



Interim report

of Hypoport AG for the period ended 30 September 2008

Berlin, 10 November 2008

Key performance indicators

Financial performance (€'000)	1 Jan – 30 Sep 2008	1 Jan – 30 Sep 2007	Change
Revenue	37,703	29,240	29 %
Gross revenue for the period	40,849	31,531	30 %
One-off items	-3,586	-1,024	250 %
EBIT excl. one-off items	3,748	5,380	-30 %
EBIT incl. one-off items	162	4,356	-96 %
EBIT margin excl. one-off items (%)	9.9	18.4	-46 %
EBIT margin incl. one-off items (%)	0.4	14.9	-97 %
Net profit for the period	-940	3,675	-126 %
of which attributable to Hypoport AG stockholders	-890	3,675	-124 %
Basic earnings per share (€)	-0.15	0.59	-125 %
Diluted earnings per share (€)	-0.14	0.58	-124 %
Financial performance (€'000)	1 Jul - 30 Sep 2008	1 Jul - 30 Sep 2007	
Revenue	12,585	10,218	23 %
Gross revenue for the period	13,407	10,984	22 %
One-off items	-2,532	-370	584 %
EBIT excl. one-off items	1,140	1,476	-23 %
EBIT incl. one-off items	-1,392	1,106	-226 %
EBIT margin excl. one-off items (%)	9.1	13.4	-33 %
EBIT margin incl. one-off items (%)	-11.1	10.8	-202 %
Net profit for the period	-1,637	1,384	-218 %
of which attributable to Hypoport AG stockholders	-1,621	1,384	-217 %
Basic earnings per share (€)	-0.27	0.23	-217 %
Diluted earnings per share (€)	-0.26	0.22	-218 %
Financial position (€'000)	30 Sep 2008	31 Dec 2007	
Current assets	23,471	20,161	16 %
Non-current assets	29,145	28,070	4 %
Equity	22,251	22,930	-3 %
of which attributable to Hypoport AG stockholders	22,101	22,930	-4 %
Equity ratio (%)	42.3	48.0	-12 %
Total assets	52,616	48,231	9 %

Contents

1. Letter to shareholders
2. Hypoport's shares
3. Interim group management report
4. Interim consolidated financial statements
5. Notes to the interim consolidated financial statements

1

Letter to shareholders

Dear Shareholder

Hypoport started to be affected by the intensifying financial crisis in the third quarter of 2008 and was forced to close the EUROPACE for investors business that it was still in the process of building. In view of current market conditions, unfortunately, we no longer believe there is sufficient likelihood of our being able to achieve the targets and objectives we had set ourselves for this investment. Winding up this business has incurred a one-off charge of €3.6 million this year, which will significantly depress our earnings for 2008 as a whole. Now that we are closing this business, the only continuing operations

in our Institutional Clients business unit are our Amsterdam based EUROPACE for issuers activities, which have been profitable for many years. This means that all of Hypoport's business units are now turning a profit.



This major event is overshadowed by the success we have enjoyed in winning market share in our core businesses. Despite adverse market conditions, we managed to achieve significant year-on-year improvements in our Private Clients and Financial Service Providers business units in the third quarter, generating further solid growth. In addition, we continued to diversify our product range. The proportion of revenue generated from non-mortgage financial products in our Private Clients business unit rose further. Given the growing uncertainty surrounding the future of the mortgage market, this is a highly encouraging trend.

The Starpool and GENOPACE strategic alliances launched in the second quarter posted their first successes in the third quarter and are generating encouraging growth. The same applies to the EUROPACE-marketplace product range, which has been extended to include packaging services. Hypoport won two major German building finance associations as new partners in this business line in the third quarter.

Although our earnings before interest and tax (EBIT) excluding one-off items came to only €1.1 million, thereby failing to match the financial performance achieved in the corresponding quarter of 2007, which was not hit by the fall-out from the financial crisis, we believe that our organisation will be able to translate its market share gains into an improved bottom line. Consequently, we are sticking to our full-year forecast of double-digit revenue growth and, allowing for the one-off charges incurred by the closure of our EUROPACE for investors business, an encouraging net profit for the year



Prof. Dr. Thomas Kretschmar
Co-Chief Executive Officer



Ronald Slabke
Co-Chief Executive Officer

2

Hypoport's shares

Share price performance

Our share price (Frankfurt Stock Exchange) came under pressure in the first nine months of 2008, losing 45 per cent of its value compared with the closing price at the end of 2007. It continued to fall in the third quarter, shedding 26 per cent and retreating from €10.80 on 30 June to €8.00 on 30 September, the last trading day of the quarter. The highest price during this period was €11.45 on 2 July, and the lowest was €8.00 on 30 September.



Performance of Hypoport's share price, January to September 2008 (daily closing prices on Frankfurt Stock Exchange)

Earnings per share

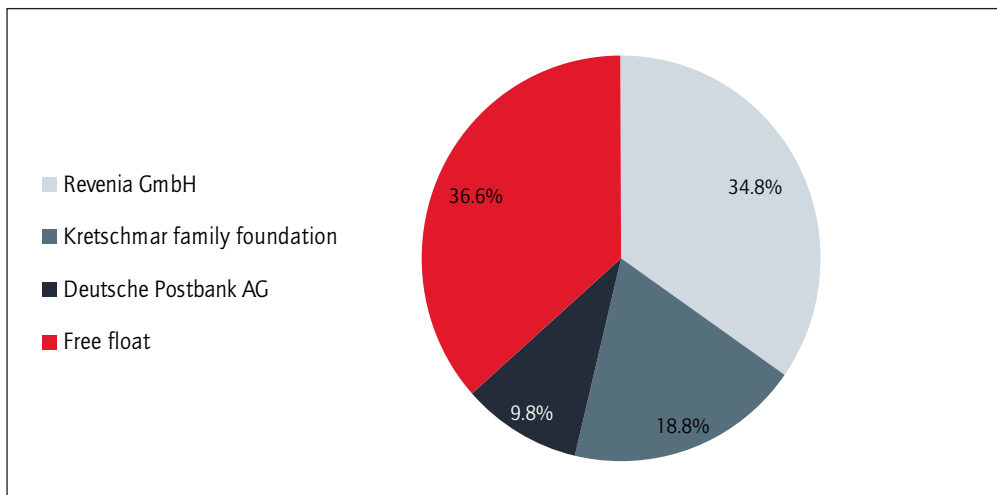
In the third quarter of 2008 we reported a loss of €0.27 per share, having posted earnings of €0.23 per share in the corresponding quarter of 2007. We therefore reported a loss of €0.15 per share in the first nine months of 2008, having posted earnings of €0.59 per share in the corresponding period of last year.

Trading volumes

Third-quarter trading in Hypoport's shares was much heavier than in the previous quarter. The strongest daily turnover occurred in August, when an average of 949 shares were traded. However, trading was fairly heavy in both July (average of 785 shares) and September (average of 775 shares).

Shareholder structure

The free float in Hypoport's shares amounts to 36.6 per cent. We received no notification of any changes in voting rights in the third quarter of 2008.



Breakdown of shareholders as at 30 September 2008

Notification of directors' dealings

No directors' dealings were reported for the third quarter of 2008.

Ad-hoc-disclosures

No ad-hoc disclosures were made in the third quarter of 2008.

Designated sponsor

The designated sponsor for Hypoport AG is Landesbank Baden-Württemberg, Stuttgart.

Key data on Hypoport's shares

Security code number (WKN)	549 336
International securities identification number	DE 000 549 3365
Stock exchange symbol	HYQ
Type	No-par-value shares
Notional Value	€1.00
Subscribed capital	€6,112,090.00
Stock exchanges	Frankfurt XETRA
Market segment	Regulated market
Transparency level	Prime Standard
Membership of indices	CDAX Classic All Share DAXsector All Financial Services GEX Prime All Share
Performance	
Share price as at 1 July 2008	€10.85 (Frankfurt)
Share price as at 30 September 2008	€8.00 (Frankfurt)
High in 3rd quarter of 2008	€11.45 (2 July 2008)
Low in 3rd quarter of 2008	€8.00 (30 September 2008)
Market capitalisation	€48.9 million (30 September 2008)
Trading volume	€8,385.13 (daily average for 3rd quarter of 2008)

3

Interim group management report

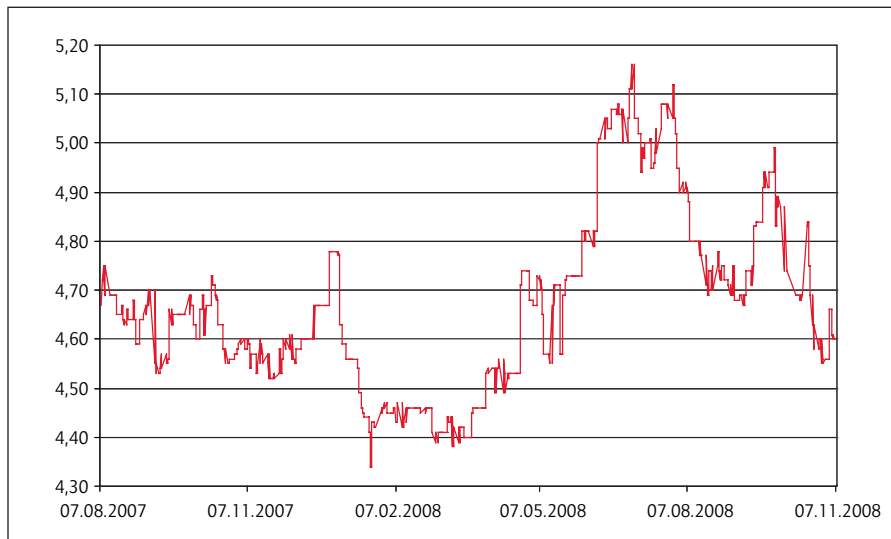
Economic conditions

As the situation in the financial markets has intensified, the outlook for the global economy has deteriorated sharply in recent months. The US economy is teetering on the brink of recession and economic activity in the European Union has slowed. As a major exporter, Germany has been hit particularly hard by the international economic slowdown. In their recently published autumn report, leading economic research institutes see Germany on the brink of recession as well. The German economy is set to grow by only 0.2 per cent next year.

The prospect of the American and international financial systems collapsing forced the US government to put together a rescue package worth US\$ 700 billion to guarantee mortgage-backed bonds held by US institutions, while the German government is providing guarantees of over €500 billion.

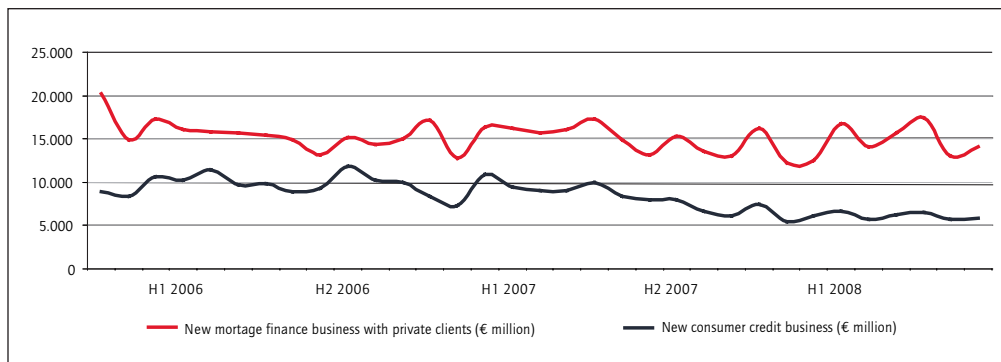
The world's leading central banks cut their interest rates by 50 basis points as part of a concerted action on 8 October 2008. The European Central Bank reduced its key lending rate to 3.75 per cent, while the US Federal Reserve cut rates to 1.5 per cent and the Bank of England lowered them to 4.5 per cent. The crisis in the financial markets has increased the downside risks to growth and curbed the risk of rising inflation. Inflationary pressures have also abated in many countries on the back of falling energy and commodity prices. Concerted interest-rate cuts are an exceptional measure that central banks only resort to in particularly severe crises. The last time there was a coordinated rate cut of this kind was after the terrorist attacks of 11 September 2001 in the United States. As late as 3 July 2008 the ECB had raised its key lending rate by 25 basis points to 4.25 per cent to head off the threat of inflation.

This volatility is also reflected in the fluctuations in ten-year swap rates. Interest rates rose in the first few weeks of the third quarter, only to fall back to their second-quarter level at the beginning of September. This interest-rate turbulence is curbing customer demand and, while interest rates are rising, is temporarily increasing the competitive pressures on independent intermediaries compared with full-service providers such as savings banks.



Ten-year swap rates over the past 360 days

According to Bundesbank statistics, the total volume of mortgage finance and personal loans provided in the first nine months of 2008 continued to fall significantly year on year. While the total value of home loans sold up to and including September 2007 came to €139.9 billion, demand in the corresponding period of 2008 fell by 5.5 per cent to €132.1 billion. The volume of personal loans decreased by even more, falling by 30.6 per cent from €80.4 billion to €55.8 billion.



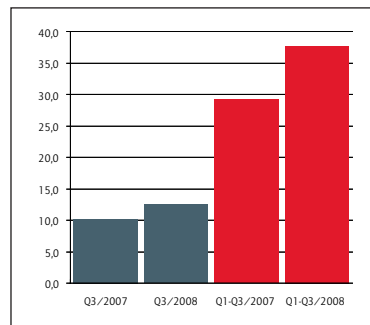
Total volume of private mortgage finance and personal loans (source: Deutsche Bundesbank)

The volume of fund assets under management in Germany also declined in the first eight months of 2008. German investment companies had total fund assets of €1.385 trillion under management as at 31 August 2008 (31 December 2007: €1.423 trillion), of which €709 billion (31 December 2007: €731 billion) was allocated to retail funds and €676 billion (31 December 2007: €692 billion) to specialised funds for institutional investors.

The German Insurance Association (GDV) reckons that demand for insurance held up well in Germany, although it does not discount the possibility that the level of premium income could remain flat or even fall in future.

Revenue

In the third quarter of 2008 the Hypoport Group once again increased its revenue sharply by 23 per cent year on year from €10.2 million to €12.6 million. A comparison of the first nine months of the year – during which revenue rose by 29 per cent year on year to €37.7 million (Q1–Q3 2007: €29.2 million) – also illustrates just how quickly our organisation is growing, thereby bucking the market trend.

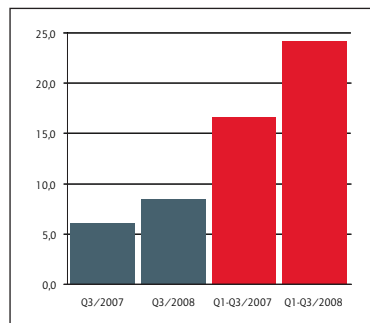


Revenue Hypoport Group (€ million)

Private Clients business unit

Despite a generally stagnant market, a significant decrease in mortgage finance activity and adverse interest-rate trends, the Private Clients business unit – which specialises in the internet-based sale of financial products – raised its revenue by 40 per cent to €8.5 million (Q3 2007: €6.1 million).

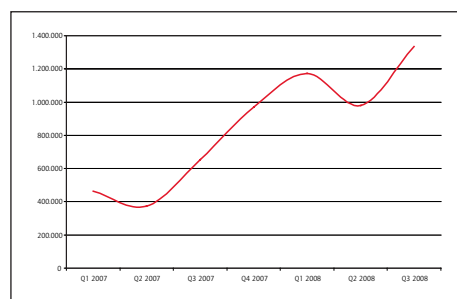
This enabled the Hypoport Group's largest segment to sustain the strong momentum of the first six months and to increase its revenue for the first three quarters of 2008 by 45 per cent year on year to €24.2 million (Q1–Q3 2007: €16.6 million).



Revenue Private Clients (€ million)

The number of leads acquired – the key performance indicator for this business unit – also reached a new record of roughly 3.5 million in the first nine months of 2008 (Q1–Q3 2007: 1.5 million).

The Hypoport Group’s mortgage finance business felt the full impact of the generally lower demand for home loans and, despite achieving a slight increase in the third quarter, reported a decrease in the volume of new business brokered in the first nine months of 2008.



Number of Leads

Mortgage Finance Private Clients business unit	1 Jan to 30 Sep 2008	1 Jan to 30 Sep 2007	1 Jul to 30 Sep 2008	1 Jul to 30 Sep 2007
Number of loans brokered	6,735	7,622	2,268	2,285
Volume of loans brokered (€ million)	1,185	1,241	421	392
Net Revenue (€ million)	7.7	9.8	2.5	3.1
Marge (%)	0.65	0.79	0.59	0.80

However, this trend was compensated for by the massive expansion of the Company’s market presence in its other financial products. It raised its revenue here by an impressive 59 per cent on the corresponding quarter of 2007 through the sale of banking and insurance products. This product segment boosted its revenue by as much as 94 per cent in the first nine months of 2008. The difficult current market environment underlines the benefits of diversifying our financial product sales for private clients towards a strategy whereby we distribute a full range of financial products and services.

Financial Service Products Private Clients business unit	1 Jan to 30 Sep 2008	1 Jan to 30 Sep 2007	1 Jul to 30 Sep 2008	1 Jul to 30 Sep 2007
Number of deals brokered for financial service products	8,163	3,875	3,047	1,705
Revenue (€ million)	13.2	6.8	4.7	2.9

The number of advisers working in the various distribution channels of the Private Clients business unit was significantly increased and had reached a new high by 30 September 2008. The map on the right gives an impressive overview of the extensive network of branches established by our franchisees in Germany.

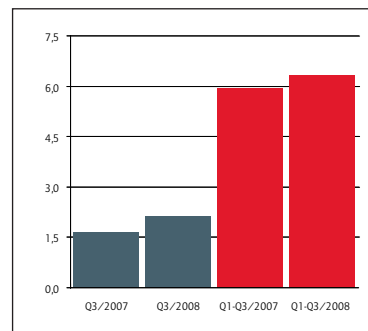


Branches of the franchisees in Germany

Distribution channels	30 Sep 2008	30 Sep 2007
Telephone sales staff	46	41
Advisers in branch-based sales	237	133
Branches run by franchisees	116	80
Independent financial advisers acting as agents	1,681	1,206

Financial Service Providers business unit

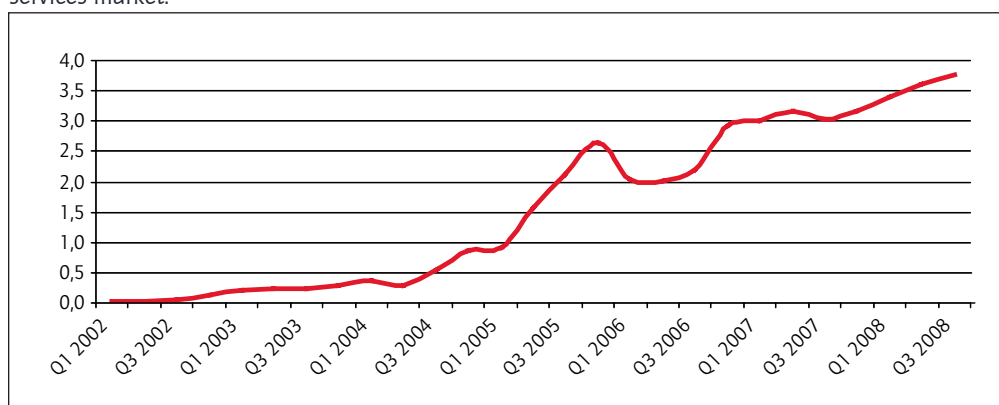
Financial Service Providers, which is the second-largest business unit, significantly expanded its volume of transactions on both a quarterly and nine-month comparison despite the sharp contraction in the mortgage finance market. Although the volume of transactions in project-related business increased, revenue from this business fell.



Revenue Financial Service Providers (€ million)

EUROPACE Financial Service Providers business unit	1 Jan to 30 Sep 2008	1 Jan to 30 Sep 2007	1 Jul to 30 Sep 2008	1 Jul to 30 Sep 2007
Volume of transactions (€ billion)	10.8	9.2	3.8	3.1
Revenue (€ million)	6.3	5.9	2.1	1.6

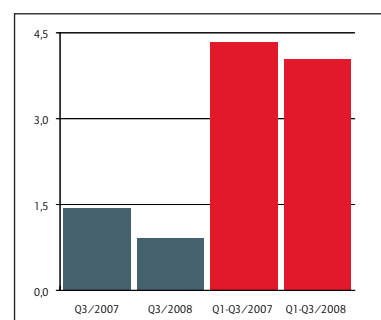
More than 160 participants attended the 12th EUROPACE-Conference that was held in September. This is proof positive of the growing importance of the EUROPACE-marketplace in the financial services market.



Volume of transactions on EUROPACE (€ billion)

Corporate Real Estate Clients business unit

The Corporate Real Estate Clients business unit continued to benefit from the expansion of its regional presence. Despite the rise in interest rates, the loan brokerage business slightly increased the volume of new business it brokered in both the third quarter and the first nine months of 2008. As expected, the volume of loan renewals decreased because fewer loans were due to have their interest rates renegotiated in the first three quarters of 2008.



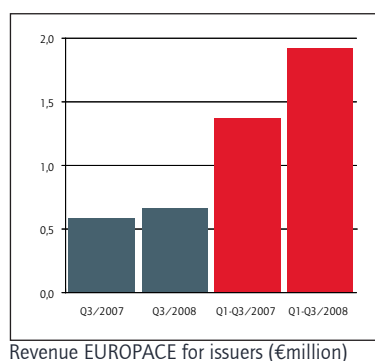
Revenue Corporate Real Estate Clients (€ million)

Corporate Real Estate Clients business unit	1 Jan to 30 Sep 2008	1 Jan to 30 Sep 2007	1 Jul to 30 Sep 2008	1 Jul to 30 Sep 2007
Loan Brokerage				
Volume of new business (€ million)	757	707	258	254
Volume of prolongation (€ million)	323	339	133	87
Revenue (€ million)	3.2	2.9	0.9	0.9
Other financial products / financial advice				
Revenue (€ million)	0.8	1.4	0.0	0.5
Total Revenue (€ million)	4.0	4.3	0.9	1.4

Institutional Clients business unit

Now that the heavily loss-making EUROPACE for investors business is being closed, the Institutional Clients business unit will in future consist solely of Hypoport's fairly new but successful EUROPACE for issuers business, which is based in Amsterdam. Although issues in the marketplace have totally dried up as a result of the uncertainty caused by the subprime mortgage crisis, issuers still require a significant level of advice to help them sell investments and restructure their portfolios.

The total revenue generated by the EUROPACE for issuers business advanced from €0.6 million to €0.7 million compared with the third quarter of 2007. In the first nine months of 2008 its revenue rose sharply by €0.5 million, or 40 per cent, year on year to €1.9 million.



Own work capitalised

In the third quarter of 2008 the Company continued to attach considerable importance to investing in the further expansion of its B2B financial marketplaces. This capital expenditure underlies the ongoing growth of its Financial Service Providers business unit. Apart from maintaining its competitive edge in existing product segments in the third quarter, the Company continued to lay the foundations for extending its EUROPACE marketplace to the Netherlands and establishing further financial products in Germany.

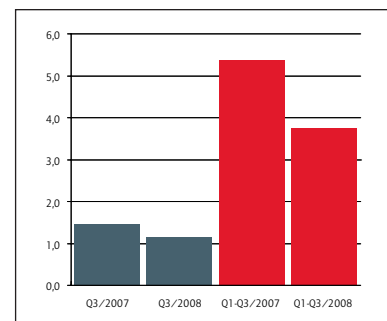
In the third quarter of 2008 the Company invested a total of €1.5 million (Q3 2007: €1.2 million) in the development of its marketplaces; in the first nine months of 2008 it spent €4.7 million (Q1–Q3 2007: €3.4 million). €0.8 million of this total was capitalised in the third quarter of 2008 (Q3 2007: €0.8 million), while €3.1 million was capitalised in the first nine months of 2008 (Q1–Q3 2007: €2.3 million). This amount represents the pro rata personnel expenses and operating costs attributed to software development.

Earnings

As expected, the drive to win further market share in the Private Clients and Financial Service Providers business units – especially in the tough prevailing market conditions – has adversely affected the Company's financial performance. The closure of its heavily loss-making EUROPACE

for investors business, which resulted in an operating loss of €1.6 million (Q1–Q3 2007: €1.0 million), has additionally lead to an impairment charge of €1.3 million on software and provisions of €0.7 million for the annulment of contracts. As a result, the earnings generated by the Hypoport Group in both the third quarter and the first nine months of 2008 failed to keep pace with its strong revenue growth.

If the aforementioned one-off charge is derecognised, the Hypoport Group reports an adjusted EBIT (EBIT excluding one-off items) of €3.7 million for the first nine months of 2008, which is considerably lower than the corresponding figure of €5.4 million for 2007. The adjusted EBIT margin fell accordingly from 18.4 per cent (14.9 per cent on an unadjusted basis) to 9.9 per cent (0.4 per cent unadjusted). Adjusted EBIT for the third quarter of 2008 declined to €1.1 million (Q3 2007: €1.5 million), which translated into an adjusted EBIT margin of 9.1 per cent (Q3 2007: 13.4 per cent) and an unadjusted EBIT margin of minus 11.1 per cent (Q3 2007: 10.8 per cent).



EBIT excl. one-off items (€ million)

The deterioration in EBIT margins is also attributable to a slight earnings dilution caused by the increasing use of external distribution partners in the Private Clients and Financial Service Providers business units who earned 'transitory' agency commissions totalling €3.4 million in the first nine months of 2008 (Q3 2008: €1.3 million). The higher revenue and selling expenses reported as a result will in future depress the EBIT margins in these two business units and at Group level for accounting purposes, which means that EBIT margins can only be compared to a limited extent with previous quarters.

Expenses

Personnel expenses rose in line with the increase in the average number of employees during the reporting period from 353 (Q1–Q3 2007) to 448 people.

Other operating expenses grew disproportionately to revenue. This was attributable to the sharp rise in selling expenses, which amounted to €14.7 million (Q1–Q3 2007: €7.6 million). This significant increase in selling expenses reflects the aggressive implementation of the Company's growth strategy, especially in its Private Clients business unit.

Hypoport's net finance costs include interest expense and similar charges of €0.7 million (Q1–Q3 2007: €0.6 million).

Balance sheet

The Hypoport Group's consolidated total assets as at 30 September 2008 amounted to €52.6 million, a 9 per cent increase on the total as at 31 December 2007 (€48.2 million).

Non-current assets totalled €29.1 million (31 December 2007: €28.0 million). This amount included goodwill which, at an unchanged €14.8 million, remained the largest single item.

Current assets grew by €3.3 million, largely as a result of the €1.7 million increase in trade receivables on the back of the higher revenue.

The equity attributable to Hypoport AG shareholders as at 30 September 2008 decreased by €0.8 million, or 3 per cent, to €22.1 million. The equity ratio came to 42.0 per cent (31 December 2007: 47.5 per cent), which is still extraordinarily high for a publicly traded company.

The €5.5 million increase in non-current liabilities to €21.0 million stemmed primarily from the €5.8 million expansion in financial liabilities. Current liabilities declined by €0.4 million to €9.3 million, mainly owing to the €1.1 million decrease in trade payables. The rise in current provisions relates to the potential cost of contract annulments following the closure of the EUROPACE for investors business.

Total financial liabilities rose from €13.4 million to €19.3 million owing to new borrowing.

Cash flow

Cash flow during the reporting period decreased by €3.0 million to €2.7 million (Q1–Q3 2007: €5.7 million). This decline is largely attributable to the sharp year-on-year fall in net profit for the period.

The net cash outflow of €5.3 million from investing activities (Q1–Q3 2007: net cash inflow of €0.2 million) stemmed primarily from the €3.3 million increase in capital expenditure on non-current intangible assets.

The net cash inflow of €5.6 million from financing activities (Q1–Q3 2007: net cash outflow of €2.5 million) mainly resulted from borrowing of €10.9 million and loan repayments of €5.6 million.

Consequently, cash and cash equivalents as at 30 September 2008 came to €3.7 million, which was €0.6 million higher than at the beginning of the year.

Capital expenditure

Apart from the amounts spent on the development of the EUROPACE-financial marketplaces, the most important capital expenditures in the first nine months of 2008 were the establishment of Starpool Finanz GmbH, Berlin, in collaboration with Deutsche Postbank AG, Bonn, and of GENOPACE GmbH, Berlin.

The object of these two companies is the brokerage of loans on the EUROPACE-platform. Both companies will contribute to the continued growth of the Hypoport Group.

Other capital expenditure during the reporting period related to investment in office furniture and equipment and in externally produced software.

Employees

The number of employees in the Hypoport Group rose continuously in line with revenue growth and stood at 484 people as at 30 September 2008. This was an increase of 20 per cent on the end of 2007 (31 December 2007: 402 people). The average number of employees during the first nine months of 2008 was 448, which was a 27 per cent increase on the corresponding period of 2007 (353 people).

Outlook

The revenue increases achieved in the first three quarters of 2008 highlight just how rapidly the Hypoport Group is growing and developing. In a financial services market largely characterised by stagnation, Hypoport has managed to generate strong revenue growth over the past few years. Now that it is closing its heavily loss-making EUROPACE for investors business, all the business units in the Hypoport Group are profitable as of the fourth quarter of 2008. Despite the significant one-off charge incurred by this event, Hypoport still expects to report a net profit for 2008 as a whole. Given the indications that the financial crisis is starting to impact on the real economy, we believe that the Company will generate moderate growth over the next 18 months.

4

Interim consolidated financial statements

Consolidated balance sheet as at 30 September 2008

Assets	30 Sep 2008 €'000	31 Dec 2007 €'000
Non-current assets		
Intangible assets	23,528	23,319
Property, plant and equipment	2,099	1,553
Financial assets	1,082	522
Deferred tax assets	2,436	2,676
	29,145	28,070
Current assets		
Trade receivables	17,509	15,847
Other assets	2,105	1,019
Current income tax assets	156	195
Cash and cash equivalents	3,701	3,100
	23,471	20,161
	52,616	48,231
Equity and liabilities		
Equity		
Subscribed capital	6,112	6,094
Reserves	15,989	16,836
	22,101	22,930
Equity attributable to minority interest	150	0
	22,251	22,930
Non-current liabilities		
Financial liabilities	17,906	12,059
Provisions	45	0
Deferred tax liabilities	3,085	3,520
	21,036	15,579
Current liabilities		
Provisions	713	21
Financial liabilities	1,354	1,341
Trade payables	2,341	3,399
Current income tax liabilities	528	319
Other liabilities	4,392	4,642
	9,329	9,722
	52,616	48,231

Consolidated income statement

for the period 1 January to 30 September 2008

	1 Jan to 30 Sep 2008 €'000	1 Jan to 30 Sep 2007 €'000	1 Jul to 30 Sep 2008 €'000	1 Jul to 30 Sep 2007 €'000
Revenue	37,703	29,240	12,585	10,218
Own work capitalised	3,146	2,291	822	766
Other operating income	640	318	316	106
Cost of materials	-294	-40	-87	-16
Personnel expenses	-16,221	-12,454	-5,689	-4,178
Other operating expenses	-21,125	-12,952	-7,250	-5,095
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,849	6,403	697	1,801
Depreciation, amortisation expense and impairment losses	-3,687	-2,047	-2,089	-695
Earnings before interest and tax (EBIT)	162	4,356	-1,392	1,106
Financial income	82	64	26	14
Finance costs	-695	-598	-223	-206
Earnings before tax (EBT)	-451	3,822	-1,589	914
Income taxes and deferred taxes	-489	-147	-48	470
Net profit for the period	-940	3,675	-1,637	1,384
of which attributable to minority interest	-50	0	-16	0
of which attributable to Hypoport AG stockholders	-890	3,675	-1,621	1,384
Basic earnings per share (€)	-0.15	0.59	-0.27	0.23
Diluted earnings per share (€)	-0.14	0.58	-0.26	0.22

Abridged consolidated statement of changes in equity for the nine months ended 30 September 2008

€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to minority interest	Equity
Balance as at 1 January 2007	6,288	1,350	11,182	18,820	–	18,820
Issue of new shares	3	7	–	10	–	10
Recall of treasury shares	-247	247	-308	-308	–	-308
Net profit for the period	–	–	3,675	3,675	–	3,675
Balance as at 30 September 2007	6,044	1,604	14,549	22,197	–	22,197
€'000	Subscribed capital	Treasury shares	Capital reserves	Equity attributable to Hypoport AG stockholders	Equity attributable to minority interest	Equity
Balance as at 1 January 2008	6,094	1,704	15,132	22,930	–	22,930
Issue of new shares	18	43	–	61	–	61
Payments from minority interest	–	–	–	0	200	200
Net profit for the period	–	–	–	-890	-50	-940
Balance as at 30 September 2008	6,112	1,747	15,132	22,101	150	22,251

Consolidated cash flow statement

for the period 1 January to 30 September 2008

	30 Sep 2008 €'000	30 Sep 2007 €'000
Earnings before interest and tax (EBIT)	162	4,356
Non-cash income (+) / expense (-) from income tax	-444	-111
Interest received (+)	82	64
Interest paid (-)	-695	-598
Income tax payments (-)	-50	-36
Income tax receipts (+)	5	0
Depreciation and amortisation expense, impairment losses (+) / reversals of impairment losses (-) on non-current assets	3,687	2,047
Gains (-) / losses (+) on the disposal of non-current assets	2	-21
Cash flow	2,749	5,701
Increase (+) / decrease (-) in current provisions	692	0
Increase (-) / decrease (+) in inventories, trade receivables and other assets not related to investing or financing activities	-2,169	-5,645
Increase (+) / decrease (-) in trade payables and other liabilities not related to investing or financing activities	-931	-3,076
Change in working capital	-2,408	-2,569
Cash flows from operating activities	341	3,132
Proceeds from the disposal of property, plant and equipment / intangible assets (+)	11	3,532
Purchase of property, plant and equipment / intangible assets (-)	-4,455	-3,435
Payments for acquisitions to be consolidated (-)	-300	-100
Proceeds from the disposal of financial assets (+)	40	461
Purchase of financial assets (-)	-600	-303
Cash flows from investing activities	-5,304	155
Proceeds from additions to equity (+)	61	10
Payments from minority interest (+)	200	0
Payments to shareholders and minority interest (-)	0	-308
Proceeds from the issue of bonds and drawdown of loans under finance facilities (+)	10,900	500
Redemption of bonds and loans (-)	-5,597	-2,722
Cash flows from financing activities	5,564	-2,520
Net change in cash and cash equivalents	601	767
Cash and cash equivalents at the beginning of the period	3,100	3,180
cash and cash equivalents at the end of the period	3,701	3,947

Abridged segment reporting

for the period 1 January to 30 September 2008

€'000	Corporate Real Estate Clients	Private Clients	Financial Service Providers	Institutional Clients	Reconciliation	Group
Segment revenue in respect of third parties						
1 Jan - 30 Sep 2008	4,034	24,175	6,335	2,213	946	37,703
1 Jan - 30 Sep 2007	4,340	16,637	5,931	1,742	590	29,240
1 Jul - 30 Sep 2008	902	8,478	2,144	752	309	12,585
1 Jul - 30 Sep 2007	1,439	6,072	1,646	746	315	10,218
Segment revenue in respect of other segments						
1 Jan - 30 Sep 2008	42	2	288	28	-360	0
1 Jan - 30 Sep 2007	14	0	234	33	-281	0
1 Jul - 30 Sep 2008	18	0	142	4	-164	0
1 Jul - 30 Sep 2007	0	0	17	6	-23	0
Total segment revenue						
1 Jan - 30 Sep 2008	4,076	24,177	6,623	2,241	586	37,703
1 Jan - 30 Sep 2007	4,354	16,637	6,165	1,775	309	29,240
1 Jul - 30 Sep 2008	920	8,478	2,286	756	145	12,585
1 Jul - 30 Sep 2007	1,439	6,072	1,663	752	292	10,218
Segment earnings (EBIT)						
1 Jan - 30 Sep 2008	1,251	2,348	1,660	-3,150	-1,946	162
1 Jan - 30 Sep 2007	1,183	2,849	3,099	-601	-2,174	4,356
1 Jul - 30 Sep 2008	171	1,264	172	-2,437	-561	-1,392
1 Jul - 30 Sep 2007	397	969	776	-207	-829	1,106

5

Notes to the interim consolidated financial statements

General disclosures

The condensed interim consolidated financial statements for the nine months ended 30 September 2008 for Hypoport AG have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting). They are based on the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted by the European Union and take into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2007 and the disclosures contained in the notes thereto. These condensed interim consolidated financial statements have not been reviewed by an auditor.

The condensed interim consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros. The consolidated income statement has been prepared using the nature-of-expense method.

Basis of consolidation

The consolidation as at 30 September 2008 included all entities controlled by Hypoport AG in addition to Hypoport AG itself.

Starpool Finanz GmbH, Berlin, and GENOPACE GmbH, Berlin, have been consolidated for the first time since 31 December 2007.

Starpool Finanz GmbH, Berlin, was established in February 2008 in collaboration with Deutsche Postbank AG, Bonn. The object of this company is the brokerage of loans on the EUROPACE-platform. Its subscribed capital amounts to €200,100.00 and is fully paid-up. Hypoport AG owns a shareholding of €100,100.00.

GENOPACE GmbH, Berlin, was also established in February 2008. The company's core business is the brokerage of credit cooperatives' loans to third-party product suppliers on the EUROPACE-platform. Its subscribed capital amounts to €200,100.00 and is fully paid-up.

In April 2008, shares in GENOPACE GmbH amounting to €30,000.00 were sold to DSL Bank, Bonn; shares amounting to €20,000.00 were sold to each of Volksbank Düsseldorf Neuss eG, Düsseldorf, and to Volksbank Münster eG, Münster; and shares amounting to €10,000.00 were sold to each of Münchener Hypothekenbank eG, Munich, to R+V Lebensversicherung Aktiengesellschaft, Wiesbaden, and to WL Bank AG Westfälische Landschaft Bodenkreditbank, Münster. Hypoport AG therefore still holds 50.02 per cent of the shares in GENOPACE GmbH. The sale of the shares in GENOPACE

GmbH did not give rise to any difference between the selling price and the minority interest in the company's equity.

The following table shows the entities included in the interim consolidated financial statements in addition to Hypoport AG:

	Holding (%)
Dr. Klein & Co. AG, Lübeck	100.00
Dr. Klein & Co. Capital AG, Berlin	100.00
Dr. Klein & Co. Consulting GmbH, Lübeck	100.00
GENOPACE GmbH, Berlin	50.02
Freie Hypo GmbH, Lübeck	100.00
Hypoport Capital Market AG, Berlin	100.00
Hypoport Insurance Market GmbH, Berlin	100.00
Hypoport Mortgage Market Ltd., Westport (Ireland)	100.00
Hypoport Netherlands B.V. , Amsterdam	100.00
Hypoport PFE GmbH, Lübeck	100.00
Hypoport Stater B.V., Amsterdam	50.0
Hypoport Systems GmbH, Berlin	100.00
Qualitypool GmbH, Lübeck	100.00
Starpool Finanz GmbH, Berlin	50.02
Vergleich.de Gesellschaft für Verbraucherinformation mbH, Berlin	100.00

Notes to the interim consolidated financial statements

With the exception of Hypoport Stater B.V. (joint venture, consolidation on a pro rata basis), all companies in the Group are fully consolidated.

Accounting policies

The consolidation principles and accounting policies as described in the notes to the 2007 consolidated financial statements were also used to prepare the interim consolidated financial statements and to calculate the comparative figures for 2007.

The establishment of Starpool Finanz GmbH and GENOPACE GmbH has made it necessary to report a minority interest for the first time. Minority interest represents the portion of net profit and net assets that is not attributable to the Hypoport Group. Minority interest is shown separately on both the balance sheet and the income statement. On the balance sheet it is reported as part of equity, separately from the equity attributable to Hypoport AG shareholders.

Intangible assets and property, plant and equipment

Intangible assets primarily comprise unchanged goodwill of €14.8 million and development costs of €7.4 million for the financial marketplaces (2007: €7.0 million).

Property, plant and equipment consists solely of office furniture and equipment of €2.1 million (2007: €1.6 million).

Income taxes and deferred taxes

The average combined income tax rates expected to apply on the basis of current tax legislation are just under 30 per cent (2007: 38 per cent) for companies in Germany and between 12.0 per cent and 30.0 per cent – as in 2007 – for subsidiaries outside Germany.

Earnings per share

The figure for earnings per share is determined in accordance with IAS 33. Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of outstanding shares. Diluted earnings per share is calculated by dividing the net profit for the period by the total weighted average number of outstanding shares, adjusted for the dilutive effect of potential new shares. The figure for earnings per share becomes diluted if the average number of shares is increased as a result of adding in the issue of potential shares in connection with options.

Share options were issued to employees in the years 2002 to 2004. These share options had the following dilutive effect on earnings per share in 2008:

	1 Jan to 30 Sep 2008	1 Jan to 30 Sep 2007	1 Jul to 30 Sep 2008	1 Jul to 30 Sep 2007
Net profit for the period (€'000)	-940	3,675	-1,637	1,384
of which attributable to Hypoport AG stockholders	-890	3,675	-1,621	1,384
Weighted number of out- standing shares (000s), undiluted	6,102	6,178	6,111	6,042
Basic earnings per share (€)	-0.15	0.59	-0.27	0.23
Weighted number of share options (000s) causing a dilutive effect	102	163	93	162
Weighted number of out- standing shares (000s), diluted	6,176	6,316	6,174	6,179
Diluted earnings per share (€)	-0.14	0.58	-0.26	0.22

The weighted number of outstanding shares is calculated on the basis of a daily balance. The dilutive effect of the options granted was an average of 63 thousand shares in the third quarter of 2008 (Q3 2007: 137 thousand) and of 74 thousand shares in the first nine months of 2008 (Q1–Q3 2007: 138 thousand).

Subscribed capital

The changes to subscribed capital in the period under review were as follows:

Subscribed capital	€
Balance as at 1 January 2008	6,093,510.00
Issue of new shares	18,580.00
Balance as at 30 September 2008	6,112,090.00

The Company's subscribed capital as at 30 September 2008 amounted to €6,112,090.00 (31 December 2007: €6,093,510.00) and is divided into 6,112,090 (31 December 2007: 6,093,510) registered no-par-value shares.

Following approval of a resolution by the Annual Shareholders' Meeting on 1 June 2007, €6,000,000.00 from the total Hypoport AG distributable profit of €8,390,613.81 was reclassified to retained earnings and the remaining €2,390,613.81 carried forward to the new financial year.

Authorised capital

Following approval of a resolution by the Annual Shareholders' Meeting on 1 June 2007, the unused authorisation of 19 December 2006 was set aside and replaced by a new authorisation. The Management Board was authorised, subject to the consent of the Supervisory Board, to increase the subscribed capital of the Company by up to a total of €3,000,000.00 by way of an issue of new registered no-par-value shares for cash or non-cash contribution on one or more occasions on or before 31 May 2012. The Management Board can decide to disapply the statutory pre-emption rights of the shareholders, subject to the consent of the Supervisory Board.

Conditional capital

The Annual Shareholders' Meeting on 26 August 2002 approved a conditional capital increase of up to €276,808.00 in the Company's subscribed capital. The purpose of the conditional capital increase was to allow share options to be granted to employees, members of the Management Board and to managers in subsidiaries. The conditional capital issued under the resolution adopted on 26 August 2002 amounted to €205,518.00 on 30 September 2008 after shares had been issued in connection with the exercise of share options.

Reserves

The breakdown of reserves can be found in the above consolidated statement of changes in equity.

Capital reserves include the premium from the capital increase carried out in 2001 (€400 thousand), the premium from the issue of shares under the 2002–2004 employee share ownership programme from 2006 to 2008 (€1.0 million), an amount equivalent to the par value of the treasury shares recalled in 2006 (€99 thousand) and an amount equivalent to the imputed share of subscribed capital for the treasury shares recalled in 2007 (€247 thousand).

Retained earnings include the profits generated by the entities included in the consolidated financial statements prior to the first-time consolidation on 1 January 2004, the capital gains on the sale of treasury shares, the losses on the recall of treasury shares and three negative goodwill amounts arising from business combinations. These negative goodwill amounts are reported under retained earnings, because profits had been retained after the acquisition but before the date of first-time consolidation.

The accumulated net profits since the date of first-time consolidation, all the remaining adjustments made under the first-time adoption of IFRS on 1 January 2004 and recognised directly in equity, and a statutory reserve of €7 thousand (2007: €7 thousand) are also reported under this item.

Minority interest

This item relates to the minority interest in the equity of Starpool Finanz GmbH and GENOPACE GmbH.

Share-based payment

No share options were issued in the first nine months of 2008.

Changes on the Management Board

Thilo Wiegand was appointed as a further member of the Management Board of Hypoport AG with effect from 1 June 2008. He will be responsible for the Financial Service Providers business unit.

The members of the Management Board as at 30 September 2008 were as follows:

- Prof. Dr. Thomas Kretschmar (Co-CEO), Berlin, responsible for the Corporate Real Estate Clients and Institutional Clients business units, strategy and fundamental issues, communications, legal affairs and data protection
- Ronald Slabke (Co-CEO), graduate in business administration, Lübeck, responsible for human resources, finance and administration, new markets and strategic investments
- Marco Kisperth, graduate in business informatics, Berlin, responsible for information technology
- Thilo Wiegand, graduate in banking, Großalmerode, responsible for the Financial Service Providers business unit

Related parties

IAS 24 requires disclosure of the names of persons or entities that control Hypoport AG or are controlled by Hypoport AG. Transactions between Hypoport AG and its subsidiaries are eliminated during consolidation and are therefore not subject to the disclosure requirement in this section.

IAS 24 also requires disclosure of the names of persons who can exercise significant influence over the Company.

The scope of persons covered by the requirements also includes key management personnel, their close family members and other entities via which a named person exercises control or significant influence over Hypoport AG. In the reporting period, the persons covered by this requirement were the members of the Supervisory Board of Hypoport AG, the members of the Group Executive Committee (Thomas Kretschmar, Ronald Slabke, Marco Kisperth, Thilo Wiegand, Stephan Gawarecki and Hans Peter Trampe) and their close family members.

The following table shows the numbers of shares and options in Hypoport AG directly or indirectly held by the members of the GEC and Supervisory Board as at 30 September 2008:

	Number of shares 30 Sep 2008	Number of shares 31 Dec 2007	Number of options 30 Sep 2008	Number of options 31 Dec 2007
GEC				
Prof. Dr. Thomas Kretschmar	1,397,643	1,383,353	0	0
Ronald Slabke	2,182,000	2,177,608	32,000	32,000
Marco Kisperth	93,926	108,212	14,000	14,000
Thilo Wiegand	24,000	24,000	0	0
Stephan Gawarecki	187,800	187,800	0	0
Hans Peter Trampe	174,990	174,990	20,000	20,000
Supervisory Board				
Dr. Ottheinz Jung-Senssfelder	24,000	24,000	0	0
Jochen Althoff	131,000	131,000	0	0
Christian Schröder	24,000	24,000	0	0

Opportunities and risks

In the period under review there were no material changes to the opportunities and risks for the Group as described in the risk report in the 2007 group management report. There are no identifiable risks to the Hypoport Group as a going concern.

Seasonal influences on business activities

There were no exceptional, positive seasonal influences on the performance of the Hypoport Group in the first nine months of 2008. In the past, positive changes in the mortgage market for both private and corporate clients have been noticeable during the course of a year. This has normally been attributable to changes in economic conditions and tax. The Company is also assuming that there will be an encouraging trend in the distribution of insurance products for private and corporate real-estate clients during the course of the year caused, among other things, by certain industry-wide cancellation deadlines and tax issues.

Events after the balance sheet date

The process of closing the loss-making EUROPACE for investors business is due to be completed by 31 December 2008.

Berlin, 10 November 2008

Hypoport AG – The Management Board

Prof. Dr. Thomas Kretschmar – Ronald Slabke – Marco Kisperth – Thilo Wiegand



HYPOPORT

THE FINANCE INTEGRATOR



Hypoport AG
Klosterstraße 71
10179 Berlin
Germany
Tel.: +49 (0)30 420 860
Fax: +49 (0)30 4208 61999
E-Mail: info@hypoport.de
www.hypoport.de

