MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION
Nine Months Ended September 30, 2009

The following should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the nine months ended September 30, 2009 prepared under **International Financial Reporting Standards.**

In compliance with National Instrument 51-102 of the Canadian Securities Administrators, Management notifies readers that the unaudited interim consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the period ended September 30, 2009, have not been reviewed by the Company's external auditors.

Date of MD&A
November 12, 2009

Forward Looking Statement Advisory
Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning our 2009 objectives, our strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management.

This discussion contains forward-looking statements concerning capital expenditures, cost reductions and operating and financial improvements. Such statements are based on Homburg Invest Inc.'s management's assumptions and beliefs in light of the information currently available to them. These statements are subject to inherent uncertainties and risks, including, but not limited to: general business and economic conditions in the Company's operating regions; pricing pressures and other competitive factors; results of the Company's ongoing efforts to reduce costs; and the availability and terms of financing. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements. Homburg Invest Inc., except as required by applicable law, undertakes no obligation to publicly update or revise any forward looking statements.

Properties Owned
Homburg Invest Inc. ("Homburg Invest" or the "Company") is a public real estate company owning 263 properties with an estimated fair value of $3.7 billion and 20.4 million square feet of space as at September 30 2009 in four main asset classes: office, retail, industrial, and multi-family residential.

	September 30, 2009 (Thousands, except for properties and units)				December 31, 2008 (Thousands, except for properties and units)			
Property type	No. of buildings	Fair Value	No. of units	Gross Square Footage	No. of buildings	Fair Value	No. of units	Gross Square Footage
Office	104	$2,038,376		6,989	104	$1,982,744		6,989
Retail	91	698,029		6,290	91	861,251		6,290
Residential	13	94,015	824	725	13	93,975	824	725
Industrial	38	466,777		6,356	38	611,774		6,356
Sub total	246	3,297,197	824	20,360	246	3,549,744	824	20,360
Properties held for development (a)	8	138,811			7	128,619		
Construction projects for resale (b)	6	128,746			6	194,638		
Properties under construction (c)	3	180,809			3	95,666		
Total	**263**	**$3,745,563**	**824**	**20,360**	**262**	**$3,968,667**	**824**	**20,360**

a) Properties held for development - a 146 acre parcel of land on the outskirts of Calgary, Alberta, that will be developed into single family and multi residential units; a 140 acre parcel of land on the outskirts of Calgary, Alberta, that will be developed into single family and multi residential units; a parcel of land in Calgary, Alberta that will be developed into a condominium complex containing 214 units; a 217 acre parcel of land in Calgary, Alberta that will be developed into commercial properties; a 39 acre parcel of land in Calgary, Alberta that will be developed primarily into approximately 600 single family dwellings; a one third interest in a 777 acre parcel of land on the outskirts of Calgary, Alberta that will be developed into a mix of commercial, industrial, single family and multi-residential units; a parcel of land in Montreal, Quebec; and a 4 story building in Montreal, Quebec.

b) Construction projects for resale - 32 condominium units in Calgary, Alberta; 25 condominium units in the Eau Claire area of Calgary, Alberta; 84 condominium units in Grande Prairie, Alberta; 20 condominium units in Charlottetown, Prince Edward Island; a one third interest in 18 condominium units in Montreal, Quebec; and a 458 unit condominium complex in Calgary, Alberta.

c) Properties under construction - a parcel of land in Calgary, Alberta that will be developed into a seven building office campus; a one third interest in 98 condominium units and a 5 acre parcel that will be redeveloped into office, retail and hotel space in Montreal, Quebec; and a parcel of land in Charlottetown, Prince Edward Island that will be developed into an office tower and hotel.

Non-IFRS Financial Measures

The MD&A includes measures widely accepted within the real estate industry which are not defined by International Financial Reporting Standards ("IFRS"). These measures include Net Operating Income ("NOI") and Funds From Operations ("FFO"), and Funds From Operations per share. These are not defined measures calculated in accordance with IFRS and may not be comparable to similar measures presented by other issuers. The Company considers these amounts to be measures of operating and financial performance.

a) NOI is calculated as Property Revenue less Property Operating Expenses.

b) FFO is presented by the Company as net income (loss) 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, and foreign exchange loss (gain).

c) FFO per Share is calculated as FFO divided by either the basic or diluted weighted average number of shares.

The following table reconciles IFRS net income (loss) to FFO for the three and nine month periods ending September 30 of 2009 and 2008:

	3 Months Ended September 30 2009	**9 Months Ended September 30 2009**	**3 Months Ended September 30 2008**	**9 Months Ended September 30 2008**
	(Thousands)	(Thousands)	(Thousands)	(Thousands)
Net income (loss)	**$(16,604)**	**$(39,260)**	$(9,151)	$25,412
Add (deduct):				
Unrealized valuation changes	**10,733**	**62,719**	25,403	29,414
Realized valuation changes		**(2,252)**		
Amortization of financing costs	**1,257**	**3,482**	922	7,877
Deferred and capital income taxes (recovery)	**(7,320)**	**(17,144)**	2,909	4,503
Foreign exchange loss (gain)	**(5,403)**	**(16,183)**	(6,360)	(5,398)
Loss (gain) on derivative instruments	**3,316**	**8,127**	5	907
Impairment loss on development properties	**5,501**	**5,501**		
Fair value change in financial instruments	**1,060**	**1,995**	5,034	12,131
Funds from operations (FFO)	**$(7,460)**	**$6,985**	$18,762	$74,846
Add (deduct): Gross profit from sale of development properties	**18,777**	**27,436**	(8,681)	(38,774)
FFO, net of gross profit from sale of development properties	**$11,317**	**$34,421**	$10,081	$36,072

Selected Annual Information

The following financial information is being provided under National Instrument 51-102 *Continuous Disclosure Obligations*. The annual information shown below is provided for the last three years, and the quarterly information for the last eight quarters is provided in the following section. The Company's reporting currency is Canadian dollars.

On December 12, 2008, the Company's shareholders approved a stock consolidation of the Class A Subordinate Voting Shares and Class B Multiple Voting Shares. Under the consolidation, each 10 pre-consolidation shares, whether Class A or Class B, were exchanged for 1 post-consolidation share in the same class of share, either of Class A or Class B. The terms of the Class A and Class B shares remained otherwise unchanged.

In September 2008, the Company declared a dividend of $2.25 per share on all issued and outstanding shares. The dividend was paid "in-kind" by issuing Class A Subordinate Voting Shares at a fair value price of $32.65 per share. The fair value was determined based on the weighted average trading price of the Class A Shares for a five day trading period prior to the date of the dividend declaration. After giving effect to the cash payment of non-resident withholding taxes and fractional shares, 0.068593 Class A Shares were issued for each outstanding Class A and Class B Multiple Voting Share.

All current and comparative reported share and per share amounts have been retrospectively adjusted to reflect the 1 for 10 stock consolidation and the dilutive effect of the "in-kind" dividend.

			December 31 2008	**December 31 2007**	**December 31 2006 (As Restated)**
			(Thousands, except for per share calculations)		
Property revenue			$310,466	$211,025	$116,742
Unrealized valuation changes				55,757	76,225
Sale of properties developed for resale			186,350	191,139	45,968
Realized valuation changes			443	924	8,775
Other income			4,841	27,414	5,384
Total revenue and other gains			$502,100	$486,259	$253,094
Net operating income			$222,052	$159,171	$103,113
Net income (loss) from continuing operations before income taxes			$(316,508)	$166,518	$129,438
	Per share	- basic	$(15.97)	$10.23	$11.74
		- diluted	$(15.97)	$9.75	$11.05
Net income (loss) from continuing operations			$(276,653)	$142,654	$94,766
	Per share	- basic	$(13.95)	$8.77	$8.60
		- diluted	$(13.95)	$8.36	$8.09
Net income (loss) from discontinued operations			$Nil	$(2,159)	$Nil
	Per share	- basic	$Nil	$(0.13)	$Nil
		- diluted	$Nil	$(0.13)	$Nil
Net income (loss)			$(276,653)	$140,495	$94,766
	Per share	- basic	$(13.95)	$8.64	$8.60
		- diluted	$(13.95)	$8.23	$8.09
Funds from operations			$82,148	$95,478	$37,557
	Per share	- basic	$4.14	$5.87	$3.41
		- diluted	$4.14	$5.59	$3.21
Total assets			$4,144,636	$3,817,479	$2,425,964
Total long term financial liabilities			$3,094,432	$2,084,829	$1,668,665
Dividend declared per share			$4.49	$3.93	$2.81

The annual results reflect the continued growth of the Company's property portfolio. The most significant transactions in the three year period were: the acquisition of 12 buildings, May 1, 2006 in Germany for $610.4 million; the acquisition of 4 buildings, June 2006 in The Netherlands for $199.9 million; the acquisition of 17 buildings in Quebec, Canada through the Alexis Nihon transaction for $552.6 million in April 2007; the acquisition of the CN Central Station Complex in Montreal, Canada for $369.4 million in December 2007; the acquisition of 54 buildings in the Baltics for $221.9 million in December 2007 and March 2008; and the acquisition of an 80% interest in 9 limited partnerships in the US for $139.4 million in December 2007. These transactions have had a significant impact on the annual numbers for the years in which they were acquired and subsequent years.

The growth in square footage from these acquisitions has seen the Company increase from 154 income producing properties consisting of 11.8 million square feet at December 31, 2006 to 223 income producing properties consisting of 19.7 million square feet at December 31, 2007, to 246 income producing properties consisting of 20.4 million square feet at December 31, 2008.

The square footage increase of 67.0% from 2006 to 2007 is in line with the 77.6% increase in Property Revenue over the same period. The 49% increase in Property Revenue from 2007 to 2008, is not consistent with the 3.6% increase in square footage over the same period; as noted above, there were three large acquisitions in December of 2007 totaling $730.7 million that would have that had a minimal impact on Property Revenue in fiscal 2007.

As outlined in the next section, Summary of Quarterly Results, there are periodic variances in the Sale of Properties Developed for Resale. Predominately this relates to the profit recognition on the sale of 90% of the Homburg Harris Centre in the fourth quarter of 2007, which is predominately why the amount of revenue increased from $46.0 million in 2006 to $229.1 million at December 31, 2007. Revenue recognition did continue in 2008, and the Company recorded $191.3 million in revenue. The decrease relates to the completion of Tower 1 of the Homburg Harris Centre.

Summary of Quarterly Results

	3 Months Ended September 30 2009	3 Months Ended June 30 2009	3 Months Ended March 31 2009	3 Months Ended December 31 2008
	(Thousands, except for per share calculations)			
Property revenue	**$77,328**	$84,717	$80,640	$81,894
Sale of properties developed for resale	**8,751**	15,579	24,211	15,524
Realized valuation changes		648	1,602	443
Unrealized valuation changes	**(10,733)**			
Other income	**2,384**	10,553	7,547	36
Total revenue and other gains	**$77,730**	$111,497	$114,000	$97,897
Net operating income	**$54,666**	$58,690	$57,268	$54,083
Net income (loss) before income taxes	**$(22,597)**	$(36,861)	$7,605	$(350,045)
Per share - basic	**$(1.14)**	$(1.86)	$0.38	$(17.52)
- diluted	**$(1.14)**	$(1.86)	$0.37	$(17.11)
Net income (loss)	**$(16,604)**	$(28,202)	$5,544	$(302,065)
Per share - basic	**$(0.86)**	$(1.43)	$0.28	$(15.12)
- diluted	**$(0.86)**	$(1.43)	$0.27	$(15.12)
Funds from operations	**$(7,460)**	$3,465	$10,980	$7,302
Per share - basic	**$(0.38)**	$0.17	$0.55	$0.37
- diluted	**$(0.38)**	$0.17	$0.54	$0.37
Total assets	**$3,880,631**	$3,962,342	$4,081,236	$4,144,636
Total long term financial liabilities	**$2,773,781**	$2,852,668	$2,988,320	$3,094,432
Dividend declared per share	**$0.00**	$0.00	$0.00	$0.00

There were no discontinued operations during the above periods.

		3 Months Ended September 30 2008	3 Months Ended June 30 2008	3 Months Ended March 31 2008	3 Months Ended December 31 2007
		(Thousands, except for per share calculations)			
Property revenue		$76,469	$77,290	$74,813	$60,443
Sale of properties developed for resale		39,917	49,392	81,517	156,133
Realized valuation changes					(128)
Unrealized valuation changes					14,854
Other income		1,099	248	3,458	5,338
Total revenue and other gains		$117,485	$126,930	$159,788	$236,640
Net operating income		$55,757	$56,972	$55,240	$38,221
Net income (loss) before income taxes		$(3,953)	$17,950	$19,540	$77,266
Per share	- basic	$(0.20)	$0.90	$1.01	$4.01
	- diluted	$(0.18)	$0.88	$0.99	$3.91
Net income (loss)		$(9,151)	$16,709	$17,854	$73,484
Net income (loss) per share	- basic	$(0.46)	$0.84	$0.93	$3.81
	- diluted	$(0.46)	$0.82	$0.90	$3.71
Funds from operations		$18,762	$25,828	$30,256	$59,034
Funds from operations per share	- basic	$0.94	$1.29	$1.57	$3.06
	- diluted	$0.94	$1.26	$1.53	$2.98
Total assets		$4,057,967	$4,166,961	$4,132,603	$3,817,479
Total long term financial liabilities		$2,696,087	$2,809,219	$2,563,708	$2,084,829
Dividend declared per share		$2.25	$0.00	$2.25	$0.00

There were no discontinued operations during the above periods.

The loss in the fourth quarter of 2008 was the result of the global economic situation leading to non cash write offs totaling $117.1 million. The largest was a goodwill impairment of $48.6 million, and $28.6 million in fair value adjustments with respect to derivatives, and other financial instruments.

The commentary in the Selected Annual Information is more clearly illustrated when reviewing the last eight quarters. With the successful acquisition program of 2007, culminating with $730.7 million of acquisitions in the quarter ended December 2007, Property Revenue of $60.4 million and NOI of $38.2 million increased to $74.8 million and $55.2 million in the first quarter of 2008.

Subsequent to the acquisitions, NOI has been stable over the next seven quarters. Property revenue has fluctuated slightly driven by the peaking of the foreign exchange rate between the CAD and EUR in December 2008. Throughout 2009, this rate has decreased from 1.72 CAD per EUR to 1.58 at September 30.

Overall Performance

Net loss for the third quarter of 2009 was $(16.6) million or $(0.87) per share compared to a net loss of $(9.2) million in 2008 or $(0.46) per share. The significant change from 2008 is the Company realized a $(18.8) million loss (2008 - $8.7 million profit) from the Sale of Properties Developed for Resale resulting primarily from budget adjustments related to unexpected increased costs as PennWest Tower II nears completion, and the sale of condominiums at current market prices.

The Company recognized a foreign exchange gain of $5.4 million in the third quarter of 2009 (September 30, 2008 - $6.4 million) as a result of the strengthening of the CAD against the EUR.

The Company has reduced its exposure to interest rate risk through the use of interest rate swaps on specific variable interest rate debt amounts. During the third quarter of 2009; as a result of low interest rates on variable rate debt, the Company recorded a loss of $3.3 million (September 30, 2008 - $5.0 thousand loss) on these derivative instruments.

Results of Operations

The segmented information related to each property classification is summarized below. Revenue for purposes of this analysis includes rental revenue and tenant cost recoveries. Net operating income has been calculated by deducting from property revenue the direct property operating expenses related thereto, and is exclusive of general and administrative expenses, amortization and interest on related debt.

Office Portfolio	**3 Months Ended September 30 2009**	3 Months Ended September 30 2008	**9 Months Ended September 30 2009**	9 Months Ended September 30 2008
	(Thousands)			
Property revenue	**$42,651**	$41,254	**$133,559**	$123,045
Net operating income	**$32,196**	$31,559	**$100,454**	$95,397

Homburg Invest's office portfolio consists of 104 (September 30, 2008 - 103) small to medium sized office buildings in Canada, the United States and Europe with a total area of 7.0 million square feet. Third quarter property revenue was $42.7 million compared to $41.3 million in the same period of 2008 while net operating income was $32.2 million versus $31.6 million in 2008.

Overall occupancy in the office portfolio was 95% at September 30, 2009 (94% - September 30, 2008).

Retail Portfolio	**3 Months Ended September 30 2009**	3 Months Ended September 30 2008	**9 Months Ended September 30 2009**	9 Months Ended September 30 2008
	(Thousands)			
Property revenue	**$22,922**	$22,078	**$71,497**	$66,844
Net operating income	**$13,258**	$13,620	**$39,952**	$40,587

Homburg Invest's retail portfolio consists of 91 (September 30, 2008 - 91) retail properties, including the Confederation Court Mall in Charlottetown, PEI, Place Alexis Nihon in Montreal, Quebec, and seven big box Zellers locations across Canada, having total rentable square footage of 6.3 million square feet. The retail rental revenue for the third quarter on the properties held on September 30, 2009 have increased 3.8% in the quarter over the same period in 2008 primarily related to scheduled lease increases.

Overall occupancy in the retail portfolio was 97% at September 30, 2009 (96% - September 30, 2008).

Residential Portfolio	**3 Months Ended September 30 2009**	3 Months Ended September 30 2008	**9 Months Ended September 30 2009**	9 Months Ended September 30 2008
	(Thousands)			
Property revenue	**$2,542**	$2,656	**$7,793**	$7,966
Net operating income	**$881**	$1,118	**$2,878**	$3,761

Homburg Invest's residential portfolio is primarily located in Nova Scotia, New Brunswick and Quebec, and consists of 13 (September 30, 2008 - 13) properties with 824 (September 30, 2008 - 824) units as at September 30, 2009.

Net operating income for the third quarter of 2009 was $0.9 million compared to $1.1 million in the same period in 2008.

The residential portfolio maintained a high overall average occupancy rate during 2009 and at September 30, 2009 the occupancy rate was 97% (97% - September 30, 2008).

Industrial Portfolio	**3 Months Ended September 30 2009**	3 Months Ended September 30 2008	**9 Months Ended September 30 2009**	9 Months Ended September 30 2008
	(Thousands)			
Property revenue	**$9,212**	$10,481	**$29,835**	$30,717
Net operating income	**$8,330**	$9,460	**$27,339**	$28,224

Homburg Invest's industrial portfolio consists of 38 (September 30, 2008 - 38) industrial buildings located in Canada, the US and Europe with a total area of 6.4 million square feet. The Company's industrial buildings generated $9.2 million total rental revenue in the third quarter of 2009 and $8.3 million in net operating income compared to $10.5 million total rental revenue in the third quarter of 2008 and $9.5 million in net operating income.

Overall occupancy in the industrial portfolio was 87% at September 30, 2009 (99% - September 30, 2008). The increased vacancy is due to two properties in the Netherlands, Uden and Houten, being vacated by the tenants. The company is currently looking at releasing the properties.

Net Adjustment to Fair Value of Investment Properties

As a result of management estimates, aided by independent external analyses of the market completed in the third quarter of 2009, the unrealized valuation decrease recorded was $10.7 million compared to a decrease of $25.4 million in 2008.

Development Properties

The Company has continued to realize upon its development pipeline with sales in Grande Prairie, Calgary, Edmonton, Alberta and Charlottetown, Prince Edward Island of $8.8 million for the three months ended September 30, 2009 (2008 - $39.9 million). The related cost of properties sold was $27.5 million (2008 - $31.2 million). This loss in the period is the result of selling condo's to repatriate cash and cost overruns.

Homburg's development projects include condominium developments that have yet to fully realize their cash flow from the sales of units. During 2009 market conditions have changed to a degree that the previously forecasted cash flows from the sale of these units is no longer expected to be attainable. This condition has indicated an impairment to these assets held for resale and management has determined that the carrying value of these assets may not be fully recoverable.

Management has investigated the possibility of impairment at September 30, 2009 and has concluded, based on the estimated cash flows, as determined from the sales prices for future committed and forecasted sales, that the carrying value of these assets exceeds their net realizable value, which includes a deduction for estimated selling costs, of the assets.

The estimated impairment was determined as follows:

Carrying Value of the Assets	$	46.1
Net Realizable Value		40.6
	$	5.5

In light of the current lending environment, the Company is currently assessing each development property to determine the optimal deployment of resources. The Company does not anticipate expending any material amount of its cash resources on its development pipeline. Future development pipeline work will only proceed when the financing environment improves.

Interest Expense
Interest expense for the third quarter was $39.5 million in 2009, compared to $40.1 million in the same period in 2008, a decrease of $0.6 million.

The Company's debt consists of $2.4 billion in fixed rate debt and $525.7 million in variable rate debt. The weighted average variable interest rate on long term debt decreased to 2.05% from 4.47%, and fixed interest rate decreased to 5.92% from 5.94% at December 31, 2008. For the nine months ended September 30, 2009, Homburg Invest had total interest coverage from continuing operations of 1.22:1 (September 30, 2008 - 1.62:1) (total revenue less unrealized fair value gains, property operating expenses, cost of property sales and general and administrative expenses ÷ interest expense) and a debt to equity ratio of 5.04:1 (December 31, 2008 - 5.23:1) (long term debt, construction financing, long term payables and demand loans ÷ shareholders' equity).

General and Administrative
General and administrative expenses totaled $5.1 million in the third quarter of 2009 compared to $5.2 million in the same period of 2008.

Financial Condition
Assets
Total assets decreased from $4.1 billion at December 31, 2008 to $3.9 billion at September 30, 2009. The table below summarizes Homburg Invest's asset base.

	September 30 2009	December 31, 2008
	(Millions)	(Millions)
Non-current assets		
Investment properties	**$ 3,297.2**	$ 3,549.7
Development properties	**319.6**	224.3
Currency guarantee receivable	**9.8**	28.2
Investments	**31.4**	40.1
Restricted cash	**22.8**	25.9
	3,680.8	3,868.2
Current assets		
Cash	**16.7**	16.4
Construction properties being developed for resale	**128.7**	194.6
Receivables and other	**54.5**	65.4
	$ 3,880.7	$ 4,144.6

Receivables and other
Receivables consist of $19.4 million (December 31, 2008 - $14.1 million) in amounts due from tenants which arise from the normal course of operations; $13.6 million (December 31, 2008 - $45.9 million) on the sale of properties developed for resale; and $0.1 million (December 31, 2008 - $1.4 million) due for GST rebates on development projects and VAT on foreign subsidiaries. The remaining receivables and other at September 30, 2009 include: $0.2 million (December 31, 2008 - $NIL) in Homburg Capital Securities A proceeds receivable; $11.0 million (December 31, 2008 - $NIL) in related party receivable; $8.5 million (December 31, 2008 - $4.0 million) in prepaid expenses; and $1.7 million (December 31, 2008 - $NIL) of notes receivable.

Long Term Investments
The long term investments are in Cedar Shopping Centers, Inc., a New York Stock Exchange listed REIT and represents approximately 0.1% (December 31, 2008 - 0.1%) of the outstanding shares; a 10% interest in DEGI Homburg Harris Limited Partnership, which owns an office complex under development; a 20% interest in Homburg Eastern European Fund B.V., which is developing investment properties; and DIM Vastgoed N.V. ("DIM"), a NYSE Euronext Amsterdam listed company with properties in the southeastern United States. Our investment in DIM allows the Company to control approximately 9% (December 31, 2008 - 24%) of the voting rights. Mr. Homburg is a Director of Cedar Shopping Centers, Inc.. The Company entered into an agreement for the sale of the remaining DIM shares to Equity One Inc. Under the agreement, the Company has granted Equity One Inc. an irrevocable proxy with respect to the voting rights of these shares, and Equity One Inc. will acquire the DIM shares from the Company once the Company has obtained these DIM shares in October 2010.

Capital Structure
The table below summarizes Homburg Invest's capital structure.

	September 30 2009 (Millions)		December 31, 2008 (Millions)	
Long term debt	**$2,762.5**	**77.3%**	$2,952.1	78.1%
Construction financing	**111.0**	**3.1%**	102.4	2.7%
Long term payables	**24.7**	**0.7%**	25.3	0.7%
Due to DIM shareholders	**3.6**	**0.1%**	4.4	0.1%
Non-construction demand loans	**63.0**	**1.8%**	78.5	2.1%
Notes payable	**14.7**	**0.4%**	12.3	0.3%
Homburg Capital Securities A	**4.5**	**0.1%**		
	$2,984.0	**83.6%**	$3,175.0	84.0%
Shareholders' equity	**589.3**	**16.6%**	606.8	16.0%
	$3,573.3	**100.0%**	$3,781.8	100.0%

Long Term Debt
Mortgages payable on revenue producing properties decreased by $35.3 million during the third quarter of 2009. New borrowings and debt assumptions amounted to $14.7 million in the quarter while $10.4 million was applied to the mortgage debt as required under normal principal payments, dispositions and refinancing. The remaining $39.6 million relates to the impact of changes in foreign exchange rates on the EUR and USD denominated debt.

The Company is protected from fluctuations in exchange rates on certain Euro denominated bonds. Subsequent to the issuance of the Series 2, 4, 5, 6 and 7 mortgage bonds, the Canadian dollar has strengthened against the Euro to the extent of $9.8 million at September 30, 2009, down from a $28.2 million receivable as at December 31, 2008. The final settlement of the currency asset or obligation will take place at the earliest of the cancellation or termination of the agreement;, the retirement of the bonds or their scheduled maturity. As a result of the guarantee, there is no earnings impact related to changes in currency value of the bonds.

The Junior subordinated notes require interest only payments until maturity in 2036. The notes, which consist of EUR €25.0 million and USD $20.0 million, have a fixed interest rate until 2016 and variable thereafter until maturity. The Company has a redemption option effective in 2011 until maturity, and the outstanding balances are translated at period end exchange rates. The notes have a financial covenant which requires the Company to maintain a certain minimum rolling four-quarter interest coverage ratio, as calculated using the Company's IFRS financial information.

Construction Financing
To September 30, 2009, the Company had $111.0 million in construction financing outstanding relating to our development projects outlined earlier. This first mortgage secured financing will be replaced with conventional first mortgages upon completion of the applicable projects, or paid off where the debt is secured by a charge over condo units being sold.

Non-Construction Demand Loans
The Company reduced the demand loan balances by $13.0 million during the three months ended September 30, 2009 and $15.5 million during the nine months ended September 30, 2009.

Derivative Instrument Asset/Liability
The Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160.1 million ($253.7 million) (December 31, 2008 - EUR €161.2 million ($277.8 million)) of its long term debt. Due to a reduction of interest rates in The Netherlands, Germany and the Baltics during the three months ended September 30, 2009 the impact on the statement of income is a loss of $(3.3) million (September 30, 2008 - loss of $5.0 thousand).

Shareholders' Equity
Homburg Invest's shareholders' equity decreased from $606.8 million at December 31, 2008 to $589.3 million at September 30, 2009. In 2009, 172.9 thousand shares (2008 - 52 thousand shares) were repurchased and cancelled under the Company's Normal Course Issuer Bid for an average cost of $7.79 (2008 - $14.76) per share; Net loss for the nine months ended September 30, 2009 amounted to $(39.3) million. Other paid in capital increased $27.9 million related to the issuance of Homburg Capital Securities A, accumulated other comprehensive income decreased by $4.1 million due to changes in foreign currency rates and contributed surplus increased $5.5 million primarily related to the repurchase and cancellation of shares at prices below the average issue price for the shares.

In 2008, 709 thousand shares valued at $22.6 million were issued under the dividend reinvestment plan; 1.28 million shares valued at $44.8 million were issued as a stock dividend; and $62 thousand in issue costs related to these transactions were paid out.

The Company's US operations, headquartered in Colorado Springs, Colorado and the European operations headquartered in Soest, The Netherlands, have a functional currency of the US dollar and Euro respectively for recording substantially all transactions. The accounts are translated on the consolidated books of the Company using the current rate method, whereby assets and liabilities are translated at period end exchange rates while revenues and expenses are converted using average translation rates for the reporting period. Gains and losses resulting from the currency translations of the subsidiaries are deferred and included in the accumulated other comprehensive income (loss) within shareholders' equity. At September 30, 2009, this cumulative amount was a negative $(3.5) million; a decrease of $(4.1) million from the accumulated amount of $0.6 million as at December 31, 2008.

Liquidity, Capital Resources and Capital Commitments
A discussion of the Company’s liquidity risk, together with the Company’s total contractual obligations at September 30, 2009 and related payment dates of each obligation are presented in the following section entitled “Risk Management – a) Liquidity Risk”.

In the normal course of its business, the Company has capital requirements for the principal component of mortgage payments, tenant improvements, capital expenditures and dividends to shareholders. The Company funds these requirements with new capital share issues, new bond issues and funds from operations; although in some cases expenditures and leasing costs are funded by the underlying mortgage or separate term debt. The Company intends to make all normal principal repayments over the term of each of its debt instruments and to renew mortgages at maturity under terms similar to those currently in place.

Capital expenditures totalled $5.1 million in the third quarter of 2009. These acquisitions were financed by working capital.

At September 30, 2009, the Company had three secured credit facilities totalling $78.0 million available to it. At period end, there was a balance of $63.0 million against these lines. Interest is charged at market competitive rates for demand loans. Included in the loan facilities is $15.0 million which is with a company controlled by the Chairman and Chief Executive Officer.

For the quarter ended September 30, 2009 funds from operations were $(7.5) million. This was the result of a loss of $18.8 million from the development pipeline. The Company considers that funds from operations, net of the development pipeline, and $15.0 million in credit lines available to it will be sufficient to fund near-term, non

discretionary costs.

The Company successfully raised $5.5 million, net of borrowing fees, through its Homburg Capital Securities A issued in the third quarter of 2009. The Company intends to continue to use these funds to repay demand loans and for the development of the various development projects underway.

At period end, the Company's debt consists of $2.4 billion in fixed rate debt and $525.7 million in floating rate debt before deferred financing charges. The Company allocates the maturity of its debt over a period of approximately 30 years. The Company discloses its annual debt repayment information related to long term debt in the Long term debt note to the financial statements. In addition to these long term amounts, the Company has $174.0 million in demand and short term loans which are repayable in less than one year. Upon completion of construction of development properties, the Company intends to seek long term financing at available market rates for the related demand and short term loans. For the remaining demand and short term loans, the Company will seek renewals of the loans at current available market rates and terms at maturity. The Company's long term debt has a weighted average term to maturity of 8.7 years and 37.5% of long term debt matures by December 31, 2013.

The Company continues to manage its capital resources to maximize its opportunities for growth. The current capital market will make it difficult for non-diversified entities to access all potential global credit opportunities. As a result, some entities may choose to divest of properties in order to raise required capital. This may create a situation where there are more sellers than buyers and result in higher capitalization rates and provide opportunities for entities with capital to acquire real estate. The Company will continue to employ its available financial resources to the best use for the benefit of its shareholders. The portfolio remains in a strong position with a global diversification as well as a property classification diversification consistent with the stated strategy. This should continue to minimize the impact of any further decline in market values on the overall portfolio.

At the present time there are no commitments for capital expenditures for property acquisitions other than those disclosed in the commitment and subsequent events notes to the financial statements. These will be funded from the existing loan facilities, new mortgage financing, funds on hand and pending bond and debt proceeds. The properties currently under development will be funded through bank construction loans and Homburg Capital Securities proceeds.

The Company, through its subsidiary Valbonne Real Estate 5 B.V., has entered into a deferred purchase agreement to acquire the remaining 6.63% of MoTo Objekt Campeon GmbH and Co KG in the first quarter of 2012 for a fixed purchase price of EUR €15.6 million ($24.7 million), including a fixed rate of return to the seller over the period. This obligation is included within long term payables at amortized cost.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements. Related party transactions are separately disclosed in this MD&A.

Transactions with Related Parties
The Company is controlled by the Chairman and Chief Executive Officer through holding companies.

a) The Company has entered into agreements with companies commonly controlled by the Chairman and Chief Executive Officer to provide various services. A summary of the various transactions between related parties is as follows:

	3 Months Ended September 30 2009	3 Months Ended September 30 2008
	(Thousands)	(Thousands)
Rental revenue earned	**$ (164)**	$ (661)
Interest income	**$ (199)**	$ NIL
Asset and construction management fees incurred	**$ 2,415**	$ 4,162
Property management fees incurred	**$ 1,722**	$ 1,678
Insurance incurred	**$ 342**	$ 487
Service fees incurred	**$ 1,508**	$ 1,801
Property acquisition fees / disposal fees incurred	**$ 130**	$ 3
Mortgage bond guarantee fees incurred	**$ 745**	$ 855
Bond and other debt issue costs incurred	**$ 240**	$ 1,089
Interest costs incurred	**$ 1,161**	$ NIL

b) Included in accounts payable are the following balances payable to companies commonly controlled by the Chairman and Chief Executive Officer, which are non-interest bearing and have no set terms of repayment.

	September 30 2009	December 31, 2008
	(Thousands)	(Thousands)
Mortgage bond guarantee fees	**$ 2,133**	$ 32
Management fees	**$ 135**	$ 8

c) The Company has approved a resolution authorizing the property manager, a company commonly controlled by the Chairman and Chief Executive Officer, to operate trust accounts on its behalf as required to conduct business of the Company.

d) Professional services of approximately $142 thousand (September 30, 2008 - $142 thousand) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $10.4 million (December 31, 2008 - $15.0 million) in payable to companies commonly controlled by the Chairman and Chief Executive Officer, which is non-interest bearing and has no set terms of repayment.

f) Also included in accounts payable is a demand note payable plus accrued interest in the amount of EUR €2.4 million ($3.8 million) (December 31, 2008 - $3.9 million) payable to a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 5.619% per annum.

g) Also included in accounts payable is a demand note payable plus accrued interest in the amount of USD $2.2 million ($2.4 million) (December 31, 2008 - $3.3 million) payable to a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 6.00% per annum.

h) Included in accounts receivable is a demand note receivable plus accrued interest in the amount of EUR €6.9 million ($11.0 million) (December 31, 2008 - $NIL) receivable from a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 7.25% per annum.

i) The Company has entered into a guarantee arrangement for the principal and interest amounts of the mortgage bonds payable, with a company under the control of the Chairman and Chief Executive Officer, wherein it is protected against fluctuations in the Canadian dollar and the Euro. The cost of this guarantee per annum is 2.0% on the Series 2 Bonds, and 1.6% on the Series 4, Series 5, Series 6, and Series 7 Bonds.

Related party transactions are recorded at their exchange amounts, being the amounts agreed to by the related parties.

Third Quarter 2009

The operating results for the September 2009 quarter, cash flows and financial position of the Company were consistent with the approved budget. The third quarter results are described under the heading "Results from Operations".

Proposed Transactions

Proposed Transactions

At September 30, 2009 the Company has three construction projects underway to which it has signed commitments of $45.3 million. These commitments will be funded from existing cash resources, construction financing and the proceeds from bond and debt issues. Management continues to investigate real estate transactions and these are brought forward to the Board of Directors if and when it is determined that they are accretive to shareholder value to proceed with such acquisitions.

The Company is managing the funds to maximize its short term returns prior to redeployment of cash into new investment properties. The final impact on cash flow related to the servicing of these borrowings is $NIL as the capitalized interest costs are funded from the borrowings and construction loans put in place to develop the properties.

Subsequent Events

a) As part of the Company's continual assessment of its portfolio, the Company has signed sales agreements for 4 investment properties located in Canada. The sales are expected to be completed in the fourth quarter of 2009 and first quarter of 2010; subject to the purchasers completing due diligence. The properties are being sold for a total of $16.6 million less selling costs. There are first mortgage charges against the properties totaling $6.6 million which will be settled as part of the dispositions. The impact of the disposition of these properties is immaterial to ongoing property revenue, property operating expense, and pretax earnings (loss).

b) Subsequent to period end, the Company has closed on a Condominium Inventory loan in the amount of $12.0 million.

c) Subsequent to period end, the Administrator of Arcandor AG has decided to liquidate its mail order business operating as Quelle GmbH, which is a tenant of the Company. The Administrator has given the Company notice of its intention to terminate the remaining lease of Quelle GmbH effective December 31, 2009. The Company will rank as an unsecured creditor for the remaining amount due under the terms of the lease. The Company has filed a claim with the Administrator for Approximately EUR 80.0 million. It is unknown how much, if any, the Company will recover in their process.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and the Company has made the required payment in October 2009. The next required payment is January 2010. However, since Quelle GmbH has not paid all rent since filing to open preliminary insolvency proceedings, the Company has received a notice of default from the lender dated July 23, 2009 with respect to required reserves. The Administrator has paid the rent in full for September, October, and November. It is the Company's expectation that the Administrator will pay the full rent for December 2009 as well. The Company will not rectify the default until the status of the Quelle GmbH preliminary insolvency proceedings clarify the status of Quelle GmbH moving forward.

At period end, the specific property has a fair value of $182.2 million, and an outstanding mortgage balance of $163.4 million and a rent receivable of $5.6 million.

The Company is working with the Lender and local developers at options to redevelop or release the property.

Under the original purchase agreement, the Company has recourse to the vendor for certain losses. The Company

will continue to monitor the situation, to determine if it has suffered a loss that can be recovered under the terms of these guarantees.

The limited partner structure of the Company provides protection to the shareholders in that the lender only has recourse to the asset it holds security on, not the Company as a whole.

Critical Accounting Estimates

Cost Recoveries

As a real estate company, Homburg Invest Inc. for the most part is able to match its costs and revenues on a cash basis with accruals being made at each quarter and year end to ensure that the costs recorded match the revenue streams of the properties. As most of the costs incurred on the commercial operations are cost recoveries from the tenants, the accounting systems of the Company are set up to provide the appropriate matching. Accounting estimates are made in such areas as property tax accruals and insurance accruals which are readily determinable based on historical costs or current changes in the marketplace. There are no cost estimates which are not reasonably determinable and therefore the Company is able to realistically report its accounting estimates.

Allowance for Doubtful Accounts

The outstanding receivables are reviewed and evaluated on a monthly basis. The allowance for doubtful accounts is adjusted based on this review. Historically the Company has not experienced significant credit losses.

Fair Values

The investment properties are carried at fair values. These values are reviewed and updated on a quarterly basis. The fair values are determined by a combination of independent appraisals and management estimates. Historically, subsequent property sales have supported the fair values and the Company has not experienced any realized valuation losses.

These estimates result from the application of judgment and therefore are subject to uncertainty. The Company monitors these estimates on a continual basis.

Financial Instruments and risk management

Financial Instruments

The Company does not acquire, hold or issue derivative financial instruments for trading purposes.
The following table presents the classification of financial assets and liabilities, together with their carrying amounts.

Classification of Financial Assets and Liabilities	**Subsequent Measurement**	**September 30, 2009**	**December 31, 2008**
Available for Sale	Cost, subject to impairment testing	(Thousands)	(Thousands)
- Long term investments: DEGI Homburg Harris Limited Partnership		$16,657	$10,635
Held for Trading	Fair value		
- Long term investments: others		$14,710	$29,451
- Cash and cash equivalents		$16,652	$16,359
- Currency guarantee receivable		$9,573	$28,165
- Derivative instrument liability		$(25,934)	$(19,427)
		$15,001	$54,548
Loans and Receivables	Amortized cost		
- Receivables and other		$54,511	$65,390
- Restricted cash		$22,785	$25,969
		$77,296	$91,359
Other Financial Liabilities	Amortized cost		
- Accounts payable and other liabilities		$266,800	$285,312
- Mortgages		$2,023,290	$2,160,544
- Mortgage bonds		$209,954	$228,368
- Corporate non-asset backed bonds		$491,320	$522,700
- Junior subordinated notes		$61,342	$67,551
- Deferred financing charges		$(23,442)	$(27,039)
- Construction financing		$111,025	$102,433
- Liabilities of discontinued operations		$28,903	$28,903
		$3,169,192	$3,368,772

The Company holds the following long term financial instruments: mortgages, mortgage bonds, corporate non-asset backed bonds, junior subordinated notes, long term payables and long term investments. The mortgages have a fair value of $2.0 billion (December 31, 2008 - $2.2 billion). The total fair value of all bonds is $665.6 million (December 31, 2008 - $649.4 million). The principal amount of the mortgage bonds have been guaranteed against currency fluctuations. The currency guarantee receivable of $9.8 million (December 31, 2008 - $28.2 million) is carried at fair value. The junior subordinated notes have a fair value of $88.1 million (December 31, 2008 - $70.6 million). The long term investments, with the exception of the investment in DEGI Homburg Harris Limited Partnership, are carried at their fair value. The long term investment in DEGI Homburg Harris Limited Partnership represents a 10% interest in an investment property currently under development. The Company has classified the investment as available for sale and carries it at cost as the investment is not quoted on an active market.

The fair values of long term financial instruments (other than long term investments) are based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The fair value of the Company's investment in Homburg Eastern European Fund B.V. is based on the proportionate share of the reported net asset value of the B.V.. The B.V. prepares its financial statements under International Financial Reporting Standards using the fair value model. As such, the net asset value from the financial statements of the B.V. is reflective of its fair value. The fair value of the other long term investments carried at fair value is based on the quoted market price.

The Company's short-term financial instruments, comprising amounts receivable, restricted cash, accounts payable and other liabilities, demand and short term loans, and construction financing are carried at amortized cost which, due to their short-term nature, approximates their fair value.

Risk management

In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to minimize them are discussed below.

a) Liquidity risk

Liquidity risk relates to the possibility of insufficient debt and equity financing available to fund the desired growth of the Company and to refinance the current and long term debts as they come due. As a result of the current global capital market condition, lenders have tightened their lending standards, and may continue to do so. The effect of this could be that the Company may have more difficulty obtaining the same level of financing on both renewals and new debt. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate levels of financing.

Liquidity risk also relates to the potential required early retirement of debt. Some of the Company's debt agreements have covenants related to minimum debt to equity ratios, interest coverage ratios, and/or reserve account balance requirements. Breach of any of these covenants could result in the related debt being required to be repaid before its scheduled maturity date. Should that happen, the Company may be required to sell properties at unfavourable prices to satisfy the debt repayment, and the financial condition and results of operations could be adversely affected.

The Company has been very successful in the past in raising non-asset backed debt financing and mortgage bond financing on the global market to the extent of $700 million. The Company can continue to look to these unique financing markets for additional funds.

The Company has received approval from the Dutch regulator Authority Financial Markets ("AFM"), and is now actively marketing the Homburg Capital Securities A, which are 99 year bonds, bearing an interest rate of 9.5% on the face amount of the bond. The Company has targeted between EUR €25 to €75 million ($39.6 to $118.9 million). These funds will be utilized to strengthen the Company's balance sheet. To date, the Company has sold EUR €21.1 million ($33.8 million) Homburg Capital Securities A.

The Company is significantly levered with a debt to equity ratio of 5.04:1 at September 30, 2009 (December 31, 2008 - 5.23:1) (long term debt, construction financing, long term payables and demand loans ÷ shareholders' equity). For the nine months ended September 30, 2009, Homburg Invest had total interest coverage from

continuing operations of 1.22:1 (September 30, 2008 - 1.62:1) (calculated as total revenue less unrealized fair value gains, property operating expenses, cost of property sales and general and administrative expenses ÷ interest expense).

The following table presents the Company's total contractual obligations at September 30, 2009 for the following five year period

	Payments Due by Year (In thousands)				
Contractual Obligations	**2010**	**2011**	**2012**	**2013**	**2014**
Mortgages (secured)					
Amortization	$35,312	$41,383	$41,901	$37,551	$23,740
Principal maturities	$50,069	$21,141	$112,314	$328,840	$172,604
Interest	$101,015	$97,165	$91,563	$80,417	$65,703
Mortgage bonds (secured)					
Principal maturities	$47,544	$Nil	$162,410	$Nil	$Nil
Interest	$14,731	$12,057	$6,664	$Nil	$Nil
Corporate non-asset backed bonds and junior subordinated notes (unsecured)					
Principal maturities	$Nil	$Nil	$Nil	$79,256	$253,576
Interest	$40,426	$40,426	$40,426	$39,039	$24,141
Construction financing demand loan					
Principal	$111,025	$Nil	$Nil	$Nil	$Nil
Non construction demand loans					
Principal	$63,000	$Nil	$Nil	$Nil	$Nil
Homburg Capital Securities A	$4,240	$Nil	$Nil	$Nil	$Nil
DIM Vastgoed N.V. payable	$3,573	$Nil	$Nil	$Nil	$Nil
Long term payable – Moto Objekt Campeon GmbH and CoKG	$Nil	$24,742	$Nil	$Nil	$Nil
Working capital					
Trade payables, related party payable, income taxes payable and notes payable	$166,439	$Nil	$Nil	$Nil	$Nil
Trade receivables, related party receivable and notes receivable	$(45,748)	$Nil	$Nil	$Nil	$Nil
Liabilities of discontinued operations	$28,903	$Nil	$Nil	$Nil	$Nil
Operating leases	$912	$4,170	$14,607	$14,636	$14,679
Purchase obligations on construction projects	$45,325	$Nil	$Nil	$Nil	$Nil
Total	**$666,766**	**$241,084**	**$469,885**	**$579,739**	**$554,443**

Interest on demand loans is excluded from the above table as it does not represent a contractual obligation at September 30, 2009. The Company's derivative instrument liability of $25.9 million at September 30, 2009 has also been excluded from the above table. This liability relates to financial instruments that effectively fix the variable interest rate on certain mortgages, which is settled with the derivative instrument on a net-net basis; interest obligations on such mortgages are therefore shown in the above table at the effective fixed rate, which approximates the timing of the related cash flows.

The Company anticipates refinancing the mortgage principal maturities of $50.1 million due in the next 12 months. The Company does not anticipate difficulty in refinancing these mortgages at maturity under terms similar to those currently in place based on the current loan to value ratios on these properties.

The Company has significant amounts invested in development properties that are not yet income producing.

These development properties have been financed with first mortgage construction financing as well as unsecured debt. The Company expects to finance construction properties currently under development, including interest on principal borrowings, through existing and additional construction loans and additional corporate bond proceeds. First mortgage secured financing on completed construction projects will be replaced with conventional first mortgages, or repaid where the debt is secured by a charge over properties being sold. Existing purchase obligations at September 30, 2009 relate to three construction projects underway to which the Company has purchase commitments of $45.3 million. These commitments will be funded from existing cash resources, construction financing and the proceeds from bond and debt issuances. There is a risk that delays in development projects can result in additional costs that may not ultimately be recoverable when development is completed. In addition, if the Company is unable to complete development projects, the current carrying value of its development properties may not be recoverable. Should that happen, the financial condition and results of operations could be adversely affected.

At September 30, 2009, the Company had three secured credit facilities (non construction demand loans) totalling $78 million available to it, of which $63 million was utilized. Included in these loan facilities is $15 million which is with a company controlled by the Chairman and Chief Executive Officer. The Company's non-construction demand loans are secured by first or second charges over various investment properties not to exceed 65% of fair value. The Company anticipates that this financing will remain in place based on current loan to property security values.

The Company requires additional sources of liquidity to meet its remaining significant obligations over the next twelve months including:

- mortgage amortization of $35.3 million;
- interest on secured debt of $115.7 million and unsecured debt of $40.4 million;
- capital spending requirements on its income property portfolio expected to approximate $16 million;
- liabilities related to discontinued operations of $28.9 million;
- Homburg Capital Securities A and DIM Vastgoed N.V. obligations, totalling $7.8 million;
- the mortgage bond principal of $47.5 million maturing in April 2010; and
- potential funding to partially reduce the Company's working capital deficit of $120.7 million.

The Company anticipates being able to meet these obligations as they become due in the next 12 months through the following sources of finance:

- cash on hand at September 30, 2009 ($16.7 million);
- the unutilized portion of non-construction demand loans ($15 million);
- net cash from net operating activities ($75.5 million was generated in the last four quarters);
- cash generated from continued sales of completed condominium development projects;
- new financing supported by completed condominium inventory (one such financing in the amount of $12.0 million closed subsequent to September 30, 2009);
- the potential sale of certain income properties, subject to reasonable prices being attained; and
- upward refinancing on maturing mortgages.

Should these efforts not yield sufficient liquidity, there is a risk that the Company may be required to sell properties at unfavourable prices to meet its immediate liquidity needs. Should that happen, the financial condition and results of operations could be adversely affected.

Key obligations for 2011 are significantly lower than 2010, and relate mainly to principal repayments, amortization and interest on secured mortgages and mortgage bonds totaling $171.7 million, interest on unsecured debt of $40.4 million and the Company's deferred purchase obligation with respect to MoTo Objekt Campeon GmbH and Co KG ($24.7 million). There are no principal debt maturities relating to secured mortgage bonds, unsecured corporate non-asset backed bonds and unsecured junior subordinated notes in 2011.

Operating lease obligations increase significantly in 2011 and beyond reflecting the commencement of the lease described in note 14(c) to the financial statements. The Company has sub-leased 25% of this space at rates that exceed those the Company is obligated to pay, and it is seeking to sublease the remainder of this space prior to the occupancy date to offset the Company's future obligations.

b) Interest rate risk

As a result of the current global capital market condition, lenders have tightened their lending standards, and may continue to do so. The effect of this could be that the Company may have more difficulty obtaining similar terms of financing on renewals and on new debt. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate terms for its financing.

The borrowings of the Company have fixed and floating interest rate components resulting in an exposure to interest rate movements. At period end, the Company's debt consists of $2.4 billion in fixed rate debt and $525.7 million in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160.1 million ($253.8 million (December 31, 2008 - EUR €161.2 million ($277.8 million)) of its long term debt. Due to a reduction of interest rates in The Netherlands, Germany and the Baltics during the nine months ended September 30, 2009, the impact on the statement of earnings is a loss of $8.1 million (June 30, 2008 - loss of $907 thousand).

The Company discloses the weighted average rate of maturing long term debt in the Long term debt note to the financial statements. In addition to these long term amounts, the Company has $174.0 million in demand and short term loans which are repayable in less than one year. With all other variables held constant, the Company has determined that a 1% change in interest rates would result in an annualized after tax change of $3.6 million in the Company's earnings as a result of the impact on floating rate borrowings.

c) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables of $19.5 million at September 30, 2009 (December 31, 2008 - $14.1 million) arises from the possibility that tenants may not fulfill their lease obligations. The Company mitigates this credit risk by performing credit checks on prospective tenants, having a large diverse tenant base with varying lease expirations, requiring security deposits on high risk tenants and ensuring that a considerable portion of its property revenue is earned from international, national and large anchor tenants.

The Company's largest tenant represents 19% of property revenue for the period. The ability of this tenant to fulfill its long term lease obligation or to pay rent on a timely basis could impact the Company's annual cash flow. To mitigate this risk, the tenant has issued a EUR €75.0 million ($118.9 million) letter of guarantee, to the primary lender on the specific property, which would be utilized to mitigate major losses while the Company sought replacement tenants.

The Company's receivables are comprised primarily of current balances owing, except for the Quelle GmbH balance of $5.6 million, and the Company performs monthly reviews of its receivables and establishes an appropriate provision for doubtful accounts. The Company has not experienced any significant receivable write offs and there has been no significant change in the provision during the period.

The remaining significant receivables consist of taxes recoverable from various government agencies and revenue from the sale of development properties. The amounts due from government agencies represent current recoverable amounts and the revenue from the sale of development properties is supported by security letters of credit issued by the purchaser.

d) Currency risk

Currency risk arises from assets and liabilities denominated in US Dollars or Euros. The Company mitigates a portion of its currency risk on mortgage bonds denominated in Euros through a guarantee agreement. In support of the currency guarantee the related party has arranged an arms length credit facility agreement. The Company has also established internal hedging relationships between Euro-denominated net investments in foreign operations and Euro-denominated Corporate Non-Asset Backed Bonds and Junior Subordinated Notes. At September 30, 2009, EUR €234.3 million ($371.4 million) (December 31, 2008 - EUR €234.3 million ($404.0 million)) of the Company's net investment was hedged with an equal amount of Euro-denominated debt. The hedge is considered to be an effective hedge at September 30, 2009 and December 31, 2008 and will be regularly reviewed to assess the continued effectiveness of the hedging relationship. Currency risk for other amounts denominated in US Dollars and Euros is mitigated by US Dollar and Euro revenue and expense streams related to property rentals.

The operating results of the Company's foreign operations are translated to Canadian dollars for financial statement reporting purposes. Changes to the exchange rates during the reporting period impact those reported results.

With all other variables held constant, the Company has determined that a 10% change in the exchange rate of the US dollar in comparison to the Canadian dollar would result in a decrease (increase) in annualized earnings after income taxes, excluding un-hedged debt, of $0.1 million and a foreign exchange gain or loss on the un-hedged US dollar denominated Junior Subordinated Notes of $1.5 million after income taxes.

With all other variables held constant, the Company has determined that a 10% change in the exchange rate of the Euro in comparison to the Canadian dollar would result in a decrease (increase) in annualized earnings after income taxes, excluding un-hedged debt, of $2.5 million and a foreign exchange gain or loss on the un-hedged Euro denominated Corporate Non-Asset Backed Bonds of $10.9 million after income taxes.

The Balance Sheets of the Company's foreign operations are translated to Canadian dollars for financial reporting purposes using the period end exchange rate. The change in exchange rates on the net investment position of these foreign operations is reflected in the Other Comprehensive Income of the Company during the period. As noted above, the Company has established an internal hedging relationship between Euro-denominated debt and net investments in foreign operations. To the extent that the hedges are effective, the foreign currency gain or loss on the hedging amounts of Euro-denominated debt is reflected in the Other Comprehensive Income during the period.

The Company feels that 10% represents a reasonably possible change in existing exchange rates.

e) Concentration risk
The Company's largest single tenant represents approximately 19% (December 31, 2008 - 17%) of property revenue for the period. The risk relates to the ability of the Company to replace this revenue stream on a timely basis while maintaining the related property costs. The Company mitigates this risk by entering into long term leases; reviewing the financial stability of the tenant and obtaining security or guarantees where appropriate; and seeking geographic and industry diversity of tenants. The Company's largest tenant has issued a letter of guarantee to the primary lender on the specific property, in an amount representing in excess of 2 years property revenue from this tenant. The Company also maintains their properties to a quality standard that would support timely re-leasing of a property.

f) Environmental risk
As owner and manager of real property, Homburg Invest is subject to various United States, European and Canadian federal, provincial, state and municipal laws relating to environmental matters. These laws could hold the Company liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any , could adversely affect the Company's ability to sell its real estate or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against the Company. Homburg Invest is not aware of any material non-compliance with environmental laws at any of its properties. The Company is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. The Company has policies and procedures to review and monitor environmental exposure, and has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on its business, financial condition or results of operation.

Changes in accounting policies and future applicable accounting standards

The accounting policies adopted are consistent with those of the year ended December 31, 2008 except as follows:

Investment Property
IAS 40 Investment Property has been amended to include property that is being constructed or developed for future use as investment property. Previously, when investment property was being constructed or developed, that

property was accounted for under IAS 16 Property, Plant and Equipment until construction or development was complete. Under IAS 16, the Company chose to carry the property using the Revaluation model, to the extent that fair value could be reliably determined, until completion, at which time the property was transferred to IAS 40. Under IAS 40, the Company has chosen the fair value model, resulting in investment properties being carried at fair value, with adjustment through the Income Statement. The amendment to IAS 40 results in investment properties under construction or development being within the scope of IAS 40 and, to the extent that fair value is reliably determinable, the carrying value of such properties is adjusted to fair value. To the extent that fair value is not reliably determinable, the property is carried at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier. The application of the amendment is to be applied prospectively for annual periods beginning on or after January 1, 2009. This amendment had no impact on the financial results of the current period.

Share-based Payment

IFRS 2 Share-based Payment is used for determining the accounting for the Company's stock based compensation. IFRS 2 has been amended to clarify vesting conditions and the accounting treatment of cancellations. The Company's stock options issued in 2008 included certain options that are subject to vesting periods. The amendments are effective for annual periods beginning on or after January 1, 2009. The application of the amendment is to be applied prospectively for annual periods beginning on or after January 1, 2009. This amendment had no impact on the financial results of the current period.

Property Developed for Resale

International Financial Reporting Interpretations Committee (IFRIC) 15 Agreements for the Construction of Real Estate has been issued to clarify when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between the developer and a buyer is reached before the construction of the real estate is completed. This Interpretation had no impact on the financial results of the current period.

Hedges of a Net Investment in a Foreign Operation

IFRIC 16 Hedges of a Net Investment in a Foreign Operation has been issued to provide guidance to entities that hedge foreign currency risk on net investments in foreign operations. IFRIC 16 specifies foreign currency risks that qualify for hedge accounting and the amount that can be designated; where within the corporate structure a hedging instrument can be held; and, the amount to be reclassified to the income statement upon disposal of the hedged foreign operation. This Interpretation is applicable for annual periods beginning on or after October 1, 2008 on a prospective basis. This Interpretation had no impact on the financial results of the current period.

Borrowing Costs

IAS 23 Borrowing Costs has been amended and is effective for fiscal years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs as they relate to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. The Company currently follows a policy of capitalizing borrowing costs related to development properties. A qualifying asset excludes investment properties carried at fair value. Due to the amendments to IAS 40 to include development properties within the fair value model, they are no longer qualifying assets. However, the revised IAS 23 allows a presentation in the income statement for borrowing costs as though they were capitalized to the development properties. This amendment had no impact on the financial results of the current period.

Business Combinations

IFRS 3 Business Combinations has been amended and is effective for fiscal years beginning on or after July 1, 2009. The amendments to IFRS 3 and IAS 27 must be adopted concurrently. The standard clarifies the distinction between a business combination and an asset acquisition and requires that transaction costs incurred on business combinations be expensed when incurred. The Company does not currently follow a practice of expensing transaction costs, and is evaluating the impact of this new standard on its consolidated financial statements.

Consolidated and Separate Financial Statements

IAS 27 Consolidated and Separate Financial Statements has been amended and is effective for fiscal years beginning on or after July 1, 2009. The amendments to IAS 27 and IFRS 3 must be adopted concurrently. The standard clarifies the circumstances under which an entity must consolidate another entity; the accounting for changes in the level of ownership of a subsidiary, including loss of control; and, the required disclosure regarding the nature of the relationship. The Company is evaluating the impact of this new standard on its consolidated financial statements.

Management's Report on Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting (as defined in the Canadian Securities Administrators National Instrument 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has evaluated whether there were changes to internal control over financial reporting for the quarter ended September 30, 2009, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through the evaluation.

Other Requirements

(a) Additional information relating to Homburg Invest, including our Annual Information Form (AIF) is on our website at www.homburginvest.com and at SEDAR at www.sedar.com.

(b) National Instrument 51-102, Section 5.4 Disclosure of Outstanding Share Data. As at September 30, 2009, Homburg Invest was authorized to issue an unlimited number of Class A Subordinate Voting Shares, an unlimited number of Class B Multiple Voting Shares and an unlimited number of Class A and B preferred shares, issuable in series, with rights and privileges to be determined upon issue. On that date, 16,618,818 Class A Subordinate Voting Shares and 3,148,539 Class B Multiple Voting Shares were issued for a recorded value of $691.8 million.

2009 Outlook

With the tightening of the capital markets, the Company feels it is prudent to raise cash from various sources and will be exploring various alternatives such as partnering of deals, selling a portion of specific projects, delaying start of development projects and the issue of new equity bonds.

The Company prides itself on its ability to be creative and react to market conditions, and is motivated to raise cash without issuing common equity to be in a position to take advantage of opportunities that will present themselves.

The Company feels that with its current share price significantly below the net asset value per share, no new shares will be issued that would have a dilutive effect on existing shareholders. New shares will only be issued when it can be done at a price that offers a significant premium over net asset value per share.

The Company invests in real property for the long term; however, real estate is a commodity and the Company is evaluating each of its properties to determine if the optimum value of certain assets may be realized through a disposition. The Company will monitor this and determine the most appropriate action to take over the coming year. It would not be the Company's intention to liquidate more than 5% of its real estate in any one period unless exceptional circumstances arose, except for properties developed for immediate resale purposes as stated above. The Company is presently actively marketing several properties, and if the Company receives offers it feels are representative of the fair value, it may decide to sell several properties.

At its most recent Annual General Meeting on June 12, 2009 in Halifax, Nova Scotia, the Company announced a new strategic direction to focus the Company's activities exclusively on income-producing properties. Homburg Invest has appointed a special committee to consider a plan to spin off the Company's development and other non-income-producing properties to its shareholders.

Under this new strategy, Homburg Invest will only hold income producing properties. The Company will be a growing real estate investment company with strong cash flows that will, subject to market conditions, pay healthy annual dividends to its shareholders. Homburg Invest will target a debt ratio of 50% to 60% to total debt and equity. To achieve this, as previously announced, the Company will make greater use of partnerships, may sell some assets, will continue to issue Homburg Capital Securities A ("HCSA"), and will offer existing bond holders the option to convert to HCSA. The Company will continue to be listed on both the Toronto Stock Exchange and on the NYSE Euronext Amsterdam.

The new spun out entity will hold assets projected for future development. This entity will strive to have no long

term debt. Development projects will begin again once financial markets have stabilized.

The analysis of how best to implement this new strategy is significantly advanced. The Company has had numerous discussions with Investment Bankers in Europe and Canada on how best to unlock shareholder value, and the Company expects to make announcements in the very near future.

The special committee is also considering a plan to reorganize Homburg's equity structure by creating a single class of common shares, each with a single vote and equal dividend rights. The terms of the share reorganization proposal, including the share exchange ratio, which would be subject to shareholder approval, should the decision be made to move forward with this initiative. The Company expects to announce the recommendation of the special committee in the very near future.

Homburg will continue to issue Homburg Capital Security instruments to raise additional capital as part of its debt management strategy. The HCSA is a 9.5%, 99 year bond that is to be listed on the NYSE Euronext Amsterdam. The issue of HCSAs permits the company to reduce its debt to equity ratio, as 80% of all outstanding HCSAs are considered equity for accounting purposes. Homburg Invest will be offering holders of Homburg bonds the opportunity to exchange their holdings for HCSA, and will be setting up meetings of the various Homburg Bonds to vote on the proposal in early 2010.

The Company continues to release its results under International Financial Reporting Standards (IFRS) as well as under Canadian Generally Accepted Accounting Principles ("GAAP"). The Company makes both sets of financial statements available. The September 30, 2009 IFRS interim consolidated financial statements have not been reviewed by the Company's external auditors.

"Signed"	"Signed"
R. Homburg, Phzn., D. Comm. Chairman and CEO	James F. Miles, CA Vice President Finance and CFO

Homburg Invest Inc.
Consolidated Interim Financial Statements
International Financial Reporting Standards
(Unaudited - Prepared by Management)

September 30, 2009

The interim consolidated financial statements for the nine months ended September 30, 2009, have not been reviewed by the Company's external auditors.

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Homburg Invest Inc.
Consolidated Interim Balance Sheet

(Unaudited - Prepared by Management) (CAD $ thousands except per share amounts)	**Note**	**September 30 2009**	December 31 2008
Assets			
Non-current assets			
Investment properties		**$ 3,297,197**	$ 3,549,744
Development properties		**319,620**	224,285
Currency guarantee receivable		**9,753**	28,165
Investments	3	**31,367**	40,086
Restricted cash		**22,785**	25,969
		3,680,722	3,868,249
Current assets			
Cash		**16,652**	16,359
Construction properties being developed for resale		**128,746**	194,638
Receivables and other	2	**54,511**	65,390
		199,909	276,387
Total assets		**$ 3,880,631**	$ 4,144,636

Equity and Liabilities			
Total equity	7	**$ 589,315**	$ 606,768
Non-current liabilities			
Long term debt	5	**2,629,539**	2,901,348
Derivatives	10	**25,934**	19,427
Deferred tax liabilities	6	**87,956**	143,930
Other liabilities	4	**30,352**	29,727
		2,773,781	3,094,432
Current liabilities			
Accounts payable and other liabilities	4	**236,448**	255,585
Income taxes payable	6	**8,234**	5,739
Liabilities of discontinued operations		**28,903**	28,903
Construction financing		**111,025**	102,433
Current portion of long term debt	5	**132,925**	50,776
		517,535	443,436
Total liabilities		**3,291,316**	3,537,868
Total equity and liabilities		**$ 3,880,631**	$ 4,144,636

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Approved by the Board, November 12, 2009

"Signed"	"Signed"
Richard Homburg, Phzn., D. Comm.	Edward P. Ovsenny
Director	Director

See accompanying notes to these consolidated interm financial statements prepared under International Financial Reporting Standards.
Consolidated interim financial statements prepared under Canadian GAAP are also available.

Homburg Invest Inc.
Consolidated Interim Income Statement
Nine Months Ended September 30
(Unaudited - Prepared by Management)
(CAD $ thousands except per share amounts)

	Note	**Three Mos. Ended September 30 2009**	Three Mos. Ended September 30 2008	**Nine Mos. Ended September 30 2009**	Nine Mos. Ended September 30 2008
Property revenue	15	**$ 77,328**	$ 76,469	**$ 242,685**	$ 228,572
Sale of properties developed for resale		**8,751**	39,917	**48,541**	170,826
Total revenues		**86,079**	116,386	**291,226**	399,398
Property operating expenses	15	**22,662**	20,712	**72,061**	60,603
Cost of sale of properties developed for resale		**27,528**	31,236	**75,977**	132,052
		50,190	51,948	**148,038**	192,655
Gross income from operations		**35,889**	64,438	**143,188**	206,743
General and administrative		**(5,076)**	(5,234)	**(16,864)**	(17,138)
Stock based compensation		**(25)**	(52)	**(121)**	(259)
Other income, net		**887**	1,075	**1,641**	1,841
Dividend income		**470**	24	**852**	2,964
Net adjustment to fair value of investment properties		**(10,733)**	(25,403)	**(62,719)**	(29,414)
Gain on sale of investments				**2,252**	
Net adjustment to fair value of development properties		**(5,501)**		**(5,501)**	
Net adjustment to fair value of held for trading financial assets	3	**(1,060)**	(5,034)	**(1,995)**	(12,131)
Net adjustment to fair value of derivative financial instruments	10a	**(3,316)**	(5)	**(8,127)**	(907)
Interest expense	4,5	**(39,535)**	(40,122)	**(120,640)**	(123,560)
Exchange differences, net		**5,403**	6,360	**16,183**	5,398
Income (loss) before income taxes		**(22,597)**	(3,953)	**(51,851)**	33,537
Total income taxes (recovery)	6	**(5,993)**	5,198	**(12,591)**	8,125
Net income (loss)		**$ (16,604)**	$ (9,151)	**$ (39,260)**	$ 25,412

	Note				
Earnings (loss) per share	8				
Per Class A Subordinate Voting Share and Class B Multiple Voting Share					
Basic					
Net income (loss)		**$(0.86)**	$(0.46)	**$ (2.01)**	$ 1.29
Diluted					
Net income (loss)		**$(0.86)**	$(0.46)	**$ (2.01)**	$ 1.26

See accompanying notes to these consolidated interm financial statements prepared under International Financial Reporting Standards.
Consolidated interim financial statements prepared under Canadian GAAP are also available.

Homburg Invest Inc.
Consolidated Interim Statement of Comprehensive Income (Loss)
Nine Months Ended September 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	**Three Mos. Ended September 30 2009**	Three Mos. Ended September 30 2008	**Nine Mos. Ended September 30 2009**	Nine Mos. Ended September 30 2008
Net income (loss)	**$ (16,604)**	$ (9,151)	**$ (39,260)**	$ 25,412
Other comprehensive income (loss)				
Unrealized foreign currency translation gain (loss)	**(30,335)**	(33,826)	**(76,179)**	17,786
Future income tax recovery (expense)	**14,356**	26,012	**39,478**	(9,527)
	(15,979)	(7,814)	**(36,701)**	8,259
Foreign currency gain (loss) on financial instruments designated as hedges of self sustaining foreign operations	**9,119**	22,866	**32,573**	(12,620)
Future income tax expense (recovery)		(3,836)		2,019
	9,119	19,030	**32,573**	(10,601)
Other comprehensive income (loss)	**(6,860)**	11,216	**(4,128)**	(2,342)
Comprehensive income (loss)	**$ (23,464)**	$ 2,065	**$ (43,388)**	$ 23,070

See accompanying notes to these consolidated interm financial statements prepared under International Financial Reporting Standards.
Consolidated interim financial statements prepared under Canadian GAAP are also available.

Homburg Invest Inc.
Consolidated Interim Statement of Changes in Equity
Nine Months Ended September 30
(Unaudited - Prepared by Management)
(CAD $ thousands except per share amounts)

	Other paid in Capital	Revaluation Surplus	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (deficit)	Total
Balance December 31, 2007	$ 11,489	$ 33,547	$ 633,265	$ 5,645	$ (18,560)	$ 220,885	$ 886,271
Comprehensive income (loss) for the year					19,209	(276,653)	(257,444)
Dividend related to DIM Vastgoed N.V. dividend guarantee						(677)	(677)
Dividends ($4.49 per share)						(88,213)	(88,213)
Dividend reinvestment plan			22,572				22,572
Issue costs			(62)				(62)
Shares issued for stock dividend			44,788				44,788
Acquisition and cancellation of own shares			(2,028)	1,254			(774)
Stock based compensation				307			307
Balance December 31, 2008	11,489	33,547	698,535	7,206	649	(144,658)	606,768
Comprehensive income (loss) for the period					(4,128)	(39,260)	(43,388)
Dividend related to DIM Vastgoed N.V. dividend guarantee						(107)	(107)
Acquisition and cancellation of own shares			(6,750)	5,403			(1,347)
Homburg Capital Securities A (Note 7b)	27,877					(609)	27,268
Stock based compensation				121			121
Balance September 30, 2009	**$ 39,366**	**$ 33,547**	**$ 691,785**	**$ 12,730**	**$ (3,479)**	**$ (184,634)**	**$ 589,315**

See accompanying notes to these consolidated interm financial statements prepared under International Financial Reporting Standards.
Consolidated interim financial statements prepared under Canadian GAAP are also available.

Homburg Invest Inc.
Consolidated Interim Statement of Cash Flows
Nine Months Ended September 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)

	Note	**Three Mos. Ended September 30 2009**	Three Mos. Ended September 30 2008	**Nine Mos. Ended September 30 2009**	Nine Mos. Ended September 30 2008
Operating activities					
Net income (loss)		**$ (16,604)**	$ (9,151)	**$ (39,260)**	$ 25,412
Adjustments for:					
Realized valuation changes				**(2,252)**	
Deferred rental income		**(446)**	(1,048)	**(2,425)**	(7,692)
Unrealized valuation changes		**10,733**	25,403	**62,719**	29,414
Goodwill impairment loss		**5,501**		**5,501**	
Deferred income taxes		**(7,786)**	2,909	**(17,894)**	4,503
Stock based compensation		**25**	52	**121**	259
Amortization of financing fees		**1,257**	922	**3,482**	7,877
Fair value change in financial assets		**1,062**	5,034	**1,997**	12,131
Accretion of discounted liabilities		**376**	69	**873**	349
Loss on derivative instruments		**3,316**	5	**8,127**	907
Foreign exchange gain		**(5,403)**	(6,360)	**(16,183)**	(5,398)
Change in non-cash working capital and other	9	**25,438**	(1,130)	**28,537**	(10,365)
Net cash from operating activities		**17,469**	16,705	**33,343**	57,397
Investing activities					
Investment in investment properties		**(6,159)**	(11,662)	**(17,945)**	(37,406)
Decrease in restricted cash		**(1,384)**	(3,122)	**3,184**	7,253
Investment in development properties		**(13,595)**	(22,765)	**(38,036)**	(76,298)
Proceeds on sale of long term investments				**13,946**	
Purchase of long term investments		**(744)**	(887)	**(6,023)**	(4,575)
Net cash used in investing activities		**(21,882)**	(38,436)	**(44,874)**	(111,026)
Financing activities					
Increase (decrease) in demand loans		**(2,112)**	3,653	**(10,389)**	(354,056)
Increase (decrease) in mortgages payable		**4,863**	(13,267)	**(13,666)**	279,094
Proceeds from bonds			28,712	**11,043**	119,504
Decrease (increase) in related party receivable		**75**		**(10,960)**	
Increase in deferred financing charges		**23**	(1,050)	**(744)**	(10,771)
Repurchase of common shares and issue costs				**(1,346)**	(51)
Dividends paid			(114)		(20,853)
Decrease in related party payable		**6,679**	498	**(2,387)**	(6,580)
Increase in construction financing		**(614)**	4,763	**8,592**	47,350
Proceeds from Homburg Capital Securities A	7b	**5,457**		**31,325**	
Net cash from financing activities		**14,371**	23,195	**11,468**	53,637
Increase in cash		**9,958**	1,464	**(63)**	8
Cash, beginning of period		**6,338**	16,471	**16,359**	17,927
Cash, end of period		**$ 16,296**	$ 17,935	**$ 16,296**	$ 17,935

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See accompanying notes to these consolidated interm financial statements prepared under International Financial Reporting Standards. Consolidated interim financial statements prepared under Canadian GAAP are also available.

1. Basis of financial statement presentation

These unaudited consolidated interim financial statements have been prepared by management under International Financial Reporting Standards ("IFRS"), on a basis consistent with those followed in the most recent audited consolidated financial statements. These financial statements include the accounts of Homburg Invest Inc. and its subsidiaries, wholly owned partnerships and partially owned partnerships (collectively the "Company"). These financial statements do not contain all disclosures required by IFRS for annual financial statements, and accordingly, the financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2008.

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Receivables and other

	September 30 2009	December 31 2008
Trade receivables	$ 33,109	$ 61,415
Related party receivable (Note 11h)	10,960	
Notes receivable	1,679	
Prepaids	8,515	3,975
Homburg Capital Securities A receivable (Note 7b)	248	
	$ 54,511	$ 65,390

3. Long term investments

At December 31, 2008, the Company's investment in DIM Vastgoed N.V. ("DIM") consisted of deposit receipts representing 971,462 shares of DIM, a real estate investment company listed on the NYSE Euronext, and 266,214 directly owned shares. On January 9, 2009 (the "Agreement Date"), the Company entered into a Stock Exchange Agreement (the "Exchange Agreement") with Equity One Inc. ("Equity One"), whereby it sold this investment in DIM in exchange for 866,373 shares of Equity One common stock, resulting in a gain on sale of $166. During the first two quarters of 2009, the Company disposed of all of its shares of Equity One and recognized a gain of $2,148.

The Company also has an investment in DIM related to the October 2010 closing (the "DIM 2010 Shares"), which consists of deposit receipts representing 766,573 (December 31, 2008 - 766,573) shares of DIM. The fixed purchase price for the DIM 2010 Shares will not be paid, and legal title will not transfer, until October 1, 2010 (the "Settlement Date"). Dividends paid on the DIM 2010 Shares through to the Settlement Date will be retained by the sellers of these shares. Until the Agreement Date, the Company had full voting rights associated with the DIM 2010 Shares.

3. Long term investments (cont.)

Under the Exchange Agreement, the Company also entered into an arrangement to sell to Equity One the DIM 2010 Shares, if and when the Company has acquired ownership thereof. The Exchange Agreement requires Equity One to issue to the Company 536,601 shares of common stock in exchange for 766,573 of DIM's ordinary shares if Equity One's common stock is trading below USD$20.00. Likewise, the arrangement requires the Company to provide Equity One with 766,573 of DIM's ordinary shares in exchange for 536,601 shares of Equity One common stock if the Equity One stock is trading above USD$16.50. The Stock Exchange Agreement provides for a time-sensitive cash settlement option, solely at the discretion of Equity One, that takes precedence over the aforementioned stock exchange. This cash settlement option provides Equity One with the ability to pay the Company cash of USD$11.50 per DIM ordinary share, adjusted for a dividend formula that considers Equity One and DIM dividends, if any. As the exchange is considered to be contingent on factors beyond the Company's control, it has not been accounted for as a sale transaction, and the Company continues to record the DIM 2010 Shares at fair value, which is considered to be the market price of the underlying DIM ordinary shares, subject to such market price not exceeding the floor price of USD$11.50 per share as established in the Exchange Agreement. At September 30, 2009, the fair value of the DIM 2010 Shares was $4,662 (December 31, 2008 - $7,077).

Concurrent with the signing of the Exchange Agreement, the Company entered into a Voting Rights Transfer Agreement which transferred to Equity One the voting rights associated with the DIM 2010 shares until such time as the Exchange Agreement with respect to these shares is consummated.

4. Accounts payable and other liabilities

	September 30 2009	December 31 2008
Current amounts		
Trade payables (Note 11b)	**$ 126,942**	$ 127,165
Non construction demand loans	**63,000**	78,468
Notes payable	**14,746**	12,318
Prepaid rents and deposits	**12,106**	17,378
Security deposits	**686**	1,352
Homburg Capital Securities A (Note 7b)	**2,451**	
Related party payable (Notes 11e, f, and g)	**16,517**	18,904
	$ 236,448	$ 255,585
Non-current amounts		
Long term payables	**$ 24,742**	$ 25,287
Homburg Capital Securities A (Note 7b)	**2,037**	
Shareholders of DIM Vastgoed N.V., due October 2010	**3,573**	4,440
	$ 30,352	$ 29,727

The Company has available credit facilities of $78,000 of which $63,000 (December 31, 2008 - $64,849) is being utilized at September 30, 2009. Of these facilities, $15,000 (December 31, 2008 - $15,000) is with a company controlled by the Chairman and Chief Executive Officer.

5. Long term debt

	September 30 2009	December 31 2008
Secured debt		
Mortgages payable (a)	**$ 2,023,290**	$ 2,160,544
Mortgage bonds payable	**209,954**	228,368
	2,233,244	2,388,912
Unsecured debt		
Corporate non-asset backed bonds (b)	**491,320**	522,700
Junior subordinated notes	**61,342**	67,551
	552,662	590,251
	2,785,906	2,979,163
Deferred financing charges, net of accumulated amortization of $13,318 (December 31, 2008 - $12,161)	**(23,442)**	(27,039)
	2,762,464	2,952,124
Less current portion	**132,925**	50,776
Long term debt	**$ 2,629,539**	$ 2,901,348

Long term debt has both fixed and variable interest rates. At year end the contractual weighted average interest rate for variable rate long term debt was 2.05% and for fixed rate long term debt was 5.92% (December 31, 2008 - variable - 4.47%, fixed - 5.94%).

Scheduled principal installments and principal maturities for the period ending September 30 are as follows:

	Mortgages				
	Normal Principal Installments	Principal Maturities	Bonds and Junior Subordinated Notes	Total	Weighted average interest rate of maturing debt
2010	$ 35,312	$ 50,069	$ 47,544	$ 132,925	7.02%
2011	41,383	21,141		62,524	6.61%
2012	41,901	112,314	162,410	316,625	6.15%
2013	37,551	328,840	79,256	445,647	5.10%
2014	23,740	172,604	253,576	449,920	6.31%
Subsequent years		1,158,435	219,830	1,378,265	5.01%
	$ 179,887	$ 1,843,403	$ 762,616	$ 2,785,906	

It is the Company's intention to seek renewals of the mortgage principal maturities at market rates.

5. Long term debt (cont.)

a) Mortgages payable

Specific investment properties and an assignment of specific rents receivable have been pledged as collateral for mortgages payable, with maturity dates between 2009 and 2020. Included in mortgages payable are the following foreign denominated amounts:

		September 30 2009	December 31 2008
USD denominated	USD	**$ 91,240**	$ 92,335
	CAD	**$ 99,095**	$ 112,907
EURO denominated	EUR	**€ 846,911**	€ 858,243
	CAD	**$ 1,342,184**	$ 1,479,439

The period end exchange rates have been used to translate the foreign denominated mortgages.

b) Corporate non-asset backed bonds

Bond Series	Maturity	Interest Rate	Amount	**September 30 2009**	December 31 2008
HB8	May 31, 2013	7.00%	EUR €50,010	**$ 79,256**	$ 86,207
HB9	October 31, 2013	7.00%	EUR €60,000	**95,088**	103,428
HB10	February 15, 2014	7.25%	EUR €100,005	**158,488**	172,389
HB11	January 15, 2015	7.25%	EUR €100,005	**158,488**	160,676
				$ 491,320	$ 522,700

The Corporate non-asset backed bonds are seven year bonds issued in series and have a corporate guarantee pledged as collateral. The bonds mature between May 2013 and January 2015 and the Company has the option to redeem any series of bonds at their face amount anytime subsequent to the fifth anniversary of the issue of the bonds. The interest is payable semi-annually on June 30 and December 31. The bonds are issued in Euros and have been translated at period end exchange rates.

6. Income taxes

Income tax expense (recovery) differs from the amounts which would be obtained by applying the Canadian basic federal and provincial income tax rates and the tax rates for various foreign jurisdictions to income before income taxes. These differences result from the following items:

	Nine Months Ended September 30 2009	Nine Months Ended September 30 2008
Income (loss) before income taxes	**$ (51,851)**	$ 33,537
Combined Canadian federal and provincial statutory income tax rate	**31.50** %	32.00 %
Income taxes (recovery)	**$ (16,333)**	$ 10,732
Increase (decrease) in income taxes resulting from:		
Provincial capital tax (net of income tax recovery)	**205**	820
Canadian tax on foreign income		(4,188)
Corporate rate differential in respect of subsidiaries	**4,746**	3,755
Non-taxable portion of capital gains and market value changes	**(1,828)**	(3,482)
Non-deductible (Non-taxable) amounts	**(3,497)**	269
Non deductible portion of unrealized valuation changes	**1,425**	712
Effect of rate changes on temporary differences	**1,200**	(493)
Other	**1,491**	
	$ (12,591)	$ 8,125
Income taxes (recovery):		
Current income and capital taxes	**$ 5,303**	$ 5,262
Deferred income taxes	**(17,894)**	2,863
	$ (12,591)	$ 8,125

Deferred income tax assets (liabilities) represent the temporary differences between the tax basis of assets and liabilities and the carrying amount of assets and liabilities for financial reporting purposes. The major components of the Company's deferred income tax assets (liabilities) are as follows:

	September 30 2009	December 31 2008
Loss carry forwards and foreign tax credits	**$ 35,879**	$ 14,370
Deferred revenues and costs	**3,072**	3,621
Unrealized losses	**19,236**	27,989
Investment properties	**(146,143)**	(189,910)
	$ (87,956)	$ (143,930)

The Company's non capital loss carryforwards begin to expire in 2028, and foreign tax credits begin to expire in 2015. As at September 30, 2009, the Company has $2,847 of unrecognized future tax assets.

7. Shareholders' equity

	September 30 2009	December 31 2008
Share capital	**$ 691,785**	$ 698,535
Contributed surplus	**12,730**	7,206
Accumulated other comprehensive income	**(3,479)**	649
Deficit	**(184,634)**	(144,658)
Other paid in capital (b)	**39,366**	11,489
Revaluation surplus	**33,547**	33,547
	$ 589,315	$ 606,768

The following are rates of exchange in effect:

	$1.00 USD	€1.00 EUR
September 30, 2009	$ 1.09	$ 1.58
December 31, 2008	$ 1.22	$ 1.72
Average rate for nine months 2009	$ 1.17	$ 1.60
Average rate for nine months 2008	$ 1.02	$ 1.55

The following table sets forth the particulars of the issued and outstanding shares of the Company:

	Class A Subordinate Voting Shares (000's)	Class B Multiple Voting Shares (000's)	Stated Capital
Issued and outstanding at December 31, 2007	16,132	3,152	$ 633,265
Shares acquired under Normal Course Issuer Bid	(51)	(1)	(2,028)
Shares issued for stock dividend			44,788
Issue costs, net of income taxes			(62)
Dividend reinvestment plan	709		22,572
Issued and outstanding at December 31, 2008	16,790	3,151	698,535
Shares acquired under Normal Course Issuer Bid (a)	(171)	(2)	(6,750)
Issued and outstanding at September 30, 2009	**16,619**	**3,149**	**$ 691,785**

7. Shareholders' equity (cont.)

a) Normal Course Issuer Bid ("NCIB")

On October 16, 2008, the Company announced plans, under an approved NCIB, to acquire (on a post-consolidation basis) up to 1,051,000 Class A Subordinate Voting shares and 157,500 Class B Multiple Voting shares over a one year period ending October 16, 2009. The NCIB enables the Company to acquire up to 4,754 Class A Shares and up to 100 Class B Shares on any given trading day. Any shares acquired by the Company under the NCIB are being cancelled. During the nine months ended September 30, 2009, the Company acquired and cancelled 171,200 Class A Shares at an average cost of $7.79 per share, and 1,700 Class B Shares at an average cost of $7.34 per share.

Class A and Class B shares acquired are being cancelled and removed from share capital at the average issue price at the time of acquisition. The discount on repurchases made in the nine month period ended September 30, 2009 of $5,404 is credited to contributed surplus.

b) Other paid in capital

	September 30 2009	December 31 2008
Balance, beginning of period	**$ 11,489**	$ 11,489
Homburg Capital Securities A		
Equity component	**29,267**	
Deferred transaction costs	**(1,390)**	
Balance, end of period	**$ 39,366**	$ 11,489

Homburg Capital Securities A

During the nine month period, the Company issued EUR €21,112 ($33,754) Homburg Capital Securities A ("HCSA"). The HCSA are 99 year securities maturing February 27, 2108, bearing an annual interest rate of 9.5%, payable quarterly. The Company has the option to pay any and all of the quarterly interest payments in cash or through the issuance of Class A Preferred shares. The principal amount of HCSA must be paid in cash upon redemption or maturity.

The HCSA are direct unsecured obligations of Homburg Invest Inc. and are subordinate to the Company's existing Mortgage Bonds Payable and Corporate non-asset backed bonds, and rank senior to the Company's Class A Subordinate Voting shares and Class B Multiple Voting shares.

The Company will have the right to redeem the HCSA, at a price equal to 100% of the principal amount of the HCSA to be redeemed, plus accrued and unpaid interest to the date of redemption by giving not less than thirty (30) and no more than sixty (60) days' prior notice on account of:

- certain changes in tax legislation or other tax events subjecting the issuer to additional taxes or other governmental charges;
- the termination of equity treatment for accounting purposes of future interest obligations under the HCSA or of the Class A Preferred Shares, subject to an insignificant amount of Class A Preferred Shares then issued and outstanding; and
- on February 27, 2014 or any subsequent interest payment date, in whole or in part.

7. Shareholders' equity (cont.)

b) Other paid in capital (cont.)

Any Class A Preferred shares issued will be issued in series and will have the following terms and conditions: par value of one (1) Euro each; non-voting; cumulative dividends at the annual rate of 9.75%, as and when declared by the board of directors; having an indefinite life. The Class A Preferred shares will have a mandatory obligation for the Company to redeem all issued and outstanding Class A Preferred shares for an amount equal to their par value plus any accrued but unpaid dividends thereon at the earlier of:

- the next interest payment date on which the Company elects to pay interest on the HCSA in cash, in whole or in part; and
- the business day falling immediately prior to the date on which the Company redeems, purchases or otherwise acquires any shares or securities in the capital of the Company ranking junior to or pari passu with the HCSA.

In addition, any Class A Preferred shares issued in respect of quarterly interest payments prior to April 1, 2011, will be puttable at the holders' option back to the Company for cash equal to one (1) Euro per Class A Preferred share. The put option with respect to any such Class A Preferred shares issued will expire 30 days from the date of receipt of the Class A Preferred shares.

The Company has determined that the expected life of the HCSA is 50 years through March 31, 2059. The proceeds received on issuance have been allocated to three components:

- The Company has recognized a liability of EUR €97 ($156) equal to the present value of the HCSA principal that must be repaid at the end of the expected life of the instrument. This liability is being accreted using a rate of 11.0% to its full principal amount over the expected life of the instrument using the effective interest rate method with accretion recognized in interest expense.

- The Company has recognized a liability of EUR €2,709 ($4,332) for the present value of the interest payments prior to April 1, 2011, given the holder put option with respect to any Class A Preferred shares received with respect to such interest payments. This liability has been discounted and is being accreted using the effective interest rate method at a rate of 11.0%, with accretion recognized in interest expense.

- The residual amount of EUR €18,306 ($29,266) represents the future quarterly interest payments after March 31, 2011, that can be settled by the issuance of Class A Preferred shares at the Company's option. This residual amount has been included in other paid in capital. This amount is also being accreted over the expected life of the instrument using the effective interest rate method with accretion amounts charged directly to retained earnings. Interest payments made after March 31, 2011, whether in cash or Class A Preferred shares, will reduce the other paid in capital amount. The effective interest rate used results in other paid in capital reducing to nil at the end of the expected life of the instrument.

7. Shareholders' equity (cont.)

b) Other Paid in Capital (cont.)

Foreign currency gains and losses on the liability components, whether realized or unrealized, will impact earnings each quarter. Foreign currency fluctuations on interest payments made after March 31, 2011, will be charged to retained earnings.

Basic and diluted earnings per share are being reduced by amounts charged directly to retained earnings as such amounts are in preference to earnings available to common shareholders. In addition, cumulative preferred dividends whether paid or unpaid on any Class A Preferred shares that may be outstanding will reduce basic and diluted earnings per share.

Transaction costs related to the HCSA are being allocated to the liability and equity components in proportion to the initial allocation of the proceeds received. The transaction costs related to the liability components are included in deferred financing fees and are being amortized, on an effective interest basis, over the estimated life of the related liability component. The transaction costs related to the equity component are netted against other paid in capital and are being amortized to retained earnings, on an effective interest basis, over the expected life of 50 years for the HCSA.

8. Earnings (loss) per share

Net income per share has been calculated based on the weighted average number of shares outstanding as follows:

	Three Mos. Ended September 30 2009 (000's)	Three Mos. Ended September 30 2008 (000's)	**Nine Mos. Ended September 30 2009 (000's)**	Nine Mos. Ended September 30 2008 (000's)
Basic				
Class A Subordinate Voting	**16,619**	16,841	**16,699**	16,608
Class B Multiple Voting	**3,149**	3,152	**3,149**	3,152
	19,768	19,993	**19,848**	19,760
Diluted				
Class A Subordinate Voting	**16,619**	16,841	**16,699**	17,096
Class B Multiple Voting	**3,149**	3,152	**3,149**	3,152
	19,768	19,993	**19,848**	20,248
The dilution consists of:				
Class A				
Exercise of options				12
DIM payable/Other paid in capital				476
				488

8. Earnings (loss) per share (cont.)

Income (loss) available to Class A and Class B shareholders is calculated as:

	Three Mos. Ended September 30 2009	Three Mos. Ended September 30 2008	**Nine Mos. Ended September 30 2009**	Nine Mos. Ended September 30 2008
Net income (loss)	**$ (16,604)**	$ (9,151)	**$ (39,260)**	$ 25,412
Less Homburg Capital Securities equity accretion (Note 7(b))	**(378)**		**(609)**	
Income (loss) available	**$ (16,982)**	$ (9,151)	**$ (39,869)**	$ 25,412

The weighted average number of shares for 2008 have been retrospectively adjusted to reflect the impact of the 2008 stock consolidation and "in-kind" dividend.

The Company incurred a loss in Earnings (loss) available to Class A and Class B shareholders for the three months ended September 30, 2008 and the three and nine months ended September 30, 2009. As such, the inclusion of any potential shares in the calculation of diluted per share amounts for these periods would be anti-dilutive.

The dilutive effect of outstanding stock options on earnings per share for the nine months ended September 30, 2008 is based on the application of the treasury stock method. Under the treasury stock method, the proceeds from the exercise of such securities are assumed to be used to purchase shares of the same class. The Company's stock options issued in 2007 with an exercise price of $56.80 are anti-dilutive for all reporting periods. As such, those options have been excluded from the calculation of diluted earnings per share for the respective periods.

9. Supplemental cash flow information

	Three Mos. Ended September 30 2009	Three Mos. Ended September 30 2008	**Nine Mos. Ended September 30 2009**	Nine Mos. Ended September 30 2008
Change in non-cash working capital and other				
Receivables and other	**$ 883**	$ (4,316)	**$ (8,988)**	$ (16,566)
Construction properties for resale	**(16,631)**	(23,549)	**(76,849)**	(97,028)
Accounts payable and other liabilities	**(6,142)**	3,012	**(9,041)**	23,487
Proceeds in excess of earnings on development properties	**47,328**	23,723	**123,415**	79,742
	$ 25,438	$ (1,130)	**$ 28,537**	$ (10,365)
Interest paid	**$ 26,921**	$ 30,772	**$ 112,549**	$ 117,524
Capital and income taxes paid (received)	**$ (1,337)**	$ 3,707	**$ 1,763**	$ 8,712

10. Financial instruments and risk management

Financial instruments

The Company does not acquire, hold or issue derivative financial instruments for trading purposes.

Classification of Financial Assets and Liabilities	Subsequent Measurement	September 30 2009	December 31 2008
Available for Sale	Cost, subject to impairment testing		
- Long term investments : DEGI Homburg Harris Limited Partnership		**$ 16,657**	$ 10,635
Held for Trading	Fair Value		
- Long term investments: others		**$ 14,710**	$ 29,451
- Cash and cash equivalents		**16,652**	16,359
- Currency guarantee receivable		**9,573**	28,165
- Derivative instrument liability		**(25,934)**	(19,427)
		$ 15,001	$ 54,548
Loans and Receivables	Amortized cost		
- Restricted cash		**$ 22,785**	$ 25,969
- Receivables and other		**54,511**	65,390
		$ 77,296	$ 91,359
Other Financial Liabilities	Amortized cost		
- Accounts payable and other liabilities		**$ 266,800**	$ 285,312
- Mortgages		**2,023,290**	2,160,544
- Mortgage bonds		**209,954**	228,368
- Corporate non-asset backed bonds		**491,320**	522,700
- Junior subordinated notes		**61,342**	67,551
- Deferred financing charges		**(23,442)**	(27,039)
- Construction financing		**111,025**	102,433
- Liabilities of discontinued operations		**28,903**	28,903
		$ 3,169,192	$ 3,368,772

The Company holds the following long term financial instruments: mortgages, mortgage bonds, corporate non-asset backed bonds, junior subordinated notes, long term payables and long term investments. The mortgages have a fair value of $2,045,171 (December 31, 2008 - $2,146,666). The total fair value of all bonds is $665,601 (December 31, 2008 - $649,404). The principal amount of the mortgage bonds have been guaranteed against currency fluctuations. The currency guarantee receivable of $9,753 (December 31, 2008 - $28,165) is carried at fair value. The junior subordinated notes have a fair value of $88,060 (December 31, 2008 - $70,607). The long term investments, with the exception of the investment in DEGI Homburg Harris Limited Partnership, are carried at their fair value. The long term investment in DEGI Homburg Harris Limited Partnership represents a 10% interest in an investment property currently under development. The Company has classified the investment as available for sale and carries it at cost as the investment is not quoted in an active market.

10. Financial instruments and risk management (cont.)

The fair values of long term financial instruments (other than long term investments) are based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The fair value of the Company's investment in Homburg Eastern European Fund B.V. is based on the proportionate share of the reported net asset value of the B.V.. The B.V. prepares its financial statements under International Financial Reporting Standards using the fair value model. As such, the net asset value from the financial statements of the B.V. is reflective of its fair value. The fair value of the other long term investments carried at fair value is based on the quoted market price.

The Company's short term financial instruments, comprising amounts receivable, restricted cash, accounts payable and other liabilities, demand and short term loans, and construction financing are carried at amortized cost which, due to their short term nature, approximates their fair value.

Risk management

In the normal course of its business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to minimize them are discussed below.

a) Liquidity risks

Liquidity risk relates to the possibility of insufficient debt and equity financing available to fund the desired growth of the Company and to refinance the current and long term debts as they come due. As a result of the current global capital market condition, lenders have tightened their lending standards, and may continue to do so. The effect of this could be that the Company may have more difficulty obtaining the same level of financing on both renewals and new debt. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate levels of financing.

Liquidity risk also relates to the potential required early retirement of debt. Some of the Company's debt agreements have covenants related to minimum debt to equity ratios, interest coverage ratios, and/or reserve account balance requirements. Breach of any of these covenants could result in the related debt being required to be repaid before its scheduled maturity date. Should that happen, the Company may be required to sell properties at unfavourable prices to satisfy the debt repayment, and the financial condition and results of operations could be adversely affected.

The Company has been successful in the past in raising non-asset backed debt financing and mortgage bond financing on the global market to the extent of $700,000. The Company will continue to look to these unique financing markets for additional funds; however, there can be no assurance that additional funds will be available.

The Company has received approval from the Dutch regulator Authority Financial Markets ("AFM"), and is now actively marketing the Homburg Capital Securities A, which are 99 year bonds, bearing an interest rate of 9.5% on the face amount of the bond. The Company has targeted between EUR €25,000 to €75,000 ($39,620 to $118,860). These funds will be utilized to strengthen the Company's balance sheet. To date, the Company has sold EUR €21,112 ($33,754) Homburg Capital Securities A.

10. Financial instruments and risk management (cont.)

The Company is significantly levered with a debt to equity ratio of 5.04:1 at September 30, 2009 (December 31, 2008 5.23:1) (long term debt, construction financing, long term payables and demand loans ÷ shareholders' equity). For the nine months ended September 30, 2009, Homburg Invest had total interest coverage from continuing operations of 1.22:1 (September 30, 2008 1.62:1) (calculated as total revenue less unrealized fair value gains, property operating expenses, cost of property sales and general and administrative expenses ÷ interest expense).

The following table presents the Company's total contractual obligations at September 30, 2009 for the following five year period:

Contractual Obligations	**2010**	**2011**	**2012**	**2013**	**2014**
Mortgages (secured)					
Amortization	$ 35,312	$ 41,383	$ 41,901	$ 37,551	$ 23,740
Principal Maturities	50,069	21,141	112,314	328,840	172,604
Interest	101,015	97,165	91,563	80,417	65,703
Mortgage bonds (secured)					
Principal maturities	47,544		162,410		
Interest	14,731	12,057	6,664		
Corporate non-asset backed bonds and junior subordinated notes (unsecured)					
Principal maturities				79,256	253,576
Interest	40,426	40,426	40,426	39,039	24,141
Construction financing demand loan					
Principal	111,025				
Non construction demand loans					
Principal	63,000				
Homburg Capital Securities A	4,240				
DIM Vastgoed N.V. payable	3,573				
Long term payable- MoTo Objekt Campeon GmbH and CoKG		24,742			
Working capital					
Trade payables, related party payable, income taxes payable and notes payable	166,439				
Trade receivables, related party receivables and notes receivable	(45,748)				
Liabilities of discontinued operations	28,903				
Operating leases	912	4,170	14,607	14,636	14,679
Purchase obligations on construction projects	45,325				
Total	**$ 666,766**	**$ 241,084**	**$ 469,885**	**$ 579,739**	**$ 554,443**

Interest on demand loans is excluded from the above table as it does not represent a contractual obligation at September 30, 2009. The Company's derivative instrument liability of $25,934 at September 30, 2009 has also been excluded from the above table. This liability relates to financial instruments that effectively fix the variable interest rate on certain mortgages, which is settled with the derivative instrument on a net-net basis; interest obligations on such mortgages are therefore shown in the above table at the effective fixed rate, which approximates the timing of the related cash flows.

10. Financial instruments and risk management (cont.)

The Company anticipates refinancing the mortgage principal maturities of $50,069 due in the next 12 months. The Company does not anticipate difficulty in refinancing these mortgages at maturity under terms similar to those currently in place based on the current loan to value ratios on these properties.

The Company has significant amounts invested in development properties that are not yet income producing. These development properties have been financed with first mortgage construction financing as well as unsecured debt. The Company expects to finance construction properties currently under development, including interest on principal borrowings, through existing and additional construction loans and additional corporate bond proceeds. First mortgage secured financing on completed construction projects will be replaced with conventional first mortgages, or repaid where the debt is secured by a charge over properties being sold. Existing purchase obligations at September 30, 2009 relate to three construction projects underway to which the Company has purchase commitments of $45,325. These commitments will be funded from existing cash resources, construction financing and the proceeds from bond and debt issuances. There is a risk that delays in development projects can result in additional costs that may not ultimately be recoverable when development is completed. In addition, if the Company is unable to complete development projects, the current carrying value of its development properties may not be recoverable. Should that happen, the financial condition and results of operations could be adversely affected.

At September 30, 2009, the Company had three secured credit facilities (non construction demand loans) totalling $78,000 available to it, of which $63,000 was utilized. Included in these loan facilities is $15,000 which is with a company controlled by the Chairman and Chief Executive Officer. The Company's non-construction demand loans are secured by first or second charges over various investments properties not to exceed 65% of fair value. The Company anticipates that this financing will remain in place based on current loan to property security values.

The Company requires additional sources of liquidity to meet its remaining significant obligations over the next twelve months including:

- -mortgage amortization of $35,312;
- -interest on secured debt of $115,746 and unsecured debt of $40,426;
- -capital spending requirements on its income property portfolio expected to approximate $16,000;
- -liabilities related to discontinued operations of $28,903;
- -Homburg Capital Securities A and DIM Vastgoed N.V. obligations, totalling $7,813;
- -the mortgage bond principal of $47,544 maturing in April 2010; and
- -potential funding to partially reduce the Company's working capital deficit of $120,691.

The Company anticipates being able to meet these obligations as they become due in the next 12 months through the following sources of finance:

- -cash on hand at September 30, 2009 ($16,652);
- -the unutilized portion of non-construction demand loans ($15,000);
- -net cash from opertaing activities ($75,461 was generated in the last four quarters);
- -cash generated from continued sales of completed condominium development projects;
- -new financing supported by completed condominium inventory (one such financing in the amount of $12,000 closed subsequent to September 30, 2009);
- -the potential sale of certain income properties, subject to reasonable prices being attained; and
- -upward refinancing on maturing mortgages.

10. Financial instruments and risk management (cont.)

Should these efforts not yield sufficient liquidity, there is a risk that the Company may be required to sell properties at unfavourable prices to meet its immediate liquidity needs. Should that happen, the financial condition and results of operations could be adversely affected.

Key obligations for 2011 are significantly lower than 2010, and relate mainly to principal repayments, amortization and interest on secured mortgages and mortgage bonds totalling $171,746, interest on unserviced debt of $40,426 and the Company's deferred purchase obligation with respect to MoTo Objekt Campeon GmbH and Co KG ($24,742). There are no principal debt maturities relating to secured mortgage bonds, unsecured corporate non-asset backed bonds and unsecured junior subordinated notes in 2011.

Operating lease obligations increase significantly in 2011 and beyond reflecting the commencement of the lease described in note 14(c) to the financial statements. The Company has sub-leased 25% of this space at rates that exceed those the Company is obligated to pay, and it is seeking to sublease the remainder of this space prior to the occupancy date to offset the Company's future obligations.

b) Interest rate risk

As a result of the current global capital market condition, lenders have tightened their lending standards, and may continue to do so. The effect of this could be that the Company may have more difficulty obtaining similar terms of financing on renewals and on new debt. The Company's financial condition and results of operations could be adversely affected if it were not able to obtain appropriate terms for its financing.

The borrowings of the Company have fixed and floating interest rate components resulting in an exposure to interest rate movements. At period end, the Company's debt consists of $2,434,273 in fixed rate debt and $525,737 in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160,146 ($253,799) (December 31, 2008 - EUR €161,181 ($277,843)) of its long term debt. Due to a reduction of interest rates in The Netherlands, Germany and the Baltics during the nine month period ended September 30, 2009, the impact on the statement of earnings is a loss of $8,127 (September 30, 2008 - loss of $907).

The Company discloses the weighted average rate of maturing long term debt in the Long term debt note to the financial statements. In addition to these long term amounts, the Company has $174,025 in demand and short term loans which are repayable in less than one year. With all other variables held constant, the Company has determined that a 1% change in interest rates would result in an annualized after tax change of $3,601 in the Company's earnings as a result of the impact on floating rate borrowings.

10. Financial instruments and risk management (cont.)

c) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables Credit risk on tenant receivables of $19,499 at September 30, 2009 (December 31, 2008 - $ 14,100) arises from the possibility that tenants may not fulfill their lease obligations. The Company mitigates this credit risk by performing credit checks on prospective tenants, having a large diverse tenant base with varying lease expirations, requiring security deposits on high risk tenants and ensuring that a considerable portion of its property revenue is earned from international, national and large anchor tenants.

The Company's largest tenant represents 19% of property revenue for the period. The ability of this tenant to fulfill its long term lease obligation, or to pay rent on a timely basis could impact the Company's annual cash flow. To mitigate this risk, the tenant has issued a EUR €75,000 ($118,860) letter of guarantee, to the primary lender on the specific property, which would be utilized to mitigate major losses while the Company sought replacement tenants.

The Company's receivables are comprised primarily of current balances owing, except for the Quelle GmbH receivable as discussed in note 16, and the Company performs monthly reviews of its receivables and establishes an appropriate provision for doubtful accounts. The Company has not experienced any significant receivable write offs and there has been no significant change in the provision during the period.

The remaining significant receivables consist of taxes recoverable from various government agencies and revenue from the sale of development properties. The amounts due from government agencies represent current recoverable amounts and the revenue from the sale of development properties is supported by security letters of credit issued by the purchaser.

d) Currency risk

Currency risk arises from assets and liabilities denominated in US Dollars or Euros. The Company mitigates a portion of its currency risk on mortgage bonds denominated in Euros through a guarantee agreement. In support of the currency guarantee the related party has arranged an arms length credit facility agreement. The Company has also established internal hedging relationships between Euro-denominated net investments in foreign operations and Euro-denominated Corporate Non-Asset Backed Bonds and Junior Subordinated Notes. At September 30, 2009, EUR €234,340 ($371,382) (December 31, 2008 - €234,340 ($403,955)) of the Company's net investment was hedged with an equal amount of Euro-denominated debt. The hedge is considered to be an effective hedge at September 30, 2009 and December 31, 2008 and will be regularly reviewed to assess the continued effectiveness of the hedging relationship. Currency risk for other amounts denominated in US Dollars and Euros is mitigated by US Dollar and Euro revenue and expense streams related to property rentals.

The operating results of the Company's foreign operations are translated to Canadian dollars for financial statement reporting purposes. Changes to the exchange rates during the reporting period impact those reported results.

With all other variables held constant, the Company has determined that a 10% change in the exchange rate of the US dollar in comparison to the Canadian dollar would result in a decrease (increase) in year to date earnings after income taxes, excluding un-hedged debt, of $88 and a foreign exchange gain or loss on the un-hedged US dollar denominated Junior Subordinated Notes of $1,488 after income taxes.

With all other variables held constant, the Company has determined that a 10% change in the exchange rate of the Euro in comparison to the Canadian dollar would result in an decrease (increase) in year to date earnings after income taxes, excluding un-hedged debt, of $2,487 and a foreign exchange gain or loss on the un-hedged Euro denominated Corporate Non- Asset Backed Bonds of $10,856 after income taxes.

10. Financial instruments and risk management (cont.)

The Balance Sheets of the Company's foreign operations are translated to Canadian dollars for financial reporting purposes using the period end exchange rate. The change in exchange rates on the net investment position of these foreign operations is reflected in the Other Comprehensive Income of the Company during the period. As noted above, the Company has established an internal hedging relationship between Euro-denominated debt and net investments in foreign operations. To the extent that the hedges are effective, the foreign currency gain or loss on the hedging amounts of Euro-denominated debt is reflected in the Other Comprehensive Income during the period.

The Company feels that 10% represents a reasonably possible change in existing exchange rates.

e) Concentration risk

The Company's largest single tenant represents approximately 19% (December 31, 2008 - 17%) of property revenue for the period. The risk relates to the ability of the Company to replace this revenue stream on a timely basis while maintaining the related property costs. The Company mitigates this risk by entering into long term leases; reviewing the financial stability of the tenant and obtaining security or guarantees where appropriate; and seeking geographic and industry diversity of tenants. The Company's largest tenant has issued a letter of guarantee to the primary lender on the specific property, in an amount representing in excess of 2 years property revenue from this tenant. The Company also maintains their properties to a quality standard that would support timely re-leasing of a property.

f) Environmental risk

As owner and manager of real property, Homburg Invest is subject to various United States, European and Canadian federal, provincial, state and municipal laws relating to environmental matters. These laws could hold the Company liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any , could adversely affect the Company's ability to sell its real estate or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against the Company. Homburg Invest is not aware of any material non compliance with environmental laws at any of its properties. The Company is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. The Company has policies and procedures to review and monitor environmental exposure, and has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on its business, financial condition or results of operation.

11. Related party transactions

The Company's ultimate parent is Homburg Finance A.G., which is controlled by the Chairman and Chief Executive Officer.

a) The Company has entered into agreements with companies commonly controlled by the Chairman and Chief Executive Officer to provide various services. A summary of the various transactions between related parties is as follows:

	Nine Months Ended September 30 2009	Nine Months Ended September 30 2008
Rental revenue earned	**$ (549)**	$ (994)
Interest Income	**$ (561)**	$
Asset and construction management fees incurred	**$ 16,966**	$ 14,618
Property management fees incurred	**$ 4,802**	$ 4,485
Insurance incurred	**$ 959**	$ 1,178
Service fees incurred	**$ 4,625**	$ 5,590
Property acquisition/disposal fees incurred	**$ 135**	$ 2,153
Mortgage bond guarantee fees incurred	**$ 2,133**	$ 2,703
Interest costs incurred	**$ 2,103**	$
Tenant improvements	**$ 125**	$
Bond and other debt issue costs incurred	**$ 1,349**	$ 4,907

b) Included in trade payables are the following balances payable to companies commonly controlled by the Chairman and Chief Executive Officer, which are non-interest bearing and have no set terms of repayment.

	September 30 2009	December 31 2008
Mortgage bond guarantee fees	**$ 2,133**	$ 323
Management fees	**$ 135**	$ 83

c) The Company has approved a resolution authorizing the property manager, a company commonly controlled by the Chairman and Chief Executive Officer, to operate trust accounts on its behalf as required to conduct business of the Company.

d) Professional services of approximately $142 (September 30, 2008 - $142) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $10,370 (December 31, 2008 - $14,966) in payables to companies commonly controlled by the Chairman and Chief Executive Officer, which are non-interest bearing and have no set terms of repayment.

11. Related party transactions (cont.)

f) Also included in accounts payable is a demand note payable plus accrued interest in the amount of EUR €2,374 ($3,763) (December 31, 2008 - $3,938) payable to a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 5.619% per annum.

g) Also included in accounts payable is a demand note payable plus accrued interest in the amount of USD $2,195 ($2,384) (December 31, 2008 - $3,322) payable to a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 6.00% per annum.

h) Included in accounts receivable is a demand note receivable plus accrued interest in the amount of EUR €6,916 ($10,960) (December 31, 2008 - $NIL) receivable from a company commonly controlled by the Chairman and Chief Executive Officer, which bears an interest rate of 7.25% per annum.

i) The Company has entered into a guarantee arrangement for the principal and interest amounts of the mortgage bonds payable, with a company under the control of the Chairman and Chief Executive Officer, wherein it is protected against fluctuations in the Canadian dollar and the Euro. The cost of this guarantee per annum is 2.0% on the Series 2 Bonds, and 1.6% on the Series 4, Series 5, Series 6, and Series 7 Bonds.

j) Property Management Service Fees
The Manager will be entitled to the following fixed fees for its property management services, payable by each Owner, on a monthly basis:

i. For investment properties where Single Tenant Net Leases (which is defined as a lease under which the lessee is the sole tenant occupying the relevant property and pays rent to the lessor, as well as generally all other costs and expenses that arise from the use of the property, such as utilities, property taxes, insurance and maintenance expenses) are in place, the Manager will not receive any property management fees;

ii. For investment properties situated in Canada or the United States where Single Tenant Triple Net Leases (as such term is defined above) are not in place, fees will be a percentage (as set out in the chart below in relation to the properties located in Canada and the United States) of all cash receipts or net revenue (i.e. total basic rent plus expense recoveries) as generated by the Properties. On a go forward basis, any such fees to be determined in respect of any investment properties acquired from time to time shall be equal to the lesser of (i) market rates and (ii) 5% of all cash receipts or net revenue (i.e. total basic rent plus expense recoveries);

iii. For investment properties situated in Europe where Single Tenant Triple Net Leases (as such term is defined above) are not in place, fees will be a percentage (as set out in the chart below in relation to the properties located in Europe) of annual rents as generated by the Properties. On a go forward basis, any such fees to be determined in respect of any investment properties acquired from time to time shall equal to the lesser of (i) market rates and (ii) 3.5% of annual rents;

11. Related party transactions (cont.)

iv. Construction supervision fees equal to 10% of the gross value (net of taxes) of the cost of construction or related construction contracts. Gross costs include the total hard and soft costs (including interest), but exclude land cost. The Manager will be responsible for, including but not limited to, project management and all third party costs for construction management and other related costs; and

v. Leasing fees equal to 10% of the first year net revenue for leases with a term of less than two years, 15% of the first year net revenue for leases of three to four years and 20% of the first year net revenue for leases of five years or longer. The Manager shall pay out of the applicable Owner's funds, mortgage payments, taxes, assessments, premiums on insurance and all other payments related to the operation of the Properties.

k) Asset Management Services Fees

The Manager will be entitled to the following fixed fees for its asset management services, payable by each Owner, on a monthly basis:

i. For investment properties situated in Canada or the United States, annual fees of 0.30% of the total asset base, calculated on the quarterly basis for properties where Single Tenant Triple Net Leases (as such term is defined above) are in place, and 0.75% of the total asset base, calculated on a quarterly basis, for properties where a Single Tenant Triple Net Leases (as such term is defined above) are not in place;

ii. For investment properties situated in Europe, annual fees of 0.20% of the total asset base, calculated on a quarterly basis;

iii. Share issue fees of 5% of the total gross proceeds raised in share issues of HII, provided that the Manager will assume all costs related to such share issues (including selling commissions payable to intermediaries, legal fees, marketing expenses, travel expenses and additional out-of pocket expenses). No fees are payable by HII to the Manager with respect to shares issued to a vendor of a property acquired by HII or private placements to related parties; and

iv. Acquisition and disposition fees of 2.5% of the total acquisition or disposition price of the relevant property, provided however that, (i) in the context of a series of transactions forming part of the same transaction, the 2.5% fee is only payable once based on the total acquisition or disposition price, as the case may be; and (ii) the Manager will not be entitled to be reimbursed for any due diligence or execution costs relating to any acquisitions or dispositions, whether successful or unsuccessful, including legal, accounting, financial advisory and brokerage services as well as travel expenses and the cost of obtaining structural, environmental, title and appraisal reports.

Related party transactions are recorded at their exchange amounts, being the amounts agreed to by the related parties.

12. Commitments

a) The following is a schedule of the future minimum lease payments on several operating leases:

Year		Amount
2009	$	884
2010	$	579
2011	$	581
2012	$	610

b) The following is a schedule of the future payments required under an emphyteutic lease, expiring in 2065, on land for an income producing property:

Year		Amount
2009	$	28
2010	$	112
2011	$	112
2012	$	112
2013	$	112
Subsequent	$	5,775

c) The following is a schedule of the future minimum lease payments on an operating lease signed by the Company:

Year		Amount
2009	$	NIL
2010	$	3,479
2011	$	13,914
2012	$	13,914
2013	$	14,567
Subsequent	$	203,497

The Company is working toward sub-leasing this space prior to the occupancy date; which is expected to be in the fourth quarter of 2010. Any sub-lease would offset the Company's future obligation under the lease commitment.

d) The Company has a headlease obligation related to a development property that is under contract, which is expected to close late in 2009, for any vacant space that may exist at the date of closing. Based upon current lease commitments for the related space in place at period end, the estimated value of the net headlease obligation is not material.

e) The Company and its subsidiaries have entered into various property management agreements, expiring between 2010 and 2012. (Note 11a).

f) The Company has three construction projects underway for which it has signed commitments of $45,325.

13. Contingent liabilities

a) There are claims which the Company is involved with, arising out of the ordinary course of business operations. The Company does not consider the exposure to such litigation to be material, although this cannot be predicted with certainty.

b) One subsidiary has received a transfer tax assessment and specific other subsidiaries of the Company have been advised of pending potential transfer tax assessments. The tax assessments, both issued and potentially to be issued, would impose transfer tax on the acquisition of certain properties by the subsidiaries. The potential liability would be EUR €10,831 ($17,165) and would increase the cost of the applicable properties should the Company be unsuccessful in defending the existing assessment and the remaining potential assessments. Of this total amount: the Company has received an assessment for EUR €1,800 ($2,853); an additional EUR €7,831 ($12,411) was indicated for potential assessment, and to date no additional assessments have been received. The remaining amount of EUR €1,200 ($1,901) relates to an acquisition in 2008, and is similar in structure to the acquisition that has already been assessed. The Company has reviewed this matter, has received legal advice, and believes it is not required to pay the transfer tax on any of these acquisitions. Accordingly, the Company has not recorded any of the proposed transfer tax in its consolidated financial statements.

14. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current. The most significant reclassifications include the presentation of a classified balance sheet, adjustments to the comparative consolidated balance sheet for preliminary business combination purchase price allocations finalized in 2008 and adjustments to the format of the consolidated income statement.

15. Segmented Information

The Company's investment properties are geographically segmented amongst Canada, The United States of America (US), and Europe. The European properties are located in Germany, the Baltic region, and The Netherlands. The Company has also provided supplemental segmented information based on industry type.
Operating performance evaluation is primarily based on the net operating income of properties, which is property revenue less property operating expenses. Expenses such as interest, amortization, and general and administrative are centrally managed, and as such have not been allocated to the segments.
The Company also derives significant revenues and costs from the sale of properties developed for resale. These developed and development properties are all located in Canada, and as such all revenues and costs, and development property assets are applicable to that geographic segment.
The following provides a summary of key information of the Company's residential and commercial operating segments:

Nine Months Ended September 30, 2009	**Germany**	**Netherlands**	**The Baltics**	**Canada**	**US**	**Total**
Property revenue	**$ 68,909**	**$ 32,968**	**$ 16,787**	**$ 109,999**	**$ 14,022**	**$ 242,685**
Operating expenses	**3,481**	**4,368**	**5,135**	**54,867**	**4,210**	**72,061**
	$ 65,428	**$ 28,600**	**$ 11,652**	**$ 55,132**	**$ 9,812**	**$ 170,624**

Nine Months Ended September 30, 2008	Germany	Netherlands	The Baltics	Canada	US	Total
Property revenue	$ 60,964	$ 33,421	$ 14,261	$ 107,724	$ 12,202	$ 228,572
Operating expenses	950	3,569	3,748	48,979	3,357	60,603
	$ 60,014	$ 29,852	$ 10,513	$ 58,745	$ 8,845	$ 167,969

September 30, 2009	**Germany**	**Netherlands**	**The Baltics**	**Canada**	**US**	**Total**
Investment property	**$ 1,054,187**	**$ 629,792**	**$ 247,004**	**$ 1,190,113**	**$ 176,101**	**$ 3,297,197**
Mortgages payable	**$ 697,330**	**$ 424,094**	**$ 209,432**	**$ 593,339**	**$ 99,095**	**$ 2,023,290**
Mortgage bonds payable	**$ 31,712**	**$**	**$**	**$ 178,242**	**$**	**$ 209,954**

December 31, 2008	Germany	Netherlands	The Baltics	Canada	US	Total
Investment property	$ 1,197,085	$ 685,025	$ 280,975	$ 1,189,984	$ 196,675	$ 3,549,744
Mortgages payable	$ 766,780	$ 471,324	$ 228,818	$ 580,714	$ 112,908	$ 2,160,544
Mortgage bonds payable	$ 34,493	$	$	$ 193,875	$	$ 228,368

At September 30, 2009, the Germany segment included one (September 30, 2008 - one) tenant that individually represented 19% (September 30, 2008 - 17%) of the Company's consolidated property revenue for the period.

15. Segmented information (cont.)

Nine Months Ended September 30, 2009

	Retail	Industrial	Office	Residential	Total
Property revenue	**$ 71,497**	**$ 29,835**	**$ 133,560**	**$ 7,793**	**$ 242,685**
Operating expenses	**31,545**	**2,496**	**33,105**	**4,915**	**72,061**
	$ 39,952	**$ 27,339**	**$ 100,455**	**$ 2,878**	**$ 170,624**

Nine Months Ended September 30, 2008

	Retail	Industrial	Office	Residential	Total
Property revenue	$ 66,844	$ 30,717	$ 123,045	$ 7,966	$ 228,572
Operating expenses	26,257	2,493	27,648	4,205	60,603
	$ 40,587	$ 28,224	$ 95,397	$ 3,761	$ 167,969

September 30, 2009	**Retail**	**Industrial**	**Office**	**Residential**	**Total**
Investment property	**$ 698,029**	**$ 466,777**	**$ 2,038,376**	**$ 94,015**	**$ 3,297,197**
Mortgages payable	**$ 251,799**	**$ 381,036**	**$ 1,317,308**	**$ 73,147**	**$ 2,023,290**
Mortgage bonds payable	**$ 47,544**	**$ 24,636**	**$ 7,075**	**$**	**$ 79,255**

December 31, 2008	Retail	Industrial	Office	Residential	Total
Investment property	$ 861,251	$ 611,774	$ 1,982,744	$ 93,975	$ 3,549,744
Mortgages payable	$ 261,455	$ 415,051	$ 1,409,867	$ 74,171	$ 2,160,544
Mortgage bonds payable	$ 51,714	$ 26,761	$ 7,734	$	$ 86,209

At September 30, 2009 Mortgage bonds payable total $209,954, exclusive of the currency guarantee receivable of $9,753. Of this amount $130,699 related to properties under development and funds intended for acquisitions and development projects which will be located in Canada. The remaining $79,255 is allocated to specific segments above.

At December 31, 2008 Mortgage bonds payable total $228,368, exclusive of the currency guarantee receivable of $28,165. Of this amount $142,159 related to properties under development and funds intended for acquisitions and development projects which will be located in Canada. The remaining $86,209 is allocated to specific segments above.

16. Subsequent events

a) As part of the Company's continual assessment of its portfolio, the Company has signed sales agreements for 4 investment properties located in Canada. The sales are expected to be completed in the fourth quarter of 2009 and first quarter of 2010; subject to the purchasers completing due diligence. The properties are being sold for a total of $16,630 less selling costs and have a carrying value of $11,013. There are first mortgage charges against the properties totaling $6,618 which will be settled as part of the dispositions. The impact of the disposition of these properties is immaterial to ongoing property revenue, property operating expense, and pretax earnings (loss).

b) Subsequent to period end the Company has closed on a Condominium Inventory loan in the amount of $12,000.

c) Subsequent to period end, the Administrator of Arcandor AG has decided to liquidate its mail order business operating as Quelle GmbH, which is a tenant of the Company. The Administrator has given the Company notice of its intention to terminate the remaining lease of Quelle GmbH effective December 31, 2009. The Company will rank as an unsecured creditor for the remaining amount due under the terms of the lease. The Company has filed a claim with the Administrator for Approximately EUR 80,0000. It is unknown how much, if any, the Company will recover in their process.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and the Company has made the required payment in October 2009. The next required payment is January 2010. However, since Quelle GmbH has not paid all rent since filing to open preliminary insolvency proceedings, the Company has received a notice of default from the lender dated July 23, 2009 with respect to required reserves. The Administrator has paid the rent in full for September, October, and November. It is the Company's expectation that the Administrator will pay the full rent for December 2009 as well. The Company will not rectify the default until the status of the Quelle GmbH preliminary insolvency proceedings clarify the status of Quelle GmbH moving forward.

At period end, the specific property has a carrying value of $182,145, and an outstanding mortgage balance of $163,396 and a rent receivable of $5,605.

The Company is working with the Lender and local developers at options to redevelop or release the property.

Under the original purchase agreement, the Company has recourse to the vendor for certain losses. The Company will continue to monitor the situation, to determine if it has suffered a loss that can be recovered under the terms of these guarantees.

17. Changes in accounting policies and future applicable accounting standards

The accounting policies adopted are consistent with those of the year ended December 31, 2008 except as follows:

Investment Property
IAS 40 Investment Property has been amended to include property that is being constructed or developed for future use as investment property. Previously, when investment property was being constructed or developed, that property was accounted for under IAS 16 Property, Plant and Equipment until construction or development was complete. Under IAS 16, the Company chose to carry the property using the Revaluation model, to the extent that fair value could be reliably determined, until completion, at which time the property was transferred to IAS 40. Under IAS 40, the Company has chosen the fair value model, resulting in investment properties being carried at fair value, with adjustment through the Income Statement. The amendment to IAS 40 results in investment properties under construction or development being within the scope of IAS 40 and, to the extent that fair value is reliably determinable, the carrying value of such properties is adjusted to fair value. To the extent that fair value is not reliably determinable, the property is carried at cost until either the fair value becomes reliably determinable or construction is completed, whichever is earlier. The application of the amendment is to be applied prospectively for annual periods beginning on or after January 1, 2009. This amendment had no impact on the financial results of the current period.

Share-based Payment
IFRS 2 Share-based Payment is used for determining the accounting for the Company's stock based compensation. IFRS 2 has been amended to clarify vesting conditions and the accounting treatment of cancellations. The Company's stock options issued in 2008 included certain options that are subject to vesting periods. The amendments are effective for annual periods beginning on or after January 1, 2009. The application of the amendment is to be applied prospectively for annual periods beginning on or after January 1, 2009. This amendment had no impact on the financial results of the current period.

Property Developed for Resale
International Financial Reporting Interpretations Committee (IFRIC) 15 Agreements for the Construction of Real Estate has been issued to clarify when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between the developer and a buyer is reached before the construction of the real estate is completed. This Interpretation had no impact on the financial results of the current period.

17. Changes in accounting policies and future applicable accounting standards (cont.)

Hedges of a Net Investment in a Foreign Operation
IFRIC 16 Hedges of a Net Investment in a Foreign Operation has been issued to provide guidance to entities that hedge foreign currency risk on net investments in foreign operations. IFRIC 16 specifies foreign currency risks that qualify for hedge accounting and the amount that can be designated; where within the corporate structure a hedging instrument can be held; and, the amount to be reclassified to the income statement upon disposal of the hedged foreign operation. This Interpretation is applicable for annual periods beginning on or after October 1, 2008 on a prospective basis. This Interpretation had no impact on the financial results of the current period.

Borrowing Costs
IAS 23 Borrowing Costs has been amended and is effective for fiscal years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs as they relate to a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. The Company currently follows a policy of capitalizing borrowing costs related to development properties. A qualifying asset excludes investment properties carried at fair value. Due to the amendments to IAS 40 to include development properties within the fair value model, they are no longer qualifying assets. However, the revised IAS 23 allows a presentation in the income statement for borrowing costs as though they were capitalized to the development properties. This amendment had no impact on the financial results of the current period.

Business Combinations
IFRS 3 Business Combinations has been amended and is effective for fiscal years beginning on or after July 1, 2009. The amendments to IFRS 3 and IAS 27 must be adopted concurrently. The standard clarifies the distinction between a business combination and an asset acquisition and requires that transaction costs incurred on business combinations be expensed when incurred. The Company does not currently follow a practice of expensing transaction costs, and is evaluating the impact of this new standard on its consolidated financial statements.

Consolidated and Separate Financial Statements
IAS 27 Consolidated and Separate Financial Statements has been amended and is effective for fiscal years beginning on or after July 1, 2009. The amendments to IAS 27 and IFRS 3 must be adopted concurrently. The standard clarifies the circumstances under which an entity must consolidate another entity; the accounting for changes in the level of ownership of a subsidiary, including loss of control; and, the required disclosure regarding the nature of the relationship. The Company is evaluating the impact of this new standard on its consolidated financial statements.