PRESS RELEASE
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ORCO Germany - Preliminary unaudited financial results 2008

2008 – Year of transition for ORCO Germany
Loss due to write-downs and impairments
Orco Germany focuses on cash-generating commercial investment in Berlin

I. Introduction

For ORCO Germany, 2008 was a year of transition – the company continued its change from an expanding cash-requiring developer/investor active in most German regions into a focused positive cash flow-generating investor. Despite a negative result of €121.4 million mainly due to fair-value-revaluations and turbulent market conditions ORCO Germany increased its adjusted EBITDA by 18.3%.

The board has decided to release unaudited figures that have been prepared under the going concern assumption in order to inform on the operating, financial performance and situation of the group as at December 2008. The full annual report is expected to be published by mid May.

II. Profit & Loss

Revenues decreased by 3.0% to end up at €77.5 million. The sharp drop in development revenues was almost completely compensated by the increase in leasing revenues.

Mainly due to the revaluation loss on investment properties (€–51.3 million), the impairments on inventories (€–32.3 million) and the market valuation of interest hedging instruments (€–18.5 million) the net result decreased to €-121.4 million.

Leasing Revenues

ORCO Germany's 922,000 m². investment portfolio generated €55.3 million of leasing income (compared to €24.8 million in 2007). ORCO-GSG's with its 824,000 m² of lettable area, making ORCO Germany the largest private commercial real estate provider in Berlin was consolidated for the first time over 12 months and contributed €46.4 million (compared to €19.7 million in the second half of 2007). ORCO-GSG's leasing income increased by 6.7% from 2007 to 2008.

As in 2007, the Company managed in 2008 to increase the occupancy rate by 3% (to 74.6% in 2008) and to increase the average rental income per m² (from €5.92 to €6.07). The net take-up of 24,922 m² was 37.5% above the pre-year figure. The corresponding gross letting activities enhanced by 37% to 70,196 m²: ORCO-GSG found new ways of attracting tenants by offering high-quality IT facilities, providing know-how to founders of new businesses. As a consequence, rental income exceeded the expectations by 4%.

Residential leasing income has lost almost all impact as most of these assets were disposed of in 2008 and the last buildings will be sold in 2009.

Development revenues

The development turnover (sales of tangible assets—development) in 2008 amounted to €26.6 million vs. €56.2 million in 2007.

This decrease of 53% is due to the cyclical nature of the development activity leading to fewer deliveries in 2008. Nonetheless good progress was made with projects due to be delivered in 2009.

The commercial project Voßstraße in Berlin was completed and sold. The residential projects Taunusside in Frankfurt and Ottensen in Hamburg were finalised and delivered.

The construction of Sky Office, Science centre for Otto Bock HealthCare Company and various nursing homes will be completed and delivered in 2009 and will then contribute to the turnover.

Sky Office was 62% let at the end of 2008 and a further 5% was successfully negotiated in the 1st quarter 2009.

Good progress was made on Cumberland where the building permit could be obtained before end of 3rd quarter 2009. It is expected that the Master plan for Leipziger Platz will be set in stone in June 2009. A confirmation of an outline building permit was delivered in March 2009.

Adjusted EBITDA

The adjusted EBITDA (i.e. operating result without net gain from fair value adjustments on investment property, amortization, impairments and provisions as well as cost of goods sold) rose by 18.3% while revenues were slightly decreasing. It amounts to €16.6 million on €77.5 million of revenue (vs. €14.0 million in 2007 on €79.9 million of revenue).

The two business lines of ORCO Germany's contribute as follows:

- The adjusted EBITDA of the renting segment increased by 70.5% to €24.9 million vs. €14.6 million in 2007. The main contributor is ORCO-GSG that is consolidated the first time for a full period.
- The adjusted EBITDA of the development activity decreased to €–8.3 million compared to €–0.6 million in 2007

	2008			2007
	Develop-ment	Leasing	Total	Total
Operating result	**-95 480**	**14 570**	**-80 910**	**87 079**
Adjustments for:				
Net gain from fair value adjustments on investment property	56 283	-4 961	**51 322**	**-86 433**
Amortization, impairments and provisions	26 250	13 458	**39 708**	**2 970**
Correction of cost of goods and assets sold	4 616	1 828	**6 444**	**10 381**
Adjusted EBITDA	**-8 331**	**24 895**	**16 564**	**13 997**

Operating Result

2008 closes with a negative operating result of €–80.9 million vs. €87.1 million in 2007.

The operating result includes:

- Revaluation losses on investment property of €–51.3 million vs. revaluation gains of €86.4 million in 2007.
- Impairment on inventories of €–32.3 million (vs. € 0 million in 2007).
- Several disposals of non-strategic assets have been executed. They were concluded with a margin of 6.5% above fair value and created sales revenues of €19.8 million.
- Personnel costs of €13.3 million in 2008 compared to €9.0 million in 2007. This 48% increase is due to the full consolidation of ORCO-GSG in 2008 (vs. consolidation of only six months in 2007).
- Operating expenses of €40.1 million vs. €26.4 million in 2007. They increased by 52% mainly due to the full-year consolidation of ORCO-GSG. Compared to 2007 property-related expenses increased for utility supplies (by €10.2 million), building maintenance (by €0.4 million) and tax on land and buildings (by €0.6 million).

Financial Result

The net financial result for 2008 amounts to €–53.2 million versus €–36.2 million in 2007. The financial result includes interest expenses of €34.3 million (vs. €24.4 million in 2007), interest income amounts to €2.0 million versus €2.8 million in 2007. This is driven by the full-year consolidation of GSG as well as interest charges due to draw–down of the credit line for development activity (mainly for Sky office).

The other net financial results amount to €–20.9 million (vs. €–14.7 million in 2007), mainly due to movements in fair value of interest rate swaps (€–18.5 million). The interest rate swaps protect ORCO Germany against changes in the cash outflows linked to liabilities due to fluctuations in interest rates.

The cost of debt taking swaps into account amounts to 5.20% (nominal rate). Excluding the bond, the nominal rate of debt is 5.40%. Variable loans account for 83% of which 91% are linked to derivative instruments, i.e. cap, collar and swaps. The remaining 9% are loans for properties, which are to be sold in the near future.

III. NAV Calculation

The method of net asset value calculation is based on portfolio valuation and gives the real estate approach of the net asset value (NAV).

The NAV as at 31 December 2008 amounted to €152.0 million vs. 366.2 million as at 31 December 2007. Therefore the NAV per share amounted to €3.12 (vs. €7.51 in 2007).

	December 2008
Consolidated equity	**149,764**
Fair value adjustments on invest. Portfolio	525
Fair value adjustments on retail Pipeline	-
Fair value adjustments on resid. Pipeline	-

Fair value adjustments on com. & office	
Pipeline	-48,479
Deferred taxes on revaluations	93,948
Goodwills	-43,734
Net asset value	**152,024**
Net asset value per share (in €)	3.12
Existing shares	48,771

Definitions:

- Consolidated equity: total consolidated equity after deduction of minority interests as shown in the consolidated balance sheet.
- Fair value adjustments: difference between the net book value and the fair market value of the properties and developments that are carried at cost less depreciation and impairment in the consolidated accounts. Only the investment properties are carried at fair value in the consolidated balance sheet.
- Deferred taxes: Group share in the deferred taxes recognized in the accounts on the investment properties or on properties that used to be recognized as such before reclassification (for instance to inventories in the case of land bank) that the Group will not pay in case of share deals.

IV. Equity and debt

The liabilities as at 31 December 2008 amounted to €893.1 million compared to €848.9 million as at 31 December 2007. The portion of non-current liabilities (i.e. with a maturity longer than 1 year) decreased from 82% at year-end 2007 to 72.7% at year-end 2008 due to the transfer of bank loans to current liabilities.

The portion of bank loans in liabilities amounts to €572.5 million (vs. €551.3 million in 2007). The increase in bank loans is mainly driven by the draw-downs for the ongoing construction of Sky Office (Düsseldorf) and started construction of H2 Office (Duisburg). With the sale of assets, related bank loans amounting to €7.5 million have been repaid.

As at 31 December 2008 ORCO Germany had equity of €149.8 million (vs. €271.5 million in 2007), thereof €149.8 million were attributable to the group (vs. €271.2 million in 2007). The decrease in equity was caused by the negative net result, mainly driven by revaluation loss on investment properties and impairments on inventories.

In 2009, ORCO Germany intends to decrease significantly its liabilities due to sales of completed development projects, stable and profitable leasing revenues, sales of non-strategic assets and further subsequent cost reduction.

V. Cash and cash equivalents end of 2008

As at 31 December 2008, the cash and cash equivalents consist of cash in bank for EUR 34.6 million (EUR 90.0 million in 2007). There are no short term deposits as at 31 December 2008 (EUR 4.8 million in 2007).

VI. Outlook

2008 marked a turnaround in the Group ORCO Germany's strategy. In 2009, the transition process will be completed. ORCO Germany will focus on commercial investments with a geographic focus on Berlin where it enjoys a strong positioning. The decreased impact of development activities lowers the risk profile of the Group ORCO Germany.

This shift is accompanied by operational restructuring of the Group ORCO Germany resulting in much reduced overhead costs.

Regarding the income side, 2009 has started with a further slight improvement of the leasing activities. Nonetheless it is difficult to predict how the tenant base will cope with the challenging economic environment. ORCO Germany supports its more than 1500 tenants of whom none occupies more than 1,5% of total lettable area[1] by providing not only competitive rentable space but also modern infrastructure and organisational support. Additional services like ORCO-GSG's high-speed cable network "Hofnetz" are being launched to attract new tenants and improve the loyalty of existing customers, and to generate additional income.

[1]: except of the technical university

Preliminary unaudited consolidated income statement (in thousand of Euros)

+	December 08	December 07
Revenue	**77 513**	**79 908**
Net gain/loss from fair value adjustments		
on investment property	-51 322	86 433
Other operating income	4 207	2 662
Cost of goods sold	-18 235	-43 539
Employee benefit	-13 281	-9 049
Amortization, impairments and provisions	-39 708	-2 970
Other operating expenses	-40 083	-26 366
Operating result	**-80 909**	**87 079**
Interest expenses	-34 267	-24 388
Interest income	1 963	2 839
Other net financial results	-20 883	-14 642
Financial result	**-53 187**	**-36 191**
Profit/loss before income taxes	**-134 096**	**50 888**
Income taxes	12 353	4 988
Net profit/loss	**-121 743**	**55 876**
Attributable to minority interests	- 323	-1 152
Attributable to the Group	**-121 420**	**57 028**

Preliminary unaudited consolidated balance sheet (in thousand Euros)

ASSETS		
	December 2008	December 2007
NON-CURRENT ASSETS	**808 449**	**859 362**
Intangible assets	51 172	51 930
Investment property	741 050	782 319
Property, plant and equipment	14 166	16 286
Own-occupied buildings	10 912	13 096
Fixtures and fittings	3 254	2 782
Properties under development	0	408
Financial assets at fair value through profit & loss	489	2 124
Deferred tax assets	1 572	6 703
CURRENT ASSETS	**234 465**	**261 019**
Inventories	171 868	112 508
Trade receivables	9 959	33 745
Other receivables	17 832	18 397
Derivative Instruments	31	687
Current financial assets	136	861
Cash and cash equivalents	34 639	94 821
TOTAL	**1 042 914**	**1 120 381**

EQUITY AND LIABILITIES		
	December 2008	December 2007
EQUITY	**149 769**	**271 507**
Shareholders' equity	149 764	271 179
Minority interests	5	328
LIABILITIES	**893 145**	**848 874**
Non-current liabilities	**649 145**	**696 154**
Bonds	86 793	83 432
Financial debts	448 705	482 307
Provisions & other long term liabilities	12 096	10 336
Derivative instruments	8 031	8 458
Deferred tax liabilities	**93 520**	**111 621**
Current liabilities	**243 999**	**152 720**
Financial debts	136 901	74 347
Trade payables	16 977	11 397
Advance payments	28 070	28 217
Derivative instruments	22 329	748
Other current liablities	39 723	38 011
TOTAL	**1 042 914**	**1 120 381**

About ORCO Germany

ORCO Germany 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 S.A. is a subsidiary of ORCO Property Group. Established in 1991, ORCO Property Group has its registered seat in the Grand-Duchy of Luxembourg and is listed on the Euronext Paris, 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 since 2006. It was transferred to the Prime Standard at the Frankfurt Stock Exchange on 13th November 2007.

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