MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

Nine Months Ended September 30, 2008

The following should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the nine months ended September 30, 2008 prepared under **International Financial Reporting Standards.**

Date of MD&A
November 06, 2008

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 2008 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 260 properties with an estimated fair value of $3.8 billion and 20.2 million square feet of space as at September 30, 2008 in four main asset classes: office, retail, industrial, and multi-family residential.

Properties Owned

	September 30, 2008 (Thousands, except for properties and units)				December 31, 2007 (Thousands, except for properties and units) (Audited)			
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	103	$1,887,974		6,671	89	$1,797,308		6,539
Retail	91	915,867		6,414	85	933,498		6,341
Residential	13	88,551	824	725	13	91,798	824	725
Industrial	38	537,859		6,356	36	518,700		6,267
Sub total	245	3,430,251	824	20,166	223	3,341,304	824	19,872
Properties held for development (a)	7	121,709			6	91,321		
Construction projects for resale (b)	6	143,520			7	225,596		
Properties under construction (c)	2	136,397			2	35,201		
Total	**260**	**$3,831,877**	**824**	**20,166**	**238**	**$3,693,422**	**824**	**19,872**

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 184 acre parcel of land in Calgary, Alberta that will be developed into commercial properties; a one third interest in a 5 acre parcel in Montreal, Quebec that will be redeveloped into office, retail and hotel space; a 39 acre parcel of land in Calgary, Alberta that will be developed primarily into approximately 1,000 single family dwellings; and 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.

b) Construction projects for resale - 69 condominium units in Calgary, Alberta; 31 condominium units in the Eau Claire area of Calgary, Alberta; 91 condominium units in Grande Prairie, Alberta; 26 condominium units in downtown Charlottetown, Prince Edward Island; a one third interest in 135 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; and a parcel of land in Montreal, Quebec.

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 earnings adjusted for amortization, non-recurring stock based compensation, deferred and capital income taxes, unrealized and realized valuation changes, fair value change in financial instruments, loss (gain) on derivative instruments and unrealized foreign exchange gains or losses.

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 earnings to FFO for the three and nine month periods ending September 30 of 2008 and 2007:

	3 Months Ended September 30, 2008	**9 Months Ended September 30, 2008**	**3 Months Ended September 30, 2007**	**9 Months Ended September 30, 2007**
	(Thousands)	(Thousands)	(Thousands)	(Thousands)
Net (loss) earnings from continuing operations	**$(9,151)**	**$25,412**	$18,596	$69,266
Add (deduct):				
Unrealized valuation changes	**25,403**	**29,414**	(15,810)	(40,903)
Realized valuation changes	**-**	**-**	-	(1,050)
Amortization of financing costs	**922**	**7,877**	4,954	6,384
Deferred and capital income taxes	**2,909**	**4,503**	2,829	15,521
Foreign exchange gain	**(6,360)**	**(5,398)**	(3,327)	(15,476)
Stock based compensation	**-**	**-**	5,000	5,000
Loss (gain) on derivative	**5**	**907**	535	(2,298)
Fair value change in financial instruments	**5,034**	**12,131**	-	-
Funds from operations (FFO)	**$18,762**	**$74,846**	$12,777	$36,444

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. Each quarter's results reflect the continued growth of the Company's property portfolio. The most significant transactions in the three year period were the acquisition of 11 properties in Germany and The Netherlands June 1, 2005, for costs of $495.4 million; 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. The annual revenue stream for 2007, 2006 and 2005, and the quarterly operations for 2008, 2007 and 2006 as shown below reflect the significant growth in the property operations over the periods being provided.

During the period ended September 30, 2008, the Company declared a dividend of $0.24 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 $3.49 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 dilutive effect of the "in-kind" dividend.

		December 31 2007	**December 31 2006**	**December 31 2005 (As Restated)**
		(Thousands, except per share calculations)		
Property revenue		$211,025	$116,742	$56,743
Unrealized valuation changes		55,757	76,225	50,387
Sale of properties developed for resale		191,139	45,968	
Realized valuation changes		924	8,775	4,693
Other income		27,414	5,384	1,083
Total revenue		$486,259	$253,094	$112,906
Net operating income		$159,171	$103,113	$42,513
Net earnings		$140,495	$94,766	$54,863
Earnings per share	- basic	$0.86	$0.86	$0.69
	- diluted	$0.82	$0.81	$0.68
Funds from operations		$102,735	$37,557	$14,177
Funds from operations per share	- basic	$0.63	$0.34	$0.18
	- diluted	$0.60	$0.32	$0.17
Total assets		$3,820,379	$2,425,964	$1,079,660
Total long term financial liabilities		$2,122,724	$1,645,911	$680,391
Dividend declared per share		$0.39	$0.28	$0.19

		3 Months Ended September 30, 2008	3 Months Ended June 30, 2008	3 Months Ended March 31, 2008	3 Months Ended December 31, 2007
		(Thousands, except for per share calculations)			
Property revenue		**$76,469**	$77,290	$74,813	$60,443
Sale of properties developed for resale		**39,917**	49,392	81,517	156,133
Realized valuation changes					(128)
Unrealized valuation changes					14,854
Other income		**7,459**	280	3,458	5,338
Total revenue		**$123,845**	$126,962	$159,788	$236,640
Net operating income		**$55,757**	$56,972	$55,240	$38,221
Net earnings (loss) from continuing operations		**$(9,151)**	$16,709	$17,854	$73,388
Net earnings (loss) per share from continuing operations	- basic	**$(0.05)**	$0.08	$0.09	$0.38
	- diluted	**$(0.04)**	$0.08	$0.09	$0.37
Net earnings from discontinued operations		**$NIL**	$NIL	$NIL	$96
Net earnings per share from discontinued operations	- basic	**$0.00**	$0.00	$0.00	$0.00
	- diluted	**$0.00**	$0.00	$0.00	$0.00
Net earnings (loss)		**$(9,151)**	$16,709	$17,854	$73,484
Net earnings (loss) per share	- basic	**$(0.05)**	$0.08	$0.09	$0.38
	- diluted	**$(0.04)**	$0.08	$0.09	$0.37
Funds from operations		**$18,762**	$25,828	$30,256	$66,291
Funds from operations per share	- basic	**$0.09**	$0.13	$0.16	$0.34
	- diluted	**$0.09**	$0.13	$0.15	$0.34
Total assets		**$4,057,967**	$4,166,961	$4,132,603	$3,820,379
Total long term financial liabilities		**$2,620,741**	$2,723,397	$2,640,740	$2,122,724
Dividend declared per share		**$0.22**	$0.00	$0.22	$0.00

		3 Months Ended September 30, 2007	3 Months Ended June 30, 2007	3 Months Ended March 31, 2007	3 Months Ended December 31, 2006
		(Thousands, except for per share calculations)			
Property revenue		$55,621	$54,925	$40,036	$36,922
Sale of properties developed for resale		7,875	11,183	15,948	36,815
Realized valuation changes			676	376	121
Unrealized valuation changes		15,810	16,538	8,555	56,593
Other income (expense)		2,875	15,217	3,984	(1,609)
Total revenue		$82,181	$98,539	$68,899	$128,842
Net operating income		$42,154	$42,976	$35,820	$33,479
Net earnings from continuing operations		$18,596	$31,690	$18,980	$52,198
Net earnings per share from continuing operations	- basic	$0.10	$0.23	$0.14	$0.42
	- diluted	$0.10	$0.21	$0.14	$0.39
Net loss from discontinued operations		$(163)	$(2,092)	$NIL	$NIL
Net loss per share from discontinued operations	- basic	$0.00	$(0.02)	$0.00	$0.00
	- diluted	$0.00	$(0.02)	$0.00	$0.00
Net earnings		$18,433	$29,598	$18,980	$52,198
Net earnings per share	- basic	$0.10	$0.21	$0.14	$0.42
	- diluted	$0.10	$0.19	$0.14	$0.39
Funds from operations		$12,777	$9,114	$15,553	$12,707
Funds from operations per share	- basic	$0.07	$0.06	$0.11	$0.10
	- diluted	$0.07	$0.06	$0.10	$0.10
Total assets		$3,145,557	$3,274,112	$2,627,056	$2,425,964
Total long term financial liabilities		$1,907,265	$1,904,605	$1,697,097	$1,645,911
Dividend declared per share		$0.22	$0.00	$0.17	$0.00

Net loss for the third quarter of 2008 was $(9.2) million or $(0.05) per share compared to net earnings of $18.4 million in 2007 or $0.10 per share. The significant highlights of the changes from 2007 are: the property revenue increased to $76.5 million from $55.6 million and the Company realized an $8.7 million (2007 - $0.5 million) profit from the sale of properties developed for resale. The revenue stream increased from the significant growth in property assets during 2007, including the acquisition of Alexis Nihon REIT, CN Central Station, the SEB portfolio in the Baltics, and the Cedar Shopping Center portfolio, which took place after the first quarter of 2007.

The Company experienced a foreign exchange gain of $6.4 million in the third quarter of 2008 (September 30, 2007 - $2.5 million gain) as a result of the strengthening of the CAD against the EUR. The Company has reduced its exposure to foreign currency risk through the use of an internal hedging program which is discussed later in this document.

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

Office Portfolio	**3 Months Ended September 30, 2008**	3 Months Ended September 30, 2007	**9 Months Ended September 30, 2008**	9 Months Ended September 30, 2007
		(Thousands)		
Property revenue	**$41,254**	$28,902	**$123,045**	$83,398
Net operating income	**$31,559**	$23,822	**$95,397**	$71,138

Homburg Invest's office portfolio consists of 103 (September 30, 2007 - 71) small to medium sized office buildings in Canada, the United States and Europe with a total area of 6.7 million square feet. Third quarter property revenue was $41.3 million compared to $28.9 million in the same period of 2007 while net operating income was $31.6 million versus $23.8 million in 2007.

Overall occupancy in the office portfolio was 94% at September 30, 2008 (96% - September 30, 2007).

Retail Portfolio	**3 Months Ended September 30, 2008**	3 Months Ended September 30, 2007	**9 Months Ended September 30, 2008**	9 Months Ended September 30, 2007
		(Thousands)		
Property revenue	**$22,078**	$15,796	**$66,844**	$36,378
Net operating income	**$13,620**	$9,059	**$40,587**	$22,553

Homburg Invest's retail portfolio consists of 91 (September 30, 2007 - 63) 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 6.4 million square feet. The retail rental revenue and net operating income for the third quarter on the properties held on September 30, 2008 have increased 39.8% and 50.3% respectively in the quarter over the same period in 2007 with the continued expansion.

Overall occupancy in the retail portfolio was 96% at September 30, 2008 (98% - September 30, 2007).

Residential Portfolio	**3 Months Ended September 30, 2008**	3 Months Ended September 30, 2007	**9 Months Ended September 30, 2008**	9 Months Ended September 30, 2007
		(Thousands)		
Property revenue	**$2,656**	$2,714	**$7,966**	$6,038
Net operating income	**$1,118**	$1,381	**$3,761**	$3,365

Homburg Invest's residential portfolio is primarily located in Nova Scotia, New Brunswick and Quebec, and consists of 13 (September 30, 2007 - 13) properties with 824 (September 30, 2007 - 824) units as at September 30, 2008. The increase in operations for the nine month period is primarily from the 426 units contained in Place Alexis Nihon, in Montreal Quebec, acquired in the second quarter of 2007.

Net operating income for the third quarter of 2008 was $1.1 million compared to $1.4 million in the same period in 2007.

The residential portfolio maintained a high overall average occupancy rate during the third quarter of 2008 and at September 30, 2008 the occupancy rate was 97% (98% - September 30, 2007).

Industrial Portfolio	**3 Months Ended September 30, 2008**	3 Months Ended September 30, 2007	**9 Months Ended September 30, 2008**	9 Months Ended September 30, 2007
		(Thousands)		
Property revenue	**$10,481**	$8,209	**$30,717**	$24,768
Net operating income	**$9,460**	$7,892	**$28,224**	$23,894

Homburg Invest's industrial portfolio consists of 38 (September 30, 2007 - 27) 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 $10.5 million total rental revenue in the third quarter of 2008 and $9.5 million in net operating income compared to $8.2 million total rental revenue in the third quarter of 2007 and $7.9 million in net operating income.

Overall occupancy in the industrial portfolio was 99% at September 30, 2008 (99% - September 30, 2007).

Unrealized Valuation Changes

As a result of independent third party appraisals and management estimates, aided by external analyses of the market completed in the third quarter of 2008, the unrealized valuation decrease recorded was $25.4 million compared to an increase of $15.8 million in 2007. As at September 30, 2008, 90% of the portfolio value has been subject to independent appraisal or arm's length acquisition within the last three years. This unrealized valuation decrease was the result of capitalization rates increasing in some of the Company's markets.

Other Income

Total other income for the three months ended September 30, 2008 amounted to $7.5 million (2007 - $4.8 million) of which $6.4 million (2007 - $2.5 million) was foreign exchange gain and $1.1 million (2007- $2.3 million) was miscellaneous income.

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 $39.9 million for the three months ended September 30, 2008 (2007 - $7.9 million). The related cost of properties sold was $31.2 million (2007 - $7.4 million).

These profit amounts represent a portion of the $119.0 million pre tax profit announced in November 2007. As a result of tax planning and percentage of completion accounting we have limited the net income inclusion to $91.8 million over the fourth quarter of 2007 and the first three quarters of 2008, leaving the remainder of approximately $27.2 million to be recognized over the next four quarters.

Interest Expense

Interest expense for the third quarter was $40.1 million in 2008, compared to $31.6 million in the same period in 2007, an increase of $8.5 million reflecting the significant increase in our property portfolio over the same period and the additional interest costs of approximately $123 thousand for the Bridge Financing put in place to acquire CN.

The Company's debt consists of $2.3 billion in fixed rate debt and $533.6 million in variable rate debt. The Company's weighted average variable interest rate on long term debt increased to 5.77% from 5.54%, and fixed interest rate decreased to 6.02% from 6.06% at December 31, 2007. For the nine months ended September 30, 2008, Homburg Invest had total interest coverage from continuing operations of 1.62:1 (September 30, 2007 - 1.62:1) (total revenue less unrealized fair value gains, property operating expenses, cost of property sales and general and administrative expenses ÷ interest expense) and a debt to equity ratio of 3.18:1 (December 31, 2007 - 2.97:1) (long term debt, construction financing, long term payables and demand loans ÷ shareholders' equity).

General and Administrative

General and administrative expenses totaled $5.2 million in the third quarter of 2008 compared to $3.1 million in the same period of 2007. This increase of $2.1 million is predominately the result of the growth in the asset base of investment properties.

Financial Condition

Assets

Total assets grew from $3.8 billion at December 31, 2007 to $4.1 billion at September 30, 2008. The table below summarizes Homburg Invest's asset base.

	September 30, 2008	December 31, 2007
	(Millions)	(Millions)
		(Audited)
Restricted cash	**$20.4**	$27.7
Cash	**17.9**	17.9
Receivables and other	**104.3**	30.7
Long term investments	**34.9**	39.6
Development properties	**401.6**	352.1
Investment properties	**3,430.3**	3,341.3
Goodwill	**48.6**	10.9
Derivative instrument assets		0.2
	$4,058.0	$3,820.4

Receivables and other

Receivables consist of $15.8 million (December 31, 2007 - $11.6 million) in amounts due from tenants which arise from the normal course of operations; $60.5 million (December 31, 2007 - $NIL million) on the sale of properties developed for resale; and $0.6 million (December 31, 2007 - $9.9 million) due from the Government of Canada for GST rebates on development projects and VAT on foreign subsidiaries. The remaining receivables and other at September 30, 2008 include: $0.8 million (December 31, 2007 - $670 thousand) in bond proceeds receivable; $14.3 million (December 31, 2007 - $4.2 million) in deferred rental receipts; and $12.3 million (December 31, 2007 - $4.1 million) in prepaid expenses.

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, 2007 - 0.1%) of the outstanding shares; a 10% interest in DEGI Homburg Harris Limited Partnership, which owns an office complex under development; and DIM Vastgoed N.V., a Euronext Amsterdam listed company with properties in the southeastern United States. Our investment in DIM allows the Company to control approximately 24% (December 31, 2007 - 24%) of the voting rights. Mr. Homburg is a Director of Cedar Shopping Centers, Inc.

Capital Structure

The table below summarizes Homburg Invest's capital structure.

	September 30, 2008		December 31, 2007	
	(Millions)		(Millions)	
			(Audited)	
Long term debt	**$2,593.4**	**69.9%**	$2,094.1	59.6%
Construction financing	**113.7**	**3.1%**	66.4	1.9%
Long term payables	**22.3**	**0.6%**	24.2	0.7%
Due to DIM shareholders	**5.0**	**0.1%**	4.4	0.1%
Non-construction demand loans	**88.3**	**2.4%**	441.1	12.5%
	$2,822.7	**76.1%**	$2,630.2	74.8%
Shareholders' equity	**887.5**	**23.9%**	886.3	25.2%
	$3,710.2	**100.0%**	$3,516.5	100.0%

Long Term Debt
Mortgages payable on revenue producing properties decreased by $88.5 million during the third quarter of 2008. New borrowings and debt assumptions amounted to $5.0 million in the quarter while $13.3 million was applied to the mortgage debt as required under normal principal payments, dispositions and refinancing. The remaining $80.2 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 weakened against the Euro to the extent of $1.5 million at September 30, 2008, down from $8.6 million as at December 31, 2007. 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.

Construction Financing
To September 30, 2008, the Company had $113.7 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.

Derivative Instrument Asset/Liability
A property in Germany issued an interest swap derivative instrument on June 1, 2004. At the time of acquisition by Homburg Invest Inc. in June 2005, interest rates in Germany decreased such that the fair value of the debt related to the interest swap increased by EUR €3.0 million ($4.25 million). This liability was recorded as a derivative instrument liability with an offsetting increase in the assets acquired. For the nine months ended September 30, 2008, there was a change in interest rates in Germany which resulted in a loss on the income statement of $907 thousand. During the period the interest rate swap was settled as part of the refinancing of the related debt.

Shareholders' Equity
Homburg Invest's shareholders' equity increased from $886.3 million at December 31,2007 to $887.5 million at September 30, 2008. In 2008, 6.6 million shares (2007- 6.4 million shares) valued at $22.6 million were issued under the dividend reinvestment plan; 12.8 million shares (2007 - NIL shares) valued at $44.8 million were issued as a stock dividend; and $51 thousand in issue costs related to these transactions were paid out. Net earnings from continuing operations for the nine months ended September 30, 2008 amounted to $25.4 million.

The Company's US operations, headquartered in Colorado Springs, Colorado and the European operations headquartered in Soest, The Netherlands, are considered to be self sustaining and they use 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 cumulative foreign currency translation account within shareholders' equity. At September 30, 2008, this cumulative amount was a negative $20.9 million; a decrease of $(2.3) million from the cumulative amount of $18.6 million as at December 31, 2007.

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 $10.7 million in the third quarter of 2008. These acquisitions were financed by $5.0 million in debt and the remainder in 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	$2,619,629	$84,298	$247,444	$193,293	$2,094,594
Capital lease obligations	$NIL	$NIL	$NIL	$NIL	$NIL
Operating leases	$243,229	$651	$19,482	$14,401	$208,299
Purchase obligations	$69,735	$2,682	$44,730	$22,323	$NIL
Other long term obligations	$118,771	$36,854	$81,917	$NIL	$NIL
Total contractual obligations	$3,051,364	$124,485	$393,573	$230,017	$2,303,289

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 September 30, 2008 funds from operations were $18.8 million. Homburg Invest believes that funds from operations and $15.4 million in credit lines available to it will be sufficient to fund near-term, nondiscretionary costs. The Company has successfully raised $28.7 million, net of borrowing fees, through its Series 11 Bond issued in the third quarter of 2008. 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 September 30, 2008, the Company had three secured credit facilities totaling $76.3 million available to it. At period end, there was a balance of $60.9 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 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 €14.9 million ($22.3 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 September 30, 2008	3 Months Ended September 30, 2007
	(Thousands)	(Thousands)
Rental revenue earned	**$ (661)**	$ (45)
Asset and construction management fees incurred	**$ 4,162**	$ 3,513
Property management fees incurred	**$ 1,134**	$ 400
Insurance incurred	**$ 487**	$ 41
Service fees incurred	**$ 168**	$ 136
Property acquisition fees / disposal fees incurred	**$ 3**	$ 813
Mortgage bond guarantee fees incurred	**$ 855**	$ 926
Bond and other debt issue costs incurred	**$ 1,089**	$ 825

The transactions are recorded at exchange amounts.

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

	September 30, 2008	December 31, 2007
	(Thousands)	(Thousands)
Mortgage bond guarantee fees	**$2,703**	$2,110
Management fees	**$1,287**	$97

c) Professional services of approximately $142 thousand (September 30, 2007 - $152 thousand) were purchased from a corporation of which one of the Company's directors is affiliated.

d) Also included in accounts payable is $6.0 million (December 31, 2007 - $12.5 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.

e) 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.

f) On September 30, 2008 the Company acquired an investment property from a company commonly controlled by the Chairman and Chief Executive Officer for $2.9 million.

Third Quarter 2008
The operating results for the September 2008 quarter, cash flows and financial position of the Company were consistent with the approved budget. The third quarter results were previously described under the heading "Results from Operations".

Proposed Transactions
Proposed Transactions
At September 30, 2008 the Company has five construction projects underway to which it has signed commitments of $47.4 million. These commitments will be funded from existing cash resources, construction financing and the proceeds from bond 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) The Company is continuing the issuance of Series HB11 for a maximum value of EUR €100.0 million ($150.0 million) bearing an annual interest rate of 7.25% to be paid on a semi-annual basis. The proceeds from the issue are being used to repay demand loans, for general corporate purposes and for future acquisitions.

b) The Company acquired two office buildings in The Netherlands for EUR €25.1 million ($37.6 million). The acquisition was financed with debt of EUR €25.0 million ($ 37.5 million) and the remainder in cash.

c) The Company has received regulatory approval to launch a normal course issuer bid ("NCIB"). The NCIB allows the Company to acquire, through the facilities of the Toronto Stock Exchange at market price, up to 10,510,000 Class A Subordinate Voting Shares ("Class A Shares") and up to 1,575,000 Class B Multiple Voting Shares ("Class B Shares") beginning October 17, 2008 and ending October 16, 2009. The NCIB entitles the Company to acquire up to 47,538 Class A Shares and up to 868 Class B Shares on any given trading day. Any shares acquired by the Company under the NCIB will be cancelled.

d) The Company has refinanced a maturing mortgage on an investment property. The maturing mortgage, which had a principal balance of EUR €28.0 ($42.1 million) is included in 2008 principal maturities and had a weighted average interest rate of 6.36%, has been refinanced with EUR €28.2 million ($42.3 million) of debt with an effective interest rate of 5.40% for a period of 3 years and a term of 5 years.

e) The Company has completed the due diligence process related to a proposed joint venture acquisition of 32 properties in the United States. Based on the due diligence and the current world capital market, the Company has decided not to proceed with the acquisition.

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 $1.9 billion (December 31, 2007 - $1.5 billion). The total fair value of all bonds is $620.2 million (December 31, 2007 - $500.4 million). The principal amount of the mortgage bonds have been guaranteed against currency fluctuations. The currency guarantee receivable (payable) of $(1,471) is carried at fair value and is included in mortgage bonds payable. The junior subordinated notes have a fair value of $54.4 million (December 31, 2007 - $58.6 million). The Company has one long term investment carried at its cost of $8.5 million (December 31, 2007 - $4.1 million) as it is an available for sale investment with no active market price; all of the other long term investments are carried at their fair value.

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. Fair value of long term investments is based on the quoted market price. Potential taxes and other transaction costs have not been considered in estimating fair value, as management has determined these costs to be impractical to estimate.

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. We believe we are well positioned to withstand this credit crisis as only $87.6 million, or 3.3%, of our total long term debt is maturing over the next 15 months to the end of 2009; and this maturing debt has a weighted average interest rate of 6.55%. We have already secured refinancing on $42.1 million of that maturing amount at an effective interest rate of 5.4%.

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 current capital market will make it difficult for non-diversified entities to access all potential global credit opportunities. As a result, some entities may chose to divest of properties in order to raise required capital. This may create a situation where there more sellers than buyers and result in higher capitalization rates and provide opportunities for entities with capital to acquire real estate. We will continue to employ our available financial resources to the best use for the benefit of our shareholders.

Our portfolio remains in a strong position with a global diversification as well as a property classification diversification consistent with our 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. At period end, the Company's debt consists of $2.3 billion in fixed rate debt and $533.6 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 maturing in October 2014 in order to manage the impact of fluctuating interest rates on EUR €35.0 million of its long term debt. Due to a reduction of interest rates in The Netherlands and Germany during the three months ended September 30, 2008 the impact on the statement of earnings is a loss of $5 thousand. During the period the interest rate swap was settled.

The Company discloses its annual debt repayment information related to long term debt in Note 3 of the financial statements, as well as the weighted average rate of the maturing debt. In addition to these long term amounts, the Company has $202.0 million 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 8.50 years and 20.0% of long term debt matures by December 31, 2012.

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 $3.6 million in the Company's earnings after income taxes 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 has issued a letter of guarantee in an amount representing in excess of 2 years property revenue from this tenant.

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 September 30, 2008, EUR €234 million (December 31, 2007 - €234 million) of the Company's net investment was hedged with an equal amount of Euro-denominated debt. The hedge is considered to be an effective hedge at September 30, 2008 and December 31, 2007 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% increase (decrease) 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 of $791 thousand.

With all other variables held constant, the Company has determined that a 10% increase (decrease) 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 of $496 thousand.

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 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 17% (December 31, 2007 - 25%) 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 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.

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 Multilateral 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 International Financial Reporting Standards..

Management has evaluated whether there were changes to internal control over financial reporting for the quarter ended September 30, 2008, 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.

Future accounting pronouncements
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 Statement of Earnings. The Amendment to IAS 40 will result 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 will be adjusted to fair value. To the extent that fair value is not reliably determinable, the property will be 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. The amendments can be applied earlier to investment property under construction provided that the fair values of investment properties under construction are determined at the earlier dates. The Company will adopt this amendment on the effective date.

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 June 2008 included certain options that are subject to vesting periods. The amendments are effective for annual periods beginning on or after January 1, 2009; however, earlier application is permitted. The Company is in the process of assessing the impact of the amendment to IFRS 2 on the accounting for options subject to vesting conditions to ensure compliance with IFRS2.

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. The Company will review its revenue recognition methodology for contracts falling under the new guidance. This Interpretation is applicable on a retrospective basis for annual periods beginning on or after January 1, 2009.

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 statement of earnings 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 and early application is permitted. Should any of the current hedging instruments not meet the requirements, the Company would be required to prospectively discontinue the applicable hedge accounting. The Company will carry out a review of its existing hedging policy to ensure that the most appropriate accounting policy choice is made.

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 and therefore this new accounting standard will have no impact on the financial results.

Operating Segments

IFRS 8 Operating Segments has been amended and is effective for fiscal years beginning on or after January 1, 2009, earlier adoption is permitted. The Company has adopted IFRS effective January 1, 2008.

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.

Other Requirements

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

(b) National Instrument 51-102, Section 5.4 Disclosure of Outstanding Share Data. As at September 30, 2008, 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, 168,412,323 Class A Subordinate Voting Shares and 31,514,782 Class B Multiple Voting Shares were issued for a recorded value of $700.6 million.

2008 Outlook
Our 2007 outlook for 2008 was to focus on new property acquisitions and the continued expansion of our development pipeline. Our objective 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 potential 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 equity to be in a position to take advantage of opportunities that will present themselves.

In addition to its activities in Canada, the Company continues to look at investment prospects in Europe and the United States to take advantage of opportunities that make themselves available in those much larger real estate markets. 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 has modified 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.

In conjunction with our ongoing development activities, primarily in Alberta, these accretive transactions through joint ventures, mergers and acquisitions, and sales leaseback portfolio acquisitions, clearly demonstrates the Company's ability to realize value from multiple sources, and deliver shareholder value and growth.

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

The Company 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