



## HOMBURG INVEST REPORTS 2010 FIRST QUARTER IFRS FINANCIAL RESULTS

*Shares issued: Class A - 17,094,490 Class B - 3,148,538*

**HALIFAX, Nova Scotia. May 17, 2010** - (TSX: HII.A & HII.B and NYSE Euronext Amsterdam: HII) - Richard Homburg, Chairman and Chief Executive Officer of Homburg Invest Inc. ("Homburg Invest" or the "Company") is pleased to announce that Homburg Invest has released its financial results for the first quarter ended March 31, 2010 prepared under International Financial Reporting Standards ("IFRS").

"We are pleased with the 223.6% increase in our net earnings and with the increase in our funds from operations. We are starting to see an improvement in the real estate markets," said Richard Homburg, Chairman and Chief Executive Officer of Homburg Invest. "The Canadian real estate markets remained healthy through the first quarter of the year. While currencies remained an issue, we saw some improvements in Europe, including the Baltic countries", he added.

### **Financial Results (Quarter ended March 31, 2010)**

Property revenues were of \$71.3 million during the first quarter ended March 31, 2010, an 11.5% decrease compared to \$80.6 million for the same quarter in 2009. The decrease is due to the loss of former tenant Quelle GmbH which declared bankruptcy and vacated an industrial property in Germany on December 31, 2009. Property revenues were also impacted by an 11.2% decrease in the value of the Euro against the Canadian dollar.

Net operating income (NOI) was \$47.6 million in the first quarter of 2010, a 16.9% decrease compared to \$57.3 million in the first quarter of 2009. The decrease is primarily due to the disposal of five retail properties in the fourth quarter of 2009, and of four retail properties, three office properties and one residential property during the quarter ended March 31, 2010; and to the previously mentioned loss of a tenant in Germany.

Earnings before taxes increased by 177% to \$21.1 million, for the first quarter of 2010, compared to \$7.6 million in the same period in 2009. The \$13.5 million increase is primarily due to a fair value gain on investments of \$0.4 million in the first quarter of 2010 compared to a loss of \$3.2 million in the same period last year; a foreign exchange gain of \$13.2 million compared to a gain of \$7.2 million in the same period in 2009; lower interest expenses in the first quarter of 2010 by \$3.1 million; an increase in other income of \$4.2 million; and a decrease in the loss recorded on derivative instruments of \$3.7 million in the quarter ended March 31, 2010,

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resulting from recovering interest rates. The gains and decreased loss were offset in part by previously mentioned reduction in NOI and lower gross profits from the sale of properties developed for resale.

Net earnings for the first quarter of 2010 were \$17.8 million compared to \$5.5 million for the first quarter of 2009, a 223.6% increase.

Funds from operations (FFO), net of the sale of properties developed for resale, were \$10.1 million for the three-month period ended March 31, 2010, an 8.6% increase over the \$9.3 million recorded in the same period in 2009.

Shareholders' equity increased 18.8% from \$200.1 million at December 31, 2009 to \$237.7 million at March 31, 2010.

Net asset value per share increased 16.1% from \$10.12 per share at December 31, 2009 to \$11.74 per share at March 31, 2010

### Key Financial Results for the Quarter Ended March 31, 2010

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
	(millions of CDN \$, except per share items)	
<b>Property revenue</b>	71.3	80.6
<b>Sale of properties developed for resale</b>	5.5	24.2
<b>Total revenues and other gains</b>	93.8	100.2
<b>Net operating income</b>	47.6	57.3
<b>Net income</b>	17.8	5.5
<b>Basic earnings per share</b>	0.84	0.28
<b>Diluted earnings per share</b>	0.84	0.27
<b>Funds from operations, net of the sale of properties developed for resale</b>	10.1	9.3
<b>Funds from operations per share</b>	0.50	0.47

For complete financial statements, along with the Management's Discussion and Analysis of Results as at and for the quarter ended March 31, 2010, please refer to the Company's website at [www.homburginvest.com](http://www.homburginvest.com) or [www.sedar.com](http://www.sedar.com).

Homburg Invest also reports its results under Canadian Generally Accepted Accounting Principles, and these financial statements and Management's Discussion and Analysis of Results are also available on the Company's website at [www.homburginvest.com](http://www.homburginvest.com) or [www.sedar.com](http://www.sedar.com)

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## **About Homburg Invest**

Homburg Invest Inc. owns and develops a diversified portfolio of quality real estate including office, retail, industrial and residential apartment and townhouse properties throughout Canada, the United States and Europe. The head office of the Company is located in Halifax, Nova Scotia.

## **Forward-looking Statements**

This news release may contain statements which by their nature are forward-looking and express the Company's beliefs, expectations or intentions regarding future performance, future events or trends. Forward looking statements are made by the Company in good faith, given management's expectations or intentions, which are subject to market conditions, acquisitions, occupancy rates, capital requirements, sources of funds, expense levels, operating performance and other matters. Therefore, forward-looking statements contain assumptions which are subject to various factors including: unknown risks and uncertainties; general economic conditions; local market factors; performance of other third parties; environmental concerns; and interest rates, any of which may cause actual results to differ from the Company's good faith beliefs, expectations or intentions which have been expressed in or may be implied from this news release. Forward-looking statements are not guarantees of future performance and are subject to known and unknown risks. Information and statements in this document, other than historical information, should be considered forward-looking and reflect management's current views of future events and financial performance that involve a number of risks and uncertainties. Factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions and developments within the real estate industry, competition and the management of growth. The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.

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## **Note**

### **Non-IFRS Financial Measures**

This news release includes measures widely accepted within the real estate industry which are not defined under IFRS. These measures include funds from operations, funds from operations per share, property net operating income, and net asset value per share. As these are not defined measures under IFRS, other issuers' may have different calculations from those used by the Company.

The Company considers these amounts to be measures of operating and financial performance.

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- a) Funds from operations (“FFO”) and FFO per share are presented by the Company as net income (loss) from continuing operations adjusted for amortization, deferred and capital income taxes (recovery), unrealized and realized valuation changes, fair value change in financial instruments, loss (gain) on derivative instruments, goodwill impairment loss, impairment loss on development properties, foreign exchange loss (gain), and changes in provisions.; divided by the weighted average number of shares outstanding.
- b) Property net operating income (“NOI”) is presented by the Company as property revenue less property operating expenses.
- c) Net asset value per share is presented by the Company as equity attributable to shareholders divided by the number of shares outstanding at year end.

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