

ORCO PROPERTY GROUP
Société anonyme



REGISTRATION DOCUMENT SUPPLEMENT
AS OF 25 NOVEMBER 2008

ORCO PROPERTY GROUP
Société anonyme

Orco Property Group, a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, Parc d'Activités Capellen, L-8308 Capellen, Grand Duchy of Luxembourg and registered with the Luxembourg companies and trade register under number B 44.996.

This document is a supplement to Orco Property Group' registration document dated 21 May 2008 (the "Registration Document") and constitutes a Registration Document supplement in accordance with the article 13 of the Luxembourg law of July 10, 2005 relating to the prospectuses for securities, as amended, and the rules promulgated thereunder (the "Supplement"). It should be read in conjunction with the Registration Document which has been filed with and approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF") on 26 May 2008. The purpose of this Supplement is to update the information of the Registration document.

Copies of this Supplement can be obtained free of charge at the offices of Orco Property Group, at the website of Orco Property Group (<http://www.orcogroup.com>) and at the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>).

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**SUPPLEMENT TO THE
REGISTRATION DOCUMENT**

I. Persons responsible

1.1 Persons responsible for the Supplement

- Mr. Arnaud Bricout, born on 4 January 1964

With professional address at 25 rue Balzac, F-75406 Paris, France

Tel: +33 (0) 1 40 67 67 00

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- Mr. Luc Leroi, born on 26 October 1965

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Both acting as director of Orco Property Group, *société anonyme*, with registered office at Parc d'Activités Capellen, 40 L-8308 Capellen, RCS Luxembourg B 44.996 (hereafter « Orco Property Group »)

1.2 Declaration by the persons responsible for the Supplement

Having taken all reasonable care to ensure that such is the case, we hereby declare that the information contained in this Supplement is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Capellen, 25 November, 2008

Arnaud Bricout
Director

Luc Leroi
Director

II. Operating and financial review

2.1. Key Figures for the years 2005, 2006, 2007 and the half year as of 30 June 2008

The below mentioned interim information updates the “Key Figures for the years 2005, 2006, 2007” section of the Registration Document contained on page 6.

en k€	31-Dec-05	30-Jun-06	31-Dec-06	30-Jun-07	31-Dec-07	30-Jun-08
Turnover	50 348	33 728	172 908	124 764	299 229	113242
Operating result	76 888	38 020	134 248	99 618	177 104	30524
Profit before tax	72 337	32 944	122 924	86 561	103 245	672
Net profit attributable to the Group	54 523	26 740	96 699	55 090	87 508	-14114
Shareholders' equity	246 073	317 282	454 232	711 839	736 012	721356
Gross financial debt	303 124	523 333	667 875	1 313 222	1 500 905	1538057
Cash and cash equivalent	49 089	120 974	98 344	341 345	257 977	103320
Total balance sheet	693 451	1 085 103	1 480 354	2 717 735	2 943 263	3051575

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4.4. Key figures on 30 June 2008

The below mentioned interim information updates the “Key Figures” section of the Registration Document contained on pages 38ff.

I) Profit & Loss

	June 2008	June 2007
Revenue	113,242	124,764
Net gain from fair value adjustments on investment property	61,067	96,810
Other operating income	3,075	647
Net gain on disposal of assets	10,082	872
Cost of goods sold	-33,277	-57,424
Employee benefits	-26,089	-19,758
Amortization, impairments and provisions	-48,370	-10,294
Other operating expenses	-49,206	-35,999
Operating result	30,524	99,618
Interest expenses	-41,596	-18,746
Interest income	6,452	2,623
Foreign exchange result	-8,034	7,388
Other net financial results	13,327	-4,322
Financial result	-29,851	-13,057
Profit before income taxes	672	86,561
Income taxes	-5,550	-29,655
Net profit	-4,878	56,906
Attributable to minority interests	9,236	1,816
Attributable to the Group	-14,114	55,090
<i>Basic earnings in EUR per share</i>	<i>-1,30</i>	<i>6.34</i>
<i>Diluted earnings in EUR per share</i>	<i>-1.30</i>	<i>5.39</i>

A) Revenues

First Half 2008 turnover

As indicated earlier this month, the turnover reached € 113 Million compared to € 125 Million during the first half of 2007.

Development

Development sales were in line with the 2008 delivery schedule: 228 units were delivered and accounted for. The biggest contributor was the Czech Republic during the first half with 215 units. Germany, Poland and Hungary delivered the remaining units. In general, the residential markets in Central Europe continued to perform well. Orco continued to experience the same pace of sales on the high end products but started to face a slight slow down on the middle market products. This slow down was compensated by the positive

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effect of the strong CZK currency on the realised margins as both sales and construction contracts are denominated in local currency while the group reports in EUR.

The group's future level of residential turnover was secured by the existing future purchase contracts. By the end of June 2008, this amounted to 986 units, of which 314 units were contracted for during the first half of 2008.

Leasing

GSG - Orco's biggest income producing portfolio - performed well with the occupancy rate increasing to 74 % compared to 70% as of December 2007. GSG's contribution to the group's total leases amounts to € 22 million out of a total € 54 Million (with no contribution to the first half of 2007 revenues). Excluding GSG, the occupancy rates of the leasing portfolio reached 83% for office, 81% for residential, 90% for retail and 100% for industrial/logistics. The comparatively lower level of the residential portfolio's occupancy rate is solely because these buildings are sold on a unit per unit basis.

Asset Management

The Endurance fees are below the budget level mainly because of the delays in the fund raising activity. As such, 2008 first half year revenues only include management fees. For both the Office 2 and Healthcare Sub-funds, € 35 Million of commitments have been secured since January 2008, of which € 30 Million come from one of the biggest French life insurance company.

Hospitality

The Central and Eastern Europe portfolio (part of which is held in joint venture with AIG) performed better during the second than in the first quarter. Average occupancy rate was 60% (62% in 2007), ADR grew to € 128 (€ 101 in 2007) and Rev Par grew to € 76 (€ 62 in 2007). Suncani Hvar's contribution was limited to €4 Million, because the high season started in June.

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Revised turnover target for FY 2008 (in M€)

The group increased its 2008 turnover target to € 343 Million from € 322 Million. This mainly results from an anticipated sale of Avenue Gardens residential development (€ 20 Million) and GSG's operating performances outperforming initial expectations.

	Development	Management services	Hospitality	Leasing	Inter-segment eliminations	TOTAL
2008	198	17	40	105	-17	343
2007	192	16	43	66	-18	299

B) Operating expenses

The increase in operating expenses of € 13 Million when compared to June 2007 is linked to GSG (€ 12 Million) and Orco Molcom (€ 2 Million). Excluding these changes, operating expenses were stabilized for the first time.

C) Adjusted EBITDA more than tripled

The adjusted EBITDA (being the EBITDA after adjustment of the previous fair value gains now included in the cost of goods and assets sold) amounts to € 46 Million showing a strong increase compared to € 15 Million in June 2007.

	Development	Management services	Hospitality	Leasing	TOTAL
OPERATING RESULT	-34,613	8,018	-6,867	64,034	30,524
Net result from fair value adjustment on investment property	932	0	0	-61,999	-61,067
Amortization, impairments and provisions	25,046	91	1,882	21,351	48,370
Correction of cost of goods and assets sold	10,030	0	0	18,417	28,447
ADJUSTED EBITDA	1,395	8,109	-4,985	41,803	46,273

The improved operating profitability can mainly be explained by the GSG portfolio generating a positive EBITDA of € 8 Million coupled with asset sales generating a € 36 million net gain in adjusted EBITDA. Additional improvements to adjusted EBITDA can be expected during the second half of the year as a result of i) an increased number of residential development units (with an average project margin of 20%) that will be recognized in turnover ii) the high summer season in the hospitality segment, iii) the cost-cutting implementation generating at least € 3 Million in savings and iv) continued realization of the asset sales program.

D) Financial results

The net interest expense was € 35 Million, including € 14 Million of non cash amortization of repayment premiums and embedded derivatives. The net cash interest paid was € 21 Million.

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The loan to value was 51.7% and the net debt was €1.4 billion. The cash cost of debt after the impact of interest derivatives was 4.43%. The group has set a target to decrease its loan to value ratio below the 50% threshold.

E) Income taxes

The income taxes amounting to € -5 Million (€ -30 Million in June 2007) are mainly linked to the loss and non recognition of deferred tax assets on tax loss carry forward.

F) Minority interests

The minority interests as at June 2008 are mainly generated by the positive contribution to the Group results of Orco Germany partially compensated by the negative contribution of Suncani Hvar.

II) Portfolio valuation and Net Asset Value

A) Portfolio valued at € 2.7 Billion

As of June 30, on the basis of a full review of the portfolio by the management, the fair value was reassessed by DTZ for a selected list of properties and projects where indications of material changes were identified. The net gains on fair value adjustments reached € 61 Million, and the group recognized total impairments on projects of € 41 Million.

The GSG portfolio in Berlin is the first contributor to the net gains on fair value adjustment at € 60 Million. In 6 months time, the occupancy increased by 4 points to 74% and the average rent for new leases rose 13% to 6.65 € per sqm per month. The portfolio's overall profitability was significantly driven up by solid tenant basis management and an effective cost reduction plan. These have already started to generate positive effects. The increase in exit yields and capitalization rates used by the expert was more than compensated by the improvement of the operating profitability. As of June 30 2008, the GSG portfolio was valued at € 507 Million. The second contributor was the Wertheim land plot on Leipzigerplatz in Berlin valued at € 10 Million. These positive revaluations have been partially compensated by the fair value adjustment on the Cumberland building on Kurfurstendamm in Berlin which decreased by € 9 Million.

On a consolidated basis, the group's portfolio reached the global level of € 2.7 Billion compared to € 2.5 Billion in December of 2007. During the first half of the year, the group sold € 47 Million worth of assets. The group realized € 110 Million net investment in inventories and invested € 124 Million in capital expenditures, of which € 55 Million were for new acquisitions. A € 20 Million net increase in valuation was recognized. The remaining difference was generated by currency gains.

B) Net Asset Value

The real estate net asset value is € 83.9 per share compared to € 91.7 per share in December of 2007. The decrease in equity (from € 736 to € 721 Million) is explained by the negative net result for the first half of 2008, the cash dividend payment and the

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purchase of the group's own shares partially compensated by the accumulated exchange differences.

The drop of the share price accounted for a loss of € 19.5 Million on own equity instruments.

The financial net asset value was € 87.6 per share compared to € 106.0 per share as of December 2007. The main explanation is the decrease in Orco Germany's share price, now traded with a discount on its net asset value.

III) Cash Flow and capital expenditures

The group will allocate € 500 Million to capital expenditures in 2008, down from the € 700 Million target communicated earlier this year. Taking into account expenditures for the first half, they will be limited, during the second half of the year, to a maximum of € 350 Million secured mainly by existing credit lines.

The group closed the period with € 103 Million in cash and cash equivalents.

With regards to its disposal program, as at June 30, the group finalised the sale of 50% of Luxembourg Plaza in Prague, of a few residential apartments in Prague and one building in Berlin. As of August 2008, the group also finalized the sale of the remaining units of the Avenue Gardens residential program in Budapest, its 60% participation in the Otrada residential scheme in Moscow, the hotel Kohal in Slovakia and 8 German assets. The sum of these sales amounts to € 100 Million. These sales were concluded at 98% of the latest DTZ valuation. In addition, several LOI's have been secured during the same period.

The group will continue to actively manage its portfolio during the second half of the year and is confident that it will outperform its target of € 200 Million in asset sales by year end.

The cash generated by the disposal program will be allocated in priority to debt reimbursement.

IV) Post closing events

CZK bond

Based on the requests received from individual bondholders, the group will proceed on August 31st to reimburse 97 bonds (out of 140 outstanding) of the straight Czech bond that was issued in February 2006 for 1.400.000.000 CZK. This early redemption currently amounts to 970.000.000 CZK. Pursuant to the Moody's downgrade to non investment grade, a right of early redemption was granted to each bondholder according to Czech standards. Any new early redemption requested before the end of August will result in a repayment on September 30th. The group has already secured the treasury position providing for these repayments. Aside from this case, the Group is not exposed to any other early redemption clause in its bond portfolio or its bank financing portfolio.

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Step up equity subscription program (PACEO)

With Société Générale, the group signed a third step up equity subscription program. The program provides a total envelope of 2 million shares over 2 years. No shares have been created to date. The PACEO provides the group with an additional financing tool.

V) Balance Sheet

Assets		
	June 2008	December 2007
NON-CURRENT ASSETS	2,148,768	2,147,468
Intangible assets	68,497	67,016
Investment property	1,473,212	1,564,947
Property, plant and equipment	493,852	419,575
Hotels and own-occupied buildings	294,373	294,170
Fixtures and fittings and other equipments	21,708	21,036
Properties under development	177,771	104,369
Financial assets at fair value through profit & loss	99,573	82,182
Deferred tax assets	13,634	13,748
CURRENT ASSETS	902,808	795,795
Inventories	608,325	323,699
Trade receivables	42,733	64,891
Other receivables	97,365	115,610
Derivative Instruments	28,002	22,396
Current Financial Assets	23,063	11,222
Cash and cash equivalents	103,320	257,977
TOTAL	3,051,576	2,943,263

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Equity and liabilities		
	June 2008	December 2007
EQUITY	945,265	939,835
Shareholders' equity	721,356	736,012
Minority interests	223,910	203,823
LIABILITIES	2,106,309	2,003,428
Non-current liabilities	1,611,821	1,587,783
Bonds	480,608	472,812
Financial debts	834,850	831,724
Provisions & other long term liabilities	28,392	18,154
Derivative Instruments	21,632	21,153
Deferred tax liabilities	246,339	243,940
Current liabilities	494,489	415,645
Financial debt	222,599	175,216
Trade payables	73,043	50,220
Advance payments	99,516	101,678
Derivative Instruments	7,954	4,872
Other current liabilities	91,376	83,659
TOTAL	3,051,575	2,943,263

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VI) Cash Flow Statement

	June 2008	June 2007
Operating result	30,524	99,618
Net gain from fair value adjustments	-61,067	-96,810
Amortization, impairments & provisions	48,370	10,294
Gains and losses on disposal of investments	-10,082	-872
Stock options plans	-	1,514
Adjusted operating profit	7,745	13,744
Financial result	-3,611	-3,939
Income tax paid	-5,112	-5,701
Financial result and income taxes paid	-8,723	-9,640
Changes in operating assets and liabilities	-75,776	39,924
NET CASH FROM OPERATING ACTIVITIES	-76,754	44,028
Acquisition of subsidiaries, net of cash acquired	-	-331,034
Capital expenditures and tangible assets acquisitions	-124,352	-260,849
Proceeds from sales of non current tangible assets	47,793	3,130
Purchase of intangible assets	-1,107	-926
Purchase of financial assets	-14,201	-6,623
Net interest paid	-40,696	-14,599
NET CASH USED IN INVESTING ACTIVITIES	-132,563	-610,901
Issue of equity instruments from shareholders	112	188,298
Issue of equity instruments from minority	-	41,623
Proceeds from borrowings	135,011	674,662
Repayments of borrowings	-72,834	-85,719
Dividend paid to company's shareholders	-14,892	-8,647
NET CASH FROM FINANCING ACTIVITIES	47,397	810,217
NET INCREASE IN CASH	-161,920	243,344
Cash and cash equivalents at the beginning of the period	257,977	98,344
Exchange difference on cash	7,263	-343
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	103,320	341,345

III. Financial Information

The below mentioned interim information updates the “Financial Information” section of the Registration Document contained on pages 83ff.

The financial information provided below as of and for the half year ended 30 June 2008 has been derived from the Group’s unaudited condensed consolidated interim financial information as of and for the half year ended 30 June 2008.

The following data should be read in conjunction with the Group’s consolidated financial statements and notes thereto included in the Registration Document.

7.6. Condensed consolidated interim financial information as at June 30, 2008

Orco Property Group’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 the figures in this report are presented in thousands of Euros, except if explicitly stated.

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

To the Board of Directors of
Orco Property Group S.A.

PricewaterhouseCoopers
Société à responsabilité limitée
Réviseur d'entreprises
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Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Orco Property Group 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.

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

Luxembourg, August 28, 2008

Anne-Sophie Preud'homme

R.C.S. Luxembourg B 65 477 - TVA LU1730447

I. Condensed consolidated interim income statement

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

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	Note	June 2008	June* 2007
Revenue	3	113,242	124,764
Net gain from fair value adjustments on investment property	5	61,067	96,810
Other operating income		3,075	647
Net gain on disposal of assets		10,082	872
Cost of goods sold	13	-33,277	-57,424
Employee benefits		-26,089	-19,758
Amortization, impairments and provisions		-48,370	-10,294
Other operating expenses	13	-49,206	-35,999
Operating result		30,524	99,618
Interest expenses		-41,596	-18,746
Interest income		6,452	2,623
Foreign exchange result		-8,034	7,388
Other net financial results		13,326	-4,322
Financial result		-29,852	-13,057
Profit before income taxes		672	86,561
Income taxes		-5,550	-29,655
Net profit/(loss)		-4,878	56,906
Attributable to minority interests		9,236	1,816
Attributable to the Group		-14,114	55,090
Basic earnings in EUR per share	10	-1.32	6.34
Diluted earnings in EUR per share	10	-1.32	5.39

* See note 13 for adjustments on comparatives

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II. 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		2 148 768	2 147 468
Intangible assets		68 497	67 016
Investment property	5	1 473 212	1 564 947
Property, plant and equipment		493 852	419 575
Hotels and own-occupied buildings	6	294 373	294 170
Fixtures and fittings and other equipments		21 708	21 036
Properties under development	7	177 771	104 369
Financial assets at fair value through profit & loss		99 573	82 182
Deferred tax assets		13 634	13 748
CURRENT ASSETS		902 808	795 795
Inventories	8	608 325	323 699
Trade receivables		42 733	64 891
Other receivables		97 365	115 610
Derivative Instruments		28 002	22 396
Current Financial Assets		23 063	11 222
Cash and cash equivalents		103 320	257 977
TOTAL		3 051 576	2 943 263

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Equity and liabilities			
	Note	June 2008	December 2007
EQUITY		945 265	939 835
Shareholders'equity	11	721 355	736 012
Minority interests	11	223 910	203 823
LIABILITIES		2 106 311	2 003 428
Non-current liabilities		1 611 820	1 587 783
Bonds	9	480 608	472 812
Financial debts	9	834 849	831 724
Provisions & other long term liabilities		28 392	18 154
Derivative Instruments		21 632	21 153
Deferred tax liabilities		246 339	243 940
Current liabilities		494 491	415 645
Financial debt	9	222 599	175 216
Trade payables		73 043	50 220
Advance payments		99 516	101 678
Derivative Instruments		7 954	4 872
Other current liabilities		91 379	83 659
TOTAL		3 051 576	2 943 263

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III. 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	Treasury shares	Other reserves	Shareholders equity	Minority interests	Equity
Balance at 1 January 2007	34,398	197,552	19,613	0	202,669	454,232	64,193	518,425
Gains or losses for the period :								
Translation differences			-7,439			-7,439	-23	-7,462
Profit of the period					55,090	55,090	1,816	56,906
Dividends relating to 2006					-8,647	-8,647		-8,647
Capital increase	8,294	193,562			-9,018	192,838		192,838
Equity derivative instruments					24,619	24,619	1,989	26,608
Treasury shares				-4,540		-4,540		-4,540
Stock option plan					1,514	1,514		1,514
Minority interests' transactions					4,172	4,172	74,418	78,590
Balance at 30 June 2007	42,692	391,114	12,174	-4,540	270,399	711,839	142,393	854,232
Gains or losses for the period :								
Translation differences			16,324			16,324	52	16,376
Profit of the period					32,418	32,418	11,580	43,998
Dividends relating to 2006						0	-161	-161
Capital increase	1,739	4,648			-3,008	3,379		3,379
Equity derivative instruments					-13,645	-13,645	-1,502	-15,147
Treasury shares				-10,618	319	-10,299		-10,299
Minority interests' transactions					-4,004	-4,004	51,461	47,457
Balance at 31 December 2007	44,431	395,762	28,498	-15,158	282,479	736,012	203,823	939,835
Gains or losses for the period :								
Translation differences			30,738			30,738	638	31,376
Profit of the period					-14,114	-14,114	9,236	-4,878
Dividends relating to 2007					-14,892	-14,892	-341	-15,233
Capital increase	439	4,762			-337	4,864	1,254	6,118
Treasury shares				-5,089	-337	-5,426		-5,426
Minority interests' transactions					-15,827	-15,827	9,300	-6,527
Balance at 30 June 2008	44,870	400,524	59,236	-20,247	236,972	721,355	223,910	945,265

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IV. 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	30 524	99 618
Net gain from fair value adjustments	-61 067	-96 810
Amortization, impairments & provisions	48 370	10 294
Gains and losses on disposal of investments	-10 082	-872
Stock options plans	-	1 514
Adjusted operating profit	7 745	13 744
Financial result	-3 611	-3 939
Income tax paid	-5 112	-5 701
Financial result and income taxes paid	-8 723	-9 640
Changes in operating assets and liabilities	-75 776	39 924
NET CASH FROM OPERATING ACTIVITIES	-76 754	44 028
Acquisition of subsidiaries, net of cash acquired	-	-331 034
Capital expenditures and tangible assets acquisitions	-124 352	-260 849
Proceeds from sales of non current tangible assets	47 793	3 130
Purchase of intangible assets	-1 107	-926
Purchase of financial assets	-14 201	-6 623
Net interest paid	-40 696	-14 599
NET CASH USED IN INVESTING ACTIVITIES	-132 563	-610 901
Issue of equity instruments from shareholders	112	188 298
Issue of equity instruments from minority	-	41 623
Proceeds from borrowings	135 011	674 662
Repayments of borrowings	-72 834	-85 719
Dividend paid to company's shareholders	-14 892	-8 647
NET CASH FROM FINANCING ACTIVITIES	47 397	810 217
NET INCREASE IN CASH	-161 920	243 344
Cash and cash equivalents at the beginning of the period	257 977	98 344
Exchange difference on cash	7 263	-343
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	103 320	341 345

Selected notes to the condensed consolidated interim financial information

1. GENERAL INFORMATION

Orco Property Group, société anonyme (“the Company”) and its subsidiaries (together the “Group”) is a real estate group with a major portfolio in Central and Eastern Europe. It is principally involved in leasing out investment property under operating leases as well as in asset management, in operating hotels and extended stay hotels and is also very active 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.

The Company is listed on the EuroNext Paris stock exchange, the Prague stock exchange, the Budapest stock exchange and the Warsaw stock exchange.

These condensed consolidated interim financial information have 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 13 for further details of the reclassification.

In addition, the land portion of buildings under construction that will qualify as Investment property as of completion of the project are no longer recognized separately from the building under construction and are therefore recorded at cost as from the date of transfer to the Properties under development category. See note 5 for further details on the transfer.

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. Management is assessing the impact of changes to vesting conditions and cancellations on the Group’s schemes.

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- 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.

2.3 Seasonality

Given the seasonal nature of retail sales in the hotel and extended stay residences activities and given high correlation between the sales in the development segment and the number of units ready to be sold, as well as the volatile impact of the valuation of financial instruments and certain categories of lands and buildings at their market values, the results for the first six months cannot be extrapolated to the remainder of the year.

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3. SEGMENT REPORTING – BUSINESS SEGMENTS

The Group is organised on a European basis into four 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 and project management.
- **Hotels and Residences:** all the MaMaison Hotels and Apartments activities with extended stay hotels and small luxury hotels. This segment also includes the Suncani Hvar activities (i.e. leisure hotels in Croatia).
- **Renting:** leased out residences, offices or retail buildings, property management and asset management and buildings under construction that are meant to be leased.
- **Management services:** property management, management services to the Group companies and asset management for the Endurance Real Estate Fund.

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

As at 30 June 2008	Development	Hotels and Residences	Renting	Management services	Intersegment activities	TOTAL
Revenue	42 919	14 487	54 446	8 847	-7 457	113 242
Net gain from fair value adjustments on investment property	-932	-	61 999	-	-	61 067
Cost of goods sold	-33 277	-	-	-	-	-33 277
Amortization, impairments and provisions	-25 046	-1 882	-21 351	-91	-	-48 370
Other operating results	-18 277	-19 472	-31 060	-739	7 410	-62 138
Operating result	-34 613	-6 867	64 034	8 017	-47	30 524
Financial result						-29 852
Profit before income taxes						672
Income taxes						-5 550
Net profit						-4 878
Attributable to minority interests						9 236
Attributable to the Group						-14 114

As at 30 June 2007	Development	Hotels and Residences	Renting	Management services	Intersegment activities	TOTAL
Revenue	90 394	15 959	17 587	7 783	-6 959	124 764
Net gain from fair value adjustments on investment property	46 815	2 222	47 773	-	-	96 810
Cost of goods sold	-57 424	-	-	-	-	-57 424
Amortization, impairments and provisions	-5 806	-2 712	-121	-1 655	-	-10 294
Other operating results	-26 505	-19 190	-14 007	1 153	4 311	-54 238
Operating result	47 474	-3 721	51 232	7 281	-2 648	99 618
Financial result						-13 057
Profit before income taxes						86 561
Income taxes						-29 655
Net profit						56 906
Attributable to minority interests						1 816
Attributable to the Group						55 090

4. BUSINESS COMBINATIONS

- **In 2008**

There were no material 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 indefinite useful life. This results in an increase compared to the book value before acquisition amounting to EUR 243 million less deferred tax liabilities amounting to EUR 98 million and the recognition of the brand for EUR 7 million. The carrying value of all other assets and liabilities is deemed to approximate their fair value.

The acquisition of the shares of GSG by Orco Germany SA (OG), a subsidiary of Orco Property Group SA (OPG), was governed by an agreement between Morgan Stanley Real Estate Fund V (MSREF V) - that co-financed the first steps of the acquisition of GSG.

While as of June 2007, the GSG shares are held by two companies indirectly held at 50% by OPG and 50% by MSREF V, their interest in OG has been built in two steps. First step has been completed 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 second step was realised through a contribution in kind by MSREF V against the issue of 10.6 million new shares of Orco Germany (the non cash consideration in the following table). The fair value of the consideration given has been estimated at EUR 39 million as a reference to the cash payment to OPG for the acquisition of the first 50%.

As a result, OG indirectly holds 100% of the issued capital of GSG, the interest of OPG in OG decreased to 57% and MSREF V acquired an interest of 29% in OG.

As at 31 December 2007, GSG contributed to the consolidated revenues for EUR 19.7 million, to the operating result for EUR 37.6 million and to the Group share in the net profit for EUR 25.3 million as a result of nine 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 26.3 million.

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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	-39,255
Acquisition price	-314,276
Less cash acquired	19,938
Less non cash contribution	39,000
Cash flow on acquisition net of cash acquired	-255,338

The difference of EUR 2.7 million on cash flow on acquisition as per the above table compare to the June 2007 cash flow on acquisition is linked to the finalisation of the purchase price accounting in the second semester of 2007.

Acquisition of Molcom

On 1 April 2007, the Group gained control over Molcom, a logistics park located at 15 km from the centre of Moscow, following the acquisition of 80% ownership interest. The current management has acquired 20% of the shareholding structure, ensuring the continuity of operating capacities. The project's total area amounts to 106 thousand sq m. This project also includes 4 hectares of land bank that will ensure potential future development in the dynamic logistics and light industrial sector of Russia. On the basis of an independent valuation report (established by DTZ), the building portfolio and land bank have been fair valued at EUR 94.4 million. This results in an increase compared to the book value before acquisition amounting to EUR 90 million less deferred tax liabilities amounting to EUR 21.4 million. The carrying value of all other assets and liabilities is deemed to approximate their fair value.

The purchase accounting has been completed in 2008. No adjustment to initial allocation has been done.

The Group sold a further 10% share in the shareholding structure of Molcom to the current management during the second semester of 2007. The transaction took place at the same price than the acquisition.

As at 31 December 2007, Molcom contributed to the consolidated revenues for EUR 17.0 million, to the operating result for EUR 8.2 million and to the Group share in the net profit for EUR 5.7 million as a result of nine months of operation since its acquisition. The operating and net profit contributions include the negative goodwill on acquisition amounting to EUR 3.2 million.

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If the acquisition had occurred on 1 January 2007, Molcom would have contributed to the consolidated revenue for EUR 22.7 million, to the operating result for EUR 6.7 million and to the Group share in the net profit for EUR 3.3 million. These contributions do not include the negative goodwill on acquisition.

The following table describes the calculation of the cash flow on acquisition net of the cash and cash equivalents acquired.

Molcom	
Intangible assets	41
Tangible assets	97 326
Inventories	863
Trade receivables	985
Other current assets	282
Cash and cash equivalents	7 523
Provisions	-653
Deferred tax liabilities	-21 393
Current payables	-1 293
Net equity acquired	-83 681
Gain on first consolidation	3 207
Acquisition price	-80 474
Less cash acquired	7 523
Cash flow on acquisition net of cash acquired	-72 951

5. INVESTMENT PROPERTY

Investment Property	Freehold Buildings	Extended Stay Hotels	Land Bank	Land	Buildings under Finance Lease	TOTAL
Balance as at 31 December 2006	469 666	58 701	154 296	65 400	1 375	749 438
Scope movements	406 172	-	2 305	-	-	408 477
Investments / acquisitions	239 630	84	164 756	-	60	404 530
Partial Sale	-4 510	-3 267	-	-	-	-7 777
Asset Sale	-32 798	-	-	-	-	-32 798
Revaluation through income statement	97 890	4 182	39 352	2 584	155	144 163
Transfer	-119 033	-	22 107	-14 147	-	-111 073
Translation differences	3 419	-133	6 076	625	-	9 987
Balance as at 31 December 2007	1 060 436	59 567	388 892	54 462	1 590	1 564 947
Investments / acquisitions	29 802	1 028	37 342	-	1 300	69 472
Asset Sale	-40 816	-	-514	-	-2	-41 332
Revaluation through income statement	52 378	-	8 689	-	-	61 067
Transfer	-61 526	-4	-86 131	-56 363	-	-204 024
Translation differences	11 503	-	9 678	1 901	-	23 082
Balance as at 30 June 2008	1 051 777	60 591	357 956	0	2 888	1 473 212

- **In 2008**

During the period, the Group has invested EUR 69.5 million in Investment property detailed as follows:

- Freehold buildings:

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New acquisitions (EUR 29.8 million):

- Germany: 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), Wilhelm von Siemens Strasse (EUR 1.8 million), Reichenberger strasse (EUR 1.7 million), Sophie-Charlotten-strasse (EUR 1.5 million), Gneisenaustrasse (EUR 1.2 million) and Lobeckstrasse (EUR 1.0 million).
- Poland: Marki (EUR 2.1 million).

• Land bank :

New acquisitions (EUR 25.2 million):

- Germany: Gethsemanestrasse (EUR 2.9 million)
- Czech Republic: Nupaky (EUR 4.2 million), Megalciar (EUR 2.4 million) and Palito (EUR 5.9 million).
- Croatia: Obonjan Rivijera (EUR 2.2 million).
- Poland: new plot in Krakow (EUR 7.6 million).

Subsequent expenditures on previous acquisitions (EUR 12.1 million):

- Germany: Wertheim in Berlin (EUR 0.3 million)
- Czech Republic: Bubny (EUR 3.7 million)
- Hungary: Origo Project (EUR 2.4 million).

During the period, the net book value (“NBV”) of the assets sold represents EUR 41.3 million, with a total net gain compared to the December 2007 DTZ valuation amounting to EUR 0.6 million and composed mainly of the following disposals:

- The Lux Plaza office building has been sold to the Endurance Real Estate Fund for a sale price equivalent to the book value amounting to EUR 31.6 million.
- The former Luxembourg Head Office building (EUR 2.3 million of assets sold) has been sold at the price of EUR 2.3 million.
- Sales of apartments from the Vinohrady portfolio for a NBV of EUR 1.6 million at the sale price of EUR 1.8 million.
- The building Londynska 26 (NBV of EUR 2.6 million), at the sale price of EUR 1.9 million.
- Small Buildings in Berlin have been sold (NBV of EUR 1.3 million) at the sale price of EUR 1.5 million.
- Sales of apartments from the Americka residential buildings for a NBV of EUR 1.6 million at the sales price of 1.9 million.
- Small plots of land in Russia and in Czech Republic have been sold (NBV of EUR 0.5 million) at the sale price of EUR 0.9 million.

The revaluation of the assets mainly relates to Freehold buildings and Land Banks:

- In Germany:

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- The revaluation of the projects of GSG represents a total amount of EUR 60.3 million, among which Wolfenerstrasse 32 – 36 (EUR 9.8 million), Reuchlinstrasse (EUR 8.0 million), Geneststrasse in Berlin (EUR 7.2 million), Berlin Gustav-Meyer-Allee (EUR 4.6 million), Berlin Plauenerstrasse (EUR 4.3 million) and Berlin Helmholtzstrasse (EUR 3.7 million).
- Decrease in the fair value on the project Cumberland by EUR 8.8 million which amounts to EUR 53.0 million.
- In the Czech republic, the fair value on the Bubenska office building increased by EUR 1.7 million.

In the Building category, Pivovar Vrchlabi (former brewery with 20 000 sqm of residential and commercial units), the Hradcanska project (retail and office) and the City Gate project have been transferred to Inventories after obtaining the building construction permit for a total amount of EUR 53.4 million.

Some projects have also been transferred from the Land bank category to Inventories after obtaining the building permit: Benice (EUR 30.7 million), Hellberger (EUR 19.8 million), Jozefoslaw (EUR 12.6 million), Slunecny Vrsek (EUR 4.1 million), Vavrenova (EUR 3.6 million), Mezihori (EUR 3.0 million), Nové Dvory (EUR 2.9 million), Rudna (EUR 2.6 million), Michle (EUR 2.4 million). Finally, the Molcolm free plot of land (EUR 2.2 million) has been transferred to Properties under development for the construction of a new class A warehouse.

The transfers out of the Land category are mainly as follows:

- The Paris Department store (EUR 7.2 million) in Budapest, which is planned to be sold, has been transferred to Inventories;
- Radio Free Europe (EUR 13.4 million) and Na Porici (EUR 17.5 million), both in the Czech Republic, and the Budapest Stock Exchange (EUR 18.1 million) in Hungary, have been transferred to Properties under development.

• **In 2007**

The scope movements refer principally to GSG's (Gewerbesiedlungs-Gesellschaft mbH) buildings acquired by Orco Germany SA (see note 4 on business combinations) and plots of land owned by Molcom, a logistics company acquired in Russia. End of 2007, the Group sold 50% of its hotel portfolio to AIG among which the Starlight Suite Hotel (- EUR 4.5 million) and the Residence Izabella (- EUR 3.3 million). The decrease reflects the change in consolidation methodology from global consolidation to proportionate and of such the exit of the 50% of the assets.

During the period, the Group has invested EUR 404.5 million mainly in the following projects :

- Freehold buildings:

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- Germany: various residential and office buildings among which Gebauer Höfe (EUR 42.9 million), Reinhardtstrasse (EUR 9.5 million), Apple Tree (EUR 9.5 million), Pappelallee (EUR 5.2 million), Tucholskystrasse (EUR 2.5 million) and Boxhagenerstrasse (EUR 2.3 million).
- Czech Republic: Mostecka residential building (EUR 22.5 million), Hradcanska (EUR 21.2 million), Hlubocky (EUR 10.0 million), Stribro (EUR 6.9 million) and Jeremiasova (EUR 3.1 million).
- Luxembourg: Total investment reaches EUR 31.2 million among which EUR 27.5 million are reported as Freehold buildings let to first class tenants and the remaining 12% are dedicated to the Group's new headquarters and are classified in own-occupied.
- Slovakia: City Gate (EUR 21.0 million), Dunaj (EUR 18.9 million) and Hotel Kohal in Kosice (EUR 4.2 million).
- Hungary: Szervita Square (EUR 8.8 million).
- Poland: Marki (EUR 7.1 million).
- Land bank : Germany: Wertheim in the centre of Berlin (EUR 78.9 million), Elb Loft Bau in Hamburg (EUR 2.0 million).
- Russia: Otrada for potential development of residential buildings on 10.0 ha plot (EUR 41.3 million).
- Poland: Szosa Polska, a 7.3 ha parcel in Szczecin (EUR 7.7 million) and Przy Parku, plot located in Warsaw (EUR 5.6 million).
- Hungary: Origo Film Studios (EUR 9.2 million).
- Czech Republic: U Hranic (EUR 2.8 million), Vavrenova (EUR 2.4 million), Rudna III (EUR 2.1 million), Hradec Kralove Plachta jih (EUR 1.6 million) and Bezecka (EUR 1.2 million).

During the period the sales of apartments in Prague in the Zahrebska, Masaryk, Belgicka 36, Londynska 26 and Letenska buildings amount to EUR 4.0 million. In Germany, the Pier Eins building in Duisburg (EUR 24.6 million) and the Singer Strasse 109 (EUR 4.3 million) were sold. The sales net result amounts to EUR 2.3 million.

In the Freehold buildings and land categories, the Budapest Stock Exchange, the Paris Department Store, the Riverside II and Na Pořící have been transferred to properties under development after the obtention of the construction permit and to Land where it is fair valued.

Since the Berlin headquarters moved to Kurfürstendamm 103, the building is as of now classified as own-occupied buildings under IAS16.

In the end of December, the Lubarser Str, GSG building, was devastated by a fire. The fair value has been decreased by the indemnity to be received from the insurance company. As a result, EUR 2.3 million were transferred from investment properties to receivables as reported.

In the land bank caption, since the development projects did not start, some plots of land moved from Inventories among which H2 Office in Duisburg and Drawska in Warsaw.

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The total revaluation of investment properties amounts to EUR 144.2 million. This amount does not include the negative goodwill of EUR 3.2 million on the first consolidation of Molcom which is recognised on the same line in the income statement.

6. HOTELS AND OWN-OCCUPIED BUILDINGS

Hotels and own-occupied buildings	Own-occupied buildings	Prepaid operating leases	Hotels	TOTAL
GROSS AMOUNT				
Balance at 31 December 2006	8,265	3,852	157,788	169,905
Scope variation	94,548 (a)	-	-	94,548
Partial sale Hotel portfolio to AIG (b)	-	-1,967	-48,329	-50,296
Investments / acquisitions	7,619 (c)	-	38,318 (e)	45,937
Disposal	-12	-	-	-12
Transfer and other movements	5,337 (d)	-	36,825 (f)	42,162
Translation differences	-3,327	70	624	-2,633
Balance at 31 December 2007	112,430	1,955	185,226	299,611
Investments / acquisitions	-	-	4,416 (g)	4,416
Disposal	-5,817 (h)	-	-	-5,817
Transfer	-238	-	-	-238
Translation differences	-2,360	208	4,405	2,253
Balance at 30 June 2008	104,015	2,163	194,047	300,225
AMORTIZATION				
Balance at 31 December 2006	468	203	3,731	4,402
Partial sale Hotel portfolio to AIG	-	-108	-1,046	-1,154
Allowance	488	7	801	1,296
Transfer and other movements	5	-	845	850
Translation differences	-10	5	52	47
Balance at 31 December 2007	951	107	4,383	5,441
Allowance	543	4	290	837
Disposal	-543	-	-	-543
Transfer	-72	13	-	-59
Translation differences	35	13	128	176
Balance at 30 June 2008	914	137	4,801	5,852
NET AMOUNT AT 30 June 2008	103,101	2,026	189,246	294,373
Net amount at 31 December 2007	111,479	1,848	180,843	294,170

- In 2008**

The investment movement ^(g) refers to the last phase of refurbishment works of Amfora Hotel located on Hvar island in Croatia (EUR 4.4 million).

The Group sold the Lux Plaza office building ^(h) to the Endurance Real Estate Fund where 20% are dedicated to Orco's headquarters in Prague and were as a result classified under the IAS16 own-occupied caption (EUR - 5.8 million).

- In 2007**

The scope movement ^(a) refers mostly to the acquisition of Molcom (EUR 92.1 million), a logistics company acquired in Russia (please refer to note 4 for more information detailing this business combination) and to GSG's headquarters acquired by Orco Germany S.A. for EUR 2.4 million.

In the end of November 2007, the Group sold 50% of its hotel portfolio to AIG ^(b). The decrease (EUR – 49.1 million) reflects the change in the consolidation methodology

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from global consolidation to proportionate consolidation and as such the exit of the 50% of the assets.

The Group acquired the Orco House building ^(c1) in the Grand-Duchy of Luxembourg, of which 12% (EUR 3.7 million) are used as Orco Property Group's headquarters. Consequently, the former headquarters has been reclassified to investment properties (EUR - 1.9 million) ^(d1).

In the same way, the Kurfürstendamm 103 has become the Berlin's headquarters and as reported, EUR 3.5 million ^(c2) was invested during the year and EUR 7.2 million ^(d2) were transferred from investment properties to own-occupied.

During 2007, after global refurbishment of the hotels ^(e) Adriana (EUR 12.4 million) and Amfora (EUR 25.0 million), both located on Hvar island in Croatia, have opened.

Since the Pokrovka Hotel in Moscow ^(f) was opened in September (EUR 32.4 million), the building was transferred from Properties under development to this caption.

7. PROPERTIES UNDER DEVELOPMENT

	June 2008	December 2007
Opening Balance	99 198	28 159
Work in progress	43 920	40 700
Finalized projects	-	-18 476
Impairment	-19 006	-3 983
Transfer and other movements	37 620	50 673
Translation differences	12 725	2 125
Closing Balance	174 457	99 198

In 2008, the caption Properties under development also includes advance payments for EUR 3.3 million, compared to EUR 5.1 million as at 31 December 2007. These advance payments essentially relate to the acquisition of various projects in Czech Republic.

- **In 2008**

The work in progress represents several investments made during the period for the following projects :

- Radio Free Europe (EUR 29.8 million), office development in Prague;
- Budapest Stock Exchange (EUR 1.1million), retail development in Budapest;
- Molcom (EUR 4.3 million), construction of a warehouse in Moscow;
- Riverside II (EUR 1.9 million), hotel development in Prague;
- Na Porici (EUR 7.0 million), office development in Prague.

Impairments have been recognized on the basis of the value established by DTZ on the following properties:

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- Radio Free Europe impaired for EUR - 10.7 million;
- Na Porici impaired for EUR - 8.3 million.

Transfers and other movements represent two types of reclassifications. The first type relates to the reclassification of the lands, which were previously separately recognized under Investment property, and which have been transferred to Properties under development. The main transfers are:

- Radio Free Europe: EUR 13.4 million;
- Budapest Stock Exchange: EUR 18.1 million;
- Molcom: EUR 2.3 million;
- Na Porici: EUR 17.5 million.

The second type relates to the projects that are meant to be sold and have been transferred to Inventories. The main transfers are:

- The Paris Department Store: EUR 10.9 million;
- Avenue Garden: EUR 1.1 million;
- The Peugeot Showroom project in Warsaw: EUR 3.3 million.

• **In 2007**

The work in progress represents several investments made during the year for the following projects :

- Radio Free Europe (EUR 16.8 million) and Na Porici (EUR 2.0 million), located in Prague;
- Sky Office (commercial development in Düsseldorf), for EUR 10.4 million;
- Budapest Stock Exchange (EUR 2.1million) and Paris Department Store (EUR 2.0 million), both located in Budapest;
- Pokrovka Hotel (EUR 2.7 million) in Moscow;
- Peugeot Showroom (EUR 1.2 million) in Warsaw.

After its finalization, the Pokrovka hotel has been transferred in Hotels and own-occupied buildings (EUR 15.4 million). Refurbishment of Amphora and Adriana hotels in Hvar Island (Croatia) has been finished, and reclassified in Hotels and own-occupied buildings (EUR 3.1 million).

Transfers and other movements represent several reclassifications of projects, among which :

- Sky Office, in Germany, reclassified from Properties under development to Inventories (EUR -10.4 million);
- Na Porici (office development in Prague, Czech Republic), reclassified from Investment properties to Properties under development (EUR 30.3 million);

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- Budapest Stock Exchange and Paris Department Store in Hungary, reclassified from Investment properties to Properties under development (respectively EUR 21.7 million and EUR 8.1 million).

In addition, impairments amounting to EUR -4.0 million have been recognized, mainly on the property Radio Free Europe (EUR -3.2 million).

8. INVENTORIES

	June 2008	December 2007
Opening balance	323 699	248 884
Acquisition of Molcom	-	953
Sky Office transfer from property under construction	-	41 300
Net impairments	-22 431	-5 879
Transfer to/from investment property	168 934	-10 802
Translation differences	27 924	7 546
Development costs	143 476	99 121
Cost of goods sold	-33 277	-57 424
Total	608 325	323 699

- **In 2008**

Following the change in the intended use of various properties the following transfers have occurred:

EUR 85.0 million from Land Bank, EUR 7.2 million from Land, EUR 61.3 million from Freehold buildings and EUR 15.4 million from Properties under development.

The main transfers arise from the following properties: Benice (EUR 30.7 million), Hradcanska (EUR 23.3 million), Helberger (EUR 19.8 million), Paris Department Store (EUR 18.1 million), Jozefoslaw (EUR 12.6 million), Slunecny Vrsek (EUR 4.1 million), Vavrenova (EUR 3.6 million), Mezihori (EUR 3.0 million), Nové Dvory (EUR 2.9 million), Rudna (EUR 2.6 million), Michle (EUR 2.4 million) and City Gate (EUR 27.6 million).

Additional impairments have been recognized on the basis of the valuation established by DTZ mainly on the following properties:

- Fehrbelliner Hofe: EUR -10.3 million;
- Hradcanska: EUR -4.6 million; and
- Helberger: EUR -7.0 million.

The main development costs have been incurred on the following projects: Zlota Tower (EUR 25.7 million), Sky Office (EUR 22.1 million), Targowek (EUR 9.1 million), Hlubocky (EUR 6.8 million) and Koliba (EUR 5.6 million). The remaining development costs are below EUR 5 million per project.

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• **In 2007**

The other variations mainly include the capitalisation of inventories costs, the other acquisitions and the disposals of inventories.

Since the Sky Office (EUR 41.3 million) construction started in Düsseldorf, the whole project was transferred from Properties under development to Inventories as the destination of the project changed. All the other transfers relate to plots and buildings transferred to Investment properties when the building permit has not yet been obtained: H2 Office in Duisburg (EUR - 3.3 million), Koscic phase III (EUR - 3.1 million), Novè Dvory (EUR - 1.4 million), Peugeot project (EUR - 1.9 million) and Drawaska (EUR - 1.6 million) both located in Warsaw. On the basis of a new DTZ valuation, impairments have been recognised on Nove Medlanky in Brno (EUR - 2.7 million), Koscic phase I (EUR -1.5 million) and various projects within IPB Real amounting to (EUR -1.1million).

9. BORROWINGS

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

Non-current Bonds	Convertible bonds	Exchangeable bonds	Bonds with repayable subscription warrants	Bond CZK	Total
Balance at 31 December 2007	129 762	20 628	270 216	52 206	472 812
Interest accumulated during the period	6 784	86	6 838	62	13 770
Translation differences	-	-	-	5 998	5 998
Change in own bonds	-5 732	-	-6 240	-	-11 972
Balance at 30 June 2008	130 814	20 714	270 814	58 266	480 608

Non-current Loans	Bank loans	Other non-current loans	Finance lease liabilities	Total
Balance at 31 December 2007	806 738	23 855	1 131	831 724
Issue of new loans	93 056	12 286	18	105 360
Repayments of loans	-35 346	-402	-2	-35 750
Transfers	-78 712	-409	-	-79 121
Translation differences	11 676	833	127	12 636
Balance at 30 June 2008	797 412	36 163	1 274	834 849

Issuance of new bank loans (EUR 93.1 million) are mainly related to the following projects:

- refinancing of Vaci 1 (Budapest Stock Exchange) and Paris Department Store projects in Hungary (respectively EUR 20.3 million and EUR 11.0 million);
- further draw downs for the construction of the Sky Office tower in Germany (EUR 15.0 million);
- Malborska, Szoza Polska and Przy Parku projects in Poland (respectively EUR 8.1 million, EUR 6.3 million and EUR 4.5 million); and

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- further draw downs for the Medlanky project and refinancing of the Na Porici project in the Czech Republic (respectively EUR 2.8 million and EUR 5.7 million).

Repayments of bank loans (EUR -35.3 million) mainly relate to the sale of the Luxembourg Plaza building (EUR -26.0 million) and the reimbursement of some loans linked to the Avenue Gardens project (EUR -4.1 million).

Transfers of bank loans are mainly due to the reclassification in short-term loan of Orco Leipziger Platz GmbH (which holds the Wertheim project in Germany) and TQE Asset, a.s. (which holds Letenska and Mostecka projects in the Czech Republic) bank loans for respectively EUR 65.6 million and 15.6 million. These projects will be refinanced within 12 months.

The long term portion of the loans financing the development projects classified as inventories amounts to EUR 123.9 million (EUR 63.7 million in 2007).

The issue of new other non-current loans (EUR 12.3 million) mostly represents the increase of equity loans of three Polish and two Czech companies of which the Group sold 25% of its shares (companies which hold Zlota Tower, Szoza Polka and Jozefoslaw projects in Poland and Benice and Praga projects in the Czech Republic). The total increase is respectively EUR 7.4 million in Poland and EUR 3.3 million in the Czech Republic.

No new bonds have been issued in 2008.

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Borrowings maturity

The following tables describe the maturity of the Group's borrowings. As of 30 June 2008, the non-current bonds and financial debts amount to EUR 1.32 billion (EUR 1.30 billion at 31 December 2007).

At 30 June 2008	Less than one year	1 to 5 years	More than 5 years	Total
Non-current				
Bonds	-	339 241	141 367	480 608
Convertible bonds	-	130 814	-	130 814
Exchangeable bonds	-	20 714	-	20 714
Fixed rate bonds	-	129 447	141 367	270 814
Floating rate bonds	-	58 266	-	58 266
Financial debts	-	641 732	193 117	834 849
Bank loans	-	641 386	156 026	797 412
Fixed rate	-	26 103	39 164	65 267
Floating rate	-	615 283	116 862	732 145
Other non-current borrowings	-	346	35 817	36 163
Finance lease liabilities	-	-	1 274	1 274
Total	-	980 973	334 484	1 315 457

Current				
Bonds and financial debts				
Bank loan fixed rate	20 429	-	-	20 429
Bank loan floating rate	199 579	-	-	199 579
Others borrowings	2 591	-	-	2 591
Total	222 599	-	-	222 599

At 31 December 2007	Less than one year	1 to 5 years	More than 5 years	Total
Non-current				
Bonds	-	199 474	273 338	472 812
Convertible bonds	-	-	129 762	129 762
Exchangeable bonds	-	20 628	-	20 628
Fixed rate bonds	-	126 640	143 576	270 216
Floating rate bonds	-	52 206	-	52 206
Financial debts	-	650 458	181 266	831 724
Bank loans	-	650 018	156 720	806 738
Fixed rate	-	28 193	34 672	62 865
Floating rate	-	621 825	122 048	743 873
Other non-current borrowings	-	440	23 415	23 855
Finance lease liabilities	-	-	1 131	1 131
Total	-	849 932	454 604	1 304 536

Current				
Bonds and financial debts				
Bank loan fixed rate	40 669	-	-	40 669
Bank loan floating rate	119 667	-	-	119 667
Others borrowings	14 880	-	-	14 880
Total	175 216	-	-	175 216

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The increase in current floating rate bank loans is due to the transfer of Orco Leipziger Platz and TQE Asset, a.s. bank loans from long term to short term debt for respectively EUR 65.6 million and EUR 15.6 million.

The other non-current borrowings relate mainly to 50% of the equity loan granted to Hospitality Invest S.à r.l. by AIG, the joint-venturer .

The Group hedged 65.3% of the non-current floating rate borrowings and 46.4% of the current floating rate borrowings, in order to limit the risk of the effects of fluctuations of market interest rates on its financial position and future cash flows. The floating rate on the ordinary bond issued in CZK (sole bond issued in foreign currency) is 100% hedged.

Undrawn bank credit facilities

	June 2008	December 2007
Expiring within one year	35 175	46 246
Expiring after one year	370 272	285 695
Total	405 447	331 941

Increase in undrawn facilities in 2008 results mainly from new contracted credit lines for the following projects:

- Molcom in Russia (EUR 15.9 million)
- refinancing of Paris Department Store and Vaci 1 (Budapest Stock Exchange) projects in Hungary (respectively EUR 10.4 million and EUR 7.4 million)
- Malborska and Przy Parku in Poland (respectively EUR 14.3 million and EUR 4.6 million)

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10. EARNINGS PER SHARE

	June 2008	June 2007
At the beginning of the period	10 687 392	8 389 646
Shares issued	10 836 794	8 389 646
Treasury shares	- 149 402	-
Weighted average movements	- 19 306	298 976
Issue of new shares	18 338	307 054
Treasury shares	- 37 644	- 8 078
Weighted average outstanding shares for the purpose of calculating the basic earnings per share	10 668 086	8 688 622
Dilutive potential ordinary shares	-	2 280 311
Share subscription rights BSAR 2012	-	471 211
Convertible bond 04-11	-	84 962
Convertible bond 06-13	-	1 086 956
Employee stock options	-	87 182
PACEO	-	550 000
Weighted average outstanding shares for the purpose of calculating the diluted earnings per share	10 668 086	10 968 933
Net profit attributable to the Group	- 14 114	55 090
Effect of assumed conversions / exercises	-	4 639
Share subscription rights BSAR 2012	-	1 477
Convertible bond 06-13	-	1 775
PACEO	-	1 387
Effect of assumed conversions of potential ordinary shares in subsidiaries	-	- 586
Orco Germany Warrants	-	- 586
Net profit attributable to the Group after assumed conversions / exercises	- 14 114	59 143
Basic earnings in EUR per share	-1.32	6.34
Diluted earnings in EUR per share	-1.32	5.39

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, excluding ordinary shares purchased by the Group and held as treasury shares.

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

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11. CAPITAL AND SHARE PREMIUM

	Number of shares	Capital	Share premium
Balance at 31 December 2006	8 389 646	34 398	197 552
Exercise of employee stock options	294 000	1 205	20 615
Capital increase	1 500 000	6 150	166 350
Conversion of convertible bonds	257 027	1 054	7 274
Dividend paid in shares	36 834	151	3 971
PEO Bsar 2012 vs 2014	359 287	1 473	-
Balance at 31 December 2007	10 836 794	44 431	395 762
Dividend paid in shares	107 072	439	4 762
Balance at 30 June 2008	10 943 866	44 870	400 524

The Extraordinary Shareholders' Meeting of 14 June 2006 renewed the authorization granted by the shareholders to the Board of Directors on May 18, 2000, in accordance with article 32-3 (5) of Luxembourg corporate law, and in addition enhanced the limit of the authorized capital. The Board of Directors was granted full power to proceed with the capital increases within the revised authorized capital of EUR 100,000,000, under the terms and conditions it will set, with the option of eliminating or limiting the shareholders' preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors has been authorized and empowered to carry out capital increases, in a single operation or in successive tranches, through the issuance of new shares paid up in cash, capital contributions in-kind, transformation of trade receivables, the conversion of convertible bonds into shares, or, upon approval of the Annual General Shareholders' Meeting, through the capitalization of earnings or reserves, as well as to set the time and place for the launching of one or a succession of issues, the issuance price, and the terms and conditions of subscription and payment of new shares. This authorization is valid for a five-year period ending on 14 June 2011.

A total of EUR 44,869,850.60 has been used to date under this authorization. As such, the Board of Directors still has EUR 55,130,149.40 of remaining authorized capital at its disposal. Considering that all new shares are issued at the par value price of EUR 4.10, a potential total of 13,446,378 new shares may still be created.

During the first six months of the year, the Group has repurchased 55,195 own shares for an amount of EUR 5.4 million which has been deducted from shareholders' equity.

Part of the dividend distributed during the period has been reinvested in capital.

Callable warrants on OPG shares

On February 18, 2008, the Board of Directors has decided to decrease the strike price of the 2014 callable warrants (ISIN code: XS0290764728) from EUR 143.39 to EUR 100.00. As at 30 June 2008, no warrants have been exercised.

12. GAIN ON DISPOSAL OF ASSETS

During the period, the Group has sold 25% of its investment in Jihovychodni Mesto, a.s. and realized a gain on disposal of EUR 3.6 million. The Group also disposed of 100% of Orco Property a.s. (Luxembourg Plaza office building) and realized a gain on disposal of EUR 6.2 million. Both transactions have been done with the Endurance Real Estate Fund.

13. 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

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sold. The Operating expenses have been increased by EUR 16.1 million and the Cost of sales has been decreased by EUR 16.1 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.

14. RELATED PARTY TRANSACTIONS

As at June 30 2008, the Group has a receivable on Ott & Co (main shareholder of Orco Property Group and represented at the Board of Directors) amounting to EUR 1.8 million. The Group has also receivables from members of the Executive Committee amounting to EUR 0.3 million. These transactions were carried out at arms' length.

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 approx. EUR 2 million for the reimbursement of invested funds. Transactions have done at arm's length.

During the first six months of 2008, apartments located in Prague have been sold to Group employees for a global amount of CZK 86.4 million and an average discount of 2.5% compared to prices offered on the market.

Orco has an investment of EUR 5.0 million in NOVY Fund (EUR 2.0 million in 2007) showing a fair value of EUR 6.0 million (EUR 2.9 million in 2007). This Fund is managed by some key management members of OPG. NOVY Fund is an opportunistic and value-creating fund which provides exposure to the Central European equity and bond market.

During the period, the Group has entered into several transactions with the Endurance Real Estate Fund, see note 12 for further details. Furthermore, Orco's remuneration from the office and residential sub-funds amounts to EUR 4.7 million as at June 30 2008 (EUR 4.3 million for the same period in 2007).

15. EVENTS AFTER BALANCE SHEET DATE

Following the early redemption of the ordinary bond issued in CZK, the Group will reimburse on 31 August 2008 97 bonds out of 140 outstanding that were issued in February 2006 for CZK 1,400,000,000 (EUR 58.6 million). Today, this early redemption amounts to CZK 970,000,000 (EUR 40.6 million). The Group has already secured the treasury position allowing for these repayments. Aside from this case, the Group is not exposed to any other early redemption clauses in its bond portfolio, or in its bank financing portfolio.

On 13 August 2008 the Group has concluded with Société Générale a third PACEO in the overall limit of 2,000,000 new shares over a period of 24 months through the issuance of unlisted share subscription rights (Bon d'Emission d'Actions or BEA). The exercise of each BEA obliges Société Générale to subscribe to one of Orco Property Group's common shares. Until now, no BEA have been exercised and as a result no new shares have been issued.

IV. Legal and arbitration proceedings

Orco Property Group is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending to the best of its knowledge or threatened of which the Orco Property Group is aware) during the 12 months before the date of this Supplement which may have, or have had in the recent past, significant effects on the financial position or profitability of Orco Property Group.

V. Significant change clause

No significant change of Orco Property Group occurred as of the condensed consolidated interim financial information as at and for the period ended 30 June 2008.

VI. Major shareholder and related party transactions

The below mentioned interim information updates the “Major shareholder and voting rights” section of the Registration Document contained on pages 82ff.

6.1. Major Shareholders and voting rights

All the shares issued by Orco Property Group are based on each share is entitled to one vote. None of the Orco Property Group’s principal shareholders has voting rights different from any other holders of the Company’s Shares.

To the best knowledge of Orco Property Group, none of the shareholders of the Company holds more than 5% of the share capital.

To the best knowledge of the Company and as at 18 November 2008 no shareholder agreement have been set up by the shareholders of Orco Property Group excepted the one into between Ott&Co S.A. and Jardenne S.à r.l. in which Ott&Co S.A. agreed to vote in favour of the appointment of a director appoint by Jardenne S.à r.l. upon request of the latter company. A shareholder agreement is in place between the Orco Property Group and The Privatization Fund secures concerning the joint ventures Croatian company Suncani Hvar, for compensation in case Suncani Hvar would loose the ownership of the assets.

The following table sets out information regarding the ownership of the Orco Property Group’s shares as of the date of this Supplement :

Shareholders	Number of Shares	% of capital	% of voting rights
Ott & Co SA	176 343	1,61%	1,61%
Bernard Gauthier	207,933	1,90%	1,90%
Jardenne	461,831	4,22%	4,22%
European Investors	517,645	4,73%	4,73%
Employees	24,077	0,22%	0,22%
Treasury shares	216,586	1,98%	1,98%
Other	9,339,451	85,34%	85,34%
Total	10,943,866	100.0%	100.0%

VII. Share capital

8.2. Share Capital

The below mentioned interim information updates the “Share Capital” section of the Registration Document contained on pages 259ff.

The corporate capital is set at € 44,869,850.60 represented by 10,943,866 shares without par value, as at November 18, 2008. The par value price is set up at EUR 4.10 per share.

All the shares issued by the Company are fully paid and have the same value. The shares will be either in the form of registered shares or in the form of bearer shares, as decided by the shareholder, except to the extent otherwise provided by law.

The shareholder can freely sell or transfer the shares.

The shares are indivisible and the Company only recognises one holder per share. If there are several owners per share, the Company shall be entitled to suspend the exercise of all rights attached to such shares until the appointment of a single person as owner of the shares towards the Company. The same shall apply in the case of usufruct and bare ownership or security granted on the shares.

The joint owners of shares shall be represented within the Company by one of them, considered as sole owner or by a proxy, who in case of conflict may be legally designated by a court at the request of one of the owners.

The Extraordinary Shareholders’ Meeting of 8 July 2008 renewed the authorization granted by shareholders to the Board of Directors on May 18, 2000, in accordance with article 32-3 (5) of Luxembourg corporate law and in addition enhanced the limit of the authorized capital. The Board of Directors was granted full powers to proceed with the capital increases within the revised authorized capital of EUR 300,000,001.20 under the terms and conditions it will set, with the option of eliminating or limiting the shareholders’ preferential subscription rights as to the issuance of new shares within the authorized capital.

The Board of Directors has been authorized and empowered to carry out capital increases, in a single operation or in successive tranches, through the issuance of new shares paid up in cash, capital contributions in-kind, transformation of trade receivables, the conversion of convertible bonds into shares or, upon approval of the Annual General Shareholders’ Meeting, through the capitalization of earnings or reserves, as well as to set the time and place for the launching of one or a succession of issues, the issuance price, terms and conditions of subscription and payment of new shares. This authorization is valid for a five-year period ending on 14 June 2011.

A total of EUR 44,869,850.60 has been used to date under this authorization. As such, the Board of Directors still has a potential of EUR 255,130,150.60 at its disposal. Considering that all new shares are issued at the par value price of EUR 4.10, a potential total of 62,226,866 new shares may still be created.

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The following table sets out a summary of changes made to the share capital of the Company as well as in the number of shares into which it is divided between December 31 2004 and November 22, 2007 :

Date	Type of transaction	Number of shares composing the capital after increase	Change in numbers of shares	Share premium	Amount of capital
				(€ thousands)	(€ thousands)
Board of Directors of 30/05/2008	Dividend 2007: 107,072 shares	10.943.866	107,072	4,762,562.56	438,995.2