

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-041305-117

SUPERIOR COURT
Commercial Division

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

1810040 ALBERTA LTD. (formerly known as
HOMBURG INVEST INC. and **HOMBURG
SHARECO INC.**)

– and –

CHURCHILL ESTATES DEVELOPMENT LTD.

– and –

NORTH CALGARY LAND LTD.

– and –

HOMBURG MANAGEMENT (CANADA) INC.

Debtors/Petitioners

– and –

THE ENTITIES LISTED IN APPENDIX A

Mises-en-cause

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC.

Monitor

**THIRTY-EIGHTH 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, 1810040 Alberta Ltd. (formerly known as Homburg Invest Inc. and Homburg Shareco Inc.) ("**HII**") and certain related entities (collectively, the "**Debtors**") filed and

obtained protection from their respective creditors under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to an Order rendered by the Superior Court of Quebec (as amended and extended from time to time, the "**Initial Order**").

2. Pursuant to the Initial Order (as amended), the Stay extends to the entities listed in Appendix A hereto (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 HII Parties, which Stay has been extended from time to time by order of the Court. On May 5, 2014, the Court last extended the Stay up to and including August 29, 2014 (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 thirty-seven such Monitor's reports (as well as some supplemental reports) prior to this Thirty-Eighth report of the Monitor (the "**Thirty-Eighth Report**"). Copies of all of the Monitor's reports are available on the Monitor's website at www.deloitte.com/ca/homburg-invest. The Monitor has also established a toll free number that is referenced on the Monitor's website so that parties may contact the Monitor if they have questions with respect to the HII Parties' restructuring under the CCAA.

PURPOSE OF THE THIRTY-EIGHTH REPORT

6. This Thirty-Eighth Report is intended to provide an update on the progress of the HII Parties' restructuring process and related steps in connection with the execution of the HII/Shareco Plan and the Homco 61 Plan (collectively, the "**Plans**"), including in particular with respect to the distributions made pursuant to the Plans, and confirm the support of the Monitor to the Debtors' Motion for an extension of the Stay Period dated August 18, 2014 (the "**Debtor's Motion**"). This report also outlines the current and projected cash positions of the Petitioners, the status of the restructuring and orderly liquidation initiatives, and, generally, the restructuring process.
7. This Thirty-Eighth Report is structured as follows:
 - I- Updates on the Execution of the Plans and the Distributions;
 - II- Update on the Completion of the Settlement with the HCI Group;
 - III- Debtors' Cash Flows;
 - IV- Activities of the Monitor;
 - V- Extension of the Stay Period;
 - VI- Position of the Various Cash Reserves; and
 - VII- Conclusions and Recommendations.

TERMS OF REFERENCE

8. In preparing this Thirty-Eighth Report, the Monitor has relied upon unaudited financial information, the HII Parties' records, the amended motion for an Initial Order dated September 9, 2011, and all subsequent motions filed with the Court 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 Thirty-Eighth

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 Thirty-Eighth Report are as defined in the previous reports of the Monitor and the HII/Shareco Plan.

I. UPDATES ON THE EXECUTION OF THE PLANS AND THE DISTRIBUTIONS

10. On March 27, 2014, in conformity with the Plans, the Monitor issued certificates confirming that the Plan Implementation Date (“PID”) took place from March 24, 2014 to March 27, 2014 and that the Homco 61 Plan Implementation Date occurred on March 27, 2014.
11. Since PID, the Monitor proceeded with several distributions to the Affected Creditors under the Plans, as explained hereunder.

DISTRIBUTIONS

First Distribution

12. On April 10, 2014, following the implementation of the Plans and in conformity thereto, the Monitor proceeded with the First Distribution to HII/Shareco Affected Creditors and Homco 61 Affected Creditors, as further elaborated in the Thirty-Fourth Report / “First Distribution Report”.
13. As further described in the Thirty-Fourth Report / “First Distribution Report”, this First Distribution pertained only to Geneva Shares or, for the Electing Creditors, to the Cash-Out Pool, namely the cash funded by Catalyst.

Distribution to Bond 5 Claim Holders (HMB5)

14. As further described in the Eighteenth Report, on or about October 24, 2012, the Bond 5 Claim Holders had voted in favour of a resolution to approve a Special Supplemental Indenture providing for the release of the security granted in order to secure amounts owing in connection with the Series 5 Mortgage Bonds (also known as HMB5), including the security granted by HII, Shareco, Homco Realty Fund (69) Limited Partnership (“**Homco 69**”) and Homco Realty Fund (70) Limited Partnership (“**Homco 70**”) in consideration *inter alia* of a cash payment of €2.25M (the “**Bond 5 Secured Claim Cash Payment**”) payable upon the implementation of the HII/Shareco Plan. On November 5, 2012, said Special Supplemental Indenture was entered into between Stichting Homburg Bonds as trustee of the Bond 5 Claim Holders, Shareco, HII, Homco 69 and Homco 70.
15. The HII/Shareco Plan provides that the Bond 5 Secured Claim, i.e. the amount of €2.25M representing the Bond 5 Secured Claim Cash Payment, is an Unaffected Claim and is to be paid following PID.
16. On May 12, 2014, the Monitor proceeded with the distribution of the Bond 5 Secured Claim Cash Payment to the Bond 5 Claim Holders, in an amount of €2.25M (representing approximately \$3.5M after conversion), less the applicable deductions for the reimbursement of the Stichting Advances.

Distribution to the Bond 6 Claim Holders (HMB6)

17. The amounts owed to the Bond 6 Claim Holders in connection with the Series 6 Mortgage Bonds (also known as HMB6) were the object of a guarantee from Homco 61. The Bond 6 Claim Holders thus have a Homco 61 Claim entitling them to a distribution under the Homco 61 Plan.
18. The Proven Claim of the Bond 6 Claim Holders under the HII/Shareco Plan is to be established based on the quantum of their Bond 6 HII Claim, less their Bond 6 Homco 61 Recovered Amount, namely their aggregate recovery pursuant to the Homco 61 Plan (the “**Bond 6 HII Deficiency Claim**”). At the time of the First Distribution, the Bond 6 Claim Holders only received a distribution under the Homco 61 Plan and a reserve of shares was created in connection with the estimated potential value of the Bond 6 HII Deficiency Claim under the HII/Shareco Plan.
19. On June 3, 2014, based on a preliminary assessment of the eventual final Bond 6 HII Deficiency Claim, the Monitor made a partial distribution to the Bond 6 Claim Holders under the HII/Shareco Plan. The Bond 6 Claim Holders who elected for the Newco Common Shares Cash-Out Option (i.e. the “Catalyst Option”) received the equivalent portion of their allocated amount from the Cash-Out Pool (funded by Catalyst).
20. Following this distribution to the Bond 6 Claim Holders, the Monitor continues to hold 301,970 Geneva Shares in reserve (out of the 871,218 that were initially held, as indicated in Appendix B of the Thirty-Fourth Report / First Distribution Report). These shares will be held until the final value of the Bond 6 HII Deficiency Claim is known, namely at the time of the Final Distribution under the HII/Shareco Plan and the Homco 61 Plan.

Distribution to the Bond 7 Claim Holders (HMB7)

21. The amounts owed to the Bond 7 Claim Holders in connection with the Series 7 Mortgage Bonds (also known as HMB7) were guaranteed by Homco 88 and secured by a mortgage against the Kai Property, which was sold pursuant to the approval and vesting order rendered by the Court on November 18, 2013.
22. On June 20, 2014, the Court rendered an order authorizing an interim distribution of a portion of the remaining net sale proceeds (the “**Kai Remaining Net Proceeds**”) to the Bond 7 Claim Holders. As further described in the Thirty-Sixth Report, the authorized amount of the interim distribution was approximately \$16.8M (the “**Homco 88/Kai Interim Distribution**”).
23. On July 10, 2014, the Monitor proceeded with the Homco 88/Kai Interim Distribution to the Bond 7 Claim Holders.
24. Following the Homco 88/Kai Interim Distribution, an amount of \$4.4M forming part of the Kai Remaining Net Proceeds continues to be held by the Monitor as a reserve for the Lien Claims, pending a final decision with respect to Stichting Homburg Bonds’ *Amended Motion for the Issuance of an (A) Order Authorizing the Distribution of the Net Proceeds of the Sale of Assets of Homco 88 (Kai Towers) and (B) an Order Authorizing the Interim Distribution of Such Proceeds* dated March 12, 2014 (the “**Bond 7 Motion**”), as further elaborated in such Bond 7 Motion and in the Thirty-Sixth Report. Depending on the decision to be rendered on the Bond 7 Motion, this amount will either be distributed (i) in full to the Bond 7 Claim Holders or (ii) in full or in part to the holders of the Liens Claims, with any balance to be distributed to the Bond 7 Claim Holders.
25. The remainder of the Kai Remaining Net Proceeds in an amount of approximately \$2M representing the then estimated portion of the Stichting Advances to be assumed by the Bond 7

Claim Holders was kept in reserve, as mentioned in the Bond 7 Motion and the Thirty-Sixth Report. Since said time, a portion of such reserve, representing approximately \$1.2M, was paid to HII prior to the Interim Cash Pool Distribution. This amount paid to HII represents the actual portion of the Stichting Advances to be assumed by the Bond 7 Claim Holders pursuant to the HII/Shareco Plan and the orders pertaining to such Stichting Advances. The balance of the amount, namely approximately \$700K, continues to be held by the Monitor and is expected to be distributed to the Bond 7 Claim Holders in due time.

Distribution to the Convenience Class Creditors

26. Pursuant to the HII/Shareco Plan, the Affected Creditors holding a Convenience Class Claim, namely a Proven Claim of \$10,000 or less in the aggregate, are considered to be Convenience Class Creditors.
27. The Convenience Class Creditors could make or be deemed to have made a Convenience Class Claim Election entitling them to receive the Cash Elected Amount, namely a cash amount representing 35% of the amount of their Proven Claim which constitutes a Convenience Class Claim.
28. On August 15, 2014, the Monitor proceeded with a distribution to the Convenience Class Creditors, in an aggregate amount of approximately \$32K, which distribution is the first and final distribution that is being made in connection with the Proven Claims that constitute Convenience Class Claims.

Interim Cash Pool Distribution

29. As further described in the Twenty-Third Report, the Plans provide that the Affected Creditors and the Homco 61 Affected Creditors holding Proven Claims and Homco 61 Proven Claims, respectively, are entitled to receive a dividend coming from three (3) different sources, referred to as (i) the Newco Equity Pool or the Cash-Out Pool, (ii) the Cash Pool and (iii) the Asset Realization Cash Pool. As noted above, the First Distribution that occurred on April 10, 2014 pertained to the Newco Equity Pool (i.e. the Geneba Shares) and the Cash-Out Pool (i.e. the cash funded by Catalyst).
30. The Cash Pool is composed of the cash available to HII at the time of the first cash distribution under the HII/Shareco Plan.
31. On August 15, 2014, in conformity with the Plans, the Monitor proceeded with an interim distribution of the Cash Pool (the “**Interim Cash Pool Distribution**”) to the HII/Shareco Affected Creditors and Homco 61 Affected Creditors. Here are some of the highlights in connection with the Interim Cash Pool Distribution:
 - i. The aggregate amount distributed to Affected Creditors and Homco 61 Affected Creditors (or deposited in the Disputed Claims (Cash) Reserve) out of the Cash Pool, as well as out of HII’s accounts over the course of the proceedings (for the Stichting Advances), is approximately \$38.4M;
 - ii. From this amount, an amount of approximately \$7.4M was deposited in the Disputed Claims (Cash) Reserve, pending the resolution of the Disputed Claims. This Disputed Claims (Cash) Reserve will be distributed to the holders of the Disputed Claims, if their Disputed Claims become Proven Claims, or to the other Affected Creditors with Proven Claims as part of future distributions. The status of the outstanding Disputed Claims is discussed in the section “Resolution of Disputed Claims” hereunder; and
 - iii. As mentioned, the amount of the cash distribution includes the outstanding Stichting Advances made by HII over the course of the CCAA proceedings, which advances were

reimbursed as part of the Interim Cash Pool Distribution, the whole in conformity with the Plans and the orders rendered by the Court on February 15, 2012 and February 7, 2014 concerning such Stichting Advances. As such, the Stichting Advances have been repaid in full at the time of the Interim Cash Pool Distribution. The distributions to the holders of the Mortgage Bond Claims and Corporate Bond Claims were adjusted accordingly, whereas the distributions to the other Affected Creditors and Homco 61 Affected were not impacted.

Future Expected Distributions

32. Future distributions to the Affected Creditors with Proven Claims and Homco 61 Affected Creditors with Homco 61 Proven Claims are expected to take place in the coming months, namely with respect to:
- i. The Asset Realization Cash Pool upon the realization of the Non-Core Business Asset Net Proceeds;
 - ii. The Cash Pool upon the resolution of the pending Disputed Claims; and
 - iii. The Cash-Out Pool (cash funded by Catalyst), to the Electing Creditors, upon the resolution of the Disputed Claims, to the extent that such Disputed Claims do not become Proven Claims. The Affected Creditors and Homco 61 Affected Creditors who are not Electing Creditors will in parallel benefit from the cancellation of shares of Geneva being held in reserve in connection with said Disputed Claims (with the exception of the Taberna Claim, for which the shares held in reserve in connection thereto will not be cancelled, but will rather be distributed in conformity with the Taberna Order, once same is final and executory).

SALE PROCESS OF NON-CORE PROPERTIES

33. The sale process initiated with respect to the non-core properties has been ongoing following PID. Following the disposition of the remaining non-core properties and the realization of HII's interests in same, the proceeds will form part of the Asset Realization Cash Pool for the purpose of being distributed to the creditors in accordance with the Plans.
34. Since PID, the Monitor is responsible to proceed with the orderly liquidation of the Non-Core Business Entities' Assets (namely the remaining Canadian and US properties of the HII Group) and to realize any of the Non-Core Business Assets (namely the interest of HII, as creditor or otherwise, in the Non-Core Business Entities in the context of the disposition of the non-core properties). The Monitor is exercising that role in consultation with the Liquidation Advisory Committee, in conformity with the HII/Shareco Plan. The Liquidation Advisory Committee is composed of Mr. Jan Schöningh (nominated by HII), Mr. Karel De Vries (nominated by SHB) and Mr. Gabriel De Alba (nominated by Catalyst).
35. As described in previous reports, there are two non-core properties that continue to be financed by HSBC, which are the Points North property held by NCLL and the Henderson Farms property held by Homco 121. The loans in connection with these properties were not guaranteed by HII.
36. The status of the sale process of the non-core properties can be summarized as follows:
- i. Cristal Property (Homco 105): The Monitor has agreed on terms regarding the sale of the Cristal Property held by Homco 105, as further elaborated in the Monitor's Thirty-Seventh Report. A Motion for an Authorization and a Vesting Order is scheduled to be presented on

August 21, 2014 and, to the extent the order is obtained, closing is expected to occur by the end of August 2014.

- ii. Points North (NCLL): The property is still being actively marketed however, since the Thirty-Fifth Report, no parties have shown a serious interest in the property. HSBC is being kept informed on a regular basis regarding the ongoing sale process.
- iii. Colorado Springs Properties (HHUS): Following the Thirty-Fifth Report, HHUS entered into a Purchase and Sale Agreement for its four remaining properties, located in Colorado Springs, but the potential purchaser subsequently terminated the Agreement. A revised conditional offer to acquire the four Colorado Springs Properties was submitted by the same potential purchaser and the Liquidation Advisory Committee gave its approval to the transaction proposed by said offer, which remains conditional upon ongoing due diligence.
- iv. Homburg Springs East (Homco 52) and Homburg Springs West (Homco 94): The marketing and sale process of the properties referred to as Homburg Springs West (Homco 94) and Homburg Springs East (Homco 52) (this latter property is fully secured in favor of the Bond 4 Claim Holders), has been continuing. The Liquidation Advisory Committee and/or Stichting Homburg Bonds (in the case of Homburg Springs East) will be consulted once serious offers are received by the Monitor.
- v. Henderson Farms (Homco 121): As reported in previous Monitor's reports, the HII Group has no economic interest therein. The Monitor understands that HSBC is continuing to assess its options regarding this property.

BANKRUPTCY OF NON-CORE BUSINESS ENTITIES

37. Following the assignment in bankruptcy of Castello on April 10, 2014, and as described in the Thirty-Fifth Report, the trustee made a partial distribution of approximately \$1.7M to HII (as unsecured creditor). This amount formed part of the Cash Pool for the purpose of the Interim Cash Pool Distribution.
38. As mentioned in prior reports, Inverness was assigned into bankruptcy and the trustee made a final distribution to the unsecured creditors on July 16, 2014, allowing HII to receive an amount of approximately \$374K. This amount formed part of the Cash Pool for the purpose of the Interim Cash Pool Distribution.
39. CP filed for bankruptcy on July 24, 2014. On August 13, 2014, the trustee of CP made a partial distribution of approximately \$10.2M to HII (as unsecured creditor). This amount formed part of the Cash Pool for the purpose of the Interim Cash Pool Distribution. Any upcoming distribution to HII will form part of the Asset Realization Cash Pool.
40. On or about July 17, 2014, as part of the settlement with the HCI Group that was approved by the Court on June 4, 2014, Homco 83 transferred its sole remaining condominium to an entity of the HCI Group. Furthermore, on July 24, 2014, Homco 83 filed an assignment in bankruptcy. Prior to its assignment in bankruptcy, Homco 83 had reached an agreement with the condominium corporation, the only creditor (other than HII) who had filed a claim a part of the claims process. The settlement essentially provided for a partial payment of the claim (as revised), on a pro rata basis based on the available cash of Homco 83 and the respective claims of the condominium corporation and HII. Following said settlement, on July 22, 2014, a payment of approximately \$2.7M was made to HII in partial repayment of its claim, which amount formed part of the Cash Pool for the purpose of the Interim Cash Pool Distribution. An amount of approximately \$46K is

left in the estate to cover any contingent claims and bankruptcy fees. Any upcoming distribution to HII will form part of the Asset Realization Cash Pool.

41. The transfer of the sole remaining condominium of Churchill is in the process of being completed to an entity of the HCI Group, in conformity with the settlement with the HCI Group that was approved by the Court on June 4, 2014. A decision with respect to the filing into bankruptcy will be made thereafter. As unsecured creditor, the expected recovery of HII is estimated to be approximately \$737K. This recovery will form part of the Asset Realization Cash Pool.
42. The HII Group and the Monitor will continue to assess the proper course of action with respect to the remaining Non-Core Business Entities, including potential bankruptcy filing or winding-up, and will consult the Liquidation Advisory Committee and keep it apprised of such course of action, as required.

RESOLUTION OF DISPUTED CLAIMS

43. The Monitor and its counsel are working closely with HII and its counsel in resolving the outstanding Disputed Claims. The pending Disputed Claims as at the time of the First Distribution are listed and described in Appendix B of the Thirty-Fourth Report / First Distribution Report.
44. The status of the pending Disputed Claims as of the date of this Thirty-Eight Report can be summarized as follows:
 - i. Taberna Claim: On June 30, 2014, following a three-day hearing that took place from June 10 to June 12, 2014, the Court rendered an order concluding that the Taberna Claim is subordinated to the full and final payment of the “Senior Debt”, namely the Corporate Bond Claims and the Mortgage Bond Claims. Accordingly, the judgment orders that any distribution to be made in connection with the Taberna Claim under the HII/Shareco Plan be made to the holders of the “Senior Debt”. On July 21, 2014, the holders of the Taberna Claim filed a Motion for Leave to Appeal of said judgment, which motion is scheduled to be heard by a judge of the Court of Appeal on September 11, 2014.
 - ii. Valbonne / Homco 68 Claims: Counsel for HII has been in communications with the Canadian counsel for the Dutch trustee of Valbonne in connection with a potential settlement of these Disputed Claims, which are interrelated. To the extent that no settlement occurs by the beginning of September, the Monitor intends to bring this matter before the Court for resolution.
 - iii. Stichting Homburg Bonds and Stichting Homburg Capital Securities’ Claims (pre- and post-December 3rd fees): On March 17, 2014, following a three-day hearing that took place from February 5 to February 7, 2014, the Court rendered an order confirming the disallowance of these Claims. Stichting Homburg Bonds had filed a Motion for Leave to Appeal of said judgment, but, on June 13, 2014, such Motion for Leave to Appeal was withdrawn, meaning that these are no longer Disputed Claims necessitating reserves to be held by the Monitor. The Geneva Shares which were held in reserve in connection with this Disputed Claim (417,352 shares) were cancelled and the Cash-Out Pool will be adjusted accordingly.
 - iv. HMCI Claim: As indicated in Appendix B to the Thirty-Fourth Report / First Distribution Report, following the execution of the Plan Transactions in conformity the HII/Shareco Plan and the HII/Shareco Sanction Order, this claim no longer exists, due to legal compensation that has occurred. As such, this is not a Disputed Claim necessitating reserves to be held by the Monitor. The Geneva Shares which were held in reserve in connection with this

Disputed Claim (366,191 shares) were cancelled and the Cash-Out Pool will be adjusted accordingly.

- v. Unsecured Portion of the Bond 4 Claim Holders' Claim: As indicated in Appendix B to the Thirty-Fourth Report / First Distribution Report and as provided by the HII/Shareco Plan, a portion of such claim constitutes a Disputed Claim since the quantum of the Mortgage Bond Trust Indenture Unsecured Claim which entitles the Bond 4 Claim Holders to a distribution under the HII/Shareco Plan is not known (i.e. the allocation of the secured and the unsecured portion of the Bond 4 Claim can only be finally determined following the sale of the Homburg Springs East property and the ensuing distribution of the proceeds). When the Homburg Springs East property will be sold, the final determination of the secured and unsecured portion of the Bond 4 Claim will be determined.
- vi. Bond 6 HII Deficiency Claim: As explained in the above subsection on Distribution to the Bond 6 Claim Holders, the final value of the Bond 6 HII Deficiency Claim will only be known at the time of the Final Distribution under the HII/Shareco Plan and the Homco 61 Plan. In the meantime, as provided by the HII/Shareco Plan, a portion of the Bond 6 HII Deficiency Claim constitutes a Disputed Claim.
- vii. Unsecured Portion of the Bond 7 Claim Holders' Claim: As further elaborated in the Thirty-Sixth Report and referred to in the above subsection on Distribution to the Bond 7 Claim Holders, the Bond 7 Motion is pending and will determine the respective rights of the Bond 7 Claim Holders and the holders of the Lien Claims with respect to the balance of the Kai Remaining Proceeds. A hearing with regard to the Bond 7 Motion is expected to occur in the fall of 2014. In the meantime, as provided by the HII/Shareco Plan, a portion of the Bond 7 Claim constitutes a Disputed Claim since the final quantum of the Mortgage Bond Trust Indenture Unsecured Claim which entitles the Bond 7 Claim Holders to a distribution under the HII/Shareco Plan is not known (i.e. the allocation of the secured and the unsecured portion of the Bond 7 Claim can only be finally determined upon the final distribution of the Kai Remaining Net Proceeds).

45. Shares and cash are being held in reserve by the Monitor in connection with the pending Disputed Claims, in conformity with the Plans.

PUT RIGHT IN RESPECT OF THE GENEBA SHARES

- 46. As described in the Twenty-Third Report, the HII/Shareco Plan provides for a Put Right entitling each holder of Geneba Shares (i.e. the Affected Creditors with Proven Claims who are not Electing Creditors) to sell to Catalyst all or part of its Geneba Shares for an amount equal to $66\frac{2}{3}\%$ of the Newco Common Shares Cash-Out Price (i.e. $66\frac{2}{3}\%$ of the amount offered by Catalyst to the Electing Creditors under the HII/Shareco Plan), as determined by Geneba's supervisory board and the Monitor. This Put Right price was set at €2.40 per share.
- 47. The Put Right is only applicable during the Newco Common Shares Put Right Period, namely a period of 90 days which was originally provided to start 90 days following PID. Pursuant to the Fifth Joint Amended and Restated Plan of Compromise and Reorganization (HII/Shareco) filed by HII on or about June 30, 2014, the Newco Common Shares Put Right Period started on July 7, 2014 and will continue up to and including the date that is 90 days following such date.

II. UPDATE ON THE COMPLETION OF THE SETTLEMENT WITH THE HCI GROUP

48. On June 4, 2014, the Court approved a settlement between the HII Group and the HCI Group (the “**HCI Settlement Agreement**”) as well as certain amendments to the Purchase Agreement entered between the HII Group and the HCI Group on November 17, 2011 and approved by the Court on January 12, 2012. As described in the Debtors’ Motion for Approval of a Settlement Agreement and Ancillary Orders dated May 29, 2014, the HCI Settlement Agreement provides for, *inter alia*:
- i. Transfer by HCI to HII of the amount of US\$2.3M;
 - ii. Transfer of the Condominiums to entities designated by HCI, as contemplated under the Purchase Agreement;
 - iii. Release to the HCI Group of the amount deposited by the HCI Group and held in trust in connection with the “Churchill Condominium”, with an amount of approximately \$254.8K transferred upon closing and the remaining \$100K transferred at the expiry of the Stay Period and after the Closing;
 - iv. Cooperation of the HCI Group in certain matters relating to Homburg L.P. Management Inc.;
 - v. The HII Group to use commercially reasonable best efforts to transfer certain water rights units registered in the name of NCLL to Homco 121, subject to certain conditions; and
 - vi. A worldwide full and final mutual release with respect to the diversion litigation, the water rights units and any obligation of the HII Group to the HCI Group in respect of the guarantee given by HCI to the lender having security on the land held by Homco 121 (Henderson Farms);
49. As of the date of this Thirty-Eight Report, all of the pending litigation between the parties, namely the ongoing proceedings in Halifax, Barbados and Colorado, have been formally settled in conformity with the HCI Settlement Agreement. On or about June 16, 2014, HII received the amount of US\$2.3M. Following the receipt of such amount, the amount of \$254.8K out of the \$354.8K deposit being held by Norton Rose LLP in respect of the Churchill Condominium was released to the HCI Group, with the remaining \$100.0K continuing to be held in trust.
50. As indicated above, the transfer of the Northumberland Condominium (held by Homco 83) has been completed and the transfer of the Churchill Condominium is to be completed in the coming days.
51. As for the conditional transfer of certain water rights, it remains to be completed, as the case may be, and may require a further order of the Court in due time.

III. DEBTORS’ CASH FLOWS

52. The purpose of this section is as follows:
- i. Provide budget to actual analysis highlights by Debtor for the period from April 13 to July 31, 2014; and
 - ii. Provide explanations or comments on the variances by Debtor.

OVERVIEW

53. The following table provides an overview of the allocated opening cash balances, the allocated closing cash balances, and the cash variations by Debtor for the period from April 13 to July 31, 2014:

Cash variation for the period from April 13 to July 31, 2014 (C\$000)						
Petitioner	Opening cash balance	Total variation in cash balance	Subtotal	Surplus (funding) between HII and its Non-Petitioners (Note 1)	Funded by Administrative Reserve (Note 2)	Adjusted ending cash balance
1810040 Alberta Ltd.	421	(5,082)	(4,661)	72	4,861	272
Churchill Estates Development Ltd.	828	(16)	812	-	-	812
CP Development Ltd.	2	(2)	-	-	-	-
North Calgary Land Ltd.	-	(13)	(13)	-	13	-
HMCI	42	-	42	-	-	42
Total	1,293	(5,113)	(3,820)	72	4,874	1,126

Note 1: This amount represents an amount received on behalf of a Non-Petitioner and which was reimbursed following July 31, 2014.

Note 2: The balance of the Administrative Reserve as at July 31st 2014 was \$10,222K.

54. For the budget to actual cash flow forecast analysis of HII, Churchill, CP, NCLL and HMCI for the period from April 13 to July 31, 2014, and commentary in respect of the analysis performed, please refer to Appendix B of this Thirty-Eighth Report.

55. 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 or the Administrative Reserve, as the case may be.

56. As part of the Plan Transactions completed in the context of the implementation of the HII/Shareco Plan, HII transferred most of its available cash into the Monitor's trust accounts. Following PID, HII submits a weekly request to the Monitor which transfers sufficient funds to cover the appropriate and approved post-filing expenses for the following week.

HII

57. Total cash inflows for HII were \$744.6K for the period noted, while total cash outflows were \$5,826.4K, which resulted in a negative net cash variation of \$5,081.8K compared to a budgeted negative net cash variation of \$4,204.6K. This negative variance of \$877.2K is mainly due to:

- i. larger than budgeted professional fees by \$1,592.8K. This unfavorable variance is due principally to unbudgeted payments of invoices for professionals related to the Baltics transactions completed as part of PID, and to timing;
- ii. office and administration costs of \$71.8K;
- iii. other expenditures of \$73.2K;
- iv. the whole being partially offset by unbudgeted HST receipts of \$535.1K and VAT refunds from the fees paid as part of Stichting Advances of \$209.5K.

58. As at July 31, 2014 there are accrued professional fees, relating to the period ending July 31, 2014 but which have not been paid, totaling approximately \$3,700K. Given that these amounts were not paid within the period noted, they are reflected as an adjustment to the cash outflows shown in Appendix C.

Churchill

59. Total cash inflows for Churchill were nil for the period noted, while total cash outflows were \$16.1K, which resulted in a negative net cash variation of \$16.1K compared to a budgeted negative net cash variation of \$24.5K. This positive variance of \$8.4K is mainly due to the timing of the payment of condo fees.

CP

60. Total cash inflows for CP were nil for the period noted, while the total cash outflows were \$2.3K, which resulted in a negative net cash variation of \$2.3K compared to a budgeted net cash variation of nil. This variance is mainly due to funds held by CP of \$2.2K which are currently in the process of being transferred to CP's trustee in bankruptcy.

NCLL

61. Total cash inflows for NCLL were nil for the period noted, while the total cash outflows were \$13.3K, which resulted in a negative net cash variation of \$13.3K compared to a budgeted net cash variation of nil. The negative variance is mainly due to the payment of unbudgeted taxes and professional fees.

HMCI

62. For the period noted, total cash inflows and outflows were nil, as budgeted.

Cash budgeting

63. Since the Thirty-Fifth Report, the Debtors, with the support of the Monitor, have continued to perform budget to actual analysis for the Debtors on a weekly basis.

IV. ACTIVITIES OF THE MONITOR

64. This section summarizes other activities of the Monitor which are not specifically addressed in the previous sections.

CASH FLOW MONITORING

65. On a monthly basis, the Monitor has continued to analyze the Debtors' cash flows. As explained in the previous section of this Thirty-Eighth Report, a budget to actual cash flow analysis of the Debtors, for the period from April 13 to July 31, 2014 has been prepared together with commentary of cash variances, as presented in Appendix B of this Thirty-Eighth Report.

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

67. 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.

NOTIFYING AND REPORTING DUTIES PERFORMED BY THE MONITOR

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

COMMUNICATIONS WITH AFFECTED CREDITORS AND HOMCO 61 AFFECTED CREDITORS AND WITH GENEBA

Communications with creditors

69. As explained previously, the Monitor has made available a toll free number (related to a call center) and a mail box in order to assist in communications with Affected Creditors and Homco 61 Affected Creditors.
70. Following PID, the First Distribution and the subsequent distributions which have been made, the Monitor has received a large number of phone calls and emails from Affected Creditors and Homco 61 Affected Creditors. The Monitor has responded and continues to respond to each query in a timely manner.
71. As part of each distribution made under the Plans (as further detailed above), each Affected Creditor and Homco 61 Affected Creditor received a personalized letter explaining the distribution to which it was entitled and that it received or should have received.
72. The distributions to most of the creditors, namely all holders of Mortgage Bond Claims and Corporate Bond Claims, are made by way of wire transfers based on the banking information included in the Letters of Instructions submitted to the Monitor. The bondholders who did not provide a Letter of Instructions or for which the banking details provided were incomplete or erroneous, the Monitor is pursuing its efforts to contact them in order to proceed with the distributions to which they are entitled. These bondholders represent a nominal number of the total bondholders, both in number and in value.

Communications with Geneba

73. At the beginning of July 2014, the Monitor was made aware that Geneba had publicly released an Admission Memorandum (a 195-page document) together with an explanation letter (the "**Explanation Letter**") purporting to summarize same for the benefit of Geneba's shareholders.
74. As the timing of such disclosure coincided with the end of the Newco Common Shares Standstill Period provided by the HII/Shareco Plan during which there could be no trades of Geneba Shares, all of the Geneba shareholders at such time were effectively still the Affected Creditors and Homco 61 Affected Creditors who were not Electing Creditors. The timing of this disclosure also coincided with the beginning of the Newco Common Shares Put Right Period during which shareholders were to make an investment decision relative to their shareholding in Geneba, thus potentially impacting their overall recovery.
75. The Explanation Letter referred *inter alia* to a book value per Geneba Share as at December 31, 2013, namely prior to the implementation of the HII/Shareco Plan and the closing of the transactions with the Core Business Creditors (which only became Geneba's creditors after the closing of such transactions). While the Admission Memorandum expressly indicated that this value was not representative of the current financial position of Geneba, the Explanation Letter did not include any mention to that effect.
76. In this context, the Monitor advised Geneba that, in its view, the Explanation Letter should be corrected and supplemented as it could influence the decision of certain Non-Electing Creditors, now shareholders of Geneba, to exercise their Put Right under the Plan.

77. Following such communication by the Monitor, Geneba disclosed a supplemental Explanation Letter highlighting the fact that the book value per Geneba Share included in the original Explanation Letter was based on December 31, 2013 figures and could differ in light of subsequent events, including those implemented on the Plan Implementation Date. This supplemental Explanation Letter also reiterated that half-year results, namely as at June 30, 2014, would be disclosed at the end of August 2014. Although HII and the Monitor have no control over Geneba's decisions or disclosures arising after the Plan Implementation Date, the Monitor continues to be in communication with Geneba in order to monitor and understand the current and future disclosures by Geneba, especially inasmuch as such may potentially influence the decision by Affected Creditors and Homco 61 Affected Creditors to exercise or not the Put Right before the expiry of the Newco Common Shares Put Right Period which will end at the beginning of October 2014.

V. EXTENSION OF THE STAY PERIOD

OVERVIEW

78. Pursuant to the Twentieth Extension Order, the Stay Period was extended up to and including August 29, 2014.
79. The Debtors' Motion is seeking a twenty-first extension of the Stay Period until February 28, 2015 (the "**Twenty-First Extension Period**"). This extension will allow, amongst other things, to:
- i. Advance the sale process of the non-core assets;
 - ii. Advance the resolution of the outstanding Disputed Claims;
 - iii. Continue to keep informed the creditors and the other stakeholders, as well as the tax authorities and regulators, and answer to their enquiries; and
 - iv. Proceed with subsequent distributions pursuant to the Plans.
80. It is the Monitor's view that it is in the best interests of the stakeholders to provide the HII Parties with the Twenty-First Extension Period in order to ensure that the HII Parties and the Monitor continue their progress towards finalizing the remaining steps provided by the Plans.

EXTENDED 6-MONTH CASH FLOW FORECASTS

81. The Debtors, with the support of the Monitor, prepared new cash flow forecasts for the Twenty-First Extension Period, adjusting the projected cash flows for the period ending on February 28, 2015, namely the end of the Twenty-First Extension Period.
82. The extended 6-month cash flow forecasts for 180040 Alberta Inc, Churchill, NCLL and HMCI, as well as additional commentary identifying the primary assumptions, are attached as Appendix C.
83. Presented in the table below is a summary of the forecasted cash variations for each of the Debtors:

Extension - 6-month period ending February 28, 2015					
(C\$000)	Opening cash balance as at August 1, 2014 (Appendix C)	Forecasted cash variation for the 1-month period (Appendix C)	Forecasted opening cash balance as at September 1, 2014 (Appendix C)	Forecasted cash variation for the 6-month period (Appendix C)	Forecasted closing cash balance as at February 28, 2015
1810040 Alberta Ltd.	272	(4,460)	(4,188)	(1,741)	(5,929)
Churchill Estates Development Ltd.	812	(812)	-	-	-
NCLL	-	-	-	-	-
HMCI	42	-	42	-	42
Total	<u>1,126</u>	<u>(5,272)</u>	<u>(4,146)</u>	<u>(1,741)</u>	<u>(5,887)</u>

HII

84. Payroll is expected to decrease in the Twenty-First Extension Period to reflect the third round of layoffs following PID.
85. No rent expense is expected past the end of September 2014 as there are not expected to be sufficient remaining staff on hand to warrant the need for office space, following the projected third round of employee layoffs. Please refer to Appendix C for further clarification.
86. Professional fees in connection with the restructuring of the HII Group are expected to fluctuate throughout the Twenty-First Extension Period, to follow the amount of work required to complete the remaining steps of the restructuring and proceed with further distributions. As previously noted, the accrued and unpaid professional fees outstanding as at July 31, 2014, in the amount of \$3,700K, were added to the estimated professional fees for the month of August 2014, which is \$700K.
87. Office and administrative fees are expected to remain constant and subsequently be eliminated following the third round of layoffs.
88. At the time of this Thirty-Eighth Report, there is nothing that would lead the Monitor to believe that HII will need additional financing to meet its current obligations during the Twenty-First Extension Period, as operational expenses will be funded through the Administrative Reserve Account which is controlled by the Monitor.

Churchill

89. The Monitor does not anticipate any cash inflows pertaining to Churchill during the Twenty-First Extension Period.
90. At the time of this Thirty-Eighth Report, there is nothing that would lead the Monitor to believe that Churchill will need additional financing to meet its current obligations during the Twenty-First Extension Period.

NCLL

91. The Monitor does not anticipate any cash inflows or outflows pertaining to NCLL during the Twenty-First Extension Period.
92. At the time of this Thirty-Eighth Report, there is nothing that would lead the Monitor to believe that NCLL will need additional financing to meet its current obligations during the Twenty-First Extension Period.

HMCI

93. The Monitor does not anticipate any cash inflows or outflows pertaining to HMCI during the Twenty-First Extension Period.
94. At the time of this Thirty-Eighth Report, there is nothing that would lead the Monitor to believe that HMCI will need additional financing to meet its current obligations during the Twenty-First Extension Period.

VI. POSITION OF THE VARIOUS CASH RESERVES

95. The following table presents an overview of the current outstanding balance in the Cash Pool and the various Cash Reserves accounts held by the Monitor pursuant to the HII/Shareco Plan, following the Interim Cash Pool Distribution that took place on August 15, 2014:

Summary of the Outstanding Balances in the Cash Pool and the Cash Reserves (C\$000)	
Trust Account	20-Aug-14
Cash Pool (Note 1)	5,593
Administrative Reserve	6,020
Litigation Reserve	501
Disputed Claims Reserves	7,365

Summary of the Outstanding Balances in the Cash Pool and the Cash Reserves (€000)	
Trust Account	20-Aug-14
Administrative Reserve	1,075

Note 1: Cash-Pool Account is composed of \$1,160K, representing amounts transferred to bondholders who did not provide accurate banking data and \$4,433K representing cheques which have not yet cleared the bank.

Note 2: The Monitor also holds other trust accounts, with regard to Homco 88 and Homco 105, representing an aggregate amount of approximately \$6.5M.

VII. CONCLUSIONS AND RECOMMENDATIONS

96. It is the Monitor's view that the HII Parties have acted in good faith and with due diligence in accordance with the CCAA and the Initial Order and the subsequent orders rendered by the Court.
97. It is the Monitor's opinion that, for the reasons further elaborated in this Thirty-Eighth Report, the Twenty-First Extension, up to February 28, 2015, should be granted to the HII Parties in order to allow the Monitor and the HII Parties to pursue their efforts towards completing the remaining steps provided by the Plans and proceed with the subsequent distributions.
98. The Monitor respectfully submits this Thirty-Eighth Report to the Court.

DATED AT MONTREAL, this 20th day of August 2014.



Pierre Laporte, CPA, CA, CIRP
President

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

APPENDIX A

THE ENTITIES Mis-en-Cause

HOMCO REALTY FUND (52) LIMITED PARTNERSHIP
HOMCO REALTY FUND (61) 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 (96) LIMITED PARTNERSHIP
HOMCO REALTY FUND (105) LIMITED PARTNERSHIP
HOMCO REALTY FUND (121) LIMITED PARTNERSHIP

APPENDIX B

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

1810040 Alberta Ltd.
Budget to Actual Cash Flow
 Unaudited - Based on discussions with the company's Management
 (C\$000)

	For the 16-week period of April 13 to July 31, 2014		
	Actual	Budget	Variance
Cash inflows			
Other receipts	744.6	-	744.6
Total cash inflows	744.6	-	744.6
Cash outflows			
Payroll	634.5	702.8	68.3
Rent expense	7.3	55.0	47.7
Restructuring related professional fees	4,863.8	3,271.0	(1,592.8)
Office & admin	128.8	57.0	(71.8)
Other expenditures	192.0	118.8	(73.2)
Total cash outflows	5,826.4	4,204.6	(1,621.8)
Opening cash balance	420.8	420.8	-
Adjustment to opening balance	-	-	-
Variation in cash balance	(5,081.8)	(4,204.6)	(877.2)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	(4,661.0)	(3,783.8)	(877.2)
Deficit funded by Monitor's trust account	4,860.9	3,783.8	1,077.1
Surplus (funding) between HII and its non-Petitioners	72.3	-	72.3
Adjusted ending cash balance	272.2	-	272.2

HII budget to actual commentaries

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

Ending cash balance

- The adjustment to the ending negative cash balance of \$4,860.9K reflects the funding received from the Monitor's trust account. As outlined in paragraph 70 of the Thirty-Fifth Report, at PID all HII cash was transferred to trust accounts controlled by the Monitor and accordingly, HII now submits funding requests to the Monitor. These funding requests are reviewed by the Monitor and funds are then transferred to HII to allow for the payment of post-PID expenses.

Inflows

- Other receipts were \$744.6K compared to a budgeted amount of nil, resulting in a favorable variance of \$744.6K. The favorable variance is mainly due to unbudgeted HST receipts for \$535.1K and VAT reimbursement from the Stichting fees of \$209.5K.

Outflows

- Payroll was \$634.5K compared to a budgeted amount of \$702.8K, resulting in a favorable variance of \$68.3K. This favorable variance is mainly due to timing.
- Rent expense was \$7.3K compared to a budgeted amount of \$55.0K, resulting in a favorable variance of \$47.7K. This favorable variance is due to the cancellation of the Montréal rent obligation earlier than budgeted and actual rent costs being less than Management's expectation.
- Restructuring related professional fees were \$4,863.8K compared to a budgeted amount of \$3,271.0K, resulting in an unfavorable variance of \$1,592.8K. This unfavorable variance is due to unbudgeted payments of invoices for professionals which advised SEB during the restructuring for approximately \$700K. The remaining variance is mainly due to timing as a large number of invoices covering prior periods were paid during the period noted.
- Office and admin expenses were \$128.8K compared to a budgeted amount of \$57.0K, resulting in an unfavorable variance of \$71.8K. This unfavorable variance is mainly due to the payment of unbudgeted office and admin costs, such as travel expenses and taxes of approximately \$36.0K. The remainder of the variance is due to larger than expected office and admin expenses.
- Other expenditures were \$192.0K compared to a budgeted amount of \$118.8K, resulting in an unfavorable variance of \$73.2K. This unfavorable variance is mainly due to the unbudgeted payment of directors and officers insurance of \$192.0K which was offset by the Geneba recharge fees of \$118.8K that were not paid during the period noted.
- In accordance with the Court Order dated February 17, 2012 and February 7, 2014, 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 incurred since December 3, 2011 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, which will be offset against any dividend payable to Stichting from HII (see table on next page):

Stichting Homburg invoice list				
Invoice	Date Range	Amount Per		Amount in \$
		Invoice		
INVOICE nr 3.2012	Dec. 5, 2011 - Dec. 31, 2011	\$ 239,128	\$	239,128
INVOICE nr 4.2012	Jan 1, 2012 - Jan. 31, 2012	\$ 265,486	\$	265,486
INVOICE nr 5.2012	Feb 1, 2012 - Feb. 29, 2012	\$ 248,270	\$	248,270
INVOICE nr 6.2012	Mar 1, 2012 - Mar 31, 2012	\$ 235,752	\$	235,752
INVOICE nr 7.2012	Mar 1, 2012 - Mar 31, 2012	\$ 13,612	\$	13,612
INVOICE nr 8.2012	Apr 1, 2012 - Apr 30, 2012	\$ 245,167	\$	245,167
INVOICE nr 9.2012	Apr 1, 2012 - Apr 30, 2012	€ 53,536	\$	69,281
INVOICE nr 10.2012	May 1, 2012- May 31, 2012	\$ 218,794	\$	218,794
INVOICE nr 11.2012	May 1, 2012- May 31, 2012	€ 45,058	\$	56,445
INVOICE nr 12.2012	June 1, 2012- June 30, 2012	\$ 261,074	\$	261,074
INVOICE nr 13.2012	June 1, 2012- June 30, 2012	€ 1,712	\$	2,112
INVOICE nr 15.2012	July 1, 2012 - July 31, 2012	\$ 273,252	\$	273,252
INVOICE nr 16.2012	July 1, 2012 - July 31, 2012	€ 19	\$	23
INVOICE nr 17.2012	Aug 1, 2012 - Aug 31, 2012	\$ 226,459	\$	226,459
INVOICE nr 19.2012	Sept 1, 2012 - Sept 30, 2012	\$ 296,400	\$	296,400
INVOICE nr 21.2012	Oct 1, 2012 - Oct 31, 2012	\$ 567,214	\$	567,214
INVOICE nr 23.2012	Nov 1, 2012 - Nov 30, 2012	\$ 515,486	\$	515,486
INVOICE nr 25.2012	Dec 1, 2012 - Dec 31, 2012	\$ 357,005	\$	357,005
INVOICE nr 26.2013	Jan 1, 2013 - Jan 31, 2013	\$ 444,643	\$	444,643
INVOICE nr 28.2013	Feb 1, 2013 - Feb 28, 2013	\$ 702,612	\$	702,612
INVOICE nr 30.2013	Mar 1, 2013 - Mar 31, 2013	\$ 538,339	\$	538,339
INVOICE nr 32.2013	Apr 1, 2013 - Apr 30, 2013	\$ 604,713	\$	604,713
INVOICE nr 34.2013	May 1, 2013 - May 31, 2013	\$ 593,466	\$	593,466
INVOICE nr 36.2013	June 1, 2013 - June 30, 2013	\$ 249,762	\$	249,762
INVOICE nr 38.2013	July 1, 2013 - July 31, 2013	\$ 185,942	\$	185,942
INVOICE nr 40.2013	Aug 1, 2013 - Aug 31, 2013	\$ 271,064	\$	271,064
INVOICE nr 42.2013	Sept 1, 2013 - Sept 30, 2013	\$ 279,299	\$	279,299
INVOICE nr 44.2013	Oct 1, 2013 - Oct 31, 2013	\$ 219,944	\$	219,944
INVOICE nr 46.2013	Nov 1, 2013 - Nov 30, 2013	\$ 181,046	\$	181,046
INVOICE nr 48.2013	July 11, 2013 - Oct 31, 2013	\$ 79,326	\$	79,326
INVOICE nr 49.2013	Dec 1, 2013 - Dec 31, 2013	\$ 160,456	\$	160,456
INVOICE nr 51.2014	Jan 1, 2014 - Jan 31, 2014	\$ 199,448	\$	199,448
INVOICE nr 53.2014	Feb 1, 2014 - Feb 28, 2014	\$ 220,613	\$	220,613
INVOICE nr 55.2014	Mar 1, 2014 - Mar 14, 2014	\$ 87,323	\$	87,323
INVOICE nr 57.2014	Mar 15, 2014 - Mar 31, 2014	\$ 112,092	\$	112,092
INVOICE nr 59.2014	April 1, 2014 - April 30, 2014	\$ 164,803	\$	164,803
INVOICE nr 61.2014	May 1, 2014 - May 31, 2014	\$ 104,369	\$	104,369
INVOICE nr 62.2014	June 1, 2014 - June 30, 2014	\$ 240,526	\$	240,526
VAT Refund ¹	Invoices 3, 4 & 5	€ (70,352)	\$	(86,667)
VAT Refund ¹	Invoices 6, 8 & 10	€ (59,975)	\$	(74,993)
VAT Refund ²	Invoices 7, 9 & 11	€ (13,800)	\$	(17,256)
VAT Refund ¹	Invoices 12, 15 & 17	€ (54,455)	\$	(70,536)
VAT Refund ²	Invoices 13 & 16	€ (3)	\$	(4)
VAT Refund ²	Invoices 19 & 21	€ (73,072)	\$	(98,969)
VAT Refund ³	Invoices 23 & 25	€ (40,046)	\$	(54,238)
VAT Refund ⁴	Invoices 21, 23, 25, 26 & 28	€ (120,803)	\$	(161,115)
VAT Refund ⁵	Invoices 30, 32, 34 & 36	€ (127,837)	\$	(176,338)
VAT Refund ⁶	Invoices 36, 38 & 40	€ (58,686)	\$	(82,583)
VAT Refund ⁷	Invoice 23	€ (6,175)	\$	(9,187)
VAT Refund ⁸	Invoices 42, 44, 46 & 48	€ (57,272)	\$	(85,971)
VAT Refund ⁹	Invoices 49, 51, 53 & 55	€ (54,611)	\$	(82,665)
Total (Converted on date paid)			\$	8,730,224
Note 1: VAT refunds were received for Invoices 3, 4, 5, 6, 8, 10, 12, 15 and 17 as no EU VAT was applicable.				
Note 2: Invoices 7, 9, 11, 13, 16, 19 and 21 were revised as some of the fees charged were not related specifically to the settlement agreement. The fees excluded were related to services rendered at the request of HII in relation with bondholders meetings.				
Note 3: A portion of the VAT refunds were received for Invoices 23 & 25.				
Note 4: Additional portions of VAT refunds for Invoices 21, 23 and 25 were received. In addition, VAT refunds were received related to Invoices 26 & 28.				
Note 5: VAT refunds for Invoices 30, 32, 34 and 36 were received.				
Note 6: The remaining VAT refund for Invoice 36 was received, as well as VAT refunds for Invoices 38 and 40.				
Note 7: An additional VAT refund for Invoice 23 was received.				
Note 8: VAT refunds for Invoices 42, 44 and 46 were received, as well as a portion of the VAT refund for Invoice 48.				
Note 9: VAT refunds for Invoices 49, 51, 53 and 55 were received.				

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 16-week period of April 13 to July 31, 2014		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows			
Commissions	-	-	-
Advertising	-	-	-
R&M	-	-	-
Property tax	5.7	-	(5.7)
Professional fees	-	-	-
Insurance	-	-	-
Mortgage principal	-	-	-
Mortgage interest	-	-	-
Office & admin	-	-	-
Condo fees	10.4	18.5	8.1
GST remitted	-	-	-
Other expenditure	-	6.0	6.0
	16.1	24.5	8.4
Opening cash balance	828.2	800.4	27.8
Variation in cash balance	(16.1)	(24.5)	8.4
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	812.1	775.9	36.2

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-Outflows

- No inflows occurred during the period in Churchill as budgeted.
- Total cash outflows for the period were \$16.1K compared to a budgeted amount of \$24.5K, resulting in a favorable variance of \$8.4K. This favorable variance is mainly due to timing related to the payment of condo fees.

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 16-week period of April 13 to July 24, 2014		
	Actual	Budget	Variance
Cash inflows	-	-	-
Total cash inflows	-	-	-
Cash outflows	2.3	-	(2.3)
Total cash outflows	<u>2.3</u>	-	<u>(2.3)</u>
Opening cash balance	2.3	2.3	-
Adjustment to opening balance	-	-	-
Variation in cash balance	(2.3)	-	(2.3)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>-</u>	<u>2.3</u>	<u>(2.3)</u>

CP budget to actual commentaries

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

Inflows-Outflows

- No significant transactions occurred during the period in CP Development Ltd.
- Of the cash outflows presented, \$2.2K represents funds that are in transit to the trustee in bankruptcy following CP's bankruptcy on July 24, 2014.
- As at July 24, 2014 the Monitor held, in the CP trust account, an amount \$10,920.1K. Since, an amount of approximately \$8K was received and approximately \$10,778K was transferred to the trustee following CP's bankruptcy assignment and a \$150K was transferred to Osler's trust account as a reserve for post-filing expenses due by CP during the post-filing CCAA period.

North Calgary Land Ltd.

The following is the budget to actual cash flow analysis for North Calgary Land Ltd. for the period noted:

	For the 16-week period of April 13 to July 31, 2014		
	Actual	Budget	Variance
Cash inflows			
Other receipts	-	-	-
Total cash inflows	<u>-</u>	<u>-</u>	<u>-</u>
Cash outflows			
Professional fees	-	-	-
Property tax	9.8	-	(9.8)
Insurance	-	-	-
Office & administrative	3.5	-	(3.5)
GST/HST paid	-	-	-
Other expenditures	-	-	-
Total cash outflows	<u>13.3</u>	<u>-</u>	<u>(13.3)</u>
Funded opening cash balance	0.2	0.2	-
Variation in cash balance	(13.3)	-	(13.3)
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>(13.1)</u>	<u>0.2</u>	<u>(13.3)</u>
Funding from HII	<u>13.1</u>	<u>-</u>	<u>(13.1)</u>
Funded ending cash balance	<u>-</u>	<u>0.2</u>	<u>(0.2)</u>

NCLL budget to actual commentary

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

Inflows-Outflows

- No inflows occurred during the period in North Calgary Land Ltd. as budgeted.
- Total cash outflows for the period were \$13.3K compared to a budgeted amount of nil, resulting in an unfavorable variance of \$13.3K. This unfavorable variance is mainly due to the payment of unbudgeted property taxes of \$9.8K and unbudgeted professional fees of \$3.5K.

HMCI

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

	HMCI		
	Budget to Actual Cash Flow		
Unaudited - Based on discussions with the company's Management			
(C\$000)			
	For the 16-week period of		
	April 13 to July 31, 2014		
	Actual	Budget	Variance
Cash inflows			
Other receipts	-	-	-
Total cash inflows	<u>-</u>	<u>-</u>	<u>-</u>
Cash outflows			
Other expenditures	-	-	-
Total cash outflows	<u>-</u>	<u>-</u>	<u>-</u>
Opening cash balance	41.6	41.6	-
Variation in cash balance	-	-	-
Exchange rate (Gain / Loss)	-	-	-
Ending cash balance	<u>41.6</u>	<u>41.6</u>	<u>-</u>

HMCI budget to actual commentary

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

Inflows-Outflows

- No transactions occurred during the period in HMCI, as expected.

APPENDIX C
HII Extended 6-month cash flow forecast (\$C)

Updated as of August 1, 2014

1810040 Alberta Ltd. (formerly Homburg Invest Inc. and Shareco)
 Extended cash flow statement from August 1, 2014 to February 28, 2015

Beginning period: Ending period:	35th Report Amended		38th Report						
	For the month of August	TOTAL	For the month of September	For the month of October	For the month of November	For the month of December	2015		TOTAL 6-Month Period
							For the month of January	For the month of February	
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash inflows									
GST/HST/VAT received	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-
Cash outflows									
Payroll	51,125	51,125	51,125	10,000	10,000	10,000	10,000	10,000	101,125
Rent expense	5,000	5,000	5,000	-	-	-	-	-	5,000
Restructuring related professional fees	4,400,000	4,400,000	722,000	400,000	150,000	100,000	147,000	50,000	1,569,000
Directors & Officers Insurance	-	-	-	-	-	-	50,000	-	50,000
Office & administrative	4,000	4,000	4,000	4,000	4,000	4,000	-	-	16,000
Other expenditure	-	-	-	-	-	-	-	-	-
Total cash outflows	4,460,125	4,460,125	782,125	414,000	164,000	114,000	207,000	60,000	1,741,125
Opening balance	272,200	272,200	(4,187,925)	(4,970,050)	(5,384,050)	(5,548,050)	(5,662,050)	(5,869,050)	(4,187,925)
Payments in transit	-	-	-	-	-	-	-	-	-
Variation in cash balance (Petitioners)	(4,460,125)	(4,460,125)	(782,125)	(414,000)	(164,000)	(114,000)	(207,000)	(60,000)	(1,741,125)
Variation in cash balance (Non-Petitioners)	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Adjusted ending cash balance	(4,187,925)	(4,187,925)	(4,970,050)	(5,384,050)	(5,548,050)	(5,662,050)	(5,869,050)	(5,929,050)	(5,929,050)

Notes:

- 1) Recognizing that the Twenty-First Extension Period covers 26 weeks, Management has prepared the cash flow forecast on a monthly basis for ease of review.
- 2) The opening cash balance reflects the allocated cash balance as at August 1, 2014.
- 3) Payroll is expected to decrease starting in October 2014 to reflect a decrease in the number of employees and a revision of the salary of the remaining employee.
- 4) Rent expense is not expected to be incurred after September 2014 as the office will no longer be needed.
- 5) Professional fees in the month of August 2014 represent the estimated amount of outstanding professional fees, incurred and not paid, as at August 1, 2014 of \$3.7M, which has been added to the professional fee estimate for the month of August 2014, of \$700K. Starting in September 2014, the budgeted amount for professional fees has been adjusted to better reflect the decrease of work anticipated following the Interim Cash Pool Distribution.
- 6) Office and administrative fees are expected to be nil beginning in January 2015 to reflect that there will only be one employee remaining.

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

CASH FLOW STATEMENT

A statement indicating, on a monthly basis, the projected cash flow of HII, based on probable and hypothetical assumptions that reflect HII's planned course of action for the period covered.

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.

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.

SUITABLY SUPPORTED

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

- (i) The past performance of HII;
- (ii) The performance of other industry/market participants engaged in similar activities as HII;

- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at August 1, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
GST/HST/VAT received	No refunds are forecasted for the period	X	
Other receipts	No other receipts are forecasted for this period	X	
<u>Forecast cash disbursements</u>			
Payroll	Based on updated salaries and payment of applicable severances	X	
Rent expense	Office space in Halifax until end of September 2014.	X	
Restructuring related professional fees	Represents fees of Deloitte, McCarthy Tétrault, Osler, Cohn & Wolfe, Allen & Overy, Clifford Chance, Coady Filliter, National, the Baltics HII lawyers and the Trustees fees	X	
Director and Officers Insurance	Directors and Officers insurance, no payment forecasted during the period	X	
Office & administrative	Bank fees, travel, telephone, non-CCAA professional fees and other miscellaneous costs	X	
Other expenditures	Represent miscellaneous costs	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

Churchill Extended 6-month cash flow forecast (\$C)

Updated as of August 1, 2014

Churchill Estates Development Ltd.

Extended cash flow statement from August 1, 2014 to February 28, 2015

	35th Report Published		38th report						
Beginning period:	For the month of August	TOTAL	For the month of September	For the month of October	For the month of November	For the month of December	2015		TOTAL
Ending period:	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	For the month of January	For the month of February	6-Month Period
Cash inflows	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-
Cash outflows									
Condo fees	2,700	2,700	-	-	-	-	-	-	-
GST remitted	-	-	-	-	-	-	-	-	-
Other expenditure	809,400	809,400	-	-	-	-	-	-	-
Total cash outflows	812,100	812,100	-	-	-	-	-	-	-
Opening cash balance	812,100	812,100	-	-	-	-	-	-	-
Variation in cash balance	(812,100)	(812,100)	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Ending cash balance	-	-	-	-	-	-	-	-	-

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at August 1, 2014.
- 2) Churchill is expected to be assigned into bankruptcy during the month of August 2014 and following the planned bankruptcy, all remaining funds will be transferred to the trustee.

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

CASH FLOW STATEMENT

A statement indicating, on a monthly basis, the projected cash flow of Churchill, based on probable and hypothetical assumptions that reflect Churchill's planned course of action for the period covered.

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.

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.

SUITABLY SUPPORTED

Meaning that 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
<u>Opening cash balance</u>	Based on allocated closing cash balances as at August 1, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>	No activity has been forecasted during the period	X	
<u>Forecast cash disbursements</u>	No activity has been forecasted during the period	X	
Condo fees	Based on previous activity	X	
GST remitted	No activity has been forecasted during the period	X	
Other expenditures	Represents miscellaneous costs	X	
<u>Closing cash balance</u>	Based on allocated cash transactions	X	

NCLL Extended 6-month cash flow forecast (\$C)

Updated as of August 1, 2014

NCLL

Extended cash flow statement from August 1, 2014 to February 28, 2015

	35th Report Published		38th Report						
Beginning period: Ending period:	For the month of August	TOTAL	For the month of September	For the month of October	For the month of November	For the month of December	2015		TOTAL
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	For the month of January	For the month of February	6-Month Period
Cash inflows									
GST/HST received	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-
Cash outflows									
Professional fees	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-
Opening cash balance	-	-	-	-	-	-	-	-	-
Funding from HII									
Variation in cash balance	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Adjust ending cash balance	-	-	-	-	-	-	-	-	-

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at August 1, 2014.

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

CASH FLOW STATEMENT

A statement indicating, on a monthly basis, the projected cash flow of NCLL, based on probable and hypothetical assumptions that reflect NCLL's planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

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

PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) NCLL'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 NCLL; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

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

- (i) The past performance of NCLL;
- (ii) The performance of other industry/market participants engaged in similar activities as NCLL;

- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at August 1, 2014	X	
<u>Exchange rates</u>	All cash flows are in Canadian dollars		X
<u>Forecast cash receipts</u>			
GST/HST received	Based on previous GST/HST reimbursements, no activity has been forecasted during the period		X
Other receipts	Other receipts, no activity has been forecasted during the period	X	
<u>Forecast cash disbursements</u>			
Professional fees	Legal and closing costs for sale of property, no activity has been forecasted during the period	X	
Property tax	Property tax is paid in one annual installment, and no activity has been forecasted during the period	X	
Insurance	Insurance has been pre-paid for the year, and no activity has been forecasted during the period	X	
Other expenditures	Other expenditures incurred, and no activity has been forecasted during the period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	

HMCI Extended 6-month cash flow forecast (\$C)

Updated as of August 1, 2014

Homburg Management Canada Inc.
Extended cash flow statement from August 1, 2014 to February 28, 2015

	35th Report Published		38th Report						
Beginning period: Ending period:	For the month of August	TOTAL	For the month of September	For the month of October	For the month of November	For the month of December	2015		TOTAL
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	For the month of January	For the month of February	6-Month Period
							Forecast	Forecast	Forecast
Cash inflows									
Other Receipts	-	-	-	-	-	-	-	-	-
Total cash inflows	-	-	-	-	-	-	-	-	-
Cash outflows									
Other Disbursements	-	-	-	-	-	-	-	-	-
Total cash outflows	-	-	-	-	-	-	-	-	-
Opening cash balance	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600
Variation in cash balance	-	-	-	-	-	-	-	-	-
Exchange rate	-	-	-	-	-	-	-	-	-
Ending cash balance	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600	41,600

Notes:

- 1) The opening cash balance reflects the allocated cash balance as at August 1, 2014.

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

CASH FLOW STATEMENT

A statement indicating, on a monthly basis, the projected cash flow of HMCI, based on probable and hypothetical assumptions that reflect HMCI's planned course of action for the period covered.

HYPOTHETICAL ASSUMPTIONS

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

PROBABLE ASSUMPTIONS

Meaning assumptions that:

- (i) HMCI'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 HMCI; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

SUITABLY SUPPORTED

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

- (i) The past performance of HMCI;
- (ii) The performance of other industry/market participants engaged in similar activities as HMCI;

- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

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

ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening cash balance</u>	Based on allocated closing cash balances as at August 1, 2014	X	
<u>Forecast cash receipts</u>	No cash inflows are projected for this period	X	
<u>Forecast cash disbursements</u>	No cash outflows are projected for this period	X	
<u>Ending cash balance</u>	Based on allocated cash transactions	X	