

May 5, 2010

**In the Matter of
the Securities Legislation of
Nova Scotia and Ontario (the Jurisdictions)**

and

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of
Homburg Invest Inc. (the Filer)**

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that financial statements be prepared in accordance with Canadian GAAP (the **Exemption Sought**), in order that the Filer may prepare its financial statements for periods beginning on or after January 1, 2010 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS-IASB).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- a) the Nova Scotia Securities Commission is the principal regulator for this application;
- b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("MI 11-102") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut (the **Passport Jurisdictions**); and
- c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is an international real estate investment and development company which owns a diversified portfolio of quality real estate, including office, retail, industrial and residential apartment and townhouse properties in Canada, Europe (Germany, Baltic's and The Netherlands) and the United States. The Filer also owns land assets for development in Calgary and Edmonton, Alberta, Montreal, Quebec and Charlottetown, Prince Edward Island. As at September 30, 2009, the Filer owned 263 properties with an estimated net book value of \$3.5 billion represented by approximately 20.4 million gross square feet of space.
2. The Filer was continued under the *Business Corporations Act (Alberta)* as Basic Realty Investment Corporation ("Basic Realty") on October 21, 1999, further to the amalgamation of Northern Glacier Resources Inc. and 844717 Alberta Ltd. The Filer is the successor company of Uni-Invest Ltd., which

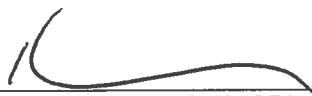
became a publicly listed company in 2000 as a result of a reverse take-over of Basic Realty. Basic Realty was a public company that became listed on the Canadian Venture Exchange (now the TSX Venture Exchange) on December 10, 1999. On September 19, 2000, Basic Realty agreed to acquire 100% of the issued and outstanding shares of Uni-Invest Canada Ltd., a private real estate investment company, in a share exchange transaction. This share exchange transaction closed on October 23, 2000, at which time Basic Realty changed its name to Uni-Invest Ltd. On January 10, 2001, Uni-Invest Ltd. changed its name to Homburg Invest Inc. and the shares of the Filer were de-listed from the Canadian Venture Exchange and listed on the Toronto Stock Exchange (the TSX).

3. The Filer is a domestic reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions. The Filer is not, to its knowledge, in default of its reporting issuer obligations under the Legislation or the securities legislation of the Jurisdictions or the Passport Jurisdictions.
4. The Filer's Class A Subordinate Voting Shares (the **Class A Shares**) and the Class B Multiple Voting Shares (the **Class B Shares**) are listed and posted for trading on the TSX under the symbols HII.A and HII.B, respectively. The Class A Shares are also listed and posted for trading on Eurolist by the New York Stock Exchange (**NYSE**) Euronext under the symbol HII.
5. The corporate head office of the Filer is located at Suite 600, 1741 Brunswick Street, Halifax, Nova Scotia B31 3X8.
6. The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.
7. NI 52-107 sets out acceptable accounting principles for financial reporting under securities legislation by domestic issuers, foreign issuers, registrants and other market participants. Under NI 52-107, a domestic issuer must use generally accepted accounting principles (**Canadian GAAP**) with the exception that a registrant with the United States Securities and Exchange Commission may use US GAAP. Under NI 52-107, only foreign issuers may use IFRS-IASB.
8. In CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 3.1 of NI 52-107.
9. Subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on or after January 1, 2010.
10. The Filer and its subsidiaries are subject to various financial reporting requirements. Consequently, the Filer currently prepares its interim and annual consolidated financial statements in accordance with Canadian GAAP and also in accordance with IFRS-IASB, since December 31, 2000, under NYSE Euronext listing requirements.
11. The Filer confirms that the Filer's financial statements for the period ending December 31, 2010 that will be prepared in accordance with IFRS-IASB are not the Filer's "First IFRS financial statements" as defined in IFRS 1 – First-time Adoption of International Financial Reporting Standards. Accordingly, the notes to these financial statements will not include disclosures required by IFRS 1 or any other reconciliation disclosure between Canadian GAAP and IFRS.
12. The Filer has evaluated, and is satisfied as to, its overall readiness to transition from Canadian GAAP to IFRS-IASB effective January 1, 2010, including the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants to deal with the change.
13. The most significant financial reporting differences under IFRS-IASB to the Filer's Canadian GAAP statements are as follows:
 - a. Investment properties are recorded at fair value with adjustments impacting equity;
 - b. Development properties (other than those for resale) are recorded at fair value with adjustments impacting equity; and

- c. Depreciation is not recorded on the investment properties, and certain deferred charges are not capitalized.
14. The Filer's Canadian GAAP and IFRS-IASB financial statements are made available to users via the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.
15. The Filer believes that the adoption of IFRS-IASB prior to 2011 would be in its best interests and will provide a greater benefit to the Filer and users of its financial information, as it would allow the Filer to prepare a single set of financial statements and avoid significant costs and complexity during the financial statement preparation process.
16. The Filer implemented IFRS-IASB in 2000 and therefore already has the necessary technology, information systems and administrative processes (including those relating to CEO and CFO certifications) in place to prepare IFRS-IASB financial statements. Accordingly, HII does not require a detailed conversion plan or any further modifications to existing processes and technology in order to continue preparing its interim and annual financial statements in accordance with IFRS-IASB.

Decision

1. Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.
2. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:
 - (a) the Filer prepares its financial statements for financial periods beginning on or after January 1, 2010 in accordance with IFRS-IASB; and
 - (b) if the Filer files interim financial statements prepared in accordance with Canadian GAAP for one or more interim periods in the year that the Filer adopts IFRS-IASB, the Filer will restate and refile those interim financial statements originally prepared in accordance with Canadian GAAP in accordance with IFRS-IASB, together with the restated interim management's discussion and analysis as well as the certificates required by National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings.



Kevin G. Redden, CMA, CFA

Director, Corporate Finance

Nova Scotia Securities Commission