

2007 BCSECCOM 115

October 16, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications

National Instrument 44-101 *Short Form Prospectus Distributions*,
s. 8.1 – qualification criteria - An issuer wants relief from the qualification criteria
in NI 44-101 so it can file a short form prospectus - The issuer would satisfy the
qualification criteria following an arrangement, but must file its preliminary
prospectus as a condition of the arrangement

Securities Act, ss. 169(4)/11 – confidentiality - An applicant wants to keep an
application and order confidential for a limited amount of time after the order is
granted - The record provides intimate financial, personal or other information;
the disclosure of the information before a specific transaction would be
detrimental to the person affected; the information will be made available after a
specific date

Applicable British Columbia Provisions

National Instrument 44-101, ss. 2.1 and 8.1

Securities Act, R.S.B.C. 1996, c. 418, ss. 11 and 169(4)

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba,
Ontario, Quebec, Nova Scotia, Newfoundland and Labrador,
Prince Edward Island and New Brunswick
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Northampton Group Inc.
(Northampton)

and

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A Real Estate Investment Trust to be formed
(the REIT, and together with Northampton, the Filer)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that:
 - (a) the REIT be exempted from the provisions of section 2.1 of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) so as to permit the REIT to file a short form prospectus under NI 44-101; and
 - (b) the Decision Makers hold this decision document, and the application and supporting materials, in confidence until the earliest of: (i) the date that a preliminary short form prospectus is filed in respect of the Prospectus Offering (as defined below), (ii) the date that the information circular relating to the Arrangement (as defined below) has been filed by Northampton; and (iii) January 1, 2007,

(together, the Requested Relief).

Interpretation

2. Defined terms contained in National Instrument 44-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

3. This decision is based upon the following facts represented by the Filer:
 - (a) Northampton is incorporated under the *Business Corporations Act* (Ontario) and has its principal business office in Mississauga, Ontario;
 - (b) Northampton is, and has been for the last 12 months, a reporting issuer, or holds equivalent status, under the securities legislation of British Columbia, Alberta and Ontario and, to its knowledge, is not in default of any applicable requirement under the Legislation in any of those jurisdictions;
 - (c) Northampton's common shares are listed and posted for trading on the TSX Venture Exchange under the symbol "NHG";

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- (d) it is expected that the REIT will be a trust settled by a declaration of trust under the laws of Ontario;
- (e) it is expected that the REIT's authorized capital will consist of an unlimited number of trust units (Units) and an unlimited number of special voting units, and that the outstanding Units will be listed and posted for trading on the TSX Venture Exchange;
- (f) upon the expiry of ten business days following the filing of its notice declaring its intention to be qualified to file a short form prospectus, Northampton will satisfy the eligibility requirements of section 2.2 of NI 44-101 and so could file a short form prospectus in connection with the distribution of its securities;
- (g) Northampton proposes to convert its business into a real estate investment trust structure through the following steps:
 - (i) the REIT will be formed under the law of Ontario;
 - (ii) Northampton will propose that its shareholders and the Ontario Superior Court of Justice approve a plan of arrangement under which
 - (A) the REIT will indirectly acquire all of Northampton's current business, and
 - (B) all of Northampton's shareholders will receive cash and/or Units, either directly or following an exchange of an exchangeable interest (the Arrangement); and
 - (iii) contemporaneously with or immediately following the Arrangement, the REIT will file the preliminary prospectus under NI 44-101 to qualify the distribution of approximately \$50 million in Units of the REIT,

(the Prospectus Offering);
- (h) following the Arrangement, the REIT's only business will be that of an integrated hotelier, and will substantially comprise the business currently carried on by Northampton;
- (i) the REIT will be a "successor issuer" to Northampton, as defined in NI 44-101, given that it is acquiring the current business of Northampton through a statutory plan of arrangement; and

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- (j) the REIT will adopt Northampton's current annual information form as its own annual information form.

Decision

- 4. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.
- 5. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:
 - (a) the REIT complies with section 2.2 and 2.7(2) of NI 44-101;
 - (b) the Prospectus Offering is conditional upon the closing of the Arrangement; and
 - (c) the Units are listed and posted for trading on a short form eligible exchange.

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