug-12**	**TOTAL**
Ending period:		**19-May-12**	**26-May-12**	**2-Jun-12**	**3-Week Period**	**9-Jun-12**	**16-Jun-12**	**23-Jun-12**	**30-Jun-12**	**7-Jul-12**	**14-Jul-12**	**21-Jul-12**	**28-Jul-12**	**4-Aug-12**	**11-Aug-12**	**18-Aug-12**	**25-Aug-12**	**1-Sep-12**	**13-Week Period**
		Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows																			
Condo sales proceeds		-	-	400,000	**400,000**	-	-	-	-	-	-	-	-	-	-	-	-	629,800	**629,800**
GST collected		-	-	20,000	**20,000**	-	-	-	-	-	-	-	-	-	-	-	-	31,400	**31,400**
GST ITC refund		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Rent		-	-	5,500	**5,500**	-	-	-	-	5,500	-	-	-	5,500	-	-	-	5,500	**16,500**
Other receipts		-	-	-	**-**	3,071,000	-	-	-	-	-	-	-	-	-	-	-	-	**3,071,000**
Total cash inflows		**-**	**-**	**425,500**	**425,500**	**3,071,000**	**-**	**-**	**-**	**5,500**	**-**	**-**	**-**	**5,500**	**-**	**-**	**-**	**666,700**	**3,748,700**
Cash outflows																			
Commissions		-	-	20,000	**20,000**	-	-	-	-	-	-	-	-	-	-	-	-	31,490	**31,490**
Advertising		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
R&M		-	-	3,000	**3,000**	-	-	-	-	2,000	-	-	-	2,000	-	-	-	2,000	**6,000**
Property tax		-	-	6,900	**6,900**	-	-	-	105,500	6,900	-	-	-	6,900	-	-	-	6,900	**126,200**
Professional fees		-	-	1,000	**1,000**	-	-	-	-	-	-	-	-	-	-	-	-	1,000	**1,000**
Insurance		-	-	250	**250**	-	-	-	-	250	-	-	-	250	-	-	-	250	**750**
Mortgage principal		-	-	379,000	**379,000**	3,071,000	-	-	-	-	-	-	-	-	-	-	-	-	**3,071,000**
Mortgage interest		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Office & admin		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Condo fees		-	-	16,797	**16,797**	-	-	-	-	15,500	-	-	-	15,500	-	-	-	15,500	**46,500**
GST remitted		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Total cash outflows		**-**	**-**	**426,947**	**426,947**	**3,071,000**	**-**	**-**	**105,500**	**24,650**	**-**	**-**	**-**	**24,650**	**-**	**-**	**-**	**57,140**	**3,282,940**
Opening cash balance		**500,700**	**500,700**	**500,700**	**500,700**	**499,253**	**499,253**	**499,253**	**499,253**	**393,753**	**374,603**	**374,603**	**374,603**	**374,603**	**355,453**	**355,453**	**355,453**	**355,453**	**499,253**
Variation in cash balance		-	-	(1,447)	**(1,447)**	-	-	-	(105,500)	(19,150)	-	-	-	(19,150)	-	-	-	609,560	**465,760**
Exchange rate		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Ending cash balance		**500,700**	**500,700**	**499,253**	**499,253**	**499,253**	**499,253**	**499,253**	**393,753**	**374,603**	**374,603**	**374,603**	**374,603**	**355,453**	**355,453**	**355,453**	**355,453**	**965,013**	**965,013**

Notes:

1) The cash flow forecast for weeks 36, 37 and 38, which was previously presented in the Ninth Report, has been updated by Management.

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 May 13, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	Condominiums are projected to be sold in May and August.		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	
Other receipts	Net proceeds of the Inverness Transaction	X	
Forecast cash disbursements			
Commissions	Commissions are based on 5% of the projected sales.		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. In addition, the net proceeds of the Inverness Transaction are assumed to cover a full and final reimbursement of Romspen's secured debt on Churchill	X	
Mortgage interest	Amount stayed by proceedings	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 Extended 13-week cash flow forecast ($C)
Updated as of May 13, 2012

		9th report PUBLISHED				10th report													
Number of weeks:	**16**	36	37	38		39	40	41	42	43	44	45	46	47	48	49	50	51	
Beginning period:	**13-May-12**	**13-May-12**	**20-May-12**	**27-May-12**	**TOTAL**	**3-Jun-12**	**10-Jun-12**	**17-Jun-12**	**24-Jun-12**	**1-Jul-12**	**8-Jul-12**	**15-Jul-12**	**22-Jul-12**	**29-Jul-12**	**5-Aug-12**	**12-Aug-12**	**19-Aug-12**	**26-Aug-12**	**TOTAL**
Ending period:		**19-May-12**	**26-May-12**	**2-Jun-12**	**3-Week period**	**9-Jun-12**	**16-Jun-12**	**23-Jun-12**	**30-Jun-12**	**7-Jul-12**	**14-Jul-12**	**21-Jul-12**	**28-Jul-12**	**4-Aug-12**	**11-Aug-12**	**18-Aug-12**	**25-Aug-12**	**1-Sep-12**	**13-Week Period**
		Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows																			
Condo sales proceeds		-	-	-	-	3,971,600	-	-	-	-	-	-	-	-	-	-	-	-	3,971,600
GST collected		-	-	-	-	198,600	-	-	-	-	-	-	-	-	-	-	-	-	198,600
GST ITC refund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash inflows		-	-	-	-	4,170,200	-	-	-	-	-	-	-	-	-	-	-	-	4,170,200
Cash outflows																			
Commissions		-	-	-	-	139,000	-	-	-	-	-	-	-	-	-	-	-	-	139,000
R&M		-	-	-	-	3,000	-	-	-	-	-	-	-	-	-	-	-	-	3,000
Property tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees		-	-	-	-	24,000	-	-	-	-	-	-	-	-	-	-	-	-	24,000
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage principal		-	-	-	-	10,500	-	-	-	-	-	-	-	-	-	-	-	-	10,500
Mortgage interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & admin		-	-	-	-	65,800	-	-	-	-	-	-	-	-	-	-	-	-	65,800
Condo fees		-	-	11,213	11,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST remitted		-	-	-	-	-	-	-	-	187,000	-	-	-	-	-	-	-	-	187,000
Other expenditures		-	-	-	-	3,071,000	-	-	-	-	-	-	-	-	-	-	-	-	3,071,000
Total cash outflows		-	-	11,213	11,213	3,313,300	-	-	-	187,000	-	-	-	-	-	-	-	-	3,500,300
Opening cash balance		(213,500)	(213,500)	(213,500)	(213,500)	(224,713)	632,187	632,187	632,187	632,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	(224,713)
Variation in cash balance		-	-	(11,213)	(11,213)	856,900	-	-	-	(187,000)	-	-	-	-	-	-	-	-	669,900
Exchange rate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending cash balance		(213,500)	(213,500)	(224,713)	(224,713)	632,187	632,187	632,187	632,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187
Funding from HII		213,500	213,500	224,713	224,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funded ending cash balance		-	-	-	-	632,187	632,187	632,187	632,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187	445,187

Notes:

1) The cash flow forecast for weeks 36, 37 and 38, which was previously presented in the Ninth Report, has been updated by Management.

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 May 13, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Condo sales proceeds	Based on the assumed proceeds of the Inverness Transaction	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 3.5% commissions on the Bulk Sale Transaction		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 net proceeds of the Inverness Transaction are assumed to cover a full and final reimbursement of Romspen's secured debt on Inverness.	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	
Other expenditures	Assumed that after retiring Romspen's secured debt on Inverness the remaining proceeds will be used to retire Churhill's secured debt to Romspen as the amounts are cross-collateralized.		X

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Closing cash balance	Based on allocated cash transactions		X

CP Extended 13-week cash flow forecast ($C)
Updated as of May 13, 2012

		9th report PUBLISHED				10th report													
Number of weeks:	**16**	36	37	38		39	40	41	42	43	44	45	46	47	48	49	50	51	
Beginning period:	**13-May-12**	**13-May-12**	**20-May-12**	**27-May-12**	**TOTAL**	**3-Jun-12**	**10-Jun-12**	**17-Jun-12**	**24-Jun-12**	**1-Jul-12**	**8-Jul-12**	**15-Jul-12**	**22-Jul-12**	**29-Jul-12**	**5-Aug-12**	**12-Aug-12**	**19-Aug-12**	**26-Aug-12**	**TOTAL**
Ending period:		**19-May-12**	**26-May-12**	**2-Jun-12**	**3-Week Period**	**9-Jun-12**	**16-Jun-12**	**23-Jun-12**	**30-Jun-12**	**7-Jul-12**	**14-Jul-12**	**21-Jul-12**	**28-Jul-12**	**4-Aug-12**	**11-Aug-12**	**18-Aug-12**	**25-Aug-12**	**1-Sep-12**	**13-Week Period**
		Forecast	Forecast	Forecast		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Cash inflows																			
Costs reimbursed from escrow		-	-	-	**-**	-	-	-	-	475,000	-	-	-	-	475,000	-	-	-	**950,000**
GST refund from previous month		-	-	-	**-**	150,000	-	-	-	-	-	-	-	-	-	-	-	-	**150,000**
Total cash inflows		**-**	**-**	**-**	**-**	**150,000**	**-**	**-**	**-**	**475,000**	**-**	**-**	**-**	**-**	**475,000**	**-**	**-**	**-**	**1,100,000**
Cash outflow																			
Construction costs (1,2&3)		-	-	-	**-**	-	-	500,000	-	-	-	-	500,000	-	-	-	-	-	**1,000,000**
Construction costs (4&5)		-	-	10,000	**10,000**	50,000	-	-	-	10,000	-	-	-	10,000	-	-	-	10,000	**80,000**
Professional fees		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Mortgage principal		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Mortgage interest		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Property tax		-	-	-	**-**	-	-	-	136,000	-	-	-	-	-	-	-	-	-	**136,000**
Total cash outflows		**-**	**-**	**10,000**	**10,000**	**50,000**	**-**	**500,000**	**136,000**	**10,000**	**-**	**-**	**500,000**	**10,000**	**-**	**-**	**-**	**10,000**	**1,216,000**
Opening cash balance		**(78,100)**	**(78,100)**	**(78,100)**	**(78,100)**	**(88,100)**	**11,900**	**11,900**	**(488,100)**	**(624,100)**	**(159,100)**	**(159,100)**	**(159,100)**	**(659,100)**	**(669,100)**	**(194,100)**	**(194,100)**	**(194,100)**	**(88,100)**
Variation in cash balance		-	-	(10,000)	**(10,000)**	100,000	-	(500,000)	(136,000)	465,000	-	-	(500,000)	(10,000)	475,000	-	-	(10,000)	**(116,000)**
Exchange rate		-	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Ending cash balance		**(78,100)**	**(78,100)**	**(88,100)**	**(88,100)**	**11,900**	**11,900**	**(488,100)**	**(624,100)**	**(159,100)**	**(159,100)**	**(159,100)**	**(659,100)**	**(669,100)**	**(194,100)**	**(194,100)**	**(194,100)**	**(204,100)**	**(204,100)**
Funding from HII		**78,100**	**78,100**	**88,100**	**88,100**	**-**	**-**	**488,100**	**624,100**	**159,100**	**159,100**	**159,100**	**659,100**	**669,100**	**194,100**	**194,100**	**194,100**	**204,100**	**204,100**
Funded ending cash balance		**-**	**-**	**-**	**-**	**11,900**	**11,900**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	

Notes:

1) The cash flow forecast for weeks 36, 37 and 38, which was previously presented in the Ninth Report, has been updated by Management.

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 May 13, 2012	X	
Exchange rates	All cash flows are in Canadian dollars.		X
Forecast cash receipts			
Costs reimbursed from escrow	Funds in escrow received from Cominar 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 the letter from CRA indicating heldback refunds will be released.		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	
Property tax	Based on previous property expenses	X	
Closing cash balance	Based on allocated cash transactions		X

APPENDIX F

HII and its affiliates Detail of Consolidated Statements of Cash flows (C$000)	Year Ended December 31, 2011 Audited	Year Ended December 31, 2010 Audited	Year Ended December 31, 2009 Audited	Year Ended December 31, 2008 Audited
Items not affecting cash				
Gain on sale of subsidiary	-	(107,164)	-	-
Realized valuation changes	-	(3,600)	(2,239)	(443)
Fair market value changes on:				
Investment properties	196,391	40,221	312,227	286,060
Investment properties held for sale	15,116	(9,109)	-	-
Development properties	58,957	16,777	48,707	-
Impairment loss on properties under development	2,455	7,811	27,779	-
Goodwill impairment loss	-	-	-	48,594
Accretion on provisions	2,973	750	-	-
Change in provisions	3,940	(5,161)	34,089	-
Rent paid on provisions	(7,866)	(2,301)	-	-
Loss on derivative instruments	5,299	677	7,486	18,542
Distribution income from associate	8,576	8,188	-	-
Amortization of financing fees	16,396	4,703	3,920	9,400
Loss from associate	15,652	12,628	-	-
Deferred rental (income) loss	398	(4,849)	(6,722)	(4,499)
Deferred income taxes	(9,138)	42,794	(79,106)	(50,734)
Stock based compensation	29	88	146	307
Fair value change in financial assets	(32,490)	(88)	1,187	23,133
Accelerated accretion of HCSA	36,787	-	1,453	128
Foreign exchange (gain) loss	(22,951)	(20,147)	(24,201)	19,656
	290,524	(17,782)	324,726	350,144
Change in non-cash working capital and other				
Receivables and other	(2,739)	(4,423)	(16,915)	7,580
Accounts payable and other liabilities	49,606	(22,694)	(11,806)	39,096
Proceeds exceeding earnings on development properties for resale	12,231	6,314	120,032	(21,008)
	59,098	(20,803)	91,311	25,668
Net cash (used in) from investing activities				
Investment in investment properties	(2,584)	(1,908)	(1,951)	(56,764)
(Increase) decrease in restricted cash	(4,426)	639	2,576	1,735
Proceeds on sale of investment properties	-	-	-	698
Proceeds on sale of development properties	39,703	-	-	-
Proceeds on sale of investments	60,480	10,340	13,946	-
Purchase of long term investments	-	(1,079)	-	(6,678)
Investment in development properties	(33,802)	(44,644)	(42,618)	(97,764)
Discontinued operations	(399)	103,332	(24,969)	-
	58,972	66,680	(53,016)	(158,773)
Net cash (used in) from financing activities				
Decrease in demand loans	(6,881)	(41,648)	(10,468)	(362,645)
Increase (decrease) in mortgages payable	(28,228)	1,307	(23,373)	267,701
(Repayment) proceeds of bonds	-	(51,429)	11,043	146,196
Decrease (increase) in related party receivable	7,409	10,220	(10,220)	
Increase (decrease) in deferred financing charges	(203)	2,499	(2,318)	(13,918)
Repurchase of common shares and issue costs	(100)	(419)	(1,346)	(836)
Dividends paid				(20,853)
(Decrease) increase in related party payable	(1,697)	(3,556)	(14,180)	6,361
Increase (decrease) in construction financing	(7,855)	3,925	(7,434)	36,040
Homburg Capital Securities A proceeds	-	4,598	37,116	-
Discountinued operations	(5,257)	5,389	32,724	-
	(42,812)	(69,114)	11,544	58,046