ORCO GERMANY

First Half Year Results 2008

Interim Report as of 30 June 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 residential and commercial properties as well as on asset management and project development. ORCO Germany currently employs about 221 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, Dusseldorf, 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., one of the leading Central European real estate groups holding a portfolio worth EUR 2.7 billion (as evaluated on June 30th, 2008). 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 June 2008

ISIN	LU0251710041
Market Cap	268,242,332 (30 June 2008)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	14.30%

Key Figures (in KEUR)

	June 2008	June 2007	%-change
Revenues (in KEUR)	39,936	32,786	21.81%
Operating Result (in KEUR)	48,747	44,666	9.14%
Adjusted EBITDA (in KEUR)	7,008	-2,412	n/a
Net Profit (in KEUR)	26,751	20,666	29.44%
Total Assets (in KEUR)	1,154,826	1,064,120	8.52%

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Auditor's Report on Review of
Condensed Consolidated Interim Financial Information

To the Board of Directors of
Orco Germany S.A.

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Orco Germany S.A. and its subsidiaries (the "Group") as of June 30, 2008 and the related condensed consolidated interim income statement, interim statement of changes in equity and interim cash flow statement for the six-month period then ended (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give a true and fair view of the financial position of the Group as at June 30, 2008, and of its financial performance and its cash flows for the six-month period then ended, in accordance with IAS 34.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is in accordance with the condensed consolidated interim financial information.

PricewaterhouseCoopers S.à r.l.
Réviseur d'entreprises
Represented by

Luxembourg, September 1, 2008

Anne-Sophie Preud'homme

R.C.S. Luxembourg B 65 477 - TVA LU17564447

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

I. Company Activity

The first half of 2008 ends with a consolidated profit attributable to the Group of 26.76 million EUR compared to 21.72 million EUR as at 30 June 2007. During the same period, the share price moved from 12.75 EUR to 5.50 EUR.

Revenues went up 21.8% to end up at 39.9 million EUR thanks to a further increase in renting activities, mostly due to commercial space representing 90% of the portfolio of ORCO Germany.

Revaluation profits recognised as of 30 June 2008 amount to 61.0 million EUR compared to 46.3 million EUR in the first half of 2007.

Operating result rose by 9.0% to 48.8 million EUR.

As at June 2008, the long-term debt (> 5 years) amounts to 61.8 million EUR and the short-term debt (< 5 years) amounts to 462.8 million EUR. The total amount of debt declined from 640.1 million EUR to 630.3 million EUR.

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

The NAV per share amounted to 7.81 EUR at the end of the first half year of 2008 compared to the NAV per share of 7.51 EUR at the end of 2007. This represents a growth of 4.0%. Compared to 6.70 EUR in June 2007, this represents a YoY growth of 16.6%.

Net Asset Value (in TEUR)	
Consolidated equity	**297,940**
Fair value adjustments on invest. Portfolio	710
Fair value adjustments on resid. Pipeline	1,279
Fair value adjustments on com. & office Pipeline	3,703
Deferred taxes on revaluations	122,028
Goodwill	-44,557
Net asset value	**381,103**
Net asset value per share	7.81 €
No of shares	48,771,333

Definitions:

Consolidated equity: total consolidated equity after deduction of the 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 amortized cost after impairments in the consolidated accounts. Only the investment property is carried at fair value in the consolidated balance sheet.

Deferred taxes: Group share in the deferred taxes recognized in the accounts on the investment property that the Group will not pay in case of share deals.

1. Real Estate Investment

1.1 ORCO-GSG (Berlin)

Due to the positive trend in the first quarter which continued during the second quarter, ORCO-GSG experienced positive cash flow and surpassed its own business plan for the first half of the year. The ORCO-GSG portfolio generated sufficient income to overcompensate its annual interest charges of EUR 17 million.

With the finalisation of the post acquisition restructuring process within the second quarter of 2008, ORCO-GSG was able to stress its focus on the improvement of the operational business.

The vacancy rate was reduced by 13.4% (32,544 m²) since acquisition. The net take up of 32,544 m² was 160% above the June 30, 2007 figure of 12,539 m². The corresponding gross letting activities enhanced by 60.31% from 39,362 m² in June 2007 to 63,104 m² in June 2008.

ORCO-GSG was able to increase the average rent per m² for commercial space from 5.86 EUR to 5.99 EUR. New leases were contracted 13% above existing leases at an average of EUR 6.65 per m².

Re-tendering selected utilities and re-negotiating property-related service contracts led to decreasing service costs of 44% and to recurrent savings of EUR 1 million, a total increase of 21%. Total revenues amount to EUR 23.1 million, which is 8.4% above the pre year figure.

The portfolio of ORCO-GSG was valued at EUR 507 million 24% above the June 30, 2007 figure of EUR 408 million. ORCO-GSG is expecting improvement in the average occupancy rate of the portfolio up to 83% in 2010.

GSG Portfolio value	in EUR	in EUR per sqm*
Valuation at acquisition June 2007	408 million	493
Valuation in December 2007	437 million	530
Valuation in June 2008	507 million	615

(*) lettable area

1.2 Portfolio Management

ORCO Germany follows an active portfolio management approach and consequently - as already announced in 2007 - has executed the disposition of non-strategic assets where most of the value-added potential has been realised.

During the first six months, five sales with purchase agreements for a value of 10.7 million EUR have been closed, of which only the sale of Danziger Straße has been recognised in the accounts as of 30

June 2008. The assets were located in popular living districts i.e. Mitte and Prenzlauer Berg (assets sold: Danziger Straße 16; Gethsemanestraße 8; Lychener Straße 20; Tucholskystraße 39 and Zehdenicker Straße 25).

These transactions have been made with a 9.3% premium as compared to the latest fair values recognised in the December 31, 2007 financial statements.

2. Real Estate Development

2.1. Leipziger Platz (Berlin)

After completing the urban design competition for a master plan – initiated together with the Senate of Berlin in March 2008 – full attention has been given to the finalisation and implementation of the use concept and preparation of the planning permission request which is expected for the second quarter 2009. The scheme concept comprises up to 55% shopping and entertainment, 30% residential and 15% for office/commercial use. The start of construction is scheduled for the first half of 2009 and completion is scheduled for mid-2012.

2.2 Sky Office (Dusseldorf)

The progress of the project is on schedule. The core structure has already reached the 12th floor and the ceilings are completed through the 8th floor as of 30 June 2008. The building is now clearly visible on Kennedydamm. The project costs are on budget. So far lease agreements with two major law and consultancy firms have been closed, bringing the occupancy level to 56%. The lease progress is therefore ahead of schedule.

2.3 H2 Office (Duisburg)

In June 08, the ground breaking was celebrated for the 34 million EUR office project H²Office in the Prime office location of Duisburg ‚Innenhafen'. 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 stand around 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.

3. Asset and Investment Management

3.1. 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. ORCO Germany is establishing a seed portfolio of health care projects which will be transferred into the Endurance Fund once the capital raising process is completed.

During the first 6 months development projects for a total investment volume of 49 million EUR have been initiated. Four nursing home developments have been launched in Oranienburg (Berlin), Rostock, Munich and Gutersloh.

4. Project financing activities

No major project or investment financing had been agreed upon in the first half of 2008. Thoroughly prepared financing requests during the first half of the year will lead to comfortable credit arrangements in the third quarter of 2008. Among the new financing agreements are (i) the renewal of a 20 million EUR credit line for project Cumberland for seven months until replacement by a development project financing and (ii) project financing for a 34 million EUR office development in Duisburg (2nd construction phase of H²Office), starting with an initial loan amount of 25 million EUR representing an LTC of 74%.

5. Consolidated accounts

The first half year 2008 closes with a net profit attributable to shareholders of 26.76 million EUR vs. 21.72 million EUR in first half of 2007. The total consolidated balance sheet is fixed at 1.155 million EUR vs. 1.120 million EUR in December 2007. The shareholders' equity amounts to 298 million EUR vs. 271 million EUR in December 2007.

6. Turnover

6.1 Renting Revenues

ORCO Germany's investment portfolio generated 28.6 million EUR of rental income (compared to 1.9 million EUR in June 2007). Driven by the increased marketing activities ORCO-GSG's contribution to revenues in the first six months amounted to 23.1 million EUR and exceeded all expectations.

During the first half of the year 2008, the occupancy rate of ORCO-GSG improved to 74.4%. The net take up increased by 160% YoY (from 12,539 m² to 32,544 m²) and the gross lettings increased by 60.31% YoY (from 39,362 m² to 63,104 m²). Renting requests were recorded across almost all business sectors and related to space ranging from 100 m² to more than 10,000 m². A very positive development was observed within the assets in the Eastern parts of Berlin. Among the five top-performing assets, three are located in Eastern Berlin. Additionally rents show a positive trend – rent levels for new lettings are in average around 13% above average rents for existing leases. ORCO-GSG, as a result, already shows a positive net cash flow (including financing costs) in the first half of 2008.

ORCO Germany's investment portfolio comprises a total of 934,540 m² of lettable area, compared to 69,618 m² in June 2007 (excluding GSG). The rental income from commercial holdings represents 86% of all rental revenues.

6.2 Residential Development

The turnover amounts to 3.2 million EUR, for a total of 10 delivered units and is therefore on budget. During the first three months Forward Purchase Contracts for a total of 11 units were signed.

7. Revaluation Profit

The revaluation profit amounts to 60.95 million EUR vs. 46.3 million EUR in the first half 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 six months amounts to 7.01 million EUR for 39.94 million EUR of turnover (versus -2.41 million EUR in June 2007 for 32.79 million EUR turnover). The growth of the adjusted EBITDA has been much stronger than the growth of the turnover, showing a significant improvement of the operating profitability.

The adjusted EBITDA of the development activity was -5.91 million EUR in June 2008 compared to -2.20 million EUR in June 2007. In the first six months of 2008, there were fewer development projects finished than in the same period in 2007, which explains how development revenues could not reach the same level as in the previous year.

The adjusted EBITDA of the renting portfolio amounts to 12.92 million EUR compared to -0.21 million EUR for the same period in 2007.

June 2008	Development	Leasing	TOTAL
OPERATING RESULT	**-24.023**	**72.770**	**48.747**
Net result from fair value adjustments on investment property	-608	-60.345	-60.953
Amortization, impairments and provisions	18.584	-139	18.445
Correction of cost of goods and assets sold	137	632	769
ADJUSTED EBITDA	**-5.910**	**12.918**	**7.008**

9. Operating Result

The first half of 2008 closes with a positive operating result of 48.75 million EUR vs. 44.67 million EUR in the first half of 2007. The result includes surplus on revaluation on assets.

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

The contribution of ORCO Germany's two business lines:

The operating result of the development activity was -24.02 million EUR in first half of 2008 compared to 21.2 million EUR in the first half of 2007.

The Operating result of the renting portfolio amounts to 72.77 million EUR compared to 23.46 million EUR for the same period in 2007. This result is composed of increased rental revenue and in relation to that decreased operating expenses and a gain from fair value adjustments in the renting segment.

10. Financial Result

The net financial result in the first half of 2008 amounts to -8.13 million EUR compared to -6.04 million EUR for the first half in 2007. The interest expense of -18.68 million EUR vs. -4.53 million EUR corresponds to the Group global financial charges. The cash interest rate of the global debt (before hedging) amounts to 5.31%. The effective interest rate for the bonds is 7.90%. Bank borrowings show an interest rate after hedging of 5.24%.

Interest income amounts to 1.95 million EUR vs. 1.60 million EUR in the first half of 2007. The other financial results amounting to 8.60 million EUR are mainly composed of gains from the revaluation of derivative instruments.

11. Tax

The global tax expense of the year amounts to -13.9 million EUR vs. -18.0 million EUR in the first half of 2007.

12. Debt

ORCO Germany's financial debt amounts to 630.3 million EUR (current and non-current) as compared to 640.0 million EUR in December 2007. Cash and cash equivalents amount to 37.4 million EUR vs. 94.8 million EUR in December 2007.

The loan to value ratio reaches 58.5%.

Loan to Value (in TEUR)	June 2008	December 2007
Non-current liabilities		
Bonds	85,105	83,432
Financial debt	439,494	482,307
Current liabilities		
Financial debt	105,714	74,347
Current assets		
Current financial assets	-1,021	-861
Cash & cash equivalents	-37,348	-94,821
Net debt	**591,944**	**544,404**
Investment property	846,530	782,319
Owned-occupied buildings	13,134	13,096
Properties under development	324	408
Financial assets	1,550	2,124
Inventories	144,341	112,508
Revaluation gains on projects and properties	5,692	21,300
Fair value on portfolio	**1,011,571**	**931,755**
LTV	**58.5%**	**58.4%**

II. Risks, Subsequent Events and Outlook

1. Risk Report

There were no material changes within the financial risk factors since March 31, 2008.

2. Currency Risk

The Group has no significant currency risk exposure, as the local and functional currency in almost all Group companies is the Euro.

3. Subsequent Events

No subsequent events occurred.

4. Market Environment

The consequences of the subprime crisis which started in 2007 in the US have affected several economic participants and have led to a noticeable downturn of business results and equity. Not only banks are to name. The investment market of Germany did experience a significant decline in transaction volumes as well as in the number of transactions. According to Jones Lang LaSalle a drop of more then 50% compared to the previous year figures was registered. Financing costs have risen just as the processing time of their requests and put a burden onto their availability. However, yields on prime properties remain relatively stable and especially in the big five investment markets of Hamburg, Frankfurt, Munich, Berlin and the Ruhr Region. Their submarkets show a relatively greater independence to economical cycles. The consideration of the past 5 years puts the current situation into a perspective of ongoing and stable growth. Yields of all major asset classes have risen within the past 12 months putting offices on top with an increase of approximately 40 basis points. Still, thru rising inflation rates and decreasing gross value creation the current situation most of all admonishes the market participants to more awareness and greater care. The essence is to refocus on the core business.

5. Outlook

Important strategic objectives for the second half of 2008 include (i) the continuing increase of occupancy of Orco-GSG and further improvement of operational efficiency; (ii) continuation of the divestment program of non-strategic assets, (iii) focus on progress of ORCO Germany’s large scale development projects such as Leipziger Platz, Haus Cumberland and SkyOffice.

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

Orco Germany S.A.'s Board of Directors has approved on 28 August 2008 the condensed consolidated interim financial information as at and for the period ended 30 June 2008. All figures in this report are presented in thousands of Euros, except if explicitly stated.

Condensed consolidated interim income statement

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	Note	June 2008	June 2007*
Revenue	3	**39 936**	**32 786**
Net gain from fair value adjustments on investment property	5	60 953	46 329
Other operating income		1 898	-
Cost of goods sold	11	-9 636	-16 514
Employee benefit		-5 396	-2 822
Amortization, impairments and provisions		-18 445	-62
Other operating expenses	11	-20 563	-15 051
Operating result		**48 747**	**44 666**
Interest expenses		-18 681	-4 531
Interest income		1 948	1 595
Other net financial results		8 601	-3 103
Financial result		**-8 132**	**-6 039**
Profit before income taxes		**40 615**	**38 627**
Income taxes		-13 864	-17 961
Net profit		**26 751**	**20 666**
Attributable to minority interests		-12	-1 054
Attributable to the Group		**26 763**	**21 720**
Basic earnings in EUR per share	9	0.55	0.61
Diluted earnings in EUR per share	9	0.55	0.60

* See note 11 for adjustments on comparatives

Condensed consolidated interim balance sheet

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Assets

	Note	June 2008	December 2007
NON-CURRENT ASSETS		**924 104**	**859 362**
Intangible assets	8	**51 981**	**51 930**
Investment property	5	**846 530**	**782 319**
Property, plant and equipment		**16 879**	**16 286**
Own-occupied buildings		13 134	13 096
Fixtures and fittings		3 421	2 782
Properties under development		324	408
Financial assets at fair value through profit & loss		**1 550**	**2 124**
Deferred tax assets		**7 164**	**6 703**
CURRENT ASSETS		**230 722**	**261 019**
Inventories	6	144 341	112 508
Trade receivables		15 904	33 745
Other receivables		19 441	18 397
Derivative Instruments		12 667	687
Current Financial Assets		1 021	861
Cash and cash equivalents		37 348	94 821
TOTAL		**1 154 826**	**1 120 381**

Equity and liabilities

	Note	June 2008	December 2007
EQUITY		**298 257**	**271 507**
Shareholders' equity	10	**297 940**	**271 179**
Minority interests	10	**317**	**328**
LIABILITIES		**856 569**	**848 874**
Non-current liabilities		**673 336**	**696 154**
Bonds	7	85 105	83 432
Financial debts	7	439 494	482 307
Provisions & other long term liabilities		11 363	10 336
Derivative Instruments		11 742	8 458
Deferred tax liabilities		**125 632**	**111 621**
Current liabilities		**183 233**	**152 720**
Financial debts	7	105 714	74 347
Trade payables		14 351	11 397
Advance payments		29 692	28 217
Derivative Instruments		-	748
Other current liabilities		33 476	38 011
TOTAL		**1 154 826**	**1 120 381**

Condensed consolidated interim statement of changes in equity

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	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						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						-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			-2		-2	1	-1
Profit of the period				26 763	26 763	-12	26 751
Balance at 30 June 2008	**60 964**	**123 658**	**-3**	**113 321**	**297 940**	**317**	**298 257**

Condensed consolidated interim cash flow statement

The accompanying notes form an integral part of this condensed consolidated interim financial information.

	June 2008	June 2007
Operating result	**48 747**	**44 666**
Net gain from fair value adjustments	-60 953	-46 329
Amortization, impairments & provisions	18 445	62
Gains and losses on disposal of investments	-259	-
Adjusted operating profit / loss	**5 980**	**-1 601**
Financial result	-1 186	-
Income tax paid	-431	-373
Financial result and income taxes paid	**-1 617**	**-373**
Changes in operating assets and liabilities	**4 602**	**-8 963**
NET CASH FROM OPERATING ACTIVITIES	**8 965**	**-10 937**
Acquisition of subsidiaries, net of cash acquired	-	-262 140
Capital expenditures	-32 479	-125 466
Proceeds from sales of non current tangible assets	1 500	-
Purchase of intangible assets	-96	-30
Purchase of financial assets	-	-
Net interest paid	-21 061	-3 451
NET CASH USED IN INVESTING ACTIVITIES	**-52 136**	**-391 087**
Issue of equity instruments	-	48 733
Proceeds from borrowings	23 656	421 600
Repayments of borrowings	-37 962	-21 424
NET CASH FROM FINANCING ACTIVITIES	**-14 306**	**448 909**
NET INCREASE / DECREASE IN CASH	**-57 477**	**46 885**
Cash and cash equivalents at the beginning of the period	94 821	45 948
Exchange difference on cash	4	9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**37 348**	**92 842**

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 a growing 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 June 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 28 August 2008.

2. Summary of significant accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the half-year ended 30 June 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.

- 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.
- Renting: 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 June 2008	Development	Renting	Intersegment activities	**Total**
Revenue	**11 973**	**28 607**	**-644**	**39 936**
Net gain from fair value adjustments on investment property	607	60 346	-	60 953
Other operating results	-36 603	-16 183	644	-52 142
Operating result	**-24 023**	**72 770**	**-**	**48 747**
Financial result				-8 132
Profit before income taxes				**40 615**
Income taxes				-13 864
Net Profit				**26 751**
Attributable to minority interests				-12
Attributable to the Group				**26 763**

As at 30 June 2007	Development	Renting	**Total**
Revenue	**30 884**	**1 902**	**32 786**
Net gain from fair value adjustments on investment property	22 715	23 614	46 329
Other operating results	-32 396	-2 053	-34 449
Operating result	**21 203**	**23 463**	**44 666**
Financial result			-6 039
Profit before income taxes			**38 627**
Income taxes			-17 961
Net Profit			**20 666**
Attributable to minority interests			-1 054
Attributable to the Group			**21 720**

4. Business combinations

- **In 2008**

There were no business combinations during the first 6 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 rented 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 undefinite 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	Land Bank	Land	Buildings under Finance Lease	TOTAL
Balance at 31 December 2006	**140 875**	**19 830**	**30 860**	**-**	**191 565**
Scope movement	405 261	910	-	-	406 171
Investments / acquisitions	80 789	82 753	-	-	163 542
Asset sale	-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 at 31 December 2007	**656 093**	**126 226**	**-**	**-**	**782 319**
Investments / acquisitions	25 805	4 758	-	1 298	31 861
Asset sale	-1 310	-	-	-	-1 310
Revaluation through income statement	51 557	9 396	-	-	60 953
Transfer and other movements	-7 781	-19 512	-	-	-27 293
Balance at 30 June 2008	**724 364**	**120 868**	**-**	**1 298**	**846 530**

Variations in 2008

During the period, the Group has invested EUR 31.9 million mainly in the following different projects:

- Freehold buildings:

New acquisitions:

  - Various residential and office buildings among which Hüttendorf (EUR 7.9 million), Hakeburg (EUR 3.4 million), Hochwald (EUR 1.4 million), and Heritage building rights on Lubarserstrasse (EUR 2.4 million), Schwedenstrasse (EUR 2.0 million), Whilelm 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:

New acquisitions:

  - Gethsemanestrasse plot in Berlin (EUR 2.9 million);

Subsequent expenditures on previous acquisitions:

  - Wertheim in Berlin (EUR 0.3 million).

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

During the period, Danziger Straße 16 in Berlin was sold with a net book value of EUR 1.3 million and a sales price of EUR 1.5 million.

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

- In Freehold buildings:
  - The revaluation of the projects of GSG represents a total amount of EUR 60.3 milion, among which Wolfenerstrasse 32-36 (EUR 9.8 million), Reuchlinstraße (EUR 8.0 million), Geneststraße (EUR 7.2 million), Gustav-Meyer-Allee (EUR 4.6 million), Plauenerstraße (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 Wertheim 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) and Danzigerstraße (EUR 6.8 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 milllion) 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);
- Görstraße 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);
- Küfustendamm 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 House 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 Straße 103-104 (EUR -7.2 million) to own-occupied building as this one became the new headquarter of Orco Germany.

6. Inventories

	June 2008	December 2007
Balance at 31 December 2007	**112 508**	**70 031**
Variation	22 164	5 125
Acquisition of GSG	-	87
Sale of Viterra Ceska to Orco Property Group	-	-745
Net impairment	-17 277	-
Transfer and other movements	26 946	38 010
Balance at 30 June 2008	**144 341**	**112 508**

- **In 2008:**

The variation is mainly due to the development of the Sky Office tower in Düsseldorf (EUR 22.1 million).

Impairments have been recognized on the basis of the valuation established by DTZ 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 (Helberger for EUR 19.8 million and Danziger Straße 73-77 for EUR 6.8 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 June 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	1 673
Balance at 30 June 2008	**85 105**

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	18 187	2 673	20 860
Repayments of loans	-1 736	-1 159	-2 895
Transfers	-61 868	1 090	-60 778
Balance at 30 June 2008	**432 827**	**6 667**	**439 494**

Issuance of new bank loans (EUR 18.2 million) is mainly related to further draw downs for the construction of the Sky Office tower in Germany (EUR 14.5 million).

The issue of other non-current loans (EUR 2.7 million) represents the increase in the equity loan granted by Orco Property Group S.A..

Transfers of bank loans (EUR -61.9 million) are mainly due to the reclassification of the bank loan related to the Wertheim project in short term (EUR -65.6 million) and the prolongation of Max-Planck-Straße bank loan from June 2008 to September 2009 (EUR 4.0 million).

The long term portion of the loans financing the development projects classified as Inventories amounts to EUR 36.6 million (EUR 18.3 million in 2007).

No new bonds have been issued in 2008.

Borrowings maturity

The following tables describe the maturity of the Group's borrowings. In June 2008 the non-current bonds and financial debts amount to EUR 524.6 million (EUR 565.8 million at 31 December 2007).

At 30 June 2008	**Less than one year**	**1 to 5 years**	**More than 5 years**	**Total**
Non-current				
Fixed rate bonds	-	85 105	-	85 105
Financial debts	-	**377 699**	**61 795**	**439 494**
Bank loans	-	377 698	55 129	432 827
Fixed rate	-	4 713	8 144	12 857
Floating rate	-	372 985	46 985	419 970
Other non-current borrowings	-	1	6 666	6 667
Total	**-**	**462 804**	**61 795**	**524 599**
Current				
Financial debts				
Bank loan fixed rate	14 803	-	-	14 803
Bank loan floating rate	90 883	-	-	90 883
Others borrowings	28	-	-	28
Total	**105 714**	**-**	**-**	**105 714**

At 31 December 2007	**Less than one year**	**1 to 5 years**	**More than 5 years**	**Total**
Non-current				
Fixed rate bond	-	83 432	-	83 432
Financial debts	-	**423 092**	**59 215**	**482 307**
Bank loans	-	423 032	55 212	478 244
Fixed rate	-	5 934	6 743	12 677
Floating rate	-	417 098	48 469	465 567
Other non-current borrowings	-	60	4 003	4 063
Total	**-**	**506 524**	**59 215**	**565 739**
Current				
Financial debts				
Bank loan fixed rate	31 343	-	-	31 343
Bank loan floating rate	41 680	-	-	41 680
Other current borrowings	1 324	-	-	1 324
Total	**74 347**	**-**	**-**	**74 347**

The increase 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) mainly represent the equity loan granted by Orco Property Group S.A. (EUR 6.7 million).

The Group hedged 94.1% of the non-current floating rate borrowings and 76.9% 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 100.1 million as at 30 June 2008 (EUR 116.9 million in 2007).

Decrease of undrawn credit facilities with banks mainly relates to drawn amounts made for Sky Office project (EUR -15 million).

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

	June 2008	**June 2007**
Shares issued at the beginning of the period	48 771 333	34 550 000
Weighted average of new shares issued	-	961 281
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	**48 771 333**	**35 511 281**
Dilutive potential ordinary shares	**162 602**	**511 235**
Warrants	162 602	511 235
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	**48 933 935**	**36 022 516**
Net profit attributable to the Group	**26 763**	**21 720**
Effect of assumed conversions / exercises	**17**	**55**
Warrants	17	55
Net profit attributable to the Group after assumed conversions / exercises	**26 780**	**21 775**
Basic earnings in EUR per share	0.55	0.61
Diluted earnings in EUR per share	0.55	0.60

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	-	-	-
Balance at 30 June 2008	**48 771 333**	**60 964**	**123 658**

No movements occurred on equity during the first six 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 13.6 million and the Cost of sales has been decreased by EUR 13.6 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 June 2008 (EUR 4.0 million at 31 December 2007). Net interest expenses related to this loan amounted to EUR 0.3 million at 30 June 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.

Declaration of the legal representatives of Orco Germany S.A. in accordance with Section 37y of the German Securities Trading Act (WpHG) in conjunction with Section 37w (2) No. 3 WpHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, we declare that the condensed consolidated interim financial information give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Rainer Bormann	Luc Leroi
Ales Vobruba	Ott & Co. S.A.
Steven Davis	Nicolas Tommasini

Financial Calendar

27 November 2008	Interim financial report 3rd quarter 2008