

9 Months accounts 2008

Interim Report as of 30 September 2008

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About ORCO Germany

ORCO Germany S.A. is a real estate company that has its registered seat in Luxembourg and that is listed in the Prime Standard on the Regulated Market of Frankfurt Stock Exchange. The ORCO Germany group, which operates under the uniform registered trademark ORCO Germany, has been pursuing its activities in Germany since 2004 and concentrates on commercial properties as well as on asset management and project development. ORCO Germany currently employs about 214 members of staff.

In 2006, ORCO Germany strategically reinforced its project development operations by acquiring Viterra Development. Viterra Development was renamed ORCO Projektentwicklung GmbH at the beginning of 2008 and is one of the leading project developers and investors specializing in commercial and residential properties in the German core markets of Berlin, Düsseldorf, Frankfurt, Hamburg and Munich. ORCO Germany expanded its portfolio of properties in Berlin in June of 2007 by taking over Gewerbesiedlungs-Gesellschaft (GSG); the company now manages approximately 1 million square meters of developed and undeveloped areas. GSG was established in 1965 and is the largest owner of commercial space in Berlin with about 825,000 square meters of office and multifunctional space. ORCO-GSG owns 45 so-called commercial courtyards and centres, as well as 235 residential units. Most of the properties are located in the city centre with excellent connections to the Berlin public transportation network.

ORCO Germany S.A. is a subsidiary of ORCO Property Group S.A. Established in 1991, the company has its registered seat in Luxembourg and is listed on the Euronext, Prague, Budapest and Warsaw stock exchanges. It operates primarily in the Czech Republic, Hungary, Poland, Russia, Croatia, the Slovak Republic and Germany.

ORCO Germany was listed on the Open Market from 2006 until November 2007, when it transferred to the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange.

The Stock of ORCO Germany S.A. as of 30 September 2008

ISIN	LU0251710041
Market Cap	243,856,665 (30 September 2008)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	14.30%

Key Figures (in KEUR)

	Q3 2008	Q3 2007	%-change
Revenues (in KEUR)	60 226	65 670	-8,3%
Operating Result (in KEUR)	52 653	50 077	5,1%
Adjusted EBITDA (in KEUR)	13 747	- 143	n/a
Net Profit (in KEUR)	14 701	44 226	-66,8%
Total Assets (in KEUR)	1 147 847	1 069 586	7,3%

Interim Management Report for the period from 01 January to 30 September 2008

I. Company Activity

The first nine months of 2008 end with a consolidated profit attributable to the Group of 14.7 million EUR compared to 44.2 million EUR as at 30 September 2007. During the same period, the share price moved from 11.80 EUR to 5.00 EUR.

Revenues went down 8.3% to end up at 60.2 million. The decrease of development revenues was overcompensated by the rise of leasing revenues and net gains from fair value adjustments.

These revaluation profits recognised as of 30 September 2008 amount to 61.0 million EUR compared to 47.36 million EUR at the end of the third quarter of 2007.

Operating result increased by 5.14% to 52.6 million EUR.

As at September 2008, the long-term debt (> 5 years) amounts to 53.7 million EUR, intermediate-term debt (1-5 years) to 467.4 million EUR and the short-term debt (< 1 year) amounts to 74.3 million EUR. The total amount of debt declined slightly since December 2007 from 640.1 million EUR to 639.7 million EUR.

A complete revaluation of the portfolio is being reviewed as we speak. Therefore, the management does not release for this period any calculation of the net asset value. The fair value adjustments and the impairments correspond to those booked as of June 30, on the basis of a full review of the portfolio performed by the management and DTZ at this date.

1. Real Estate Investment

1.1 ORCO-GSG (Berlin)

ORCO-GSG significantly enhanced its tenant service offerings by launching its own star-shaped fibre optic network. The network and the technology employed will enable the company to offer not only standard communication services such as internet and email, but also comprehensive network-based services such as voice over IP, intranet or direct connections, also collocation services.

Occupancy has been increased to 74.2% (less 30,815 sqm) since ORCO Germany's acquisition of the company in June 2007. Net take up year-to-date (21,356 sqm) exceeded the prior year outcome (10,209 sqm) by 109%. New leasing rose by 50% over the same period.

The average lease per m for commercial space could be increased from 5.86 EUR in June 2007 to 6.05 EUR in September 2008. New leases were contracted at an average of 6.80 EUR per sqm, 14.8% above the average proceeds for leases contracted before takeover.

Total revenues of ORCO-GSG amount to EUR 29.08 million as of 30 September 2008. This represents a 6.7% year-on-year gain.

1.2 Portfolio Management

ORCO Germany is continuing its disposal of non-strategic assets.

ORCO Germany was able to close nine sales contracts and corresponding purchase agreements with a sum of 21.74 million EUR during the first nine months of 2008. In the accounts as of 30.09.2009 the sales of seven assets have been recognised. The sales were agreed to 104.7% of DTZ value. Currently two further sales contracts are agreed. These asset sales in Q4 will be realized at 106.1 % of DTZ value.

2. Real Estate Development

2.1. Leipziger Platz (Berlin)

The results of the urban design competition have been integrated in the draft of the building plan in correspondence to the responsible authorities and necessary experts. The requirements of the parallel planning phase for the building approval have also been included in the draft of the building plan to guarantee planning security. The building plan is expected to be finalised at the end of the 1st quarter of 2009.

The planning and preliminary development works are on schedule, such as the tendering for decontamination procedures and site clearing. These measures will be started in the beginning of 2009. The completion of building measures are scheduled for the fourth quarter 2012.

By the end of the year a marketing- and communication concept will be finalized. The first leases have been agreed on and further negotiations are in progress.

2.2 Sky Office (Düsseldorf)

On 30th of September the core structure was completed and by reaching the 22nd floor. The ceilings are completed up to the 19th floor. The façade-elements are mounted from ground floor up to 11th floor. Plasterworks on ceilings and technical installations for Sprinkler, Ventilation, Heating and Cabling have started in floor 1 to 10. The installation of elevators (PA1-6, FW1) started. The building is now clearly visible on Kennedydamm.

The progress of the project is on schedule. The project costs are on budget.

So far lease agreements with two major law and consultancy firms have been closed. In September 2008 the lease contract with the operator for the ground floor restaurant and conference area was signed. The occupancy level is now at 60%.

2.3 Cumberland (Berlin)

The project consists of ca. 9.500sqm net lettable retail space and ca. 18.000 sqm net lettable office space. The Estate agent for both sections will be appointed in November 2009. The demolition start is scheduled for spring 2009, and the project completion is scheduled for the end of 2011.

2.4 H2 Office (Duisburg)

In June 2008, the ground breaking for the 34 million EUR office project H²Office in the Prime office location of Duisburg ‚Innenhafen‘ was celebrated. This second development phase will complete the ensemble of two office buildings and closes the last free gap at Duisburg ‚Innenhafen‘, where office vacancy rates are at 2%. The financing agreement for this scheme has been successfully closed in August 2008 with a German lender which has provided an initial loan of 25 million EUR.

Construction works started in August 2008 with the site survey. By end of September foundation was completed and construction of ground slab began. The project is on schedule. Lease negotiations with potential tenants have started. A first contract of ca. 1.150 m² office space has been concluded at a rate of 15 € per sqm, setting a new record in Duisburg. The occupancy level now is on 10%. The project costs are on budget.

2.5. Fehrbelliner Höfe

In August the residential development project Fehrbelliner Höfe was set on hold. The risen financing costs and the increased sales risks have lead to that decision.

3. Asset and Investment Management

Health Care Property Segment

ORCO Germany S.A. has developed an investment program in the German health care market. The program is intended to be implemented within the Endurance Real Estate Fund Structure, a fund management affiliate of ORCO Property Group managing a series of mainly value added investment vehicles. The fund-raising has not been completed so far due to the current capital market situation. ORCO Germany is currently evaluating to develop the assets as trading developments which will include sale after completion.

The seed portfolio projects in Oranienburg, Rostock and Guetersloh will be completed in Q2 and Q3 2009. All projects are fully leased. The projects Oranienburg and Rostock are fully financed.

The building progresses of the projects in Oranienburg, Rostock and Guetersloh are on schedule and major costs are fixed with contractors. In Rostock and Oranienburg structural work is completed. Sealing and roof works are in progress as well as window works and installation of technical equipment. In Guetersloh structural work and sealing are completed.

4. Project financing activities

Within the first nine month of 2008 ORCO Germany has closed two new credit agreements, has prolonged four and fully amortized eight bank loans.

Among the new credit agreements are the renewal for the project "Cumberland" (Berlin) with a credit line of 20 million EUR and the contract for the project "H²Office" (Duisburg) with a credit line of 25 million EUR. Refinancing agreements have added up to 5.8 million EUR and are related to the projects 'Hakeburg' (Potsdam), 'Am Hochwald' (Potsdam), Hosemannstrasse 6-7 (Berlin) and Max-Planck-Strasse 24 (Cologne).

Due to sales of the underlying assets a total of 8.9 million EUR of loans was fully amortized including the loans for Benningsenstrasse 8 (Berlin), Danziger Strasse 16 (Berlin), Gethsemanenstrasse 8 (Berlin), Lychener Strasse 20 (Berlin), Seelower Strasse 5 (Berlin), Tucholskystrasse 39 (Berlin), Wolliner Strasse 51 (Berlin) and Zehdenicker Strasse 25 (Berlin). The current planning expects to fully amortize two further loans with a total amount of 3.8 million EUR.

5. Consolidated accounts

The first three quarters of 2008 close with a net profit attributable to shareholders of 14.7 million EUR vs. 44.2 million EUR in third quarter of 2007. The consolidated balance sheet total is fixed at 1.148 million EUR vs. 1.120 million EUR in December 2007. The shareholders' equity amounts to 286 million EUR vs. 271 million EUR in December 2007.

6. Revenues

6.1 Leasing Revenues

ORCO Germany's investment portfolio generated 42.1 Million EUR of leasing income (compared to 12.7 Million EUR by the end of September 2007). Contribution of GSG and its affiliated companies (excluding intercompany effects) amounted to 35 million EUR within the first nine months 2008.

Although the third quarter was effected by a 6,687 sqm space reduction of a large tenant the occupancy rate of ORCO-GSG improved to 74.2% in 2008 (compared to 71.6% at YE 2007). The leasing requests were again recorded across almost all business sectors. The development of the assets in the Eastern parts of Berlin remains positive. Three of five top-performing assets are located in Eastern Berlin. Additionally leases show a positive trend – leasing levels for new lettings are in average around 13% above average leases for existing leases. In all, the leasing revenues in the period January 01, 2008 to September 30, 2008 increased by 6.7% compared to the leasing revenues in the respective period 2007.

ORCO Germany's investment portfolio comprises a total of 913,000 sqm of lettable area, compared to 925,000 m² in September 2007.

Moreover the agreed leasing contracts for Sky Office and H2Office ensure an increasing leasing income for the future. Currently the letting status contracted for the projects Sky Office has been increased by 1800 sqm to a letting status of 60% and for H2 Office a leasing contract of 1150 sqm has been signed leading to an occupancy rate of 10%.

6.2 Development revenues

Development revenues amount to 19.2 million EUR. They primarily were produced by the sale of 22 delivered residential units and the sale of commercial project Voßstraße.

Additionally were contracted 9 units by end of Q3 and further 9 sales contracts were agreed in October. All these units will be delivered in Q4 2008. There are very good chances that until the yearend all residential units will be sold and delivered.

7. Revaluation Profit

The revaluation profit amounts to 60.95 million EUR vs. 47.4 million EUR in the three quarters of 2007. This revaluation profit only includes the revaluation of investment properties and land bank. Ongoing developments and properties under construction (both valued at cost less depreciation and impairment) are excluded from this calculation.

The main contributors to this revaluation profit are:

- a. ORCO-GSG with 60.3 million EUR, (Wolfener Straße 32-36: 9.8 million EUR; Reuchlinstraße: 8.0 million EUR; Geneststraße 7.2 million EUR; Gustav-Meyer-Allee: 4.6 million EUR; Plauener Straße: 4.3 Million EUR and Helmholtzstraße 3.7 million EUR).
- b. Land bank Leipziger Platz increased by 9.4 million EUR to 108 million EUR.
- c. The fair value on project Cumberland decreased by 8.8 million EUR to 53.0 million EUR.

8. Adjusted EBITDA

The adjusted EBITDA for the first nine months amounts to 13.7 million EUR for 60.2 million EUR of turnover (versus -0.1 million EUR in September 2007 for 65.7 million EUR turnover). The adjusted EBITDA raised by 9.96 million EUR while the turnover has decreased by 5.4 million EUR, showing a significant improvement of the operating profitability especially in the leasing sector.

The adjusted EBITDA of the development activity amounts to -6.7 million EUR in September 2008 compared to -5.66 million EUR in September 2007. Until September 2008, there was fewer development projects finished than in the same period in 2007, which explains that development revenues could not reach the same level as in the previous year.

The adjusted EBITDA of the leasing portfolio amounts to 20.4 million EUR compared to 5.5 million EUR for the same period in 2007.

Adjusted EBITDA as of 30 September 2008

	Development	Leasing	TOTAL
OPERATING RESULT	-26 501	79 154	52 653
Net result from fair value adjustments on investment property	- 608	-60 345	-60 953
Amortization, impairments and provisions	17 774	- 106	17 669
Correction of cost of goods and assets sold	2 679	1 699	447
ADJUSTED EBITDA	-6 655	20 402	13 747

9. Operating Result

The third quarter of 2008 closes with a positive operating result of 52.7 million EUR vs. 50.1 million EUR in September 2007. The result includes surplus on revaluation on assets.

The operating result comprises impairments related to the revaluations performed by DTZ for the assets Fehrbelliner Höfe (-10.3 million EUR) and Helberger (-7.0 million EUR).

The operating result contributes to ORCO Germany's two business lines:

The operating result of the development activity was -26.5 million EUR in September 2008 compared to 20.9 million EUR in September 2007.

The operating result of the leasing portfolio amounts to 79.2 million EUR compared to 29.2 million EUR for the same period in 2007. This result is composed of increased leasing revenue and decreased operating expenses and a gain from fair value adjustments in the leasing segment.

10. Financial Result

The net financial result in the end of third quarter of 2008 amounts to -26.0 million EUR compared to -18.9 million EUR for the first three quarters in 2007. The interest expense of -26.3 million EUR vs. -14.7 million EUR corresponds to the Group global financial charges. The cash interest rate of the global debt (bond excluded) amounts to 5.50%. The effective interest rate for the bonds is 7.90%. Bank borrowings show an interest rate after hedging of 5.27%.

11. Tax

The global tax expense of the period ending September 30th amounts to -12.0 million EUR vs. 11.9 million EUR in the same period of 2007.

12. Debt

ORCO Germany's financial debt amounts to 639.7 million EUR (current and non-current) compared to 640.0 million EUR in December 2007. Cash and cash equivalents amount to 40.3 million EUR vs. 94.8 million EUR in December 2007.

As at September 2008, the short-term debt (< 1 year) amounts to 74.3 million EUR. The total amount of debt declined slightly since December 2007 from 640.1 million EUR to 639.7 million EUR.

It is the strategy of the management to turn short term loans into longer maturity ones. The company is working on the global restructuring of its debt. The management anticipates that considering the ongoing discussions with banks the financings should be prolonged after increase of the equity portion in each project.

II. Risks, Subsequent Events and Outlook

1. Risk Report

There were no material changes within the financial risk factors since December, 2007. The Group has no significant currency risk exposure, as the local and functional currency in almost all Group companies is the Euro.

2. Subsequent Events

No subsequent events occurred.

3. Market Environment

The sub-prime crisis almost brought the United States real estate market and banking systems to collapse. Markets worldwide are being strongly affected by the domino effect of the resulting financial shockwaves. The serious situation of Fannie Mae and Freddie Mac in August, the fall of Lehman Brothers and AIG in September and the massive governmental support in October clearly show that the markets within Q3 2008 have been dominated by uncertainty and instability.

One result of this development is the slow down of the credit lending process, due to banks and credit institutes which check with greater care because of own problems. Refinancing markets are on hold, which leads to increasing financing costs and higher equity needs. Loan conditions do currently not mirror the value of the underlying asset.

This situation affects the real estate investment sector, which reflects the crisis with a lower transaction volume. The corresponding number for commercially used asset is 62% below the pre-year figure (according to Jones Lang LaSalle). The full year figures are also not expected to be much higher. Real Estate transactions of the order of 100 million EUR have fallen dramatically, which affects the real economy as well.

Caution is ruling the market. The aim is to continue to focus on the future and to take advantage of the chances available.

4. Outlook

In the present tense market situation a sustainable strategy and circumspect action are indispensable.

ORCO Germany is well prepared: The group has developed already in the beginning of 2007 a strategy with clear focus on commercial real estate that withstands today's market conditions. Additionally the group has bounded highly qualified staff which has grown with its comprehensive know-how to the risen requirements.

The focus lies on the completion of the projects in construction such as Sky Office (Düsseldorf) and H2 Office. Consequently the already successfully achieved letting status for both project shall be further increased. The planning and preliminary development work of the key projects Leipziger Platz and Cumberland (Berlin) are continuing.

In accordance to strategy of refocusing on commercial developments and assets the realized success in the sale of residential units is expected to continue with all remaining residential units in the fourth quarter 2008.

The main objective in the leasing area is the further optimisation of the cost and profit structure by active asset management: aims are the further rise of the occupancy level, the improvement of tenant's structure and the increase of the value of ORCO Germanys portfolio. That way ORCO Germany will be able to increase its continuous cash generating incomes.

ORCO Germany disposes of an equity base of 25 per cent at the end of Q3 2008. The sales of other non-strategical assets and the loan redemption related to them will further strengthen the group's equity. So it also will be easier to face the increased requirements for financing the upcoming large-scale projects.

A task of the next months also becomes the continued optimisation of the structures and processes to set up by an even more efficient approach and to realise further cost savings and synergies. The group settled a cost cutting program which effects are yet not visible in third quarter accounts. It concerns staff reduction, closing offices in secondary cities, overhead costs reduction.

Three priorities have been implemented:

- 1) reduction of the launch of new projects, resulting into a downsizing of the project management teams
- 2) Downscale support functions
- 3) in depth monitoring of marketing, consulting & travel expenses.

The current market situation has caused big challenges for all market participants in the German real estate sector – ORCO Germany will face them.

ORCO GERMANY S.A.
Condensed consolidated interim financial information
As at 30 September 2008

ORCO Germany S.A.'s Board of Directors has approved on 27 November 2008 the condensed consolidated interim financial information as at and for the period ended 30 September 2008. All figures in this report are presented in thousands of Euros, except of explicitly stated.

Condensed consolidated interim income statement

	September 08	September 07 *
Revenue	60 226	65 670
Net gain from fair value adjustments on investment property	60 953	47 361
Other operating income	513	349
Cost of good sold	-11 605	-35 336
Employee benefit	-9 749	-4 460
Amortization, impairments and provisions	-17 668	- 904
Other operating expenses	-30 017	-22 603
Operating result	52 653	50 077
Interest expense	-26 304	-14 706
Interest income	1 130	2 571
Other net financial result	- 828	-6 757
Financial result	-26 003	-18 892
Profit before income taxes	26 650	31 185
Income taxes	-11 967	11 940
Net profit	14 683	43 125
Attributable to minority interests	- 18	-1 101
Attributable to the Group	14 701	44 226

* See note 11 for adjustments on comparatives

Condensed consolidated interim balance sheet

ASSETS		
	September 08	December 2007
NON-CURRENT ASSETS	907 897	859 362
Intangible assets	52 034	51 930
Investment property	831 720	782 319
Property, plant and equipment	17 091	16 286
Own-occupied buildings	13 140	13 096
Fixtures and fittings	3 345	2 782
Properties under development	606	408
Financial assets at fair value through profit & loss	438	2 124
Deferred tax assets	6 614	6 703
CURRENT ASSETS	239 950	261 019
Inventories	169 541	112 508
Trade receivables	6 190	33 745
Other receivables	21 708	18 397
Derivative Instruments	1 805	687
Current financial assets	378	861
Cash and cash equivalents	40 328	94 821
TOTAL	1 147 847	1 120 381

EQUITY AND LIABILITIES		
	September 08	December 2007
EQUITY	286 187	271 507
Shareholders' equity	285 876	271 179
Minority interests	311	328
LIABILITIES	861 660	848 874
Non-current liabilities	544 869	584 533
Bonds	85 949	83 432
Financial debts	435 159	482 307
Provisions & other long term liabilities	11 417	10 336
Derivative instruments	12 344	8 458
Deferred tax liabilities	123 276	111 621
Current liabilities	193 515	152 720
Financial debts	118 591	74 347
Trade payables	14 073	11 397
Advance payments	30 602	28 217
Derivative instruments	320	748
Other current liabilities	29 929	38 011
TOTAL	1 147 847	1 120 381

Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Translation reserve	Other reserves	Shareholders' equity	Minority interests	Equity
Balance at 31 December 2006	43 188	66 873	98	23 844	134 003	- 56	133 947
Gains or losses for the period:							
Translation differences			- 101		- 101		- 101
Profit of the period				21 720	21 720	-1 054	20 666
Capital increase	4 527	31 035		- 356	35 206		35 206
Equity derivative instruments				9 892	9 892		9 892
Acquisition of GSG					0	39 000	39 000
Balance at 30 June 2007	47 715	97 908	- 3	55 100	200 720	37 890	238 610
Gains or losses for the period:							
Translation differences			2		2		2
Profit of the period				35 308	35 308	- 98	35 210
Capital increase	13 249	25 750		- 374	38 625		38 625
Derivatives Orco Germany				-3 476	-3 476		-3 476
Acquisition of GSG					0	-37 464	-37 464
Balance at 31 December 2007	60 964	123 658	- 1	86 558	271 179	328	271 507
Gains or losses for the period:							
Translation differences			- 4		- 4	1	- 3
Profit of the period				14 701	14 701	- 18	14 683
Balance at 30 September 2008	60 964	123 658	- 5	101 259	285 876	311	286 187

Condensed consolidated interim cash flow statement

	September 08
Operating result	52 653
Net gain from fair value adjustments	-60 953
Amortization, impairments & provisions	17 668
Gains and losses on disposal of investments	- 496
Adjusted operating profit / loss	8 872
Financial result	400
Income tax paid	- 542
Financial result and income tax paid	- 142
Changes in operating assets and liabilities	1 198
NET CASH FROM OPERATING ACTIVITIES	9 928
Acquisition of subsidiaries, net of cash acquired	0
Capital expenditures	-34 373
Proceeds from sales of non current tangible assets	13 475
Purchase of intangible assets	- 162
Purchase of financial assets	0
Net interest paid	-29 011
NET CASH FROM OPERATING ACTIVITIES	-50 071
Issue of equity instruments	0
Proceeds from borrowings	36 479
Repayments of borrowings	-50 733
NET CASH FROM FINANCING ACTIVITIES	-14 254
NET INCREASE / DECREASE IN CASH	-54 397
Cash and cash equivalents at the beginning of the period	94 821
Exchange difference on cash	- 96
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	40 328

Selected notes to the condensed consolidated interim financial information

1. General information

Orco Germany S.A., société anonyme (the "Company") and its subsidiaries (together the "Group") is a real estate group with its portfolio located in Germany. It is principally involved in leasing out investment properties under operating leases as well as in the development of properties for its own portfolio or intended to be sold in the ordinary course of business. The Company is currently setting up a third business line, the Asset and Investment Management.

The Company is a limited liability company incorporated for an unlimited term and registered in Luxembourg. The address of its registered office is 40, Parc d'activités Capellen, L-8308 Capellen.

As at 30 September 2008, the Company is 56.79% owned by Orco Property Group S.A., Luxembourg, and its shares are listed on the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange (ISIN LU0251710041; stock exchange symbol: O5G).

The ultimate parent company of Orco Germany S.A., Orco Property Group S.A., prepares consolidated financial statements in which the consolidated financial statements of Orco Germany S.A. are included. Orco Property Group S.A. is a limited liability company incorporated under Luxembourg law.

The condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 November 2008.

2. Summary of significant accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the third quarter ended 30 September 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting' and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2007.

2.2 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual consolidated financial statements as at and for the year ended 31 December 2007, as described in the annual consolidated financial statements for the year ended 31 December 2007.

The presentation of the consolidated income statement has been modified. Cost of sales have been replaced by Cost of goods sold. See note 11 for further details of the reclassification.

No new or amended standards or interpretations mandatory for the year ending 31 December 2008 are expected to have a material impact on the 2008 consolidated financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail.
- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group currently applies a policy of capitalising borrowing costs.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group.
- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.

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- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
 - IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of the new presentation requirements.
 - IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. This interpretation is not relevant for the Group.

3. Segment reporting

The Group is organised into two main segments determined in accordance with the type of activity:

- Development: development of projects meant to be disposed off unit by unit, the land bank for which the future destination is still under study and project management.
- Leasing: leased-out residences, offices or retail buildings, property management and asset management and buildings under construction that are meant to be leased.

Corporate expenses are allocated on the basis of the revenue realised by each activity.

As at 30 September 2008				
	Development	Leasing	Intersegment activities	Total
Revenue	19 177	42 119	-1 070	60 226
Net gain from fair value adjustments on investment property	608	60 345		60 953
Other operating results	-46 286	-23 310	1 070	-68 526
Operating result	-26 501	79 154	0	52 653
Financial result				-26 003
Profit before income taxes				26 650
Income taxes				-11 967
Net profit				14 683
Attributable to minority interests				- 18
Attributable to the Group				14 701
Operating result	-26 501	79 154	0	52 653
Net gain from fair value adjustments on investment property	- 608	-60 345		-60 953
Amortization, impairments and provisions	17 774	- 106		17 669
Correction of COGS	2 679	1 699		4 378
Adjusted EBITDA	-6 655	20 402	0	13 747

As at 30 September 2007				
	Development	Leasing	Intersegment activities	Total
Revenue	52 966	12 704	0	65 670
Net gain from fair value adjustments on investment property	23 747	23 614		47 361
Other operating results	-55 831	-7 123	0	-62 954
Operating result	20 883	29 196	0	50 077
Financial result				-18 892
Profit before income taxes				31 185
Income taxes				11 940
Net profit				43 125
Attributable to minority interests				1 101
Attributable to the Group				44 226
Operating result	20 883	29 196	0	50 077
Net gain from fair value adjustments on investment property	-23 747	-23 614		-47 361
Amortization, impairments and provisions	0	- 62		- 62
Correction of COGS	-2 797	0		-2 797
Adjusted EBITDA	-5 662	5 520	0	- 143

4. Business combinations

- In 2008

There were no business combinations during the first 9 months of 2008.

- In 2007

Acquisition of GSG

After almost two years of negotiations, the Group acquired on 12 June 2007 the control of GewerbeSiedlungs-Gesellschaft mbH ("GSG"). This previously state-owned company holds buildings totalling 800 thousand square meters of commercial and light industrial space in Berlin leased out to approximately 1,200 tenants. On the basis of independent valuation reports, the building portfolio and the brand have been fair valued at EUR 408 million and EUR 7 million respectively. Due to the size of GSG on the Berlin market and the new marketing strategy adopted, it has been determined that the brand has an indefinite useful life. This results in an increase compared to the book value before acquisition amounting to EUR 243 million.

The acquisition of the shares of GSG by the Group is governed by an agreement between Morgan Stanley Real Estate Fund V (MSREF V), the Group and the parent company (Orco Property Group S.A.). While the control over GSG was already exercised by the Group, the remaining legal steps of the acquisition have been completed in the course of the second half of the year. After completion, the Group held 100% of the issued capital of GSG, the interest of OPG in the Group decreased to 57% and MSREF V has acquired an interest of 29% in the Group.

As at 30 June 2007, the GSG shares were legally held by two companies respectively held at 50% by OPG and 50% by MSREF V. The financing of the acquisition by OPG has been realised through a loan of EUR 39 million from the Group. Furthermore OPG has been diluted in the Group to 73% by the issue of 3.5 million of shares entirely subscribed in cash by MSREF V for a total consideration of EUR 35 million. The main remaining steps completed by mid-October 2007 are the following ones:

- The Group indirectly acquired from OPG 50% of GSG against the cancellation of the EUR 39 million loan granted prior to the transaction.
- The Group indirectly acquired the remaining 50% of GSG through a contribution in kind by MSREF V against the issue of 10.6 million new shares. The fair value of the consideration given was estimated at EUR 39 million as a reference to the cash payment to OPG for the acquisition of the first 50%. As at 31 December 2007, GSG contributed to the consolidated revenue for EUR 19.9 million, to the operating result for EUR 37.6 million and to the Group share in the net profit for EUR 45.6 million as a result of six months of operation since its acquisition. If the acquisition had occurred on 1 January 2007, GSG would have contributed to the consolidated revenue for EUR 26.5 million.
- The following table describes the calculation of the cash flow on acquisition, net of the cash and cash equivalents acquired, and the calculation of the goodwill on acquisition. The source of this goodwill is the obligation under IFRS to recognize deferred tax liabilities on the difference between the book values and market values on investment properties.

GSG

Intangible assets	7 219
Tangible assets	411 470
Inventories	87
Trade receivables	4 572
Other current assets	7 676
Cash and cash equivalents	19 938
Non current financial liabilities	-68 862
Deferred tax liabilities	-98 844
Current payables	-5 701
Short term debts and provisions	-2 534
Net equity acquired	-275 021
Goodwill on acquisition	-44 108
Acquisition price	-319 129
Less cash acquired	19 938
Less non cash contribution	39 000
Cash flow on acquisition net of cash acquired	-260 191

The difference of EUR 1.9 million on cash flow on acquisition as per the above table compared to the June 2007 cash flow on acquisition is linked to the finalisation of the purchase price accounting in the second semester of 2007.

5. Investment property

Investment Property	Freehold Buildings	Landbank	Land	Buildings under Finance Lease	TOTAL
Balance as at December 2006	140 875	19 830	30 860	0	191 565
Scope movements	405 261	910			406 171
Investments / acquisitions	80 789	82 753			163 542
Assetsale	-29 068	-1 932			-31 000
Revaluation through income statement	65 115	21 318			86 433
Transfer and other movements	-6 879	3 347	-30 860		-34 392
Balance as at December 2007	656 093	126 226	0	0	782 319
Investments / acquisitions	27 671	4 446		1 300	33 417
Assetsale	-10 026	-2 949			-12 975
Revaluation through income statement	51 557	9 396			60 953
Transfer and other movements	-6 871	-25 122			-31 993
Balance as at September 2008	718 424	111 996	0	1 300	831 720

Variations in 2008

During the period, the Group has invested EUR 33.4 million mainly in the following different projects:

Freehold buildings (EUR 27.7 million):

New acquisitions:

- Various residential and office buildings among which Hüttenstraße (EUR 7.9 million), Hakeburg (EUR 3.4 million), Hochwald (EUR 1.4 million), and Heritage building rights on Lübarser Straße (EUR 2.4 million), Schwedenstraße (EUR 2.0 million), Wilhelm-von-Siemens-Straße (EUR 1.8 million), Reichenberger Straße (EUR 1.7 million), Sophie-Charlotten-Straße (EUR 1.5 million), Gneisenaustraße (EUR 1.2 million) and Lobeckstraße (EUR 1.0 million).

Land bank (EUR 4.4 million):

New acquisitions:

- Gethsemanestraße plot in Berlin (EUR 3.8 million);

Subsequent expenditures on previous acquisitions:

- Leipziger Platz in Berlin (EUR 0.6 million).

Buildings under Finance Lease (EUR 1.3 million): acquisition of the Healthcare project Trudering.

Some assets have also been sold :

Freehold buildings (total sale price of EUR 10.3 million with total net book value of assets sold of EUR 10.0 million):

- Lychener Straße (sale price of EUR 2.1 million with a net book value of EUR 1.8 million)
- Seelower Straße (sale price of EUR 1.8 million with a net book value of EUR 1.8 million)
- Benningenstrasse (sale price of EUR 1.7 million with a net book value of EUR 2.0 million)
- Wolliner Straße (sale price of EUR 1.6 million with a net book value of EUR 1.5 million)
- Zehdenicker Straße (sale price of EUR 1.6 million with a net book value of EUR 1.6 million)
- Danziger Straße 16 (sale price of EUR 1.5 million with a net book value of EUR 1.3 million);

Land Bank : Gethsemanestraße has been sold (sale price of EUR 3.2 million with a net book value of EUR 2.9 million)

The revaluation of the assets relates mainly to the following projects:

In Freehold buildings (EUR 51.6 million):

- The revaluation of the projects of GSG represents a total amount of EUR 60.3 million, among which Wolfener Strasse 32-36 (EUR 9.8 million), Reuchlinstraße (EUR 8.0 million), Geneststraße (EUR 7.2 million), Gustav-Meyer-Allee (EUR 4.6 million), Plauener Straße (EUR 4.3 million) and Helmholtzstraße (EUR 3.7 million), all located in Berlin;
- As at 30 June 2008, the fair value on the project Cumberland decreased by EUR -8.8 million, to EUR 53.0 million.

In Land bank : the fair value on the project Leipziger Platz increased by EUR 9.4 million.

Some projects have also been transferred from Investment properties to Inventories due to the start of the construction or refurbishment in 2008. The main projects transferred were Helberger (EUR 19.8 million), Danziger Straße (EUR 7.1 million) and H2Office (EUR 3.9 million).

Variations in 2007

The scope movement refers to the acquisition of GSG's lands and buildings (EUR 406.2 million) as valued at the date of acquisition.

The disposal movement mainly represents the sale of the Pier Eins buildings (EUR 24.6 million) and Singerstraße (EUR 4.3 million).

During the year 2007, the investments and acquisitions reached EUR 163.5 million in the following projects:

Freehold buildings:

Various residential and office buildings have been acquired in Berlin for a total amount of EUR 80.8 million, among which:

- Franklinstraße 15-15A for EUR 42.9 million (revaluation recognized in 2007 EUR 4.8 million);
- Reinhardtstraße 18 for EUR 9.5 million (revaluation recognized in 2007 EUR 0.5 million);
- Invalidenstraße 112 for EUR 6.0 million (revaluation recognized in 2007 EUR -0.2 million);
- Pappelallee 3-4 for EUR 5.2 million (revaluation recognized in 2007 EUR -0.5 million);
- Brunnenstraße 156 for EUR 3.5 million (revaluation recognized in 2007 EUR -0.3 million);
- Tucholskystraße for EUR 2.4 million (revaluation recognized in 2007 EUR -0.2 million)
- Boxhagener Straße 106 for EUR 1.8 million (revaluation recognized in 2007 EUR 0.1 million);
- Prenzlauer Allee 195 for EUR 2.3 million (revaluation recognized in 2007 EUR 0.3 million);
- Wilhelm-Kuhr-Straße 86 for EUR 1.6 million (revaluation recognized in 2007 EUR 0.1 million);
- Görschstraße 18 for EUR 1.6 million (revaluation recognized in 2007 EUR 0.1 million);
- Lütticher Straße 49 for EUR 1.0 million (revaluation recognized in 2007 EUR 0.4 million);
- Kurfürstendamm 102 for EUR 0.6 million (revaluation recognized in 2007 EUR 1.5 million);

The revaluation of freehold buildings in 2007 mainly includes the revaluation of GSG buildings in Berlin (EUR 28.2 million), Wasserstraße in Düsseldorf (EUR 4.5 million), Cumberland in Berlin (EUR 16.2 million) and Pier Eins in Duisburg before its sale (EUR 4.0 million).

Land bank:

Land bank acquisitions amounting to EUR 82.8 million is mainly composed of Leipziger Platz (in the center of Berlin) for EUR 78.9 million (revaluation recognized in 2007 EUR 19.6 million).

Most of the investment properties have been valued at their estimated fair value at 31 December 2007, based on a valuation report established by the independent expert Debenham Tie Leung (DTZ). The total revaluation of investment properties amounted to EUR 86.4 million.

The transfer for land (EUR -30.9 million) refers to the reclassification of Sky Office in Düsseldorf from land to inventories.

The transfer for land bank (EUR 3.3 million) represents the reclassification of two plots of land for which no building permits have been obtained yet. The transfer for freehold buildings mainly represents the reclassification of Kurfürstendamm 103-104 (EUR -7.2 million) to own-occupied building as this one became the new headquarter of Orco Germany.

6. Inventories

	September 08	December 07
Balance as at 31 December 2007	112 508	70 031
Variation	42 638	5 125
Acquisition of GSG	0	87
Sale of Viterra Ceska to ORCO Property Group	0	- 745
Net impairment	-17 277	0
Transfer and other movements	31 672	38 010
Balance as at 30 September 2008	169 541	112 508

- **In 2008:**

The variation is mainly due to the development of the Sky Office tower in Düsseldorf (EUR 31.2 million), the new Healthcare project Neuenkirchener Straße (EUR 3.6 million), and the refurbishment of Danziger Straße 73-77 (EUR 3.2 million).

Impairments have been recognized on the basis of the valuation established by DTZ in June 2008 mainly on the following properties:

- Fehrbelliner Höfe: EUR -10.3 million
- Helberger: EUR -7.0 million

Projects for which the building permit has been obtained have been transferred from Investment properties to Inventories. It is the case for Helberger (EUR 19.8 million) and H2Office (EUR 3.9 million). Danziger Straße 73-77 has also been transferred in Inventories because of its refurbishment (EUR 7.1 million).

- **In 2007:**

The scope movements refer to GSG's acquisition and to the sale of Viterra Ceska spol s.r.o. to Orco Property Group S.A..

The variation amount mainly relates to stock increases of Fehrbelliner Höfe in Berlin (EUR 7.4 million), Sky Office in Düsseldorf (EUR 8.1 million), and to stock decreases of Qwaterwest (EUR -15.7 million). There is also a variation increase of GSG stocks which mainly represent oil and heatings (EUR 9.7 million).

The main transfer relates to Sky Office (EUR 41.3 million), for which construction started. The whole project has been transferred from Properties under development to Inventories as the Group has the intention to sell the building after completion.

7. Borrowings

At 30 September 2008, the movements in non-current bonds and loans are the following:

Non-current bonds	Bonds with repayable subscription warrants
Balance at 31 December 2007	83 432
Interests accumulated during the period	2 517
Balance at 30 September 2008	85 949

Non-current loans	Bank loans	Other non-current loans	Total
Balance at 31 December 2007	478 244	4 063	482 307
Issue of new loans	31 528	1 258	32 786
Repayment of loans	-6 031	0	-6 031
Transfers	-73 885	- 18	-73 903
Balance at 30 September 2008	429 856	5 303	435 159

Issuance of new bank loans (EUR 31.5 million) is mainly related to further draw downs for the construction of the Sky Office tower in Düsseldorf (EUR 26.4 million).

The issue of other non-current loans (EUR 1.3 million) represents the increase in the equity loan granted by Orco Property Group S.A..

Transfers of bank loans (EUR -73.9 million) are mainly due to the reclassification of the bank loans related to Leipziger Platz and Wasserstrasse projects in short term (respectively EUR -65.6 million and EUR -7.0 million).

No new bonds have been issued in 2008.

Borrowings maturity

The following tables describe the maturity of the Group's borrowings. In September 2008 the non-current bonds and financial debts amount to EUR 521.1 million (EUR 565.7 million at 31 December 2007).

At 30 September 2008	Less than one year	1 to 5 years	More than 5 years	Total
Non-current				
Fixed rate bonds	0	85 949	0	85 949
Financial debts	0	381 464	53 695	435 159
Bank loans	0	381 328	48 528	429 856
Fixed rate	0	4 481	5 461	9 942
Floating rate	0	376 847	43 067	419 914
Other non-current borrowings	0	136	5 167	5 303
TOTAL	0	467 413	53 695	521 108
Current				
Bonds and financial debts				
Bank loans fixed rate	14 699	0	0	14 699
Bank loans floating rate	103 746	0	0	103 746
Other borrowings	146	0	0	146
TOTAL	118 591	0	0	118 591
At 30 September 2007				
At 30 September 2007	Less than one year	1 to 5 years	More than 5 years	Total
Non-current				
Fixed rate bonds	0	83 432	0	83 432
Financial debts	0	423 092	59 215	482 307
Bank loans	0	423 032	55 212	478 244
Fixed rate	0	5 934	6 743	12 677
Floating rate	0	417 098	48 469	465 567
Other non-current borrowings	0	60	4 003	4 063
TOTAL	0	506 524	59 215	565 739
Current				
Bonds and financial debts				
Bank loans fixed rate	31 343	0	0	31 343
Bank loans floating rate	41 680	0	0	41 680
Other borrowings	1 324	0	0	1 324
TOTAL	74 347	0	0	74 347

The increase of in current floating rate bank loans is mainly due to the transfer of the Orco Leipziger Platz (which holds the Wertheim project) bank loan from long term to short term debt for EUR 65.6 million.

The other non-current borrowings (more than 5 years) represent the equity loan granted by Orco Property Group S.A..

The Group hedged 96.5% of the non-current floating rate borrowings and 66.6% of the current floating rate borrowings, in order to limit the risk of the effects of fluctuations in market interest rates on its financial position and cash flows.

Undrawn bank credit facilities

The Group has undrawn credit facilities with banks amounting to EUR 116.3 million as at 30 September 2008 (EUR 116.9 million in December 2007).

8. Intangible assets

The intangible assets mainly include the goodwill recorded on the acquisition of GSG (EUR 44.1 million) and the GSG trademark (EUR 7.2 million). Please refer to note 4 for further details.

9. Earnings per share

	September 08
Shares issued the beginning of the period	48 771 333
Weighted average of new shares issued	0
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	48 771 333
Dilutive potential ordinary shares	167 416
Warrents	167 416
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	48 938 749
Net profit attributable to the Group	14 701
Effect of assumed conversions / exercises	43
Warrents	43
Net profit attributable to the Group after assumed conversions / exercises	14 744
Basic earnings in EUR per share	0,30
Diluted earnings in EUR per share	0,30

Basic earnings per share is calculated by dividing the profit attributable to the Group by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

10. Equity

	Number of shares	Capital	Share premium
Balance at 31 December 2006	34 550 000	43 188	66 873
Capital increase I	3 500 000	4 375	30 625
Capital increase II	10 600 000	13 250	25 750
Exercise of share subscription rights	121 333	151	410
Balance at 31 December 2007	48 771 333	60 964	123 658
Movements during the period	0	0	0
Balance at 30 September 2008	48 771 333	60 964	123 658

No movements occurred on equity during the first nine months of 2008.

During the year ended 31 December 2007, the share capital of the Company was increased by an amount of EUR 17,776,670 subscribed by Orco Property Group S.A. and by third-party investors.

No dividends have been paid by the Company to its shareholders in 2008 and 2007.

11. Comparatives

2007 comparatives for Operating expenses and Cost of goods sold have been reclassified following the change in presentation from Cost of sales to Cost of goods sold as a result of the more detailed information provided by the subsidiaries. The Operating expenses have been increased by EUR 16.3 million and the Cost of sales has been decreased by EUR 16.3 million and renamed Cost of goods sold. Cost of goods sold includes changes in inventories and construction costs of the inventories sold during the period.

12. Related party transactions

During the year 2007, the Company was granted an "equity loan" by Orco Property Group S.A. (OPG) bearing interest at an annual fixed rate of 6%. This loan amounted to EUR 6.7 million at 30 September 2008 (EUR 4.0 million at 31 December 2007). Net interest expenses related to this loan amounted to EUR 0.3 million at 30 September 2008 (EUR 0.7 million at 31 December 2007).

In February 2008 Orco Germany took over development projects in Kleinmachnow "Neue Hakeburg" and "Hochwald" by acquiring the majority in the companies Vivaro GmbH & Co. Grundbesitz KG and Vivaro GmbH & Co. Zweite Grundbesitz KG. The development projects have been initiated by members of the Board of Directors of Orco Germany S.A. The acquisition involves an investment of approximately EUR 2.0 million for the reimbursement of invested funds. This transaction has been carried out at arm's length.

13. Events after balance sheet date

No significant events occurred after the balance sheet date.