ORCO GERMANY

Q1
2008

About ORCO Germany S.A.

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 the 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 210 members of staff in Germany.

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 core German 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 more than 1 million square meters of developed and undeveloped areas in the German capital. GSG was established in 1965 and is the largest owner of commercial space in Berlin with about 850,000 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, one of the leading Central European real estate firms holding a portfolio worth EUR 2.4 billion (as evaluated on Dec.31th, 2007). 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.

By switching from the Open Market, where ORCO Germany S.A. had been listed since 2006, to the Regulated Market (Prime Standard) in November of 2007, ORCO Germany has demonstrated that it is implementing a capital market strategy consistent with its rapid operating growth of recent years. By meeting the most exacting standards of transparency in place at the German Stock Exchange, ORCO Germany S.A. has improved its accessibility to capital market players even further

The Stock of Orco Germany S.A. as of 31 March 2008

ISIN	LU0251710041
Market Cap	292,628,000 EUR (March 31st 2008)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	9.7%

Key Figures (in KEUR)

	March 2008	March 2007
Revenues (in KEUR)	15.416	17.447
Operating Result (in KEUR)	12.593	-1.790
Net Profit (in KEUR)	-1.450	-2.407
Adjusted EBITDA (in KEUR)	4.821	658
Total Assets (in KEUR)	1.119.163	N/A

Interim Management Report for the period 01 January to 31 March 2008

Business Development and significant transactions in first quarter 2008

Significant increase in rental income from 1.0 Million EUR to 13.7 Million EUR
ORCO-GSG beats expectations

ORCO Germany S.A.'s Board of Directors has approved on the 29th of May 2008 the companies consolidated accounts as at the 31st March 2008 (established in respect of the annual consolidated financial statement's accounting principles). All shown figures are given in thousand Euros if not explicitly mentioned.

A) 2008 : Growth mainly driven by higher contribution of rental income

A) - Turnover amounts to 15.4 Million EUR vs. 17.4 Million EUR 1st Quarter 2007
- Significant improvement of rental income to 13.7 Million EUR (1.0 Million EUR in 2007)

Turnover			
	March 2008	March 2007	% change
Renting	13.652	969	+ 1308,9 %
Development	1.915	16.478	- 88,4 %
Intersegment Activities	-150		
Total	15.416	17.447	- 11,6 %

1) Renting Revenues

ORCO Germany's investment portfolio generated 13.7 Million EUR of rental income (compared to 1.0 Million EUR in March 2007). Driven by the increased marketing activities of the new owner ORCO-GSG's contribution in the first three months amounted to 11.6 Million EUR and exceeded all expectations.
The new structure and management of the company accompanied by continued growth of Berlin's economy, and correspondingly employment, is having a decided impact on net take-up. During the first quarter, the occupancy rate of ORCO-GSG improved to 72.4%. Further improvement was realized by GSG reaching close to 74 % to date. In the first quarter 2008 new letting increased by 25.4% as compared to the first six months following Orco Germany's acquisition of GSG. The trend is expected to continue. 45.6% of new space went to already existing tenants indicating strong growth and expansion of their business operations. 54.4% of new lettings were derived from the acquisition of new tenants. New inquiries were recorded across almost all business sectors and related to space ranging from 100 sqm to more than 10,000 sqm. 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. Also rents show a positive trend – rent levels for new lettings are in average around 11% above average rents for existing leases. ORCO-GSG as a result already shows a positive net cash flow (including financing costs) in the first quarter 2008.
ORCO Germany's investment portfolio comprises a total of 925,000 sqm of lettable area, compared to 62,977 sqm in March 2007.
The split between rental income from commercial holdings versus rental income from residential holdings has changed: today, commercial properties represent 94% of ORCO Germany's rental income (compared to 57% in 2007).

2) Residential Development

The turnover amounts 1.9 Million EUR, for a total of 4 delivered units and is therefore on budget. During the first three months Forward Purchase Contracts for a total of 8 units were signed.

B) Profit of revaluation

Due to a successful master plan competition resulting in a more extensive retail use and a gain of around 10,000 sqm leasable space, the Leipziger Platz plot was revalued according to our accounting policy. DTZ values this land at 108 Million EUR. The P&L positive contribution amounts to 9.4 Million EUR.

C) Adjusted EBITDA of 4.821 Million EUR

The adjusted EBITDA for the first three amounts to 4.82 Million EUR for 15.42 Million EUR of turnover (versus 0.66 Million EUR in March 2007 for 17.45 Million EUR turnover). The growth of the EBITDA has been much stronger than the one of the turnover, showing a significant improvement of the operating profitability.

The contribution of ORCO Germany's two business lines:

The EBITDA of the development activity was -0.36 Million EUR in 2008 compared to 0.35 Million EUR in 2007.

The EBITDA of the renting portfolio amounts to 5.18 Million EUR compared to 0.31 Million EUR for the same period in 2007.

D) Net Profit

The Net Profit amounts to -1.45 Million EUR against -2.41 Million EUR for 2007.

Significant transactions and events

ORCO-GSG (Berlin)

Within the first quarter 2008 ORCO-GSG continued with the finalisation of the restructuring process. The last step of the post acquisition restructuring which started in June 2007 with the acquisition of GSG was executed End of April 2008. The finalisation of the restructuring process will enable ORCO-GSG to further concentrate on the already increased leasing activities.

Leipziger Platz (Berlin)

The urban design competition for a master plan – initiated together with the Senate of Berlin – was successfully completed in March 2008. The jury awarded the first prize to the design by the Berlin-based architectural firm Kleihues + Kleihues. The revised and improved development concept comprises now uses up to 55% shopping and entertainment, 30% residential and 15% for office. The start of construction is scheduled for spring 2009 and is planned to be completed in mid-2012.

Sky Office (Dusseldorf)

The progress of the project is on schedule. The last ceiling of the underground car park is currently completed and the core has already reached the 10th and the ceilings the 4th floor. The building is now clearly visible on Kennedydamm.
The fitting of the facade on ground level starts in June. The project costs are on budget.

Prognosis for the next six months

Important strategic objectives for 2008 include (i) the continuing re-structuring process of Orco-GSG and further improvement of occupancy and operational efficiency; (ii) the closing of the Essen branch, involving a recurring annual cost reduction of approx. € 400.000, (iii) focus on progress of ORCO Germany's large scale development projects such as Leipziger Platz, Haus Cumberland and SkyOffice; (iv) Orientation and focus towards commercial projects and investments; (v) implementing of the fund and investment management platform as a third business line that will enable Orco Germany to generate recurring fee income in addition to revenues from renting and development business.

Consolidated financial statement

A) Profit & Loss Statement as at March 2008

P & L	March 2008	March 2007
Revenue	15.416	17.447
Other operating income	56	-187
Cost of goods sold	2.550	-14.306
Net result from fair value adjustment on investment property	9.396	0
Salaries and employee benefit	-3.095	-1.411
Amortisation, impairments and provisions	-1.624	757
Other operating expenses	-10.106	-4.090
Operating Result	**12.593**	**-1.790**
Interest expenses	-10.059	-1.209
Interest income	648	135
Other financial results	-3.866	-166
Financial Result	**-13.277**	**-1.240**
Profit Before Income Taxes	**-684**	**-3.030**
Income taxes	-765	623
Net profit	**-1.449**	**-2.407**
Attributable to minority interests	71	0
Attibutable to the Group	**-1.378**	**-2.407**

B) Balance Sheet as at March 2008

Assets	March 2008	December 2007
Non-Current Assets	**873.006**	**859.362**
Intangible assets	51.918	51.930
Investment property	797.999	782.319
Property, plant and equipment	16.213	16.286
Hotels and own-occupied buildings	13.115	13.096
Fixtures and fittings	2.730	2.782
Properties under development	368	408
Financial assets	1.433	2.124
Deferred Tax assets	5.444	6.703
Current Assets	**246.158**	**261.019**
Inventories	145.944	112.508
Trade receivables	21.819	33.745
Other receivables	7.681	18.397
Derivative Instruments	4.289	687
Current financial assets	986	861
Cash and cash equivalents	65.439	94.821
Total	**1.119.163**	**1.120.381**

Equity and liabilities	March 2008	December 2007
Equity	**270.134**	**271.507**
Shareholders' equity	269.868	271.179
Minority interests	266	328
Liabilities	**849.029**	**848.874**
Non-current liabilities	711.522	696.154
Bonds	84.164	83.432
Financial debts	495.380	482.307
Derivative Instruments	10.080	8.458
Provisions & other long term liabilities	10.727	10.336
Deferred tax liabilities	111.171	111.621
Current liabilities	137.508	152.720
Financial debt	53.512	74.347
Trade payables	25.233	11.397
Advance payments	19.251	28.217
Derivative Instruments	5.530	748
Other current liabilities	33.980	38.011
Total	**1.119.163**	**1.120.381**

C) Cash Flow Statement as at March, 31st 2008

Cash Flow Statement	March 2008	March 2007
Operating profit	12.593	-1.790
Amortization, Impairments & Provisions	1.624	-757
Net gains from fair value adjustments on investment properties	-9.396	0
Gains and losses on disposals of investments	0	433
Adjusted operating profit	**4.821**	**-2.114**
Financial result	-1.227	-2.735
Income taxes paid	25	0
Financial expenses and income tax paid	-1.202	-2.735
Changes in operating assets and liabilities	-10.386	4.999
Net cash from operating activities	**-6.767**	**150**
Capital expenditures	-26.194	-2.259
Purchase of financial assets	-123	-155
Increase (decrease) in loans granted	749	0
Net interest paid	-9.768	-740
Net cash in investing activities	-35.336	-3.154
Issue of equity instruments from minority	134	0
Proceeds from borrowings	12.737	10.528
Repayments of borrowings	-155	0
Net cash from financing activities	12.716	10.528
Net increase in cash	**-29.387**	**7.524**
Cash and cash equivalent at the beginning of the period	94.821	45.949
Exchange differences on cash	4	-6
Cash and cash equivalent at the end of the period	**65.438**	**53.467**

D) Notes to the consolidated financial statements

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 mainly 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 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 31 March 2008, the Company is 56.79% owned by Orco Property Group S.A., Luxembourg, and its shares are listed on the Open Market of the Frankfurt Stock Exchange since May 2006. They are now listed on the Prime Market since November 2007.

The ultimate parent company of Orco Germany S.A. preparing consolidated financial statements, Orco Property Group S.A., includes in its consolidated financial statements those of Orco Germany S.A.. Orco Property Group S.A. is incorporated under Luxembourg law. Consolidated financial statements for Orco Property Group S.A. can be obtained at its registered office, 40, Parc d’Activités Capellen, L-8308 Capellen.

The consolidated financial statements have been approved for issue by the Board of Directors on 29 May 2008.

2. Summary of significant accounting policies

The consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the European Union. The accounting policies for the quarterly report have been consistently applied by the Group’s entities and are consistent with those used in the previous year except for the application of the revised and new standards and interpretations effective as from 1 January 2008. The application of those amendments and interpretations did not result in substantial changes to the Group’s accounting policies. A detailed description of the accounting policies is included in the notes to the financial statement for 2007.

The quarterly report has been established according to IAS 34.

3. Financial risk factors

There were no material changes within the financial risk factors since December 31, 2007.

4. Segment reporting

Business segments

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

- Renting: leased out residences, offices or retail buildings and property management and buildings under construction that are meant to be leased.
- Development: development of projects meant to be disposed of unit by unit, the land bank and project management.

Corporate expenses are allocated on the basis of the revenue realised by each activity. Segment assets consist primarily of tangible assets, inventory and receivables. Unallocated assets comprise deferred tax assets and cash and cash equivalents. Segment liabilities include operating liabilities. Unallocated liabilities are essentially the aggregate of litigation provisions, taxation liabilities and borrowings.

Adjusted EBITDA Q1 2008 :

	Development	Renting	Inter-segment eliminations	TOTAL
Revenue	**1.915**	**13.652**	**-150**	**15.416**
Net result from fair value adjusment on investment property	9.396	0	0	9.396
Other operating result	-3.173	-9.196	150	-12.220
OPERATING RESULT	**8.137**	**4.455**	**0**	**12.593**
Net result from fair value adjusment on investment property	-9.396	0	0	-9.396
Amortization, impairments and provisions	904	720	0	1.624
Correction of COGS	0	0	0	0
ADJUSTED EBITDA	**-355**	**5.176**	**0**	**4.821**

Adjusted EBITDA Q1 2007 :

	Development	Renting	Inter-segment eliminations	TOTAL
Revenue	**16.478**	**969**	**0**	**17.447**
Net result from fair value adjusment on investment property	0	0	0	0
Other operating result	-18.649	-588	0	-19.237
OPERATING RESULT	**-2.171**	**381**	**0**	**-1.790**
Net result from fair value adjusment on investment property	0	0	0	0
Amortization, impairments and provisions	826	-69	0	757
Correction of COGS	1.691	0	0	1.691
ADJUSTED EBITDA	**346**	**312**	**0**	**658**

5. Intangible assets

There were no material changes within the intangible assets since December 31, 2007.

6. Investment property

There were no material changes within the investment propertiy since December 31, 2007.

7. Own-occupied buildings

There were no material changes within the own-occupied buildings since December 31, 2007.

8. Fixtures and fittings

There were no material changes within the own-occupied buildings since December 31, 2007.

9. Inventories

On March 31, 2008 the inventories amount to EUR 146 million vs. EUR 112.5 million as of December 31, 2007.

The variation amount mainly relates to Sky Office and Leipziger Platz.

10. Credit risk

There were no material changes within the financial risk factors since December 31, 2007.

11. Currency risk

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

12. Provisions and other long term liabilities

There were no material changes regarding the provisions on other lon-term liabilities since December 31, 2007.

13. Liquidity and cash flow interest rate risk

There were no material changes regarding the liquidity and cash flow interest rate risk since December 31, 2007.

14. Related party transactions

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 Gerrmany S.A. The acquisition involves an investment of approx. EUR 2 million for the reimbursement of invested funds. No premium has been paid.

19. Consolidation

There were no material changes regarding the consolidated companies since December 31, 2007.

20. Events after reporting period

On April 30, 2008 the last step of the post acquisition restructuring for which started in June 2007 with the acquisition of GSG - the down-stream merger of the acquisition vehicles into GSG - was executed End of April 2008. All assets of GSG have been hived down into a subsidiary of GSG, the GSG Asset GmbH & Co. Verrwaltungs KG.

E) Financial Calendar

29. May 2008	Interim Report January - March 2008
28. August 2008	Interim Report January - June 2008
27. November 2008	Interim Report January - October 2008