

Q1

2009

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.

The Stock of Orco Germany S.A. as of 31 March 2009

ISIN	LU0251710041
Market Cap	20,971,673 EUR (March 31 st 2009)
Segment	Prime Standard
Number of shares	48,771,333
Stock Exchange	Frankfurt Stock Exchange
Free float	14.3%

Key Figures (in KEUR)

	March 2009	March 2008
Revenues (in KEUR)	17,007	15,416
Operating Result (in KEUR)	-2,017	12,593
Net Profit (in KEUR)	-19,112	-1,450
Adjusted EBITDA (in KEUR)	3,114	4,821
Total Assets (in KEUR)	1,040,367	1,119,163

Interim Management Report for the period 01 January to 31 March 2009

The companies consolidated accounts as at the 31st March 2009 are established in respect of the annual consolidated financial statement's accounting principles. All shown figures are given in thousand Euros if not explicitly mentioned.

Annual accounts as at 31 December 2008 are not audited yet. The finalization of these annual accounts is still ongoing and will be finished in June. The accounts as at 31 March 2009 are unaudited as well.

A) 2008 : Loss mainly due to write-downs and impairments

- A) Revenues amount to €17 Million vs. €15.4 Million in the 1st Quarter 2008;
Stable development of rental income to €14.2 Million (€13.8 Million in 2008)

REVENUES			
	March 2009	March 2008	% change
Leasing	14.225	13.765	3,3%
Development	3.955	1.802	119,5%
Intersegment eliminations	-1.173	-151	
TOTAL	17.007	15.416	10,3%

1) Leasing Revenues

ORCO Germany's investment portfolio generated €14.2 million of leasing income (compared to €13.8 million in 2008). ORCO-GSG with its 818,000 m² of lettable area contributed €11.8 million (compared to €11.6 million in the first quarter 2008). ORCO-GSG's leasing income increased by 2% from 2008 to 2009.

In the first quarter, the Company managed to increase the occupancy rate slightly by 0.2% (to 74.8% as at 31st March) and to increase the average rental income per m² (from €6.07 to €6.14). The net take-up in the first quarter of 2009 amounted to 2,675 m². Therefore the total net take-up since take-over in July 2007 increased to 37,055 m². During the same period the average rental income per m² increased by 4.8%.

Residential leasing income has lost almost all impact as several assets were disposed of in 2008 and further ones will be sold in 2009

2) Development revenues

The development revenues (sales of tangible assets—development) in the first quarter 2009 amounted to €4.0 million vs. €1.8 million in the first quarter 2008.

The main contributors were Ottensen, Hamburg (€1.1 million), Am Grünen Jäger (€0.8 million) and Taunusside (€1.1 million). In 2009 the remaining 4 unsold units in Ottensen, Hamburg and QWaterwest, Frankfurt are expected to be delivered.

B) Adjusted EBITDA of 3.114 Million EUR

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) amounted to €3.1 million on €17.0 million of revenue (vs. €4.8 million in March 2008 on €15.4 million of revenue).

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

- The adjusted EBITDA of the leasing segment increased by 17.1% to €6.1 million vs. €5.2 million by March 2008. This value includes losses on disposal of assets by €2.1 million. The adjusted EBITDA before assets sold has been raised by 58.4%.
- The adjusted EBITDA of the development activity amounted to €-3.0 million compared to €-0.4 million in March 2008.

Adjusted EBITDA	Development			Leasing			Total		
	March 2008	March 2009	%	March 2008	March 2009	%	March 2008	March 2009	%
Operating result	8 137	-8 115		4 455	6 099	0	12 592	-2 016	
Net gain from fair value adjustments on investment property	-9 366	5 766		0	0		-9 366	5 766	
Amortization, impairments and provisions	904	- 482		720	800		1 624	318	
Correction of COGS	0	- 124		0	- 831		0	- 955	
Adjusted EBITDA	- 355	-2 955	-	5 176	6 068	17,2%	4 821	3 114	35,4%
Net result on sale of assets		0			-1 890		0	-1 890	
Correction of assets sold		0			- 248		0	- 248	
Adjusted EBITDA before assets sold	- 355	-2 955	-	5 176	8 206	58,5%	4 821	5 252	8,9%

C) Operating result

The first quarter 2009 closes with a negative operating result of €-2.0 million vs. €12.6 million in March 2008.

The operating result includes:

- Revaluation losses on investment property of €-5.8 million (Wertheim valued at 90€ million) vs. revaluation gains of €9.4 million in March 2008.
- Several disposals of non-strategic assets have been executed. They were concluded with a margin of 7.8% below fair value and created sales revenues of €22.4 million.
- Personnel costs of €2.7 million in March 2009 compared to €3.1 million in March 2008. This 14% decrease is due to the impact of the staff reduction in the fourth quarter 2008. In the first quarter 2009 the staff costs also contain non-recurring severance payments.
- Other operating expenses of €7.8 million vs. €10.1 million in March 2008. They decreased by 23% due to the impact of the cost reduction program. On account of the closing of branch offices rents were reduced by 42%. From sharp cost cutting result the decreases of marketing expenses by 49%, the travel expenses by 61%, the communication and IT expenses by 59% and consultancy expenses by 22%. These cost savings compensated the increase of utility supply expenses by 21.6%. Building maintenance expenses remained stable at the pre-year level.

D) Financial Result

The net financial result for the first three months of 2009 amounts to €-16.8 million versus €-13.3 million in March 2008. The financial result includes interest expenses of €8.2 million (vs. €10.1 million in March 2008), interest income amounts to €0.2 million versus €0.6 million in March 2008.

The other net financial results amount to €-8.8 million (vs. €-3.9 million in March 2008), which is mainly caused by the fair value measurement of interest rate swaps (€-8.1 million), due to lower interest rates.

Significant transactions and events

Restructuring process continued

After the transition year 2008, ORCO Germany forced its change from an expanding cash-requiring developer/investor active in most German regions into a focused positive cash flow-generating investor.

The Group managed to decrease its costs significantly. Further effects of ORCO's cost savings program are expected to influence the results of the following quarters in 2009.

Outlook

Regarding the income side, 2009 has started with a further slight improvement of the leasing activities. Though it is difficult to predict how the tenant base will cope with the challenging economic environment, ORCO Germany's tenants recruit from a wide variety of economic sectors. So the risk profile of the Group in the renting sector is expected to remain stable.

In the last quarters the income of the Company was much affected by the fair value measurements of investment property, inventories and derivative instruments. Especially the interest rates are not expected to decrease further, what will finish the down-turn of fair values of derivative instruments.

Consolidated financial statements

A) Profit & Loss Statement as at March 2009

	March 2009	March 2008
Revenue	17 007	15 416
Net gain/loss from fair value adjustments on investment property	-5 766	9 396
Other operating income	- 439	56
Cost of goods sold	-2 043	2 550
Employee benefit	-2 682	-3 095
Amortization, impairments and provisions	- 318	-1 624
Other operating expenses	-7 776	-10 106
Operating result	-2 017	12 593
Interest expenses	-8 172	-10 059
Interest income	168	648
Other net financial results	-8 843	-3 867
Financial result	-16 846	-13 278
Profit/loss before income taxes	-18 863	- 685
Income taxes	- 249	- 764
Net profit/loss	-19 112	-1 449
Attributable to minority interests	- 5	- 70
Attributable to the Group	-19 107	-1 379

B) Balance Sheet as at March 2009

ASSETS		
	March 2009	December 2008
NON-CURRENT ASSETS	779 807	808 449
Intangible assets	51 154	51 172
Investment property	712 592	741 050
Property, plant and equipment	14 117	14 166
Own-occupied buildings	10 896	10 912
Fixtures and fittings	3 124	3 254
Properties under development	97	0
Financial assets at fair value through profit & loss	385	489
Deferred tax assets	1 560	1 572
CURRENT ASSETS	260 560	234 465
Inventories	196 820	171 868
Trade receivables	10 023	9 959
Other receivables	20 805	17 832
Derivative Instruments	16	31
Current financial assets	144	136
Cash and cash equivalents	32 752	34 639
TOTAL	1 040 367	1 042 914

EQUITY AND LIABILITIES		
	March 2009	December 2008
EQUITY	130 659	149 769
Shareholders' equity	130 658	149 764
Minority interests	0	5
LIABILITIES	909 709	893 144
Non-current liabilities	661 660	649 145
Bonds	87 678	86 793
Financial debts	463 981	448 705
Provisions & other long term liabilities	12 015	12 096
Derivative instruments	5 841	8 031
Deferred tax liabilities	92 145	93 520
Current liabilities	248 049	244 000
Financial debts	134 157	136 901
Trade payables	20 610	16 977
Advance payments	28 427	28 070
Derivative instruments	32 485	22 329
Other current liabilities	32 368	39 723
TOTAL	1 040 367	1 042 914

C) Cash Flow Statement as at March, 31st 2009

	March 09	March 08
Operating result	-2 016	12 593
Net gain/loss from fair value adjustments	5 766	-9 396
Amortization, impairments & provisions	318	1 624
Gains and losses on disposal of investments	1 893	
Adjusted operating profit / loss	5 960	4 821
Financial result	- 274	-1 227
Income tax paid	- 134	25
Financial result and income tax paid	- 408	-1 202
Changes in operating assets and liabilities	-32 268	-10 386
NET CASH FROM OPERATING ACTIVITIES	-26 716	-6 767
Capital expenditures	-1 681	-26 194
Increase (decrease) in loans granted		749
Proceeds from sales of non current tangible assets	22 380	
Purchase of financial assets	- 11	- 123
Net interest paid	-8 283	-9 768
NET CASH FROM INVESTING ACTIVITIES	12 405	-35 336
Issue of equity instruments		134
Proceeds from borrowings	23 457	12 737
Repayments of borrowings	-11 027	- 155
NET CASH FROM FINANCING ACTIVITIES	12 430	12 716
NET INCREASE / DECREASE IN CASH	-1 881	-29 387
Cash and cash equivalents at the beginning of the period	34 639	94 821
Exchange difference on cash	- 6	4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	32 752	65 438

D) Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Translation reserve	Other reserves	Shareholders' equity	Minority interests	Equity
Balance at 1 January 2007	43 188	66 873	98	23 844	134 003	- 56	133 947
Gains or losses for the period:							
Translation differences			- 99		- 99		- 99
Profit of the year				57 028	57 028	-1 152	55 876
Capital increase	17 776	56 785		- 730	73 831		73 831
Equity derivative instrument				9 892	9 892		9 892
Derivatives Orco Germany				-3 476	-3 476		-3 476
Acquisition of GSG					0	1 536	1 536
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			5		5		5
Profit of the year				-121 420	-121 420	- 323	-121 743
Balance at 31 December 2008	60 964	123 658	4	-34 862	149 764	5	149 769
Gains or losses for the period:							
Translation differences			6		6		6
Profit of the year				-19 112	-19 112	- 5	-19 117
Balance at 31 March 2009	60 964	123 658	10	-53 974	130 658	0	130 658

E) 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 2009, 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, 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 20 May 2009.

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 of 1 January 2009. 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 will be included in the notes to the financial statement for 2008.

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, 2008.

4. Segment reporting

Business segments

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

- Leasing: leased out residences, offices or retail buildings and property management and buildings under construction that are meant to be leased.
- Development: development of commercial projects, 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.

As at 31 March 2009				
	Development	Leasing	Intersegment activities	Total
Revenue	3 955	14 225	-1 173	17 007
Net gain from fair value adjustments on investment property	-5 766			-5 766
Cost of goods sold				0
Amortization, impairments and provisions	482	- 800		- 318
Other operating results	-6 785	-7 328	1 173	-12 940
Operating result	-8 114	6 099	0	-2 017
Financial result				-16 847
Profit before income taxes				-18 862
Income taxes				- 249
Net profit				-19 112
Attributable to minority interests				- 5
Attributable to the Group				-19 107

As at 31 March 2008				
	Development	Leasing	Intersegment activities	Total
Revenue	1 915	13 652	- 150	15 416
Net gain from fair value adjustments on investment property	9 396	0		9 396
Cost of goods sold				0
Amortization, impairments and provisions	- 904	- 720		-1 624
Other operating results	-2 269	-8 476	150	-10 596
Operating result	8 137	4 456	0	12 593
Financial result				-13 278
Profit before income taxes				- 685
Income taxes				- 764
Net profit				-1 449
Attributable to minority interests				- 70
Attributable to the Group				-1 379

5. Earnings per share

	March 2009	December 2008
Shares issued the beginning of the period	48 771 333	48 771 333
Weighted average of new shares issued	0	0
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	48 771 333	48 771 333
Dilutive potential ordinary shares	0	201 564
Warrents	0	201 564
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	48 771 333	48 972 897
Net profit attributable to the Group	-19 107	-121 420
Effect of assumed conversions / exercises		26
Warrents		26
Net profit attributable to the Group after assumed conversions / exercises	-19 107	-121 394
Basic earnings in EUR per share	- 0,39	- 2,49
Diluted earnings in EUR per share	- 0,39	- 2,48

6. Credit risk

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

7. Currency risk

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

8. Related party transactions

The Company was granted an "equity loan" by Orco Property Group S.A. bearing interest at an annual fixed rate of 8% (8% in 2008). This loan amounted to EUR 17.0 million as at 31 March 2009 (EUR 12.7 million as at 31 December 2008). Net interest expenses related to these loans amounted to EUR 0.3 million as at 31 March 2009 (EUR 0.7 million in 2008).

9. Consolidation

There were no material changes regarding the consolidated companies since December 31, 2008.

10. Events after reporting period

There were no material events after the end of the reporting period.

F) Financial Calendar

May 20 th	Interim Report January through March of 2009
June 10 th	Annual Report 2008
August 27 th	Interim Report January through June of 2009
November 19 th	Interim Report January through September of 2009
November 19 th	Analyst Conference