MANAGEMENT'S DISCUSSION AND ANALYSIS
OF OPERATIONS AND FINANCIAL CONDITION
Six months Ended June 30, 2009

The following should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the six months ended June 30, 2009 prepared under **Canadian Generally Accepted Accounting Principles.**

Date of MD&A
August 07, 2009

Advisory: Certain information included in this Management Discussion and Analysis ("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. assumes no obligation to update the information herein.

Overall Performance and Selected Information
Homburg Invest Inc. ("Homburg Invest" or the "Company") is a public real estate company owning 262 properties with an estimated net book value of $3.6 billion and 20.4 million square feet of space as at June 30, 2009 in four main asset classes: office, retail, industrial, and multi-family residential.

Properties Owned

	June 30, 2009 (Thousands, except for properties and units)				December 31, 2008 (Thousands, except for properties and units)			
Property type	No. of buildings	NBV	No of units	Gross Square Footage	No. of buildings	NBV	No of units	Gross Square Footage
Office	104	$1,872,677		6,989	104	$1,954,563		6,903
Retail	91	739,145		6,290	91	766,193		6,290
Residential	13	83,668	824	725	13	84,128	824	725
Industrial	38	472,855		6,356	38	505,433		6,356
Sub total	246	3,168,345	824	20,360	246	3,310,317	824	20,274
Properties held for development (a)	7	131,836			7	125,742		
Construction projects for resale (b)	6	139,889			6	139,154		
Properties under construction (c)	3	116,020			3	95,666		
Total	**262**	**$3,556,090**	**824**	**20,360**	**262**	**$3,670,879**	**824**	**20,274**

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; and a parcel of land in Montreal, Quebec.

b) Construction projects for resale - 45 condominium units in Calgary, Alberta; 26 condominium units in the Eau Claire area of Calgary, Alberta; 87 condominium units in Grande Prairie, Alberta; 21 condominium units in downtown 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 5 acre parcel in Montreal, Quebec that will be redeveloped into office, retail and hotel space; and a parcel of land in Charlottetown, Prince Edward Island that will be developed into an office tower.

Results from Operations

Non-GAAP Financial Measures

The MD&A includes measures widely accepted within the real estate industry which are not defined by Canadian Generally Accepted Accounting Principles ("GAAP"). These measures include Net Operating Income ("NOI") and Funds From Operations ("FFO"). These are not defined measures calculated in accordance with GAAP 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) Net Operating Income is calculated as Property Revenue less Property Operating Expenses.

b) Funds From Operations (FFO) is presented by the Company as net earnings (loss) adjusted for depreciation and amortization, future and capital income taxes (recovery), loss (gain) on sale of assets, fair value change in financial instruments, loss (gain) on derivative instruments, goodwill impairment loss, and foreign exchange loss (gain).

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

The following table reconciles GAAP net earnings (loss) to FFO for the three and six month periods ending June 30 of 2009 and 2008:

	3 Months Ended June 30, 2009	**6 Months Ended June 30, 2009**	**3 Months Ended June 30, 2008**	**6 Months Ended June 30, 2008**
	(Thousands)	(Thousands)	(Thousands)	(Thousands)
Net earnings (loss) from continuing operations	**$3,321**	**$(5,041)**	$9,325	$18,543
Add (deduct):				
Gain on sale of assets	**(648)**	**(2,250)**		
Depreciation and amortization	**17,064**	**40,596**	17,645	37,962
Future and capital income taxes (recovery)	**(5,084)**	**(10,188)**	(945)	(3,300)
Fair value change in financial instruments	**(2,286)**	**937**	2,517	7,097
Loss (gain) on derivative instruments	**(3,896)**	**4,811**	22	902
Foreign exchange loss (gain)	**(3,589)**	**(10,780)**	(32)	962
Funds from operations (FFO)	**$4,882**	**$18,085**	$28,532	$62,166
Add (deduct): Development pipeline	**7,265**	**6,199**	(16,659)	(36,172)
	$12,147	**$24,284**	$11,873	$25,994

The financial information is being provided under National Instrument 51-102 *Continuous Disclosure Obligations*. The annual information for the last three years and the quarterly information for the last eight quarters are being provided. The annual and quarterly 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 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 annual revenue stream for 2008, 2007 and 2006, and the quarterly operations for 2009, 2008 and 2007 as shown below reflect the significant growth in the property operations over the periods being provided.

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**
		(Thousands, except for per share calculations)		
Property revenue		$309,579	$207,331	$116,742
Sale of properties developed for resale		191,260	229,139	45,968
Gain on sale of assets		443	2,051	8,775
Gain on derivative instruments			2,303	1,680
Other income		4,841	25,111	3,704
Total revenue		$506,123	$465,935	$176,869
Net operating income		$225,158	$162,158	$103,113
Net earnings (loss)		$(96,083)	$79,168	$22,962
Earnings (loss) per share	- basic	$(4.85)	$4.87	$2.08
	- diluted	$(4.85)	$4.64	$1.96
Funds from operations		$91,343	$124,159	$37,557
Funds from operations per share	- basic	$4.61	$7.63	$3.41
	- diluted	$4.61	$7.27	$3.21
Total assets		$4,029,922	$3,531,608	$2,197,512
Total long term financial liabilities		$2,981,851	$2,122,724	$1,645,911
Dividend declared per share		$4.49	$3.93	$2.81

		3 Months Ended June 30, 2009 2009	3 Months Ended March 31 2009	3 Months Ended December 31 2008	3 Months Ended September 30 2008
		(Thousands, except for per share calculations)			
Property revenue		**$82,232**	$80,032	$82,598	$75,740
Sale of properties developed for resale		**18,639**	23,511	12,544	41,368
Dividend income and distributions		**375**	7	28	24
Other income		**6,280**	7,540	8	7,435
Gain on derivative instrument		**3,896**			
Gain on sale of assets		**648**	1,602	443	
Total revenue		**$112,070**	$112,692	$95,621	$124,567
Net operating income		**$56,851**	$57,195	$58,780	$55,028
Net earnings (loss) from continuing operations		**$3,321**	$(8,362)	$(118,933)	$4,307
Net earnings (loss) per share from continuing operations	- basic	**$0.16**	$(0.42)	$(5.95)	$0.22
	- diluted	**$0.15**	$(0.42)	$(5.95)	$0.21
Net earnings from discontinued operations		**$NIL**	$NIL	$NIL	$NIL
Net earnings per share from discontinued operations	- basic	**$0.00**	$0.00	$0.00	$0.00
	- diluted	**$0.00**	$0.00	$0.00	$0.00
Net earnings (loss)		**$3,321**	$(8,362)	$(118,933)	$4,307
Net earnings (loss) per share	- basic	**$0.16**	$(0.42)	$(5.95)	$0.22
	- diluted	**$0.15**	$(0.42)	$(5.95)	$0.21
Funds from operations		**$4,882**	$13,203	$8,916	$20,260
Funds from operations per share	- basic	**$0.25**	$0.66	$0.45	$1.01
	- diluted	**$0.24**	$0.66	$0.45	$0.99
Total assets		**$3,879,411**	$3,961,354	$4,029,922	$3,736,084
Total long term financial liabilities		**$2,847,999**	$2,892,482	$2,981,851	$2,620,741
Dividend declared per share		**$0.00**	$0.00	$0.00	$2.25

		3 Months Ended June 30 2008	3 Months Ended March 31 2008	3 Months Ended December 31 2007	3 Months Ended September 30 2007
		(Thousands, except for per share calculations)			
Property revenue		$76,879	$74,362	$59,238	$53,132
Sale of properties developed for resale		48,451	88,897	194,133	7,875
Dividend income and distributions		106	2,834	15	
Other income		182	624	4,641	372
Gain (loss) on derivative instrument				5	(535)
Gain (loss) on sale of assets				(128)	
Total revenue		$125,618	$166,717	$257,904	$60,844
Net operating income		$56,561	$54,789	$42,467	$40,895
Net earnings (loss) from continuing operations		$9,325	$9,218	$63,863	$(2,720)
Net earnings (loss) per share from continuing operations	- basic	$0.47	$0.48	$3.31	$(0.15)
	- diluted	$0.46	$0.47	$3.23	$(0.15)
Net earnings (loss) from discontinued operations		$NIL	$NIL	$96	$(163)
Net earnings (loss) per share from discontinued operations	- basic	$0.00	$0.00	$0.00	$(0.01)
	- diluted	$0.00	$0.00	$0.00	$(0.01)
Net earnings (loss)		$9,325	$9,218	$63,959	$(2,883)
Net earnings (loss) per share	- basic	$0.47	$0.48	$3.31	$(0.16)
	- diluted	$0.46	$0.47	$3.23	$(0.16)
Funds from operations		$28,532	$33,634	$86,485	$11,638
Funds from operations per share	- basic	$1.43	$1.74	$4.48	$0.64
	- diluted	$1.39	$1.70	$4.37	$0.64
Total assets		$3,833,374	$3,806,589	$3,531,608	$2,840,402
Total long term financial liabilities		$2,723,397	$2,640,740	$2,122,724	$1,901,628
Dividend declared per share		$0.00	$2.25	$0.00	$2.25

Net earnings for the second quarter of 2009 were $3.3 million or $0.16 per share compared to net earnings of $9.3 million in 2008 or $0.47 per share. The significant highlights of the changes from 2008 are: the property revenue increased to $82.2 million from $76.9 million and the Company realized a $(7.3) million loss (2008 - $16.7 million profit) from the sale of properties developed for resale resulting from budget adjustments, and the sale of condominiums at current market prices.

The Company recognized a foreign exchange gain of $3.6 million in the second quarter of 2009 (June 30, 2008 - $32.0 thousand) 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 second quarter of 2009; as a result of low interest rates on variable rate debt, the Company recorded a gain of $3.9 million (June 30, 2008 - $22.0 thousand loss) on these derivative instruments.

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, depreciation and amortization, and interest on related debt.

Office Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$46,010**	$41,077	**$90,330**	$81,047
Net operating income	**$33,285**	$32,146	**$67,964**	$63,094

Homburg Invest's office portfolio consists of 104 (June 30, 2008 - 102) small to medium sized office buildings in Canada, the United States and Europe with a total area of 7.0 million square feet. Second quarter property revenue was $46.0 million compared to $41.1 million in the same period of 2008 while net operating income was $33.3 million versus $32.1 million in 2008.

Overall occupancy in the office portfolio was 95% at June 30, 2009 (93% - June 30, 2008).

Retail Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$24,110**	$22,659	**$48,741**	$44,899
Net operating income	**$13,994**	$13,412	**$27,706**	$27,100

Homburg Invest's retail portfolio consists of 91 (June 30, 2008 - 87) 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 and net operating income for the second quarter on the properties held on June 30, 2009 have increased 6.4% and 4.3% respectively in the quarter over the same period in 2008 primarily related to scheduled lease increases.

Overall occupancy in the retail portfolio was 97% at June 30, 2009 (99% - June 30, 2008).

Residential Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$2,606**	$2,684	**$5,296**	$5,364
Net operating income	**$877**	$1,374	**$2,093**	$2,697

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

Net operating income for the second quarter of 2009 was $0.9 million compared to $1.4 million in the same period in 2008.

The residential portfolio maintained a high overall average occupancy rate during 2009 and at June 30, 2009 the occupancy rate was 97% (96% - June 30, 2008).

Industrial Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Year Ended June 30, 2009**	6 Year Ended June 30, 2008
		(Thousands)		
Property revenue	**$9,506**	$10,459	**$17,897**	$19,931
Net operating income	**$8,695**	$9,629	**$16,283**	$18,459

Homburg Invest's industrial portfolio consists of 38 (June 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 $9.5 million total rental revenue in the second quarter of 2009 and $8.7 million in net operating income compared to $10.5 million total rental revenue in the second quarter of 2008 and $9.6 million in net operating income.

Overall occupancy in the industrial portfolio was 90% at June 30, 2009 (99% - June 30, 2008).

Properties Developed for Resale

The Company has continued to realize upon its development pipeline with sales in Grande Prairie, Calgary, and Edmonton, Alberta and Charlottetown, Prince Edward Island of $18.6 million for the three months ended June 30, 2009 (June 30, 2008 - $48.5 million). The related cost of properties sold was $25.9 million (June 30, 2008 - $31.8 million). This loss in the period is the result of selling condo's to repatriate cash and cost overruns.

Interest Expense

Interest expense for the second quarter was $40.3 million in 2009, compared to $40.6 million in the same period in 2008, a decrease of $0.3 million.

The Company's debt consists of $2.5 billion in fixed rate debt and $537.3 million in variable rate debt. The weighted average variable interest rate on long term debt decreased to 2.59% from 4.47%, and fixed interest rate decreased to 5.91% from 5.94% at December 31, 2008. For the six months ended June 30, 2009, Homburg Invest had total interest coverage from continuing operations of 1.36:1 (June 30, 2008 - 1.67:1) (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 5.62:1 (December 31, 2008 - 6.18:1) (long term debt, construction financing, long term payables, Homburg Capital Securities A liability and demand loans ÷ shareholders' equity).

Depreciation and Amortization

Depreciation and amortization amounted to $15.6 million in the second quarter of 2009, an increase of $0.5 million over 2008's second quarter charge of $15.1 million.

General and Administrative

General and administrative expenses totaled $5.9 million in the second quarter of 2009 compared to $6.5 million in the same period of 2008.

Financial Condition

Assets

Total assets decreased from $4.0 billion at December 31, 2008 to $3.9 billion at June 30, 2009. The table below summarizes Homburg Invest's asset base.

	June 30, 2009	December 31, 2008
	(Millions)	(Millions)
Investment properties	**$3,168.4**	$3,310.3
Development properties	**387.8**	360.5
Receivables and other	**153.3**	138.4
Intangible assets	**95.0**	110.1
Long term investments	**32.3**	40.1
Restricted cash	**21.4**	26.0
Cash	**6.3**	16.4
Currency guarantee receivable	**14.9**	28.2
	$3,879.4	$4,030.0

Intangible Assets/Liabilities

The business combination accounting relating to the recording of the property acquisitions requires that the asset values be allocated to the physical assets acquired and intangible assets/liabilities. The intangible assets/liabilities result from an evaluation of: the lease contracts compared to current market rental rates at the time of the acquisition; in-place leases; lease origination costs; and, tenant relationships. In the six months ended June 30, 2009 it was determined that $0.1 million (December 31, 2008 - $13.3 million) of the purchase price of various acquisitions related to the intangible assets and below market rental contracts and are recorded as respective assets and liabilities which will be amortized over the term of the appropriate leases. The remaining change in the carrying value relates to amortization and foreign currency fluctuations.

Receivables and other

Receivables consist of $19.2 million (December 31, 2008 - $14.1 million) in amounts due from tenants which arise from the normal course of operations; $52.4 million (December 31, 2008 - $69.3 million) on the sale of properties developed for resale; and $0.9 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 June 30, 2009 include: $3.3 million (December 31, 2008 - $NIL) in Homburg Capital Securities A proceeds receivable; $43.9 million (December 31, 2008 - $40.6 million) in deferred rental receipts; $13.2 million (December 31, 2008 - $4.0 million) in prepaid expenses; $11.0 million (December 31, 2008 - $NIL) in related party receivable; and deferred leasing costs of $9.4 million (December 31, 2008 - $9.0 million).

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. A portfolio investment in Equity One Inc, has been sold during the period.

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

	June 30, 2009		December 31, 2008	
	(Millions)		(Millions)	
Long term debt	**$2,816.0**	**78.8%**	$2,952.1	80.0%
Construction financing	**111.6**	**3.1%**	102.4	2.8%
Long term payables	**25.4**	**0.7%**	25.3	0.7%
Homburg Capital Securities A	**4.7**	**0.1%**		
Due to DIM shareholders	**4.0**	**0.1%**	4.4	0.1%
Non-construction demand loans	**76.6**	**2.1%**	90.6	2.5%
	$3,038.3	**84.9%**	$3,174.8	86.1%
Shareholders' equity	**540.7**	**15.1%**	513.7	13.9%
	$3,579.0	**100.0%**	$3,688.5	100.0%

Long Term Debt
Mortgages payable on revenue producing properties decreased by $35.6 million during the second quarter of 2009. New borrowings and debt assumptions amounted to $5.0 million in the quarter while $9.3 million was applied to the mortgage debt as required under normal principal payments, dispositions and refinancing. The remaining $31.3 million relates to the impact of changes in foreign exchange rates on the EUR and USD denominated debt.

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 $14.9 million at June 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 June 30, 2009, the Company had $111.6 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 $4.2 million during the three months ended June 30, 2009 and $14.0 million during the six months ended June 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 €160.4 million ($260.5 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 June 30, 2009 the impact on the statement of earnings is a gain of $3.9 million (June 30, 2008 - loss of $22 thousand).

Shareholders' Equity
Homburg Invest's shareholders' equity increased from $513.7 million at December 31, 2008 to $540.7 million at June 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 per share; Net loss for the six months ended June 30, 2009 amounted to $5.0 million. Other paid in capital increased $24.1 million related to the issuance of Homburg Capital Securities A; accumulated other comprehensive loss decreased by $9.5 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 accumulated other comprehensive income (loss) within shareholders' equity. At June 30, 2009, the accumulated loss amount was $14.6 million; a decrease of $9.4 million from the accumulated loss amount of $24.0 million as at December 31, 2008.

Liquidity, Capital Resources and Capital Commitments
In the normal course of its business, Homburg Invest has capital requirements for the principal component of mortgage payments, tenant improvements, capital expenditures and dividends to shareholders. Homburg Invest 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. Capital expenditures totaled $17.1 million in the second quarter of 2009. These acquisitions were financed by working capital.

Contractual Obligations	Payments Due by Period (In thousands)				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long term debt	$2,840,882	$122,827	$830,590	$439,295	$1,448,170
Capital lease obligations	$NIL	$NIL	$NIL	$NIL	$NIL
Operating leases	$259,189	$1,825	$33,413	$14,679	$209,272
Purchase obligations	$75,445	$50,091	$25,354	$NIL	$NIL
Other long term obligations	$120,367	$108,696	$8,549	$NIL	$3,122
Total contractual obligations	$3,295,883	$283,439	$897,906	$453,974	$1,660,564

The Company intends to make all normal principal repayments over the term of each debt instrument and to renew the mortgages at maturity under terms similar to those currently in place.

For the quarter ended June 30, 2009 funds from operations were $4.9 million. Homburg Invest believes that funds from operations and $15.0 million in credit lines available to it will be sufficient to fund near-term, nondiscretionary costs. The Company has successfully raised $18.6 million, net of borrowing fees, through its Homburg Capital Securities A issued in the second 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. The Company continues to manage its capital resources to maximize its opportunities for growth.

At June 30, 2009, the Company had three secured credit facilities totaling $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.

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 an option agreement to purchase the remaining 6.63% of MoTo Objekt Campeon GmbH and Co KG in the first quarter of 2012 for EUR €15.6 million ($25.4 million).

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 revenues and expenses between related parties are as follows:

	3 Months Ended June 30, 2009	3 Months Ended June 30, 2008
	(Thousands)	(Thousands)
Rental revenue earned	**$ (171)**	$ (221)
Interest income	**$ (362)**	$ NIL
Asset and construction management fees incurred	**$ 9,035**	$ 5,932
Property management fees incurred	**$ 887**	$ 914
Insurance incurred	**$ 328**	$ 329
Service fees incurred	**$ 457**	$ 243
Property acquisition fees / disposal fees incurred	**$ 4**	$ 5
Mortgage bond guarantee fees incurred	**$ 716**	$ 879
Bond and other debt issue costs incurred	**$ 1,482**	$ 2,056
Interest costs incurred	**$ 868**	$ 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.

	June 30, 2009	December 31, 2008
	(Thousands)	(Thousands)
Mortgage bond guarantee fees	**$ 1,388**	$ 323
Management fees	**$ 694**	$ 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 $100 thousand (June 30, 2008 - $47 thousand) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $3.5 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 €2.3 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 ($2.5 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 €6.8 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.

Second Quarter 2009
The operating results for the June 2009 quarter, cash flows and financial position of the Company were consistent with the approved budget. The second quarter results were previously described under the heading "Results from Operations".

Proposed Transactions
Proposed Transactions
At June 30, 2009 the Company has three construction projects underway to which it has signed commitments of $50.1 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 third quarter of 2009; subject to the purchasers completing due diligence. The properties are being sold for a total of $16.9 million less selling costs and have a carrying value of $11.0 million. There are first mortgage charges against the properties totaling $6.7 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.

b) In June of 2009, Quelle GmbH, and its parent Arcandor AG filed with the German courts to open preliminary insolvency proceedings.

In July 2009, Quelle GmbH announced that they had received EUR €50.0 million in credits from the provinces of Bavaria and Saxony in Germany, and that their operations are in a positive cash flow position for the remainder of 2009, and they currently are in the process of planning beyond year end.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and Homburg Invest has made the required payment in July 2009. The next required payment is October 2009. However, since Quelle GmbH has not paid 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 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 $192.3 million, and an outstanding mortgage balance of $168.2 million.

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.

Depreciation

The Company utilizes the straight line method of calculating depreciation. In order to arrive at the appropriate estimated remaining useful lives and residual values to be used, the Company consulted with outside experts familiar with the Company's real estate portfolio.

A significant increase or decrease in the annual depreciation charge resulting from a future change in the estimates would affect net earnings and earnings per share.

Actual future results from the operation and eventual disposition of properties may prove these estimates inaccurate.

Impairment of Real Estate

The Company's real estate assets are periodically reviewed for potential impairment. The impairment is based on judgement related to in place lease commitments of tenants and lease renewals, and therefore are subject to uncertainty. Actual future results may prove these estimates inaccurate.

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.

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 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 $2.1 billion (December 31, 2008 - $2.1 billion). The total fair value of all bonds is $651.4 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 $14.9 million (December 31, 2008 - $28.2 million) is carried at fair value. The junior subordinated notes have a fair value of $84.9 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 in 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, cash, accounts payable and accrued liabilities, demand and short term loans and security deposits 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) Interest rate and liquidity risks
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 and / or 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 financing, or obtain appropriate terms for its financing.

The current global capital and real estate markets are experiencing significant and dramatic change. As a result, there has been a tightening of access to capital for new debt as well as refinancing existing debt as it matures. The Company believes it is well positioned to withstand this credit crisis as only $85.6 million, or 3.0%, of its total long term debt is maturing within the twelve months ending June 30, 2010, and only $4.2 million, or 0.1% is maturing within the following twelve months period June 2010 to June 2011. This maturing debt has a weighted average interest rate of 6.68% and 7.66% respectively.

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 ($40.6 to $121.8 million). These funds will be utilized to strengthen the Company's balance sheet. To date, the Company has sold EUR € 18.6 million ($30.0 million) Homburg Capital Securities A.

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 our 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.

The borrowings of the Company have fixed and floating interest rate components resulting in an exposure to interest rate movements. 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.

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.

At period end, the Company's debt consists of $2.5 billion in fixed rate debt and $537.3 million in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company allocates the maturity of its debt over a period of approximately 30 years. In addition, the Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160.4 million ($260.5 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 6 months ended June 30, 2009 the impact on the statement of earnings is a loss of $4.8 million (June 30, 2008 - loss of $902 thousand).

The Company discloses its annual debt repayment information related to long term debt in the Long term debt note to the financial statements, as well as the weighted average rate of the maturing debt. In addition to these long term amounts, the Company has $188.3 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 7.30 years and 34.5% of long term debt matures by December 31, 2013.

With all other variables held constant, the Company has determined that a 1% change in the interest rate would result in an annualized after tax change of $3.7 million in the Company's earnings as a result of the impact on floating rate borrowings.

b) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables 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 ($121.8 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 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.

c) 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 June 30, 2009, EUR €234.3 million ($380.5 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 June 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 $1.6 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 $1.0 million and a foreign exchange gain or loss on the un-hedged Euro denominated Corporate Non-Asset Backed Bonds of $11.1 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.

d) 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.

e) 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.

Change in accounting policies

On January 1, 2009, the Company adopted new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 Goodwill and Intangible Assets. The new section establishes standards for recognition, measurement and disclosure and replaces existing Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs. The new standard has not had any effect on the Company.

On January 20, 2009 the Emerging Issues Committee ("EIC") of the CICA issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of the financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not significantly impact the Company's financial statements.

The Canadian Accounting Standards Board of the CICA confirmed that the adoption of IFRS would be effective for the interim and annual periods beginning on or after January 1, 2011. IFRS will replace Canada's current GAAP. Comparative IFRS information for the previous fiscal year will also have to be reported. These new standards will be effective for the Company in the first quarter of 2011. Early adoption is permitted provided exemptive relief is obtained from securities regulators.

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 Canadian GAAP.

Management has concluded, based on their evaluation that the Company’s disclosure controls and procedures and internal controls over financial reporting are effective and provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes.

Management has evaluated whether there were changes to internal control over financial reporting for the quarter ended June 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 June 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, 16,618,819 Class A Subordinate Voting Shares and 3,148,538 Class B Multiple Voting Shares were issued for a recorded value of $691.8 million.

2009 Outlook

Our objective for 2009 is to grow our asset base in a prudent and accretive manner.

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 continues to look at investment prospects in Europe and North America that make themselves available. With Mr. Homburg's extensive experience in Europe with Uni-Invest N.V. and in the United States as a Director of Cedar Shopping Centers, Inc., the Board of Homburg Invest continues to pursue its strategic planning approach to look at having its real estate in three market areas. One-third will be in Canada, one-third in the United States and one-third in Europe. Mr. Homburg's broad knowledge in each of these marketplaces and his contacts within the investment communities will serve the Company well as we move to grow the asset base and profitability of the Company.

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.

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 ("HSCA"), and will offer existing bond holders the option to convert to HSCA. The Company will continue to be listed on both the Toronto Stock Exchange and on the NYSE Euronext Amsterdam.

The new spunout 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. It is anticipated that the assessment process will be completed by fall 2009.

The special committee will also consider 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 will be subject to shareholder approval, will be announced in the coming months.

Homburg will continue to issue Homburg Capital Security instruments to raise additional capital as part of its debt management strategy. The HSCA 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 is considering offering holders of Homburg bonds the opportunity to exchange their holdings for HCSA.

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 June 30, 2009 IFRS interim consolidated financial statements have not been reviewed by the Company's external auditors.

Homburg Invest continues to look at a number of opportunities in the Canadian, European and US marketplace as our strong entrepreneurial management team demonstrates the willingness and abilities to adapt to changes in the real estate market environment.

"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
Canadian GAAP
(Unaudited - Prepared by Management)

June 30, 2009

Contents

Homburg Invest Inc.
Consolidated Interim Balance Sheet
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	June 30 2009	December 31 2008
Assets		
Investment properties	**$ 3,168,345**	$ 3,310,317
Development properties	**387,745**	360,562
Long term investments (Note 4)	**32,323**	40,086
Intangible assets	**95,026**	110,067
Restricted cash	**21,401**	25,969
Cash	**6,338**	16,359
Receivables and other (Note 3)	**153,287**	138,397
Currency guarantee receivable (Note 11)	**14,946**	28,165
	$ 3,879,411	$ 4,029,922
Liabilities		
Long term debt (Note 6)	**$ 2,815,980**	$ 2,952,124
Accounts payable and other liabilities (Note 5)	**246,705**	268,796
Construction financing	**111,639**	102,433
Future income taxes (Note 7)	**98,603**	129,097
Intangible liabilities	**13,762**	15,429
Liabilities of discontinued operations	**28,903**	28,903
Derivative instrument liability (Note 11)	**23,162**	19,427
	3,338,754	3,516,209
Shareholders' equity (Note 8)	**540,657**	513,713
	$ 3,879,411	$ 4,029,922

Commitments (Note 13)
Contingent liabilities (Note 14)
Subsequent events (Note 16)

Approved by the Board, August 7, 2009

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

See accompanying notes to these consolidated interim financial statements prepared under Canadian GAAP.

Homburg Invest Inc.
Consolidated Interim Statement of Earnings (Loss)
Six Months Ended June 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Property revenue	**$ 82,232**	$ 76,879	**$ 162,264**	$ 151,241
Sale of properties developed for resale	**18,639**	48,451	**42,150**	137,348
Dividend income	**375**	106	**382**	2,940
Gain on fair value increase in investments	**2,286**			
Other income	**405**	150	**754**	774
Foreign exchange gain	**3,589**	32	**10,780**	
Gain on derivative instruments	**3,896**			
Gain on sale of assets	**648**		**2,250**	
	112,070	125,618	**218,580**	292,303
Property operating expenses	**25,381**	20,318	**48,218**	39,891
Cost of sale of properties developed for resale	**25,904**	31,792	**48,349**	101,176
Interest on long term debt	**38,805**	38,583	**77,578**	74,817
Interest and financing costs	**1,528**	2,031	**3,527**	8,621
Depreciation and amortization	**15,609**	15,138	**35,279**	30,144
General and administrative	**5,929**	6,503	**11,788**	11,904
Stock based compensation	**48**	207	**96**	207
Foreign exchange loss				962
Loss on derivative instruments		22	**4,811**	902
Loss on fair value change in investments		2,525	**937**	7,103
	113,204	117,119	**230,583**	275,727
Earnings (loss) before income taxes	**(1,134)**	8,499	**(12,003)**	16,576
Total income tax recovery (Note 7)	**(4,455)**	(826)	**(6,962)**	(1,967)
Net earnings (loss)	**$ 3,321**	$ 9,325	**$ (5,041)**	$ 18,543

Earnings (loss) per share (Note 9)

Per Class A Subordinate Voting Share and Class B Multiple Voting Share

Basic				
Net earnings (loss)	**$ 0.16**	$ 0.47	**$(0.27)**	$ 0.94
Diluted				
Net earnings (loss)	**$ 0.15**	$ 0.46	**$(0.27)**	$ 0.92

See accompanying notes to these consolidated interim financial statements prepared under Canadian GAAP.

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

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Net earnings (loss)	**$ 3,321**	$ 9,325	**$ (5,041)**	$ 18,543
Other comprehensive income (loss)				
Unrealized foreign currency translation gain (loss)	**(15,412)**	(34,600)	**(35,567)**	41,845
Future income tax recovery (expense) (Note 8a)	**6,138**	(2,727)	**21,593**	(34,600)
	(9,274)	(37,327)	**(13,974)**	7,245
Foreign currency gain (loss) on financial instruments designated as hedges of self sustaining foreign operations	**6,204**	4,511	**23,454**	(35,486)
Future income tax recovery (expense) (Note 8a)		(744)		5,855
	6,204	3,767	**23,454**	(29,631)
Other comprehensive income (loss)	**(3,070)**	(33,560)	**9,480**	(22,386)
Comprehensive income (loss)	**$ 251**	$ (24,235)	**$ 4,439**	$ (3,843)

Consolidated Interim Statement of Accumulated Other Comprehensive Loss
Six Months Ended June 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Accumulated other comprehensive loss, beginning of period	**$ (11,488)**	$ (4,714)	**$ (24,038)**	$ (15,888)
Other comprehensive income (loss)	**(3,070)**	(33,560)	**9,480**	(22,386)
Accumulated other comprehensive loss, end of period	**$ (14,558)**	$ (38,274)	**$ (14,558)**	$ (38,274)

See accompanying notes to these consolidated interim financial statements prepared under Canadian GAAP.

Homburg Invest Inc.
Consolidated Interim Statement of Retained Earnings (Deficit)
Six Months Ended June 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Retained earnings (deficit), beginning of period	**$ (187,876)**	$ (28,598)	**$ (179,479)**	$ 5,494
Net earnings (loss)	**3,321**	9,325	**(5,041)**	18,543
Dividends				(43,310)
Dividend related to DIM Vastgoed N.V. dividend guarantee	**(36)**		**(71)**	
Homburg Capital Securities A, accretion in equity component (Note 8c)	**(231)**		**(231)**	
Deficit, end of period	**$ (184,822)**	$ (19,273)	**$ (184,822)**	$ (19,273)

See accompanying notes to these consolidated interim financial statements prepared under Canadian GAAP.

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

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Cash obtained from (used in)				
Operating activities				
Net earnings (loss)	**$ 3,321**	$ 9,325	**$ (5,041)**	$ 18,543
Items not affecting cash:				
Gain on sale of assets	**(648)**		**(2,250)**	
Loss (gain) on derivative instruments	**(3,896)**	22	**4,811**	902
Depreciation and amortization	**15,609**	15,138	**35,279**	30,144
Amortization of financing fees	**1,240**	2,101	**2,225**	6,955
Amortization of above and below market leases	**215**	406	**3,092**	862
Deferred rental income	**(2,541)**	(3,446)	**(5,205)**	(6,644)
Future and capital income taxes	**(5,014)**	(423)	**(10,472)**	(3,300)
Stock based compensation	**48**	207	**96**	207
Fair value change in investments	**(2,286)**	2,517	**937**	7,095
Accretion in value of discounted liabilities	**418**	66	**497**	280
Foreign exchange loss (gain)	**(3,589)**	962	**(10,780)**	962
Change in non-cash working capital and other (Note 10)	**(4,518)**	(17,550)	**1,507**	(15,764)
Net cash from (used in) operating activities	**(1,641)**	9,325	**14,696**	40,242
Investing activities				
Investment in investment properties and intangibles	**(4,353)**	(14,515)	**(10,608)**	(25,294)
Decrease in restricted cash	**798**	5,499	**4,568**	10,375
Proceeds on sale of investments	**5,588**		**13,946**	
Purchase of investments	**(2,519)**	(2,908)	**(5,279)**	(3,688)
Investment in development properties	**(12,783)**	(44,489)	**(24,441)**	(53,533)
Net cash used in investing activities	**(13,269)**	(56,413)	**(21,814)**	(72,140)
Financing activities				
Increase (decrease) in demand loans	**1,032**	(83,305)	**(8,277)**	(357,709)
Increase (decrease) in mortgages payable	**(9,254)**	57,751	**(18,529)**	292,361
Proceeds from bonds		52,556	**11,043**	90,792
Increase in deferred financing charges	**(499)**	(2,702)	**(767)**	(9,721)
Decrease (increase) in related party receivable	**214**		**(11,035)**	
Repurchase of common shares and issue costs	**(1,219)**		**(1,346)**	(51)
Dividends paid				(20,739)
Increase in construction financing	**1,999**	30,159	**9,206**	42,587
Decrease in related party payable	**(8,971)**	(6,283)	**(9,066)**	(7,078)
Proceeds from Homburg Capital Securities A (Note 8c)	**18,991**		**25,868**	
Net cash from (used in) financing activities	**2,293**	48,176	**(2,903)**	30,442
Increase (decrease) in cash	**(12,617)**	1,088	**(10,021)**	(1,456)
Cash, beginning of period	**18,957**	15,383	**16,359**	17,927
Cash, end of period	**$ 6,340**	$ 16,471	**$ 6,338**	$ 16,471

Supplemental cash flow information (Note 10)

See accompanying notes to these consolidated interim financial statements prepared under Canadian GAAP.

1. Basis of financial statement presentation

These unaudited consolidated interim financial statements ("financial statements") have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") on a basis consistent with those followed in the most recent audited consolidated financial statements, except as noted below. 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 GAAP 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 GAAP 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. Change in accounting policies

On January 1, 2009, the Company adopted new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 "Goodwill and Intangible Assets". The new section establishes standards for recognition, measurement and disclosure and replaces existing Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new standard has not had any effect on the Company.

On January 20, 2009 the Emerging Issues Committee ("EIC") of the CICA issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and financial liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not significantly impact the Company's financial statements.

The Canadian Accounting Standards Board of the CICA confirmed that the adoption of International Financial Reporting Standards ("IFRS") would be effective for the interim and annual periods beginning on or after January 1, 2011. IFRS will replace Canada's current GAAP. Comparative IFRS information for the previous fiscal year will also have to be reported. These new standards will be effective for the Company in the first quarter of 2011. Early adoption is permitted provided exemptive relief is obtained from securities regulators.

(CAD $ thousands except per share amounts)

3. Receivables and other

	June 30 2009	December 31 2008
Trade receivables	$ 72,519	$ 84,813
Deferred rental receipts	43,930	40,639
Related party receivable (Note 12h)	11,035	
Prepaids	13,236	3,975
Deferred leasing costs, net of accumulated amortization of $3,837 (December 31, 2008 - $3,406)	9,278	8,970
Homburg Capital Securities A receivable (Note 8c)	3,289	
	$ 153,287	$ 138,397

4. 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 $2,151.

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.

(CAD $ thousands except per share amounts)

4. 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 June 30, 2009, the fair value of the DIM 2010 Shares was $6,203 (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.

5. Accounts payable and other liabilities

	June 30 2009	December 31 2008
Trade payables (Note 12b)	**$ 108,117**	$ 104,910
Non-construction demand loans	**76,633**	90,613
Related party payable (Notes 12e, f, and g)	**9,838**	18,904
Income taxes payable	**7,169**	5,739
Notes payable	**167**	173
Security deposits	**1,049**	1,352
Homburg Capital Securities A (Note 8c)	**4,702**	
Long term payables	**25,354**	25,287
Shareholders of DIM Vastgoed N.V., due October 2010	**4,026**	4,440
Prepaid rents and deposits	**9,650**	17,378
	$ 246,705	$ 268,796

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

(CAD $ thousands except per share amounts)

6. Long term debt

	June 30 2009	December 31 2008
Secured debt		
Mortgages payable (a)	$ **2,058,542**	$ 2,160,544
Mortgage bonds payable	**215,148**	228,368
	2,273,690	2,388,912
Unsecured debt		
Corporate non-asset backed bonds (b)	**503,472**	522,700
Junior subordinated notes	**63,720**	67,551
	567,192	590,251
	2,840,882	2,979,163
Deferred financing charges, net of accumulated amortization of $12,131 (December 31, 2008 - $12,161)	**(24,902)**	(27,039)
	$ **2,815,980**	$ 2,952,124

Long term debt has both fixed and variable interest rates. At period end the contractual weighted average interest rate for variable rate long term debt was 2.59% and for fixed rate long term debt was 5.91% (December 31, 2008 - variable - 4.47%, fixed - 5.94%).

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

	Mortgages				
	Normal Principal Installments	Principal Maturities	Bonds and Junior Subordinated Notes	Total	Weighted average interest rate of maturing debt
2010	$ 37,205	$ 36,902	$ 48,720	$ 122,827	6.68%
2011	39,989	4,243		44,232	7.66%
2012	41,203	130,820	166,428	338,451	6.36%
2013	37,725	328,966	81,216	447,907	5.11%
2014	32,172	147,275	259,848	439,295	6.42%
Subsequent years		1,222,042	226,128	1,448,170	5.13%
	$ 188,294	$ 1,870,248	$ 782,340	$ 2,840,882	

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

(CAD $ thousands except per share amounts)

6. 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:

		June 30 2009	December 31 2008
USD denominated	USD	**$ 91,604**	$ 92,335
	CAD	**$ 105,894**	$ 112,907
EURO denominated	EUR	**€ 851,148**	€ 858,243
	CAD	**$ 1,382,264**	$ 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	June 30 2009	December 31 2008
HB8	May 31, 2013	7.00%	EUR €50,010	**$ 81,216**	$ 86,207
HB9	October 31, 2013	7.00%	EUR €60,000	**97,440**	103,428
HB10	February 15, 2014	7.25%	EUR €100,005	**162,408**	172,389
HB11	January 15, 2015	7.25%	EUR €100,005	**162,408**	160,676
				$ 503,472	$ 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.

(CAD $ thousands except per share amounts)

7. 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 rates for various foreign jurisdictions to earnings (loss) before income taxes. These differences result from the following items:

	Six Months Ended June 30 2009	Six Months Ended June 30 2008
Earnings (loss) before income taxes	**$ (12,003)**	$ 16,576
Combined income tax rate	**31.50** %	30.26 %
Income taxes (recovery)	**$ (3,781)**	$ 5,016
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of capital gains and market value changes	**(1,899)**	(5,348)
Provincial capital tax (net of income tax recovery)	**178**	468
Effect of rate change on temporary differences	**557**	(641)
Non-deductible (Non-taxable) amounts	**(2,041)**	91
Effect of difference in statutory tax rates of subsidiaries	**122**	130
Other	**(98)**	(1,683)
	$ (6,962)	$ (1,967)
Income taxes (recovery):		
Current income and capital taxes	**$ 3,510**	$ 1,801
Future income taxes	**(10,472)**	(3,768)
	$ (6,962)	$ (1,967)

Future 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 future income tax assets (liabilities) are as follows:

	June 30 2009	December 31 2008
Loss carry forwards and foreign tax credits	**$ 19,919**	$ 14,370
Deferred revenues and costs	**(9,070)**	(7,372)
Unrealized losses	**21,951**	27,989
Investment properties	**(131,403)**	(164,084)
	$ (98,603)	$ (129,097)

The Company's non capital loss carryforwards begin to expire in 2028, and foreign tax credits begin to expire in 2015. As at June 30, 2009, the Company has $3,083 of unrecognized future tax assets.

(CAD $ thousands except per share amounts)

8. Shareholders' equity

	June 30 2009	December 31 2008
Deficit	**$ (184,822)**	$ (179,479)
Accumulated other comprehensive loss (a)	**(14,558)**	(24,038)
	(199,380)	(203,517)
Share capital	**691,785**	698,535
Other paid in capital (c)	**35,547**	11,489
Contributed surplus	**12,705**	7,206
	$ 540,657	$ 513,713

a) Accumulated other comprehensive loss

Accumulated other comprehensive loss represents the unrecognized exchange adjustment on the net assets of the Company's subsidiaries that operate in the United States of America, Germany, The Netherlands, and the Baltics. The change for the period reflects the impact of currency movements during the period on these net assets offset by in place effective hedges. The net future income tax recovery related to the exchange adjustment on the net assets reflects: (1) the reduction in taxable temporary differences associated with the investment properties, and (2) the non-taxable portion of unrealized foreign currency gains on debt held by controlled foreign affiliates. In addition, during the quarter the valuation allowance on prior periods unrealized foreign exchange loss on hedged debt and debt held by limited partnerships was reversed to the extent of 50% of the unrealized gain in the quarter. The valuation allowance in respect of the future income tax benefit of the unrealized foreign exchange losses on debt charged to other comprehensive income at the end of June 30, 2009 is $10,707.

The following are rates of exchange in effect:

	$1.00 USD	€1.00 EUR
June 30, 2009	$ 1.16	$ 1.62
December 31, 2008	$ 1.22	$ 1.72
Average rate for six months 2009	$ 1.21	$ 1.61
Average rate for six months 2008	$ 1.01	$ 1.54

8. Shareholders' equity (cont.)

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 (b)	(171)	(2)	(6,750)
Issued and outstanding at June 30, 2009	**16,619**	**3,149**	**$ 691,785**

b) 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 six months ended June 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 six month period ended June 30, 2009 of $5,404 is credited to contributed surplus.

(CAD $ thousands except per share amounts)

8. Shareholders' equity (cont.)

c) Other Paid in Capital

	June 30 2009	December 31 2008
Balance, beginning of period	**$ 11,489**	$ 11,489
Homburg Capital Securities A		
Equity component	**25,311**	
Deferred transaction costs	**(1,253)**	
Balance, end of period	**$ 35,547**	$ 11,489

Homburg Capital Securities A

During the six month period, the Company issued EUR €18,644 ($30,040) 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.

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.

8. Shareholders' equity (cont.)
c) Other Paid in Capital (cont.)

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 €84 ($137) 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 €2,811 ($4,565) 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 €15,731 ($25,338) 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.

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.

9. Earnings (loss) per share

Net earnings (loss) per share has been calculated based on the weighted average number of shares outstanding as follows:

	Three Mos. Ended June 30 2009 (000's)	Three Mos. Ended June 30 2008 (000's)	**Six Mos. Ended June 30 2009 (000's)**	Six Mos. Ended June 30 2008 (000's)
Basic				
Class A Subordinate Voting	**16,695**	16,841	**16,740**	16,491
Class B Multiple Voting	**3,149**	3,152	**3,150**	3,152
	19,844	19,993	**19,890**	19,643
Diluted				
Class A Subordinate Voting	**17,171**	17,331	**16,740**	16,981
Class B Multiple Voting	**3,149**	3,152	**3,150**	3,152
	20,320	20,483	**19,890**	20,133
The dilution consists of:				
Class A				
Exercise of options		14		14
DIM payable/Other paid in capital	**476**	476		476
	476	490		490

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

	Three Mos. 2009	Three Mos. 2008	Six Mos. 2009	Six Mos. 2008
Net earnings (loss)	**$ 3,321**	$ 9,325	**$ (5,041)**	$ 18,543
Less Homburg Capital Securities equity accretion (Note 8(c))	**(231)**		**(231)**	
Earnings (loss) available	**$ 3,090**	$ 9,325	**$ (5,272)**	$ 18,543

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 six month ended June 30, 2009. As such, the inclusion of any potential shares in the calculation of diluted per share amounts for six month period in 2009 would be anti-dilutive.

The dilutive effect of outstanding stock options on earnings per share for the three and six months ended June 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, and the 2005 and 2008 stock options with exercise prices of $28.50 and $37.60 respectively, are anti-dilutive for the three months ended June 30, 2009. As such, those options have been excluded from the calculation of diluted earnings per share for the respective periods.

(CAD $ thousands except per share amounts)

10. Supplemental cash flow information

	Three Mos. Ended June 30 2009	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Change in non-cash working capital and other				
Receivables and other	**$ 29,913**	$ 1,793	**$ (29,610)**	$ (7,294)
Construction properties for resale	**(24,649)**	(34,213)	**(60,218)**	(73,479)
Accounts payable and other liabilities	**(25,352)**	(624)	**(6,208)**	20,475
Deferred leasing costs	**(513)**	(388)	**(1,178)**	(450)
Proceeds in excess of earnings on development properties	**16,083**	15,882	**98,721**	44,984
	$ (4,518)	$ (17,550)	**$ 1,507**	$ (15,764)
Interest paid	**$ 55,893**	$ 53,559	**$ 85,628**	$ 86,752
Capital and income taxes paid	**$ 2,336**	$ 2,561	**$ 3,100**	$ 5,005

11. Financial instruments and risk management

Financial instruments

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

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 $2,065,013 (December 31, 2008 - $2,146,666). The total fair value of all bonds is $651,350 (December 31, 2008 - $649,404). The principal amount of the mortgage bonds have been guaranteed against currency fluctuations. The currency guarantee receivable of $14,946 (December 31, 2008 - $28,165) is carried at fair value. The junior subordinated notes have a fair value of $84,925 (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.

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, cash, accounts payable and accrued liabilities, demand and short term loans and security deposits are carried at amortized cost which, due to their short-term nature, approximates their fair value.

11. Financial instruments and risk management (cont.)

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) Interest rate and liquidity risks

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 and/or 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 financing, or 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. 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.

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.

At period end, the Company's debt consists of $2,491,903 in fixed rate debt and $537,251 in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company allocates the maturity of its debt over a period of approximately 30 years. In addition, the Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160,384 ($260,464) (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 period ended June 30, 2009, the impact on the statement of earnings is a loss of $4,811 (June 30, 2008 - loss of $902).

The Company discloses its annual debt repayment information related to long term debt in Note 6, as well as the weighted average rate of the maturing debt. In addition to these long term amounts, the Company has $188,272 in demand and short term loans which are repayable in less than one year. The Company's long term debt has a weighted average term to maturity of 7.3 years and 34.51% of long term debt matures or is repaid by December 31, 2013.

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 $3,680 in the Company's earnings as a result of the impact on floating rate borrowings.

b) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables 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.

11. Financial instruments and risk management (cont.)

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 ($121,800) 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 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.

c) 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 self-sustaining operations and Euro-denominated corporate non-asset backed bonds and junior subordinated notes. At June 30, 2009, EUR €234,340 ($380,568) (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 June 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 $51 and a foreign exchange gain or loss on the un-hedged US dollar denominated junior subordinated notes of $1,584 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 annualized earnings after income taxes, excluding un-hedged debt, of $958 and a foreign exchange gain or loss on the un-hedged Euro denominated corporate non- asset backed bonds of $11,125 after income taxes.

The Balance Sheets of the Company's foreign self-sustaining 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 self-sustaining 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

(CAD $ thousands except per share amounts)

11. Financial instruments and risk management (cont.)

relationship between Euro-denominated debt and net investments in self-sustaining 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.

d) Concentration risk

The Company's largest single tenant represents approximately 19% (June 30, 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.

12. Related party transactions

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:

	Six Mos. Ended June 30 2009	Six Mos. Ended June 30 2008
Rental revenue earned	**$ (321)**	$ (333)
Interest Income	**$ (362)**	$
Asset and construction management fees incurred	**$ 14,551**	$ 10,456
Property management fees incurred	**$ 2,003**	$ 1,748
Insurance incurred	**$ 687**	$ 691
Service fees incurred	**$ 757**	$ 522
Property acquisition/disposal fees incurred	**$ 5**	$ 2,150
Mortgage bond guarantee fees incurred	**$ 1,388**	$ 1,848
Tenant Improvements	**$ 125**	$
Bond and other debt issue costs incurred	**$ 1,940**	$ 3,818
Interest costs incurred	**$ 942**	$

(CAD $ thousands except per share amounts)

12. Related party transactions (cont.)

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.

	June 30 2009	December 31 2008
Mortgage bond guarantee fees	**$ 1,388**	$ 323
Management fees	**$ 694**	$ 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 $100 (June 30, 2008 - $47) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $3,532 (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.

f) Also included in accounts payable is a demand note payable plus accrued interest in the amount of EUR €2,343 ($3,805) (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 $2,164 ($2,501) (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 €6,795 ($11,035) (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.

(CAD $ thousands except per share amounts)

13. Commitments

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

2009	$	1,769
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 of a subsidiary:

2009	$	56
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:

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 12a).

f) The Company has three construction projects underway to which it has signed commitments of $50,091.

14. 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 ($17,590) 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 ($2,923); an additional EUR €7,831 ($12,717) was indicated for potential assessment, and to date no additional assessments have been received. The remaining amount of EUR €1,200 ($1,949) 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.

(CAD $ thousands except per share amounts)

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.

Six Months Ended June 30, 2009

	Germany	**Netherlands**	**The Baltics**	**Canada**	**US**	**Total**
Property revenue	**$ 46,240**	**$ 19,995**	**$ 11,444**	**$ 74,766**	**$ 9,819**	**$ 162,264**
Operating expenses	**2,962**	**2,904**	**3,283**	**36,040**	**3,029**	**48,218**
	$ 43,278	**$ 17,091**	**$ 8,161**	**$ 38,726**	**$ 6,790**	**$ 114,046**

Six Months Ended June 30, 2008

	Germany	Netherlands	The Baltics	Canada	US	Total
Property revenue	$ 39,666	$ 21,331	$ 8,895	$ 73,281	$ 8,068	$ 151,241
Operating expenses	633	2,050	2,311	32,679	2,218	39,891
	$ 39,033	$ 19,281	$ 6,584	$ 40,602	$ 5,850	$ 111,350

June 30, 2009

	Germany	**Netherlands**	**The Baltics**	**Canada**	**US**	**Total**
Investment properties	**$ 1,008,376**	**$ 601,695**	**$ 278,645**	**$ 1,109,730**	**$ 169,899**	**$ 3,168,345**
Mortgages payable	**$ 717,208**	**$ 438,505**	**$ 214,882**	**$ 582,053**	**$ 105,894**	**$ 2,058,542**
Mortgage bonds payable	**$ 32,496**	**$**	**$**	**$ 182,652**	**$**	**$ 215,148**

December 31, 2008

	Germany	Netherlands	The Baltics	Canada	US	Total
Investment properties	$ 1,077,870	$ 646,936	$ 297,754	$ 1,108,558	$ 179,199	$ 3,310,317
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 June 30, 2009, the Germany segment included one (June 30, 2008 - one) tenant that individually represented 19% (June 30, 2008 - 17%) of the Company's consolidated property revenue for the period.

(CAD $ thousands except per share amounts)

15. Segmented information (cont.)

Six Months Ended June 30, 2009

	Retail	Industrial	Office	Residential	Total
Property revenue	**$ 48,741**	**$ 17,897**	**$ 90,330**	**$ 5,296**	**$ 162,264**
Operating expenses	**21,035**	**1,614**	**22,366**	**3,203**	**48,218**
	$ 27,706	**$ 16,283**	**$ 67,964**	**$ 2,093**	**$ 114,046**

Six Months Ended June 30, 2008

	Retail	Industrial	Office	Residential	Total
Property revenue	$ 44,899	$ 19,931	$ 81,047	$ 5,364	$ 151,241
Operating expenses	17,799	1,472	17,953	2,667	39,891
	$ 27,100	$ 18,459	$ 63,094	$ 2,697	$ 111,350

June 30, 2009

	Retail	Industrial	Office	Residential	Total
Investment properties	**$ 739,145**	**$ 472,855**	**$ 1,872,677**	**$ 83,668**	**$ 3,168,345**
Mortgages payable	**$ 244,045**	**$ 390,651**	**$ 1,350,125**	**$ 73,721**	**$ 2,058,542**
Mortgage bonds payable	**$ 48,720**	**$ 25,211**	**$ 7,285**	**$**	**$ 81,216**

December 31, 2008

	Retail	Industrial	Office	Residential	Total
Investment properties	$ 766,193	$ 505,433	$ 1,954,563	$ 84,128	$ 3,310,317
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 June 30, 2009, Mortgage bonds payable totalled $215,148, exclusive of the currency guarantee receivable of $14,946. Of this amount $133,932 related to properties under development and funds intended for acquisitions and development projects which will be located in Canada. The remaining $81,216 is allocated to specific segments above.

At December 31, 2008, Mortgage bonds payable totalled $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 third quarter of 2009; subject to the purchasers completing due diligence. The properties are being sold for a total of $16,840 less selling costs and have a carrying value of $11,048. There are first mortgage charges against the properties totaling $6,658 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) In June of 2009, Quelle GmbH, and its parent Arcandor AG filed with the German courts to open preliminary insolvency proceedings.

In July 2009, Quelle GmbH announced that they had received EUR €50,000 in credits from the provinces of Bavaria and Saxony in Germany, and that their operations are in a positive cash flow position for the remainder of 2009, and they currently are in the process of planning beyond year end.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and Homburg Invest has made the required payment in July 2009. The next required payment is October 2009. However, since Quelle GmbH has not paid 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 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 $192,349, and an outstanding mortgage balance of $168,219.

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.

17. Comparative figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

Six Months Ended June 30, 2009

The following should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the six months ended June 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 June 30, 2009, have not been reviewed by the Company's external auditors.

Date of MD&A

August 07, 2009

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. assumes no obligation to update the information herein.

Overall Performance and Selected Interim Information

Homburg Invest Inc. ("Homburg Invest" or the "Company") is a public real estate company owning 262 properties with an estimated fair value of $3.8 billion and 20.4 million square feet of space as at June 30, 2009 in four main asset classes: office, retail, industrial, and multi-family residential.

Properties Owned

	June 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	$1,911,304		6,989	104	$1,982,744		6,903
Retail	91	811,665		6,290	91	861,251		6,290
Residential	13	93,975	824	725	13	93,975	824	725
Industrial	38	549,933		6,356	38	611,774		6,356
Sub total	246	3,366,877	824	20,360	246	3,549,744	824	20,274
Properties held for development (a)	7	131,836			7	128,619		
Construction projects for resale (b)	6	198,170			6	194,638		
Properties under construction (c)	3	116,020			3	95,666		
Total	**262**	**$3,812,903**	**824**	**20,360**	**262**	**$3,968,667**	**824**	**20,274**

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; and a parcel of land in Montreal, Quebec.

b) Construction projects for resale - 45 condominium units in Calgary, Alberta; 26 condominium units in the Eau Claire area of Calgary, Alberta; 87 condominium units in Grande Prairie, Alberta; 21 condominium units in downtown 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 in Montreal, Quebec that will be redeveloped into office, retail and hotel space; and a parcel of land in Charlottetown, Prince Edward Island that will be developed into an office tower.

Results from Operations

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"). 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) Net Operating Income is calculated as Property Revenue less Property Operating Expenses.

b) Funds From Operations (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 and foreign exchange loss (gain).

c) Funds from Operations per Share is calculated as Funds From Operations 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 six month periods ending June 30 of 2009 and 2008:

	3 Months Ended June 30, 2009	**6 Months Ended June 30, 2009**	**3 Months Ended June 30, 2008**	**6 Months Ended June 30, 2008**
	(Thousands)	(Thousands)	(Thousands)	(Thousands)
Net income (loss)	**$(28,202)**	**$(22,658)**	$16,709	$34,563
Add (deduct):				
Unrealized valuation changes	**50,137**	**51,986**	3,389	4,011
Realized valuation changes	**(648)**	**(2,250)**		
Amortization of financing costs	**1,240**	**2,225**	2,101	6,955
Deferred and capital income taxes (recovery)	**(9,289)**	**(9,824)**	1,122	1,594
Foreign exchange loss (gain)	**(3,589)**	**(10,780)**	(32)	962
Loss (gain) on derivative instruments	**(3,896)**	**4,811**	22	902
Fair value change in financial instruments	**(2,288)**	**935**	2,517	7,097
Funds from operations (FFO)	**$3,465**	**$14,445**	$25,828	$56,084
Add (deduct): Development pipeline	**10,305**	**8,659**	(13,950)	(30,093)
	$13,770	**$23,104**	$11,878	$25,991

The financial information is being provided under National Instrument 51-102 *Continuous Disclosure Obligations*. The annual information for the last three years and the quarterly information for the last eight quarters are being provided. The annual and quarterly 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 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 annual revenue stream for 2008, 2007 and 2006, and the quarterly operations for 2009, 2008 and 2007 as shown below reflect the significant growth in the property operations over the periods being provided.

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		$502,100	$486,259	$253,094
Net operating income		$222,052	$159,171	$103,113
Net income (loss)		$(276,653)	$140,495	$94,766
Earnings (loss) 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
Funds from operations 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

		3 Months Ended June 30 2009	3 Months Ended March 31 2009	3 Months Ended December 31 2008	3 Months Ended September 30 2008
		(Thousands, except for per share calculations)			
Property revenue		**$84,717**	$80,640	$81,894	$76,469
Sale of properties developed for resale		**15,579**	24,211	15,524	39,917
Realized valuation changes		**648**	1,602	443	
Unrealized valuation changes					
Other income		**10,553**	7,547	36	1,099
Total revenue		**$111,497**	$114,000	$97,897	$117,485
Net operating income		**$58,690**	$57,268	$54,083	$55,757
Net income (loss) from continuing operations		**$(28,202)**	$5,544	$(302,065)	$(9,151)
Net income (loss) per share from continuing operations	- basic	**$(1.43)**	$0.28	$(15.12)	$(0.46)
	- diluted	**$(1.43)**	$0.27	$(15.12)	$(0.46)
Net income from discontinued operations		**$NIL**	$NIL	$NIL	$NIL
Net income per share from discontinued operations	- basic	**$0.00**	$0.00	$0.00	$0.00
	- diluted	**$0.00**	$0.00	$0.00	$0.00
Net income (loss)		**$(28,202)**	$5,544	$(302,065)	$(9,151)
Net earnings (loss) per share	- basic	**$(1.43)**	$0.28	$(15.12)	$(0.46)
	- diluted	**$(1.43)**	$0.27	$(15.12)	$(0.46)
Funds from operations		**$3,465**	$10,980	$7,302	$18,762
Funds from operations per share	- basic	**$0.17**	$0.55	$0.37	$0.94
	- diluted	**$0.17**	$0.54	$0.37	$0.92
Total assets		**$3,962,342**	$4,081,236	$4,144,636	$4,057,967
Total long term financial liabilities		**$2,852,668**	$2,988,320	$3,094,432	$2,696,087
Dividend declared per share		**$0.00**	$0.00	$0.00	$2.25

		3 Months Ended June 30 2008	3 Months Ended March 31 2008	3 Months Ended December 31 2007	3 Months Ended September 30 2007
		(Thousands, except for per share calculations)			
Property revenue		$77,290	$74,813	$60,443	$55,621
Sale of properties developed for resale		49,392	81,517	156,133	7,875
Realized valuation changes				(128)	
Unrealized valuation changes				14,854	15,810
Other income		248	3,458	5,338	2,875
Total revenue		$126,930	$159,788	$236,640	$82,181
Net operating income		$56,972	$55,240	$38,221	$42,154
Net income from continuing operations		$16,709	$17,854	$73,388	$18,596
Net income per share from continuing operations	- basic	$0.84	$0.93	$3.81	$1.02
	- diluted	$0.82	$0.90	$3.71	$0.97
Net income (loss) from discontinued operations		$NIL	$NIL	$96	$(163)
Net income (loss) per share from discontinued operations	- basic	$0.00	$0.00	$0.00	$(0.01)
	- diluted	$0.00	$0.00	$0.00	$(0.01)
Net income		$16,709	$17,854	$73,484	$18,433
Net income per share	- basic	$0.84	$0.93	$3.81	$1.01
	- diluted	$0.82	$0.90	$3.71	$0.96
Funds from operations		$25,828	$30,256	$59,034	$12,777
Funds from operations per share	- basic	$1.29	$1.57	$3.06	$0.70
	- diluted	$1.26	$1.53	$2.98	$0.66
Total assets		$4,166,961	$4,132,603	$3,817,479	$3,145,557
Total long term financial liabilities		$2,809,219	$2,563,708	$2,084,829	$2,006,301
Dividend declared per share		$0.00	$2.25	$0.00	$2.25

Net loss for the second quarter of 2009 was $(28.2) million or $(1.43) per share compared to net income of $16.7 million in 2008 or $0.84 per share. The significant highlights of the changes from 2008 are: the property revenue increased to $84.7 million from $77.3 million and the Company realized a $(10.3) million loss (2008 - $14.0 million profit) from the sale of properties developed for resale resulting from budget adjustments, and the sale of condominiums at current market prices.

The Company recognized a foreign exchange gain of $3.6 million in the second quarter of 2009 (June 30, 2008 - $32.0 thousand) 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 second quarter of 2009; as a result of low interest rates on variable rate debt, the Company recorded a gain of $3.9 million (June 30, 2008 - $22.0 thousand loss) on these derivative instruments.

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 June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$46,265**	$41,441	**$90,908**	$81,791
Net operating income	**$33,453**	$32,510	**$68,258**	$63,838

Homburg Invest's office portfolio consists of 104 (June 30, 2008 - 102) small to medium sized office buildings in Canada, the United States and Europe with a total area of 7.0 million square feet. Second quarter property revenue was $46.3 million compared to $41.4 million in the same period of 2008 while net operating income was $33.5 million versus $32.5 million in 2008.

Overall occupancy in the office portfolio was 95% at June 30, 2009 (93% - June 30, 2008).

Retail Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$24,048**	$22,578	**$48,575**	$44,766
Net operating income	**$13,389**	$13,331	**$26,694**	$26,967

Homburg Invest's retail portfolio consists of 91 (June 30, 2008 - 87) 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 second quarter on the properties held on June 30, 2009 have increased 6.5% in the quarter over the same period in 2008 primarily related to scheduled lease increases.

Overall occupancy in the retail portfolio was 97% at June 30, 2009 (99% - June 30, 2008).

Residential Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$2,584**	$2,655	**$5,251**	$5,310
Net operating income	**$839**	$1,345	**$1,997**	$2,643

Homburg Invest's residential portfolio is primarily located in Nova Scotia, New Brunswick and Quebec, and consists of 13 (June 30, 2008 - 13) properties with 824 (June 30, 2008 - 824) units as at June 30, 2009. Net operating income for the second quarter of 2009 was $0.8 million compared to $1.3 million in the same period in 2008.

The residential portfolio maintained a high overall average occupancy rate during 2009 and at June 30, 2009 the occupancy rate was 97% (96% - June 30, 2008).

Industrial Portfolio	**3 Months Ended June 30, 2009**	3 Months Ended June 30, 2008	**6 Months Ended June 30, 2009**	6 Months Ended June 30, 2008
	(Thousands)			
Property revenue	**$11,820**	$10,616	**$20,623**	$20,236
Net operating income	**$11,009**	$9,786	**$19,009**	$18,764

Homburg Invest's industrial portfolio consists of 38 (June 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 $11.8 million total rental revenue in the second quarter of 2009 and $11.0 million in net operating income compared to $10.6 million total rental revenue in the second quarter of 2008 and $9.8 million in net operating income.

Overall occupancy in the industrial portfolio was 90% at June 30, 2009 (99% - June 30, 2008).

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 second quarter of 2009, the unrealized valuation decrease recorded was $50.1 million compared to an decrease of $3.4 million in 2008.

Properties Developed for Resale
The Company has continued to realize upon its development pipeline with sales in Grande Prairie, Calgary, Edmonton, Alberta and Charlottetown, Prince Edward Island of $15.6 million for the three months ended June 30, 2009 (2008 - $49.4 million). The related cost of properties sold was $25.9 million (2008 - $35.4 million). This loss in the period is the result of selling condo's to repatriate cash and cost overruns.

Interest Expense
Interest expense for the second quarter was $40.3 million in 2009, compared to $40.6 million in the same period in 2008, a decrease of $0.3 million.

The Company's debt consists of $2.5 billion in fixed rate debt and $537.3 million in variable rate debt. The weighted average variable interest rate on long term debt decreased to 2.59% from 4.47%, and fixed interest rate decreased to 5.91% from 5.94% at December 31, 2008. For the six months ended June 30, 2009, Homburg Invest had total interest coverage from continuing operations of 1.35:1 (June 30, 2008 - 1.61:1) (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 4.99:1 (December 31, 2008 - 5.08:1) (long term debt, construction financing, long term payables and demand loans ÷ shareholders' equity).

General and Administrative
General and administrative expenses totaled $5.9 million in the second quarter of 2009 compared to $6.5 million in the same period of 2008.

Financial Condition

Assets

Total assets decreased from $4.1 billion at December 31, 2008 to $4.0 billion at June 30, 2009. The table below summarizes Homburg Invest's asset base.

	June 30, 2009	December 31, 2008
	(Millions)	(Millions)
Non-current assets		
Investment properties	**$ 3,366.9**	$ 3,549.7
Development properties	**247.9**	224.3
Currency guarantee receivable	**14.9**	28.2
Investments	**32.3**	40.1
Restricted cash	**21.4**	25.9
	3,683.4	3,868.2
Current assets		
Cash	**6.3**	16.4
Construction properties being developed for resale	**198.1**	194.6
Receivables and other	**74.5**	65.4
	$ 3,962.3	$ 4,144.6

Receivables and other

Receivables consist of $19.2 million (December 31, 2008 - $14.1 million) in amounts due from tenants which arise from the normal course of operations; $26.8 million (December 31, 2008 - $45.9 million) on the sale of properties developed for resale; and $0.9 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 June 30, 2009 include: $3.3 million (December 31, 2008 - $NIL) in Homburg Capital Securities A proceeds receivable; $11.0 million (December 31, 2008 - $NIL) in related party receivable; and $13.2 million (December 31, 2008 - $4.0 million) in prepaid expenses and other.

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. A portfolio investment in Equity One Inc, has been sold during the period.

Capital Structure

The table below summarizes Homburg Invest's capital structure.

	June 30, 2009 (Millions)		December 31, 2008 (Millions)	
Long term debt	**$2,816.0**	**77.2%**	$2,952.1	78.1%
Construction financing	**111.6**	**3.1%**	102.4	2.7%
Long term payables	**25.4**	**0.7%**	25.3	0.7%
Due to DIM shareholders	**4.0**	**0.1%**	4.4	0.1%
Non-construction demand loans	**76.6**	**2.1%**	90.6	2.4%
Homburg Capital Securities A	**4.7**	**0.1%**		
	$3,038.3	**83.3%**	$3,174.8	84.0%
Shareholders' equity	**609.3**	**16.7%**	606.8	16.0%
	$3,647.6	**100.0%**	$3,781.6	100.0%

Long Term Debt

Mortgages payable on revenue producing properties decreased by $35.6 million during the second quarter of 2009. New borrowings and debt assumptions amounted to $5.0 million in the quarter while $9.3 million was applied to the mortgage debt as required under normal principal payments, dispositions and refinancing. The remaining $31.3 million relates to the impact of changes in foreign exchange rates on the EUR and USD denominated debt.

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 $14.9 million at June 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.

Non-construction demand loans

The Company reduced the demand loan balances by $4.2 million during the three months ended June 30, 2009 and $14.0 million during the six months ended June 30, 2009.

Construction Financing

To June 30, 2009, the Company had $111.6 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.

Derivative Instrument Asset/Liability

The Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160.4 million ($260.5 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 June 30, 2008 the impact on the statement of income is a gain of $3.9 million (June 30, 2008 - loss of $22 thousand).

Shareholders' Equity
Homburg Invest's shareholders' equity increased from $606.8 million at December 31, 2008 to $609.3 million at June 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 per share; Net loss for the six months ended June 30, 2009 amounted to $(22.7) million. Other paid in capital increased $24.1 million related to the issuance of Homburg Capital Securities A, accumulated other comprehensive income increased by $2.7 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 June 30, 2009, this cumulative amount was a positive $3.4 million; an increase of $2.8 million from the accumulated amount of $0.6 million as at December 31, 2008.

Liquidity, Capital Resources and Capital Commitments
In the normal course of its business, Homburg Invest has capital requirements for the principal component of mortgage payments, tenant improvements, capital expenditures and dividends to shareholders. Homburg Invest 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. Capital expenditures totaled $17.1 million in the second quarter of 2009. These acquisitions were financed by working capital.

Contractual Obligations	Payments Due by Period (In thousands)				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long term debt	$2,840,882	$122,827	$830,590	$439,295	$1,448,170
Capital lease obligations	$NIL	$NIL	$NIL	$NIL	$NIL
Operating leases	$259,189	$1,825	$33,413	$14,679	$209,272
Purchase obligations	$75,445	$50,091	$25,354	$NIL	$NIL
Other obligations	$120,367	$108,696	$8,549	$NIL	$3,122
Total contractual obligations	$3,295,883	$283,439	$897,906	$453,974	$1,660,564

The Company intends to make all normal principal repayments over the term of each debt instrument and to renew the mortgages at maturity under terms similar to those currently in place.

For the quarter ended June 30, 2009 funds from operations were $3.5 million. Homburg Invest believes that funds from operations and $15.0 million in credit lines available to it will be sufficient to fund near-term, nondiscretionary costs. The Company has successfully raised $18.6 million, net of borrowing fees, through its Homburg Capital Securities A issued in the second 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. The Company continues to manage its capital resources to maximize its opportunities for growth.

At June 30, 2009, the Company had three secured credit facilities totaling $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.

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 Bond proceeds.

The Company, through its subsidiary Valbonne Real Estate 5 B.V., has entered into an option agreement to purchase the remaining 6.63% of MoTo Objekt Campeon GmbH and Co KG in the first quarter of 2012 for EUR €15.6 million ($25.4 million).

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 June 30, 2009	3 Months Ended June 30, 2008
	(Thousands)	(Thousands)
Rental revenue earned	**$ (171)**	$ (221)
Interest income	**$ (362)**	$ NIL
Asset and construction management fees incurred	**$ 9,035**	$ 5,932
Property management fees incurred	**$ 887**	$ 914
Insurance incurred	**$ 328**	$ 329
Service fees incurred	**$ 457**	$ 243
Property acquisition fees / disposal fees incurred	**$ 4**	$ 5
Mortgage bond guarantee fees incurred	**$ 716**	$ 879
Bond and other debt issue costs incurred	**$ 1,482**	$ 2,056
Interest costs incurred	**$ 868**	$ 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.

	June 30, 2009	December 31, 2008
	(Thousands)	(Thousands)
Mortgage bond guarantee fees	**$ 1,388**	$ 323
Management fees	**$ 694**	$ 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 $100 thousand (June 30, 2008 - $47 thousand) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $3.5 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 €2.3 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 ($2.5 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 €6.8 million ($11.0 million) (December 31, 2008 - $NIL) payable 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.

Second Quarter 2009

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

Proposed Transactions

Proposed Transactions

At June 30, 2009 the Company has three construction projects underway to which it has signed commitments of $50.1 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 third quarter of 2009; subject to the purchasers completing due diligence. The properties are being sold for a total of $16.9 million less selling costs. There are first mortgage charges against the properties totaling $6.7 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.

b) In June of 2009, Quelle GmbH, and its parent Arcandor AG filed with the German courts to open preliminary insolvency proceedings.

In July 2009, Quelle GmbH announced that they had received EUR €50.0 million in credits from the provinces of Bavaria and Saxony in Germany,and that their operations are in a positive cash flow position for the remainder of 2009, and they currently are in the process of planning beyond year end.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and Homburg Invest has made the required payment in July 2009. The next required payment is October 2009. However, since Quelle GmbH has not paid 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 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 $195.6 million, and an outstanding mortgage balance of $168.2 million.

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 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 $2.1 billion (December 31, 2008 - $2.1 billion). The total fair value of all bonds is $651.4 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 $14.9 million (December 31, 2008 - $28.2 million) is carried at fair value. The junior subordinated notes have a fair value of $84.9 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, cash, accounts payable and accrued liabilities, demand and short term loans and security deposits are carried at 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) Interest rate and liquidity risks
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 and / or 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 financing, or obtain appropriate terms for its financing.

The current global capital and real estate markets are experiencing significant and dramatic change. As a result, there has been a tightening of access to capital for new debt as well as refinancing existing debt as it matures. The Company believes it is well positioned to withstand this credit crisis as only $85.6 million, or 3.0%, of its total long term debt is maturing within the next twelve months ending June 30, 2010, and only $4.2 million, or 0.1% is maturing within the following twelve month period June 2010 to June 2011. This maturing debt has a weighted average interest rate of 6.68% and 7.66% respectively.

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 ($40.6 to $121.8 million). These funds will be utilized to strengthen the Company's balance sheet. To date, the Company has sold EUR € 18.6 million ($30.0 million) Homburg Capital Securities A.

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.

The borrowings of the Company have fixed and floating interest rate components resulting in an exposure to interest rate movements. 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.

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.

At period end, the Company's debt consists of $2.5 billion in fixed rate debt and $537.3 million in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company allocates the maturity of its debt over a period of approximately 30 years. In addition, the Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160.4 million ($260.5 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 six months ended June 30, 2009, the impact on the statement of income is a loss of $4.8 million (June 30, 2008 - loss of $(902.0) thousand).

The Company discloses its annual debt repayment information related to long term debt in the Long term debt note to the financial statements, as well as the weighted average rate of the maturing debt. In addition to these long term amounts, the Company has $188.3 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 7.30 years and 34.5% of long term debt matures by December 31, 2013.

With all other variables held constant, the Company has determined that a 1% change in the interest rate would result in an annualized after tax change of $3.7 million in the Company's income as a result of the impact on floating rate borrowings.

b) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables 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 ($121.8 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 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.

c) 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 June 30, 2009, EUR €234.3 million ($380.5 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 June 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 $1.6 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 $2.0 million and a foreign exchange gain or loss on the un-hedged Euro denominated Corporate Non-Asset Backed Bonds of $11.1 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.

d) 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.

e) 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 concluded, based on their evaluation that the Company’s disclosure controls and procedures and internal controls over financial reporting are effective and provide reasonable assurance regarding the reliability of the Company’s financial reporting and the preparation of financial statements for external purposes.

Management has evaluated whether there were changes to internal control over financial reporting for the quarter ended June 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 June 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, 16,618,819 Class A Subordinate Voting Shares and 3,148,538 Class B Multiple Voting Shares were issued for a recorded value of $691.8 million.

2009 Outlook
Our outlook for 2009 is to grow our asset base in a prudent and accretive manner.

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 continues to look at investment prospects in Europe and North America that make themselves available. With Mr. Homburg's extensive experience in Europe with Uni-Invest N.V. and in the United States as a Director of Cedar Shopping Centers, Inc., the Board of Homburg Invest continues to pursue its strategic planning approach to look at having its real estate in three market areas. One-third will be in Canada, one-third in the United States and one-third in Europe. Mr. Homburg's broad knowledge in each of these marketplaces and his contacts within the investment communities will serve the Company well as we move to grow the asset base and profitability of the Company.

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.

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 ("HSCA"), and will offer existing bond holders the option to convert to HSCA. The Company will continue to be listed on both the Toronto Stock Exchange and on the NYSE Euronext Amsterdam.

The new spunout 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. It is anticipated that the assessment process will be completed by fall 2009.

The special committee will also consider 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 will be subject to shareholder approval, will be announced in the coming months.

Homburg will continue to issue Homburg Capital Security instruments to raise additional capital as part of its debt management strategy. The HSCA 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 is considering offering holders of Homburg bonds the opportunity to exchange their holdings for HCSA.

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.

Homburg Invest continues to look at a number of opportunities in the Canadian, European and US marketplace as our strong entrepreneurial management team demonstrates the willingness and abilities to adapt to changes in the real estate market environment.

"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)

June 30, 2009

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

Contents

Homburg Invest Inc.
Consolidated Interim Balance Sheet

(Unaudited - Prepared by Management)
(CAD $ thousands except per share amounts)

	Note	June 30 2009	December 31 2008
Assets			
Non-current assets			
Investment properties		**$ 3,366,877**	$ 3,549,744
Development properties		**247,856**	224,285
Currency guarantee receivable		**14,946**	28,165
Investments	3	**32,323**	40,086
Restricted cash		**21,401**	25,969
		3,683,403	3,868,249
Current assets			
Cash		**6,338**	16,359
Construction properties being developed for resale		**198,170**	194,638
Receivables and other	2	**74,431**	65,390
		278,939	276,387
Total assets		**$ 3,962,342**	$ 4,144,636
Equity and Liabilities			
Total equity	7	**$ 609,347**	$ 606,768
Non-current liabilities			
Long term debt	5	**2,693,153**	2,901,348
Derivatives	10	**23,162**	19,427
Deferred tax liabilities	6	**104,352**	143,930
Other liabilities	4	**32,001**	29,727
		2,852,668	3,094,432
Current liabilities			
Accounts payable and other liabilities	4	**229,789**	255,585
Income taxes payable	6	**7,169**	5,739
Liabilities of discontinued operations		**28,903**	28,903
Construction financing		**111,639**	102,433
Current portion of long term debt	5	**122,827**	50,776
		500,327	443,436
Total liabilities		**3,352,995**	3,537,868
Total equity and liabilities		**$ 3,962,342**	$ 4,144,636

Commitments	12
Contingent liabilities	13
Subsequent events	16

Approved by the Board, August 7, 2009

"Signed"
Richard Homburg, Phzn., D. Comm.
Director

"Signed"
Edward P. Ovsenny
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
Six Months Ended June 30
(Unaudited - Prepared by Management)
(CAD $ thousands except per share amounts)

	Note	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Property revenue	15	**$ 84,717**	$ 77,290	**$ 165,357**	$ 152,103
Sale of properties developed for resale		**15,579**	49,392	**39,790**	130,909
Total revenues		**100,296**	126,682	**205,147**	283,012
Property operating expenses	15	**26,027**	20,318	**49,399**	39,891
Cost of sale of properties developed for resale		**25,884**	35,442	**48,449**	100,816
		51,911	55,760	**97,848**	140,707
Gross income from operations		**48,385**	70,922	**107,299**	142,305
General and administrative		**(5,929)**	(6,503)	**(11,788)**	(11,904)
Stock based compensation		**(48)**	(207)	**(96)**	(207)
Other income, net		**405**	142	**754**	766
Dividend income		**375**	106	**382**	2,940
Net adjustment to fair value of investment properties		**(50,137)**	(3,389)	**(51,986)**	(4,011)
Gain on sale of investments		**648**		**2,250**	
Net adjustment to fair value of held for trading financial assets	3	**2,288**	(2,517)	**(935)**	(7,097)
Net adjustment to fair value of derivative financial instruments	10a	**3,896**	(22)	**(4,811)**	(902)
Interest expense	4,5	**(40,333)**	(40,614)	**(81,105)**	(83,438)
Exchange differences, net		**3,589**	32	**10,780**	(962)
Income (loss) before income taxes		**(36,861)**	17,950	**(29,256)**	37,490
Total income taxes (recovery)	6	**(8,659)**	1,241	**(6,598)**	2,927
Net income (loss)		**$ (28,202)**	$ 16,709	**$ (22,658)**	$ 34,563

	Note				
Earnings (loss) per share	8				
Per Class A Subordinate Voting Share and Class B Multiple Voting Share					
Basic					
Net income (loss)		**$(1.43)**	$ 0.84	**$ (1.15)**	$ 1.76
Diluted					
Net income (loss)		**$(1.43)**	$ 0.82	**$ (1.15)**	$ 1.72

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)
Six Months Ended June 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Net income (loss)	**$ (28,202)**	$ 16,709	**$ (22,658)**	$ 34,563
Other comprehensive income (loss)				
Unrealized foreign currency translation gain (loss)	**(11,563)**	(21,599)	**(45,844)**	51,612
Future income tax recovery (expense)	**3,748**	(20,408)	**25,122**	(35,539)
	(7,815)	(42,007)	**(20,722)**	16,073
Foreign currency gain (loss) on financial instruments designated as hedges of self sustaining foreign operations	**6,204**	4,511	**23,454**	(35,486)
Future income tax expense (recovery)		(744)		5,855
	6,204	3,767	**23,454**	(29,631)
Other comprehensive income (loss)	**(1,611)**	(38,240)	**2,732**	(13,558)
Comprehensive income (loss)	**$ (29,813)**	$ (21,531)	**$ (19,926)**	$ 21,005

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
Six Months Ended June 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					2,732	(22,658)	(19,926)
Dividend related to DIM Vastgoed N.V. dividend guarantee						(71)	(71)
Acquisition and cancellation of own shares			(6,750)	5,403			(1,347)
Homburg Capital Securities A (Note 7b)	24,058					(231)	23,827
Stock based compensation				96			96
Balance June 30, 2009	$ 35,547	$ 33,547	$ 691,785	$ 12,705	$ 3,381	$ (167,618)	$ 609,347

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
Six Months Ended June 30
(Unaudited - Prepared by Management)

(CAD $ thousands except per share amounts)

	Note	**Three Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Six Mos. Ended June 30 2008
Operating activities					
Net income (loss)		**$ (28,202)**	$ 16,709	**$ (22,658)**	$ 34,563
Adjustments for:					
Realized valuation changes		**(648)**		**(2,250)**	
Deferred rental income		**(946)**	(3,446)	**(1,979)**	(6,644)
Unrealized valuation changes		**50,137**	3,389	**51,986**	4,011
Deferred income taxes		**(9,218)**	1,644	**(10,108)**	1,594
Stock based compensation		**48**	207	**96**	207
Amortization of financing fees		**1,240**	2,101	**2,225**	6,955
Fair value change in financial assets		**(2,288)**	2,517	**935**	7,097
Accretion in value of discounted liabilities		**416**	66	**497**	280
Loss (gain) on derivative instruments		**(3,896)**	22	**4,811**	902
Foreign exchange loss (gain)		**(3,589)**	(32)	**(10,780)**	962
Change in non-cash working capital and other	9	**(4,184)**	(13,402)	**3,099**	(9,235)
Net cash from (used in) operating activities		**(1,130)**	9,775	**15,874**	40,692
Investing activities					
Investment in investment properties		**(4,866)**	(14,965)	**(11,786)**	(25,744)
Decrease in restricted cash		**798**	5,499	**4,568**	10,375
Investment in development properties		**(12,783)**	(44,489)	**(24,441)**	(53,533)
Proceeds on sale of investments		**5,588**		**13,946**	
Purchase of long term investments		**(2,519)**	(2,908)	**(5,279)**	(3,688)
Net cash used in investing activities		**(13,782)**	(56,863)	**(22,992)**	(72,590)
Financing activities					
Increase (decrease) in demand loans		**1,032**	(83,305)	**(8,277)**	(357,709)
Increase (decrease) in mortgages payable		**(9,254)**	57,751	**(18,529)**	292,361
Proceeds from bonds			52,556	**11,043**	90,792
Decrease (increase) in related party receivable		**214**		**(11,035)**	
Increase in deferred financing charges		**(499)**	(2,702)	**(767)**	(9,721)
Repurchase of common shares and issue costs		**(1,219)**		**(1,346)**	(51)
Dividends paid					(20,739)
Decrease in related party payable		**(8,971)**	(6,283)	**(9,066)**	(7,078)
Increase in construction financing		**1,999**	30,159	**9,206**	42,587
Proceeds from Homburg Capital Securities A	7b	**18,991**		**25,868**	
Net cash from (used in) financing activities		**2,293**	48,176	**(2,903)**	30,442
Increase (decrease) in cash		**(12,619)**	1,088	**(10,021)**	(1,456)
Cash, beginning of period		**18,957**	15,383	**16,359**	17,927
Cash, end of period		**$ 6,338**	$ 16,471	**$ 6,338**	$ 16,471

Supplemental cash flow information 9

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.

(CAD $ thousands except per share amounts)

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

	June 30 2009	December 31 2008
Trade receivables	**$ 46,871**	$ 61,415
Related party receivable (Note 11h)	**11,035**	
Prepaids	**13,236**	3,975
Homburg Capital Securities A receivable (Note 7b)	**3,289**	
	$ 74,431	$ 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 $2,151.

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.

(CAD $ thousands except per share amounts)

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 June 30, 2009, the fair value of the DIM 2010 Shares was $6,203 (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

	June 30 2009	December 31 2008
Current amounts		
Trade payables (Note 11b)	**$ 130,371**	$ 127,165
Non construction demand loans	**76,633**	90,613
Notes payable	**167**	173
Prepaid rents and deposits	**9,650**	17,378
Security deposits	**1,049**	1,352
Homburg Capital Securities A (Note 7b)	**2,081**	
Related party payable (Notes 11e, f, and g)	**9,838**	18,904
	$ 229,789	$ 255,585
Non-current amounts		
Long term payables	**$ 25,354**	$ 25,287
Homburg Capital Securities A (Note 7b)	**2,621**	
Shareholders of DIM Vastgoed N.V., due October 2010	**4,026**	4,440
	$ 32,001	$ 29,727

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

(CAD $ thousands except per share amounts)

5. Long term debt

	June 30 2009	December 31 2008
Secured debt		
Mortgages payable (a)	**$ 2,058,542**	$ 2,160,544
Mortgage bonds payable	**215,148**	228,368
	2,273,690	2,388,912
Unsecured debt		
Corporate non-asset backed bonds (b)	**503,472**	522,700
Junior subordinated notes	**63,720**	67,551
	567,192	590,251
	2,840,882	2,979,163
Deferred financing charges, net of accumulated amortization of $12,131 (December 31, 2008 - $12,161)	**(24,902)**	(27,039)
	2,815,980	2,952,124
Less current portion	**122,827**	50,776
Long term debt	**$ 2,693,153**	$ 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 2.59% and for fixed rate long term debt was 5.91% (December 31, 2008 - variable - 4.47%, fixed - 5.94%).

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

	Mortgages				
	Normal Principal Installments	Principal Maturities	Bonds and Junior Subordinated Notes	Total	Weighted average interest rate of maturing debt
2010	$ 37,205	$ 36,902	$ 48,720	$ 122,827	6.68%
2011	39,989	4,243		44,232	7.66%
2012	41,203	130,820	166,428	338,451	6.36%
2013	37,725	328,966	81,216	447,907	5.11%
2014	32,172	147,275	259,848	439,295	6.42%
Subsequent years		1,222,042	226,128	1,448,170	5.13%
	$ 188,294	$ 1,870,248	$ 782,340	$ 2,840,882	

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

(CAD $ thousands except per share amounts)

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:

		June 30 2009	December 31 2008
USD denominated	USD	**$ 91,604**	$ 92,335
	CAD	**$ 105,894**	$ 112,907
EURO denominated	EUR	**€ 851,148**	€ 858,243
	CAD	**$ 1,382,264**	$ 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	June 30 2009	December 31 2008
HB8	May 31, 2013	7.00%	EUR €50,010	**$ 81,216**	$ 86,207
HB9	October 31, 2013	7.00%	EUR €60,000	**97,440**	103,428
HB10	February 15, 2014	7.25%	EUR €100,005	**162,408**	172,389
HB11	January 15, 2015	7.25%	EUR €100,005	**162,408**	160,676
				$ 503,472	$ 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.

(CAD $ thousands except per share amounts)

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 earnings before income taxes. These differences result from the following items:

	Six Months Ended June 30 2009	Six Months Ended June 30 2008
Income (loss) before income taxes	**$ (29,256)**	$ 37,490
Combined income tax rate	**31.50** %	30.26 %
Income taxes (recovery)	**$ (9,216)**	$ 11,344
Increase (decrease) in income taxes resulting from:		
Provincial capital tax (net of income tax recovery)	**178**	468
Canadian tax on foreign income		(1,684)
Corporate rate differential in respect of subsidiaries	**4,455**	130
Non-taxable portion of capital gains and market value changes	**(1,597)**	(4,428)
Non-deductible (Non-taxable) amounts	**(2,041)**	91
Non deductible portion of unrealized valuation changes	**1,388**	(995)
Effect of rate changes on temporary differences	**333**	(1,999)
Other	**(98)**	
	$ (6,598)	$ 2,927
Income taxes (recovery):		
Current income and capital taxes	**$ 3,510**	$ 1,801
Deferred income taxes	**(10,108)**	1,126
	$ (6,598)	$ 2,927

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:

	June 30 2009	December 31 2008
Loss carry forwards and foreign tax credits	**$ 19,919**	$ 14,370
Deferred revenues and costs	**5,836**	3,621
Unrealized losses	**21,951**	27,989
Investment properties	**(152,058)**	(189,910)
	$ (104,352)	$ (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 June 30, 2009, the Company has $3,083 of unrecognized future tax assets.

7. Shareholders' equity

	June 30 2009	December 31 2008
Share capital	**$ 691,785**	$ 698,535
Contributed surplus	**12,705**	7,206
Accumulated other comprehensive income	**3,381**	649
Deficit	**(167,618)**	(144,658)
Other paid in capital (b)	**35,547**	11,489
Revaluation surplus	**33,547**	33,547
	$ 609,347	$ 606,768

The following are rates of exchange in effect:

	$1.00 USD	€1.00 EUR
June 30, 2009	$ 1.16	$ 1.62
December 31, 2008	$ 1.22	$ 1.72
Average rate for six months 2009	$ 1.21	$ 1.61
Average rate for six months 2008	$ 1.01	$ 1.54

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 June 30, 2009	**16,619**	**3,149**	**$ 691,785**

(CAD $ thousands except per share amounts)

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 six months ended June 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 six month period ended June 30, 2009 of $5,404 is credited to contributed surplus.

b) Other Paid in Capital

		June 30 2009		June 30 2008
Balance, beginning of period	**$**	**11,489**	$	11,489
Homburg Capital Securities A				
Equity component		**25,311**		
Deferred transaction costs		**(1,253)**		
Balance, end of period	**$**	**35,547**	$	11,489

Homburg Capital Securities A

During the six month period, the Company issued EUR €18,644 ($30,040) 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 €84 ($137) 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 €2,811 ($4,565) 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 €15,731 ($25,338) 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 June 30 2009 (000's)	Three Mos. Ended June 30 2008 (000's)	**Six Mos. Ended June 30 2009 (000's)**	Six Mos. Ended June 30 2008 (000's)
Basic				
Class A Subordinate Voting	**16,695**	16,841	**16,740**	16,491
Class B Multiple Voting	**3,149**	3,152	**3,150**	3,152
	19,844	19,993	**19,890**	19,643
Diluted				
Class A Subordinate Voting	**16,695**	17,331	**16,740**	16,981
Class B Multiple Voting	**3,149**	3,152	**3,150**	3,152
	19,844	20,483	**19,890**	20,133
The dilution consists of:				
Class A				
Exercise of options		14		14
DIM payable/Other paid in capital		476		476
		490		490

(CAD $ thousands except per share amounts)

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

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

Net income (loss)	**$ (28,202)**	$ 16,709	**$ (22,658)**	$ 34,563
Less Homburg Capital Securities equity accretion (Note 8(c))	**(231)**		**(231)**	
Income (loss) available	**$ (28,433)**	$ 16,709	**$ (22,889)**	$ 34,563

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 both the three months and six months ended June 30, 2009. As such, the inclusion of any potential shares in the calculation of diluted per share amounts for those periods would be anti-dilutive.

The dilutive effect of outstanding stock options on earnings per share for the three and six months ended June 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 June 30 2009	Three Mos. Ended June 30 2008	**Six Mos. Ended June 30 2009**	Three Mos. Ended June 30 2008
Change in non-cash working capital and other				
Receivables and other	**$ (1,913)**	$ (3,163)	**$ (9,871)**	$ (12,250)
Construction properties for resale	**(24,649)**	(34,213)	**(60,218)**	(73,479)
Accounts payable and other liabilities	**(22,043)**	(624)	**(2,899)**	20,475
Proceeds in excess of earnings on development properties	**44,421**	24,598	**76,087**	56,019
	$ (4,184)	$ (13,402)	**$ 3,099**	$ (9,235)
Interest paid	**$ 55,893**	$ 53,559	**$ 85,628**	$ 86,752
Capital and income taxes paid	**$ 2,336**	$ 2,561	**$ 3,100**	$ 1,287

10. Financial instruments and risk management

Financial instruments

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

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 $2,065,013 (December 31, 2008 - $2,146,666). The total fair value of all bonds is $651,350 (December 31, 2008 - $649,404). The principal amount of the mortgage bonds have been guaranteed against currency fluctuations. The currency guarantee receivable of $14,946 (December 31, 2008 - $28,165) is carried at fair value. The junior subordinated notes have a fair value of $84,925 (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 and its fair value is not reliably determinable.

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, cash, accounts payable and accrued liabilities, demand and short term loans and security deposits 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) Interest rate and liquidity risks

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 and/or 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 financing, or obtain appropriate terms for its financing.

10. Financial instruments and risk management (cont.)

The borrowings of the Company have fixed and floating interest rate components resulting in an exposure to interest rate movements. 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.

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.

At period end, the Company's debt consists of $2,491,903 in fixed rate debt and $537,251 in floating rate debt before deferred financing charges. The Company has minimized its interest rate risk through a liability management policy. The Company allocates the maturity of its debt over a period of approximately 30 years. In addition, the Company has entered into interest rate swaps in order to manage the impact of fluctuating interest rates on EUR €160,384 ($260,464) (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 period ended June 30, 2009 the impact on the statement of earnings is a loss of $4,811 (June 30, 2008 - loss of $902).

The Company discloses its annual debt repayment information related to long term debt in Note 5, as well as the weighted average rate of the maturing debt. In addition to these long term amounts, the Company has $188,272 in demand and short term loans which are repayable in less than one year. The Company expects to renew or refinance these amounts upon maturity. The Company's long term debt has a weighted average term to maturity of 7.3 years and 34.51% of long term debt matures or is repaid by December 31, 2013.

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 $3,680 in the Company's earnings as a result of the impact on floating rate borrowings.

b) Credit risk

The Company's principal assets are commercial and residential buildings. Credit risk on tenant receivables 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 ($121,800) 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 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.

10. Financial instruments and risk management (cont.)

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.

c) 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 June 30, 2009, EUR €234,340 (December 31, 2008 - €234,340) 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 June 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 $78 and a foreign exchange gain or loss on the un-hedged US dollar denominated Junior Subordinated Notes of $1,584 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 annualized earnings after income taxes, excluding un-hedged debt, of $1,999 and a foreign exchange gain or loss on the un-hedged Euro denominated Corporate Non- Asset Backed Bonds of $11,125 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.

(CAD $ thousands except per share amounts)

10. Financial instruments and risk management (cont.)

d) 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.

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:

	Six Months Ended June 30 2009	Six Months Ended June 30 2008
Rental revenue earned	**$ (321)**	$ (333)
Interest Income	**$ (362)**	$
Asset and construction management fees incurred	**$ 14,551**	$ 10,456
Property management fees incurred	**$ 2,003**	$ 1,748
Insurance incurred	**$ 687**	$ 691
Service fees incurred	**$ 757**	$ 522
Property acquisition/disposal fees incurred	**$ 5**	$ 2,150
Mortgage bond guarantee fees incurred	**$ 1,388**	$ 1,848
Interest costs incurred	**$ 942**	$
Tenant improvements	**$ 125**	$
Bond and other debt issue costs incurred	**$ 1,940**	$ 3,818

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.

	June 30 2009	December 31 2008
Mortgage bond guarantee fees	**$ 1,388**	$ 323
Management fees	**$ 694**	$ 83

11. Related party transactions (cont.)

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 $100 (June 30, 2008 - $47) were purchased from a corporation of which one of the Company's directors is affiliated.

e) Included in accounts payable is $3,532 (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.

f) Also included in accounts payable is a demand note payable plus accrued interest in the amount of EUR €2,343 ($3,805) (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 $2,164 ($2,501) (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 €6,795 ($11,035) (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.

(CAD $ thousands except per share amounts)

12. Commitments

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

2009	$	1,769
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:

2009	$	56
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:

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 $50,091.

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 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 ($17,590). Of this total amount: the Company has received an assessment for EUR €1,800 ($2,923); an additional EUR €7,831 ($12,717) was indicated for potential assessment, and to date no additional assessments have been received. The remaining amount of EUR €1,200 ($1,949) 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.

(CAD $ thousands except per share amounts)

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:

Six Months Ended June 30, 2009

	Germany	Netherlands	The Baltics	Canada	US	Total
Property revenue	**$ 47,276**	**$ 22,999**	**$ 11,372**	**$ 73,987**	**$ 9,723**	**$ 165,357**
Operating expenses	**2,963**	**2,905**	**3,284**	**37,161**	**3,086**	**49,399**
	$ 44,313	**$ 20,094**	**$ 8,088**	**$ 36,826**	**$ 6,637**	**$ 115,958**

Six Months Ended June 30, 2008

	Germany	Netherlands	The Baltics	Canada	US	Total
Property revenue	$ 40,454	$ 22,192	$ 9,027	$ 72,362	$ 8,068	$ 152,103
Operating expenses	632	2,050	2,312	32,679	2,218	39,891
	$ 39,822	$ 20,142	$ 6,715	$ 39,683	$ 5,850	$ 112,212

June 30, 2009

	Germany	Netherlands	The Baltics	Canada	US	Total
Investment property	**$ 1,076,502**	**$ 659,225**	**$ 253,425**	**$ 1,190,350**	**$ 187,375**	**$ 3,366,877**
Mortgages payable	**$ 717,208**	**$ 438,505**	**$ 214,882**	**$ 582,053**	**$ 105,894**	**$ 2,058,542**
Mortgage bonds payable	**$ 32,496**	**$**	**$**	**$ 182,652**	**$**	**$ 215,148**

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 June 30, 2009, the Germany segment included one (June 30, 2008 - one) tenant that individually represented 19% (June 30, 2008 - 17%) of total property revenue for the period.

(CAD $ thousands except per share amounts)

15. Segmented information (cont.)

Six Months Ended June 30, 2009

	Retail	Industrial	Office	Residential	Total
Property revenue	**$ 48,575**	**$ 20,623**	**$ 90,908**	**$ 5,251**	**$ 165,357**
Operating expenses	**21,881**	**1,614**	**22,650**	**3,254**	**49,399**
	$ 26,694	**$ 19,009**	**$ 68,258**	**$ 1,997**	**$ 115,958**

Six Months Ended June 30, 2008

	Retail	Industrial	Office	Residential	Total
Property revenue	$ 44,766	$ 20,236	$ 81,791	$ 5,310	$ 152,103
Operating expenses	17,799	1,472	17,953	2,667	39,891
	$ 26,967	$ 18,764	$ 63,838	$ 2,643	$ 112,212

June 30, 2009	**Retail**	**Industrial**	**Office**	**Residential**	**Total**
Investment property	**$ 811,665**	**$ 549,933**	**$ 1,911,304**	**$ 93,975**	**$ 3,366,877**
Mortgages payable	**$ 244,045**	**$ 390,651**	**$ 1,350,125**	**$ 73,721**	**$ 2,058,542**
Mortgage bonds payable	**$ 48,720**	**$ 25,211**	**$ 7,285**	**$**	**$ 81,216**

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 June 30, 2009 Mortgage bonds payable total $215,148, exclusive of the currency guarantee receivable of $14,946. Of this amount $133,932 related to properties under development and funds intended for acquisitions and development projects which will be located in Canada. The remaining $81,216 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 third quarter of 2009; subject to the purchasers completing due diligence. The properties are being sold for a total of $16,840 less selling costs. There are first mortgage charges against the properties totaling $6,658 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) In June of 2009, Quelle GmbH, and its parent Arcandor AG filed with the German courts to open preliminary insolvency proceedings.

In July 2009, Quelle GmbH announced that they had received EUR €50,000 in credits from the provinces of Bavaria and Saxony in Germany, and that their operations are in a positive cash flow position for the remainder of 2009, and they currently are in the process of planning beyond year end.

The mortgage on the property requires payment of interest and principal on a quarterly basis, and Homburg Invest has made the required payment in July 2009. The next required payment is October 2009. However, since Quelle GmbH has not paid 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 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 $195,575, and an outstanding mortgage balance of $168,219.

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.

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.

HOMBURG

FORM 52-109F2
Certification of Interim Filings
Full Certificate

I, Richard Homburg, Chairman and Chief Executive Officer of Homburg Invest Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Homburg Invest Inc. (the "issuer") for the interim period ended June 30, 2009.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
      i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
      ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

HOMBURG

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2009, and ended on June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **August 7, 2009**

Richard Homburg, Phzn., D. Comm.
Chairman and Chief Executive Officer
Homburg Invest Inc.

HOMBURG

FORM 52-109F2
Certification of Interim Filings
Full Certificate

I, James F. Miles, Vice President Finance and Chief Financial Officer of Homburg Invest Inc., certify that:

1. ***Review:*** I have reviewed the interim financial statements and interim MD&A (together, the "interim filings") of Homburg Invest Inc. (the "issuer") for the interim period ended June 30, 2009.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the interim filings

   a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
      i. material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
      ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

HOMBURG

5.1 *Control framework:* The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** N/A

6. ***Reporting changes in ICFR:*** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2009, and ended on June 30, 2009, that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **August 7, 2009**

James F. Miles, CA
Vice President Finance and Chief Financial Officer
Homburg Invest Inc.