MAGNAT

real estate opportunities

Turning Inefficiencies into Opportunities.

Interim financial report 2008/2009

Financial year

1 April 2008 to 31 March 2009

KEY FINANCIAL INDICATORS

Corporate figures (consolidated, IFRS)

EUR 000	30.09.2008	30.09.2007
Rental income	1,232.6	1,241.2
Income on the disposal of real estate companies	0	0
Income on entities accounted for using the equity method	-5,832.0	3,089.5
Earnings before taxes and interests (EBIT)	**-7,754.8**	**2,374.4**
Earnings before taxes (EBT)	-8,925.6	2,723.1
Consolidated Income	**-8,480.9**	**2,571.9**

Balance sheet figures

EUR 000	30.09.2008	31.03.2008
Total equity	99.675,7	104.208,7
Balance sheet total	149.851,9	141.035,2
Equity ratio	66,5%	73,9%
Cashflow from ongoing business activities	-6.167	-62.224
Cashflow from investment activities	-4.207	-52.382
Cashflow from financing activities	12.015	89.271
Cash and cash equivalents	6.468,3	4.827,2

Share Data

	30.09.2008	31.03.2008
Number of shares	52.900.000	52.900.000
Share price at the end of the period	0,45	1,10
Market capitalisation in EUR mio.	23,8	58,2
Price / Earnings ratio	n.a.	6,47
NAV per share	1,70	1,89
Freefloat (Shareholders < 3%)	80,95%	57,58%

Magnat Share – key data

Name	MAGNAT Real Estate Opportunities GmbH & Co. KGaA
ISIN	DE000A0J3CH0
WKN	A0J3CH
Code	M5R (Bloomberg: M5R GR, Reuters: M5RG.DE)
General Standard (Regulated market)	Frankfurt Stock Exchange (Frankfurt und Xetra)
OTC Market	Berlin, Düsseldorf und Stuttgart
Index	C-DAX
E-Mail	info@magnat-reop.com
Homepage	www.magnat-reop.com

MAGNAT vs. EPRA Germany Index (30.03.2008 – 30.09.2008)

Source: Bloomberg

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FOREWORD BY THE MANAGEMENT

Foreword by the management

Dear Shareholders,

Ladies and Gentlemen,

In the second quarter of our fiscal year, which ended on 30 September, there was a dramatic worsening of the financial crisis. On the so-called "Black Monday", the 15th of September, the U.S. investment bank Lehman Brothers had to file for bankruptcy. A serious crisis followed throughout the entire banking system, which led to the establishment of government rescue packages in order to stabilise the situation. The crisis in the financial system is currently having a noticeable impact on the real economy and has also resulted in lower growth rates in Eastern Europe, in the markets in which we operate.

One thing is clear: times have become tougher. In the first half of our fiscal year we were forced to reverse the sale of our Chmelnitzkij investment, which related to a wholesale centre in Ukraine. This measure was necessary due to non-payment of the purchase price by the buyer and impacted our half-year result by EUR -3.0 million. The result was further impacted by an unrealised currency translation effect of EUR -3.9 million from the YKB portfolio. Taking into account these special factors, our consolidated result in accordance with IFRS in the first half of the 2008/2009 fiscal year after taxes and minority interests amounted to EUR -8.5 million.

At this point we would like to stress that even in difficult times we are well equipped to implement our business model both operationally and in terms of the balance sheet. Our equity ratio as of 30 September 2008 stood at EUR 66.5%. Furthermore, we have liquid funds of EUR 6.5 million at our disposal. The completed forward sale of our "Prospekt Peremogi 67" investment in the Ukrainian capital of Kiev demonstrates at this early stage of the development phase that our strategy is promising.

The net asset value (NAV) of the MAGNAT share stands at EUR 1.70; thus, at EUR 0.45 (XETRA closing price on 30 September 2008) the MAGNAT share was quoted at 73% below NAV. This demonstrates the price potential our share has once the capital markets recover.

We look confidently into the future despite the current difficult situation in the financial and real estate markets, because structural backlog demand in Eastern Europe, in the real estate markets upon which we focus, continues unabated. The demand for western standards, which still barely exist, remains. Our markets in CEE/SEE and CIS will demonstrate higher economic growth than the markets in Western Europe in spite the international crisis, albeit with comparatively higher risk. MAGNAT is built on a strong foundation and can operate successfully even if the transaction times extend.

We believe in MAGNAT and will do our utmost to convince with operational successes. We have made our dedication and our confidence clear in recent weeks and months through our high personal commitment to our shares.

Frankfurt am Main, 28 November 2008

Jan Oliver Rüster, CEO

Jürgen Georg Faè, CFO

INTERIM MANAGEMENT REPORT OF THE MAGNAT GROUP

Interim Management Report of the MAGNAT Group for the period 1 April to 30 September 2008

1 Overall economic development and real estate markets

The business situation and especially the economic outlook have further deteriorated in the course of the first and second quarter due to the banking crisis worsening: economic indicators, such as purchasing managers' indices, are declining, consumer confidence fell further and forecasts from various economic institutions are increasingly negative. Growth expectations for Europe have reduced substantially and were downgraded from +1.3% to -0.2%. The European markets are on the verge of recession. Hence, the financial crisis has reached the real economy.

Reference rate cuts by the central banks could not prevent the DAX and other international indices reaching new all-time lows. The banking and financial crisis, which worsened dramatically in September and October with several "near-breakdowns", continues to be a problem. The 3-month Euribor and the 3-month Libor, which in the interbank market in the autumn of 2008 were between 115 and 165 basis points above the reference rate, demonstrate the severity of the crisis of confidence. The financial institutions partially took advantage of state financial assistance in the autumn, but rather than passing this on deposit it at poor conditions with the European Central Bank.

As a consequence of that financing conditions have also changed. Lending conditions have become even more restrictive since the middle of the year; this has led, in particular, to large (portfolio) purchases being difficult to finance using borrowed capital. Compared to the previous year, the transaction volume on Europe's investment market has dropped by around 57%. The restrictive lending practice has a direct, negative impact on the value of real estate. Numerous transactions are presently not being concluded because of the perception of an adequate selling price, which between buyer and seller is considerably different. In particular, in the second quarter one can speak of a non-existent buyer market in some countries due to lack of financing. The crisis in the real economy could also have a negative impact on the development of rental prices. Rising exit yields can be expected.

Central and Eastern Europe (CEE) and South-Eastern Europe (SEE)

Poland continues to be marked by high economic growth. In the first quarter of 2008, Poland grew by 6.4% and in the whole of 2008 the Economist Intelligence Unit expects growth of 5.1%. Growth of 2.9% is expected in 2009 despite the financial crisis. Due to the 25% rise in the value of the PLN compared to the EUR, inflationary trends, based on increasing commodity prices, were kept under

control. The Economist Intelligence Unit expects inflation to be 4.3% in 2008. The home market remains a strong pillar of the national economy. Buoyed by wage increases of around 10% and an increase of 3-4% in the employment rate the home market will continue to develop positively.
In the first half of the year, rental prices for office real estate increased dynamically. Here demand is much higher than supply. The vacancy ratio has reduced further. According to a study by Jones Lang LaSalle the market for commercial real estate will continue to develop dynamically; this will not only be in Warsaw, but also in other medium-size cities.
According to a study by CB Richard Ellis, 2008 and 2009 will see a high number of completions in the area of residential real estate. This will cause the high demand pressure to dissolve and the market for residential real estate to rotate from being a sellers' market to a buyers' market. The moderate price development in the first half of 2008 documented this.

Romania was also successful in further increasing its gross domestic product in the first half of 2008 and will, according to various research institutes, enjoy growth of around 8.6% in 2008. Growth in 2007 was at 6.0%. In 2007, inflation stood at 4.8% and in the whole of 2008 will again grow significantly; accordingly, inflation is expected to be 7.8%. The financial crisis has caused four major project developers to abandon several projects in the early stage of development. In the first six months in 2008, the sale of residential real estate has decreased by 50% compared with the same period in 2007. The decrease was especially severe in the months of April and May.

The Turkish economy stood in the shadow of political unrest in March and April 2008. After growth of 4.6% in 2007, economic growth is expected to be at 3.0% in 2008. Turkey is again marked by very high inflation, which will be between 8.7% and 10%. The Turkish banking system has been hitherto unaffected by the international financial crisis. Here the banking reform of 2001 appears to have a stabilising influence.
The market for commercial real estate is still marked by very high excess demand. In the prime market segment alone rental prices rose by 11% in the second quarter of 2008. In particular, in Istanbul projects currently under construction are unable to satisfy demand. In particular, the lack of suitable land in and around Istanbul increases the pressure on rental prices.
The problem of land shortage also represents a barrier in the area of residential real estate. In a study Colliers International expects the prices for residential real estate to slacken in the next few quarters. This lies in the fact that demand pressure in the outskirts of Istanbul will shift and the cost of living in Istanbul will rise significantly. The planned third bridge over the Bosporus will result in further relaxing demand pressure in the inner city areas.

Commonwealth of Independent States (CIS)

Economic growth increases to 6.5% in Ukraine. This growth was supported, in particular, by strong consumption, which reached a two-year high. Inflation reached a seven-year high of 31% in May. In June, the rate of inflation remained at around 29%. In particular, the cost of foodstuffs rose by 50% during the period under review. The financial crisis impacted Ukraine very strongly in the second half of the year; in consequence, there were instances where national bankruptcy could be not excluded. High inflation, excessive indebtedness of the state and political interference mean that it is currently not possible to make a reliable forecast of further developments.

The commercial real estate market is marked by very high excess demand. In particular, international investors and companies attracted by the economic potential of Ukraine have increased rental prices by 7% in recent quarters. In addition to Kiev, the real estate market has developed positively in the cities of Donetsk and Odessa. High backlog demand is also detectable here. According to a study by Colliers International, an easing of demand cannot be expected in A-class areas in the near future. The vacancy ratio is seen at between 1 and 3%.

After military intervention by the Russian forces, Georgia is unable to continue the growth of recent years. Whereas Georgia grew by around 9.4% in 2007, the National Bank of Georgia still expects growth to be 5% in 2008. The capital city, Tbilisi, is marked by enormous backlog demand both in terms of residential real estate and commercial real estate. Tbilisi only has three Class A commercial properties and practically no residential real estate that meets western standards. Middle-class real estate only exists in better locations such as Vake, Vera and Mtatsminda. Income growth and easier access to financing have increased demand for real estate that meets western standards. Further economic and political development is currently difficult to predict. Colliers expects economic growth of 4% in 2009.

After economic growth of 8.1% in 2007, the beginning of 2008 was promising for Russia. In addition to the growing gross domestic product, real wages increased by 13.1% in the first four months, the rate of unemployment fell in the same period. The new middle class of Russia now amounts to some 19 million inhabitants and will increase to about 27 million inhabitants by 2010. From the middle of 2008, Russia was also severely hit by the international financial crisis. Trading on the stock exchange was temporarily halted for several days. From August to September, USD 33 billion in funds was withdrawn from Russia. In October, the Russian government made approximately USD 86 billion available to overcome the crisis. In the meantime, the IMF has reduced the forecasts on economic growth.

King Sturge expects the commercial real estate market to see falling prices due to the lack of financing opportunities. According to King Sturge, the price decline should bottom out at the end of 2008. The current situation in the Russian real estate market is very volatile and affected by a wait-and-see attitude among many investors. However, according to King Sturge Moscow will continue to be an interesting real estate market.

In 2007, prices for residential real estate grew by around 16.4% in Russia. A marked slowdown - caused by the financial crisis - in price increases was seen in the first half of 2008. Hence, a price increase rate of "only" 7.5% was noted in June 2008.

The market for building land shows a similar trend to that of residential and commercial real estate. King Sturge expects the price for building land in and around Moscow to fall by around 20% in 2008 because potential developers will be unable to implement projects due to poor financing opportunities.

Germany

After the German economy began 2008 very robustly with economic growth of 1.5%, the Federal Republic slipped into recession in the autumn, which, according to several economic institutions, could reach its peak in the spring of 2009. Growth for the whole of 2008 is currently expected to be 0.2%. The International Monetary Fund expects zero growth for the year 2008. The number of real estate transactions dropped significantly during the first half of the year and have fallen by 45% in comparison to last year. The transactions that took place in the first half of the year were marked by a significantly lower total volume and a significantly higher proportion of equity. Real estate prices in Germany remained stable in the first half of the year. In major cities and metropolitan areas a slight increase in rental prices have been noted in the period under review. The overall outlook for the German real estate market is assessed as positive due to the - compared with neighbouring states - low price/income ratio.

2 Business Segments

One focus of business during the reporting period was the development of real estate investments and the preparation of possible exit scenarios. With the forward sale of the "Peremogi 67" investment, we succeeded in realising a sale after a short holding period.

Existing portfolio

The existing portfolio of MAGNAT is defined, inter alia, by a strategy with a medium-term holding period, a non-majority share of possession and non-dominant influence on the overall investment.

- SQUADRA Immobilien GmbH & Co. KGaA: SQUADRA was founded with share capital of EUR 25.1 million in August 2007. MAGNAT assumed EUR 4 million of the aforementioned figure. SQUADRA will focus on investments in the German real estate market. In addition to the office building "Blue Towers" in Frankfurt am Main, the last two quarters also saw SQUADRA making other promising investments. For example, a residential portfolio in Lüdenscheid with floor space of some 9,000 square metres was acquired for a very attractive price. Furthermore, preparations for the purchase of an office and commercial building in the centre of Leipzig were conducted, this was able to be realised in October.

- YKB-Portfolio (Turkey): Acquisition of an extensive real estate portfolio from Turkish bank Yapı ve Kredı Bankası A.Ş. ("YKB") consisting of some 400 properties with varying usage and a regional focus on the Greater Istanbul area in a consortium with project partners Adama Holding Public Ltd. (consortium leader) and Immoeast AG. The purchase price for the entire portfolio was originally EUR 136.5 million plus costs. A bridge loan for EUR 100 million with a one-year term that was made available by one of the consortium members was repaid on schedule at the beginning of September 2008 from the disbursement of a bank loan and sales of non-strategic real estate that were largely already completed. The proportion of equity invested by MAGNAT including a further pro rata capital injection - which was contractually agreed by the consortium members - in August 2008 of EUR 7.0 million thus equates to EUR 19.2 million. The operating performance is good, of the 400 properties purchased in September 2007; around 260 were sold at a profit by the end of the period under review. Promising development and exploitation opportunities are currently being examined for the existing development projects. It remains to be seen how the current market environment will affect these measures.

Development portfolio

The development portfolio comprises classical project development, i.e. the acquisition of a plot of land and the construction of one or more new buildings on the hitherto undeveloped plot, the revitalisation of existing real estate through renovation, modernisation and usage reallocation measures as well as entry into existing real estate projects in different stages of development. The goal after completion is to sell the real estate either in its entirety (where appropriate, through sale of the shares to the project company in the form of a share deal) or in individual units (e.g. in the form of residential ownership). The business segment additionally comprises individual investments in land banking and the trading portfolio.

The trading portfolio comprises the purchase and sale of real estate that is already completed or nearing completion, which is already wholly or partially let or intended for letting. During its period of ownership the Company typically engages in measures aimed at increasing value, such as optimisation of rental management, reduction of vacancies and exhaustion of any potential for increasing income from rent in order to optimise the ongoing revenues. Structural improvements as well as targeted renovation measures are also conducted if the Company sees doing so to be of economic value (upgrading of real estate). Accordingly, alongside secondary amounts in terms of ongoing returns from individual investments in the form of rental income, in particular, gains from sale are pursued. MAGNAT's efforts focus on optimum utilisation of the portfolio.

- "Vacaresti"/Bucharest (Romania): A plot of land of around 6,600 square metres for a total cost of EUR 8.4 million. MAGNAT holds a 75% stake in the project company (investment thus EUR 6.3 million). Planned usage of the plot is the construction of approximately 270 apartments of the medium-quality segment with a residential area of some 36,000 square metres. The plot is designated for residential building; preplanning and attainment of the PUZ (Plans Urbanistic Zonal, i.e. approval for the overall development) for the land is currently underway. A building permit is still to be granted. Due to the development of the price of land in Bucharest, talks regarding utilisation of the plot of land in Vacaresti have been held with prospective buyers. The planning activities for the PUZ are being continued, the permits should be attained in spring 2009; however, construction work has been postponed for this reason.

- "Pancharevo"/Sofia (Bulgaria): A plot of land of around 7,800 square metres for a total cost of EUR 1.8 million. MAGNAT holds a 75% stake in the project company (investment thus EUR 1.4 million). Planned usage of the plot is the construction of approximately 112 apartments of the upper-quality segment with a marketable space of some 13,370 square metres as well as 115 underground parking spaces and 30 outdoor parking spaces. The building permit has been issued and is legally binding. The bank loan for the start of the construction phase is currently being negotiated; however, in the current market environment this is problematic. Additional finance for further development is to be generated through the sale of apartments. Start of construction of the project is scheduled for the first half of 2009; completion should be in winter 2010.

- "Peremogi 67"/Kiev (Ukraine): 45% stake in a Ukrainian project company, which holds the right to develop on the corresponding property with an existing building permit for the construction of a "Class A" office and commercial building with an effective area of approximately 30,000 square metres and 360 parking spaces. The signing of a forward sale was realised in the first half of the 2008/2009 fiscal year, closing took place immediately after the end of the period under review on 2 October 2008. The Austrian AKRON Group acquired a stake of 40% of this investment and entered into a contract for acquisition of the remaining 60% after completion. After the period under review the binding term sheet was withdrawn by the financing bank in November 2008. Together with the Austrian partner financing talks, which have the highest priority, are now being held with various banking establishments. Start of construction is therefore delayed. This delay is being used to further optimise planning, especially the mix between office and residential, within the existing building permit.

- "Koncha-Zaspa"/Kiev (Ukraine): A plot of land of around 33,000 square metres for a total of EUR 4.9 million. MAGNAT holds a 75% stake in the project company (investment thus EUR 3.7 million). The right to the plot has been secured by contract; registration of title in favour of the project company is still outstanding. The plot is designated for residential building; a building permit is still to be granted. The original development plan provided for the construction of approximately 20 luxury villas or up to a maximum of 300 apartments in four storey buildings; however, this cannot be realised in the current market environment due to insufficient financing opportunities. Alternative opportunities for utilisation have been considered, a plan for dividing the land into parcels at low cost to increase the value of the land has been developed.

- "Digomi"/Tbilisi (Georgia): A plot of land of around 20,000 square metres for a total of EUR 2.1 million. MAGNAT holds a 56.25% stake in the project company. The vast majority of the MAGNAT investment – in addition to the stake in the project company, which was founded with minimum capital – exists in the form of a shareholder loan of EUR 1.4 million. Construction of a retail centre is planned on the plot. A development study was prepared, other cost driving activities have been disregarded due to a lack of final users and talks regarding utilisation have been held with several prospective buyers. During the period under review the local conflict as well as global developments in the real estate sector has also affected the exploitation opportunities. Negotiations on utilisation are currently being held with two prospective buyers.

- "Vake 28-2"/Tbilisi (Georgia): Together with a local partner a residential building with a total marketable area of 11,352 square metres (apartments, penthouse and commercial areas) is being constructed. Magnat holds 37.5%. Financing of the overall project is covered by a shareholder loan in the amount of USD 1.0 million. As of the period under review 35% of the area to be sold (6,609 square metres) has been sold and 25% of the structural work completed. The impact of the hostilities on the real estate was only marginal during the period under review. After the end of the period under review there was a marked slowdown in sales.

- "Schwarzenberg"/Vienna (Austria): 19% stake in an Austrian project company, which holds the right to develop on the "Hotel Schwarzenberg" property. The investment for the 19% share MAGNAT holds in the project company amounts to EUR 3.0 million. Financing for the original overall project is already secured on the basis of lease-financing. An architectural competition was held for the adaptation of outbuildings within the historic palace in one of the best locations in Vienna. Following market studies on room sizes and equipment as well as quality level, the concept of the luxury hotel was again significantly increased. During the period under review the preliminary planning and design planning including all the structural and internal enhancements were adapted to meet the revised overall concept with the aim of becoming "The best house in Europe". The total number of rooms was reduced from about 135 to 75 – 80; therefore they are much more comfortable and spacious. A world-leading company from San Francisco was commissioned with the interior architecture and the "overall design concept". Part of this fundamental realignment also included, in collaboration with renowned specialists, development of the entire catering concept, including the whole of the food and beverage section, and a completely new package was created. The submission schedule is currently being coordinated and finalised with the authorities. Construction is likely to start in the 2nd quarter of 2009. In the course of the acquisition MAGNAT obtained a contractually secured put-option for its stake, which guarantees exit in the 2011/2012 fiscal year with a corresponding return.

- Residential portfolio (Germany): The portfolio in which MAGNAT holds a 75% stake now includes (at the Eberswalde, Saalfeld and Rostock sites) some 1,500 apartments and has a rentable area of approximately 85,300 square metres. The return on rent is 9.2% (current as-is rent based on acquisition costs and incidental costs), the acquisition costs are around EUR 420/square metre. Due to the above average return on rent and with the elimination of vacancies a significant potential for appreciation exists. In the Eberswalde sub-portfolio and especially in Rostock vacancies have already been successfully reduced.

- Commercial portfolio (Germany): The portfolio in which MAGNAT holds a 75% stake has a rentable area of approximately 10,100 square metres. The return on rent is 8.8% (current as-is rent based on acquisition costs plus incidental costs), the acquisition costs are around EUR 1,150/square metre. The letting status of the entire commercial portfolio stands at 97%. In May 2008, the strategic acquisition of a neighbouring residential and commercial building took place to round off the Delitzsch group of buildings. This additional building, with an effective area of approximately 310 square metres, is fully let; the purchase price was nearly EUR 200,000.

- "Housing Estate Nasze Katy"/Wroclaw (Poland): Construction of approximately 1,000 apartments in several stages of construction with an effective residential area of approximately 66,000 square metres; MAGNAT has a 50% stake in the Polish project company (MAGNAT's investment totalling EUR 2.8 million is in the form of an interest and a shareholder loan). Widening of the time frame for the use of a loan has been requested; an extension is currently under negotiation. The start of the next phase of construction (3 elements with a total of 200 apartments) has begun. The implementation schedule has been adapted, i.e. temporally extended, in the interest of risk management in the current situation. 67 apartments have been hitherto sold and transferred. Preliminary contracts authenticated by a notary and advance payments exist for a further 58 apartments.

- "Cottage Village Sadko I and II" in Moscow (Russia): Construction of some 600 single-family homes in several phases on a plot of land in Moscow-Oblast of approximately 900,000 square metres. MAGNAT has a 20.31% stake in Sadko I and II respectively. MAGNAT's total investment is EUR 1.8 million. Sadko I is progressing according to plan. 145 homes are now completed, 54 homes are under construction. Buyers have already been found for 112 homes. The sale prices were able to be gradually increased. Construction of Sadko II is planned after completion of Sadko I. The market value of the Sadko II plot of land has climbed due to the continued rise in land prices; in addition, the construction work and production of the infrastructure at Sadko I have a value-increasing affect. Implementation of the construction work has been funded with sales revenue, advance payment receipts and bank financing.

- "Alexander"/Kiev (Ukraine) and "Mogosoaia"/Bucharest (Romania) plots: The plots of land have an area of approximately 200,000 square metres and approximately 57,000 square metres. MAGNAT's investment (75% stake in each of the project companies) is

EUR 3.2 million and EUR 3.0 million. In the case of Mogosoaia, the vast majority of the MAGNAT investment – in addition to the stake in the project company, which was founded with minimum capital – exists in the form of a shareholder loan. Both plots are already designated for residential use. The rights to the Alexander plot have been contractually secured; registration of title in favour of the project company is still outstanding. In view of developments in the real estate markets a decision has been made to offer the plots of land for sale.

- "Cottage Village Vitaly"/Kiev, Ukraine: Investment totalling EUR 0.7 million with a contractual right to a proportional share of the profits from the overall project. The project had already received building approval at the time MAGNAT invested; four homes have been sold. The current progress of sales is unsatisfactory; accordingly, the profit forecast has been reduced. Exploitation of the overall project without further development (including the share of the local project partner) has been agreed at shareholder level and is to be realised in 2009.

- "Podillja"/Chmelnitzkij (Ukraine): With an investment of USD 2.6 million (EUR 2.0 million) MAGNAT financed the completion of construction stage 1 of the "Podillja" wholesale centre. With this investment MAGNAT acquired a contractual entitlement to 500 business units. In the past fiscal year, these 500 business units were sold to a company with appropriate collateral that intends to sell them. In the period under review the sale of the investment had to be reversed because the buyer defaulted on paying within the prescribed payment period. This affected the half-year result by EUR -3.0 million. The bridge loan that was granted to the local partner until the end of September in the amount of USD 1 million was not extended. The transfer of the lien for surety in the form of a further 100 business units has now been executed. The Chmelnitzkij wholesale centre has in the meantime obtained all necessary regulatory approvals. Immediately after reversal after the end of the period under review renewed efforts were made in terms of development and exploitation.

- Russian Land AG, Vienna: Founded in August 2007. MAGNAT paid EUR 2.5 million of the share capital, which amounts to EUR 5 million. The capital was increased in July 2008 by new investors by a further EUR 1.2 million. Russian Land concentrates on the land banking segment within a range of 80 to 150 miles from Moscow. In the last two quarters designation as well as the adjustment of the cadastral registrations for the purchased projects or those for which an option exists were pressed ahead with. Furthermore, Russian Land AG granted a renowned developer financing for the re-designation of a large plot of land, this will be repaid during 2009, either in the form of re-designated plots of land at favourable terms or in cash.

3 Net asset value (NAV)

The current difficult market conditions in the financial and real estate markets will be accounted for through a change to the assumptions used to calculate NAV as well as by increasing the transparency of the method of calculation.

Previously, NAV was determined using a simplified formula based on the method of calculation prescribed by EPRA. In the future, MAGNAT will derive the NAV from the balance sheet in accordance with all the EPRA recommendations. Furthermore, due to the present situation the unrealised gains in the land bank portfolio will be completely reduced in the interest of prudentiality.

As of the balance sheet reporting date, 30 September 2008, the net asset value based on the changed assumptions and new method of calculation stood at EUR 1.70 per share.

Net asset value as of 30.09.2008

	NAV in m.	Shares in m.	NAV per share
NAV as per the financial statements	**84,68**	**52,90**	**1,60**
Effect of exercise of options, convertibles and other equity interests	-	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	**84,68**	**52,90**	**1,60**
Revaluations*	6,00		0,11
German Portfolio **	6,00		0,11
Land Bank	0,00		0,00
Development properties held for investment	-		-
Revaluation of other non-current investments	-		-
Fair value of tenant leases held as finance leases	-		-
Fair value of trading properties	-		-
Fair value of financial instruments	(0,81)		(0,02)
Deferred tax	(0,08)		(0,00)
Goodwill as a result of deferred tax	-		-
Diluted EPRA NAV	**89,79**		**1,70**

* Only German portfolio and land bank portfolios
Development portfolio accounted for at historical acquisitions costs
** Residential and Commercial

4 Earnings, financial and asset position

Development of revenue and earnings

In the first half of 2008/2009, the MAGNAT Group generated earnings before tax (EBT) amounting to EUR -8.9 million compared to EUR 2.7 million in the same period last year.

This result was substantially affected by losses amounting to EUR -5.8 million from companies valued using the equity method (same period last year: EUR 3.1 million). The reversal of the sale of the Chmelnitzkij project, which was reported at the beginning of October, impacted the half-year result by EUR -3.0 million; a loss from the YKB portfolio by EUR -2.2 million. The positive operational development of the YKB portfolio was overcompensated by non-realised currency translation effects amounting to EUR 3.9 million.

The letting of properties from the real estate portfolio contributed to earnings with EUR 1.2 million. Here, it is gratifying to note the positive outcome of the renovation measures and resulting increase in letting.

General and administrative expenses in the fiscal year amounted to EUR 2.0 million; here, substantial items included legal and consulting fees of EUR 0.6 million, compensation of the General Partner pursuant to the Articles of Association in the amount of EUR 0.3 million, and the management fee of EUR 1.0 million to the Asset manager pursuant to the Articles of Association. Other operating expenses of EUR 1.5 million were predominantly affected by sales fees, mainly from the YKB portfolio, paid to the Asset Manager pursuant to the Articles of Association, fees passed on of EUR 0.7 million, non-deductible input tax of EUR 0.3 million and financing costs of EUR 0.2 million.

Net financial income in the period under review was EUR -1.2 million. The consolidated earnings after taxes amounted to EUR -9.0 million, where EUR -8.5 million was apportioned to shareholders of the parent company and EUR -0.5 million to minority interests. Taking account of the earnings attributable to minority interests, this corresponds to earnings per share of EUR -0.16.

Net asset and financial position

The book value of the real estate portfolio during the period under review remained constant at EUR 48.0 million. Loans to companies valued using the equity method rose to EUR 6.1 million due to a shareholder loan relating to the Peremogi project amounting to EUR 1.7 million. The financial receivables and other financial assets increased to EUR 13.2 million during the period under review due to a shareholder loan to YKB amounting to EUR 7.0 million. As of 30 September 2008, cash stood at EUR 6.5 million (as of 31 March 2008: EUR 4.8 million).

MAGNAT had at its disposal consolidated equity of EUR 99.7 million (including EUR 15.0 million in minority interests) as of the reporting date, 30 September 2008, and a solid equity ratio amounting to 66.5% (as of 31 March 2008: 73.9 %).

The non-current financial liabilities of the Company rose in the period under review to EUR 36.0 million. The climb of EUR 22.3 million stemmed from refinancing of the Eberswalde and Rostock projects in June 2008. The current liabilities decreased to EUR 7.6 million due to the refinancing. The balance sheet total as of 30 September 2008 rose to EUR 149.9 million.

5 Supplemental report

MAGNAT sold its 60% share in the "Prospekt Peremogi 67" project in the Ukrainian capital of Kiev in the course of a forward sale. The buyer is the Austrian based AKRON Group. The Akron Group has initially entered into the investment directly as a new partner through acquisition of the 40 percent from the old project partner and has given a contractual assurance that it will acquire the remainder upon completion of the "Peremogi 67" project. According to the contract the AKRON Group will initially acquire 40% of the project from MAGNAT and MAGNAT will in turn use the proceeds from the sale to acquire the 40% from the local project partner. Approval of the transaction by the relevant competition authorities took place shortly after the end of the period under review on 2 October 2008. The economic effect of this interim transaction will thus be recognised in profit or loss in the third quarter. As of the reporting date MAGNAT secured an entitlement to a mezzanine loan amounting to EUR 6.5 million, which was activated in full in October 2008. After the period under review the binding term sheet was withdrawn by the financing bank in November 2008. Together with the Austrian partner financing talks, which have the highest priority, are now being held with various banking establishments. Start of construction is therefore delayed. This delay is being used to further optimise planning, especially the mix between office and residential, within the existing building permit.

The liquidity risk in the Company's initial phase was managed predominantly through the maintenance of a liquidity reserve in the form of money placed in a bank account as well as in the meantime credit lines which can be drawn on at all times. Given the current situation MAGNAT has decided to use the returns from future sales to keep liquidity available in the form of money placed in a bank account. An agreement was made in October with the bank extending the credit line regarding reduction of the line by the end of March 2009.

6 Risk report

The 2007/08 Annual Report covered risk policy and the principles of risk and opportunity management extensively. In consequence, the main changes in this area will be looked at.

a. Market and industry risks

The real estate market is strongly characterised and influenced by cyclical developments, which in turn are influenced by a large variety of factors. Key factors within individual economies and real estate markets and/or sub-markets are supply and demand on the part of the user, the availability and cost of capital (especially the prevailing interest rate levels) and the construction costs. Nationally and globally the demand by investors for investment in the real estate asset class and their relative attractiveness compared with other asset classes is important.

The real estate market has generally deteriorated in terms of demand because capital is either available only at very high costs or not at all. In addition, a situation is emerging whereby certain competitors in the target regions are offering larger portfolios at low prices because of economic problems. The persistence of this situation and its impact on MAGNAT are presently difficult to assess.

In the markets of the CEE/SEE/CIS region, in which MAGNAT operates, a significantly higher country risk exists in comparison with western industrialised nations. This country risk has varying manifestations, such as political developments, instability in the legal system and legal authority in general as well as specifically real estate law and land register law, prevailing circumstances and business practices. The Company is neither able to eliminate nor fully control many of these risks.

These risks are partially compensated for by avoiding above average asset allocation in individual projects or individual countries and co-investing with well-established local project partners. To this end, MAGNAT has set itself the target of investing no more than 25% of equity in any one project and no more than 45% of equity in any one country.

In Georgia hostile acts with Russia led to halting construction of a project one week ago. Approximately 3% of MAGNAT's equity is invested in Georgia. About 28% of equity is invested Ukraine, in which at the beginning of November the International Monetary Fund undertook to grant a loan of some USD 16.5 billion. At the same time, internal political tension is leading to uncertainty. The impact of these developments may influence MAGNAT's course of business.

b. Financial risks

Currency risks

MAGNAT operates predominantly in markets outside the euro area and is therefore subjected to currency risks. Where possible and feasible, projects are processed in the local currency (e.g. financing of construction costs with outside capital in the local currency).

To hedge USD exposure a EUR call/USD put option over USD 25 million at a strike price of 1.47 was acquired on 28 September 2007, the period of validity runs until the end of September 2009.

An option in the opposing direction with a strike price of 1.25 and period of validity until the end of September 2009 was sold in order to reduce expense associated with the premium. This hedging strategy accounts for the Company's investments, but not the expected gains from the various projects. A weakening of the USD against the EUR would thus be investment-neutral, but would be detrimental to the earnings potential of these projects. A further strengthening of the dollar would have a positive influence on the EUR equivalent of investments and earnings potential, but would be negative in terms of the sold option.

Liquidity risk

The liquidity risk in the Company's initial phase was managed predominantly through the maintenance of a liquidity reserve in the form of money placed in a bank account as well as in the meantime credit lines which can be drawn on at all times. Given the current situation MAGNAT will use the returns from future sales to keep liquidity available in the form of money placed in a bank account. An agreement was made with the bank extending the credit line regarding reduction of the line by the end of March 2009. The dependency of the liquidity situation on returns from sales will thus increase significantly in the 2009 calendar year.

c. Operating risks

MAGNAT's Articles of Association provide for assignment of the key processes to limited shareholder, R- QUADRAT. Within the projects to be managed by R-QUADRAT, traditional project risks may emerge.

If, at project level, loan funding cannot be obtained or obtained as planned, there is a risk that the project timetable will be delayed and/or that more equity capital will be necessary for a project and/or that the costs of financing with outside capital will be higher than planned. The conclusion of project financing currently under negotiation is delayed because of the situation on the financial markets. The exact impact on the project plans is currently difficult to assess.

7 Outlook

Growth dynamics in the CEE/SEE/CIS region continue to be sound, especially in comparison to the euro area; however, this has significantly reduced following the developments in recent weeks on the capital and credit markets. Bank financing for real estate development in the CEE/SEE/CIS region is currently barely available and if it can be obtained then only at relatively high lending margins and equity ratios. It remains to be seen when this situation will unwind and the banks return to an orderly lending process. The significant reduction in oil prices and resulting easing of inflation as well as the slackening in demand for building supplies and services lead to a general reduction of construction costs.

The potential for the sale of completed properties to institutional end investors is, from today's perspective, limited in the commercial development portfolio of the CEE/SEE/CIS region due to the lending situation. Sales of apartments and houses to owner-occupiers in the CEE/SEE/CIS region have slowed; here, the impact of the overall economic developments remains to be seen.

With regards to the sale of German real estate, the changed situation on the credit markets will lead to longer holding periods for MAGNAT because it has become more difficult for prospective buyers to obtain appropriate financing. The refinancing accomplished for parts of the German portfolio has become a major plus in the sales negotiations, since this provides the potential buyer with an attractive loan-to-value situation coupled with favourable credit conditions and the possibility of assuming this financing. In recent months, new tenancies have contributed to a reduction in vacancies; the value of the housing portfolio has thus further increased. Due to the low acquisitions costs, especially in the residential portfolio of EUR 420 per square metre and rent returns of approximately 9% (as-is rents in relation to gross acquisition costs), the potential for appreciation is substantial; an upside through further reduction of vacancies is expected.

Strategic priorities and goals

MAGNAT's activities centre on a buy & sell and develop & sell strategy. After the successful, above-average intensive portfolio build-up in the first full fiscal year, the coming 24 months will be dedicated to development and exploitation activities.

In development, the extent of the completion of projects such as, Nasze-Katy, Sadko, and Peremogi is being pressed ahead with. In the case of the latter, financing talks are being given special attention. In the YKB portfolio, promising development projects for further portfolio optimisation were identified in the existing portfolio. Further details of their planning and execution will be decided on over the course of the current fiscal year.

Exploitation efforts will be guided by the following principles: intensification of the ongoing exploitation activities as well as the opportunely-timed sale of key-projects if, in the current market environment, doing so makes sense commercially. Within the framework of the country focus the pullback from Romania is under preparation. Here, a further important key point is the aforementioned intended sale of the Germany portfolio over the next two fiscal years.

Disclaimer

This interim management report contains future-oriented statements and information relating to anticipated developments. Such forward-looking statements are based on our present expectations, assessments and certain assumptions. However, by their nature they include risks and uncertainties. Therefore, actual events, results and performance may deviate significantly.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated interim financial statements (IFRS)

Consolidated income statement as of 30 september 2008

EURO	01.04.2008 - 30.09.2008	01.04.2007 - 30.9.2007	01.07.2008 - 30.09.2008	01.07.2007 - 30.09.2007
Rental income	3.052.696	1.824.387	1.531.548	1.099.012
Operating expenses to generate rental income	-1.820.123	-583.138	-970.388	-454.838
Earnings from the letting of portfolio properties	**1.232.573**	**1.241.248**	**561.160**	**644.173**
Proceeds from the sale of real estate companies	0	0	0	0
Net assets from sold real estate companies	0	0	0	0
Earnings from the sale of real estate companies	**0**	**0**	**0**	**0**
Profit from companies valued using the equity method	40.405	3.091.665	21.479	
Loss from companies valued using the equity method	-5.872.409	-2.172	-5.872.409	-807.513
Earnings from companies valued using the equity method	**-5.832.004**	**3.089.494**	**-5.850.930**	**-807.513**
Other operating income	337.333	11.172	336.021	0
General administrative costs	-1.990.729	-1.555.976	-741.015	-915.378
Other operating expenses	-1.502.017	-411.519	-1.017.030	-108.481
Earnings before interests and taxes	**-7.754.844**	**2.374.419**	**-6.711.794**	**-1.187.198**
Financial income	883.413	981.677	611.469	451.740
Financial expenses	-2.054.157	-632.952	-1.548.109	-607.377
Earnings before taxes	**-8.925.588**	**2.723.145**	**-7.648.434**	**-1.342.835**
Income taxes	-46.290	-219.586	-28.360	-14.309
Earnings after taxes	**-8.971.879**	**2.503.559**	**-7.676.795**	**-1.357.145**
Of which attributed to:				
Minority interests	**-490.959**	**-68.295**	**-372.212**	**-53.534**
Parent company shareholders	**-8.480.920**	**2.571.854**	**-7.304.583**	**-1.303.611**
Undiluted earnings per share	-0,16	0,05	-0,14	-0,02
Diluted earnings per share	-0,16	0,05	-0,14	-0,02

Consolidated balance sheet as of 30 September 2008

EURO	30.09.2008	31.03.2008
ASSETS		
Non-current assets		
Intangible assets	101.643	102.840
Tangible assets	21.322	7.256
Shares in companies valued using the equity method	48.024.580	48.802.591
Loans to companies valued using the equity method	6.055.643	4.583.300
Advance payments on financial assets	0	1.731.404
Deferred tax claims	0	30.375
Derivative financial instruments	1.101.026	1.260.653
Total non-current assets	**55.304.213**	**56.518.419**
Current assets		
Portfolio properties	72.244.590	68.448.501
Trade receivables and other assets	2.604.265	4.530.786
Financial receivables and otjer financial assets	13.230.495	6.710.343
Means of payment	6.468.296	4.827.185
Total current assets	**94.547.646**	**84.516.815**
Total assets	**149.851.859**	**141.035.234**
EQUITY AND LIABILITIES		
Equity		
Company capital	52.950.000	52.950.000
Reserves	31.729.215	36.797.183
Shareholders' equity	**84.679.215**	**89.747.183**
Minority shares	14.996.527	14.461.556
Total equity	**99.675.741**	**104.208.739**
Liabilites		
Long-term debts		
Deferred tax liabilities	76.941	52.344
Derivative financial instruments	292.288	93.367
Long-term financial debts	36.023.547	13.759.629
Total long-term debts	**36.392.776**	**13.905.340**
Short-term debts		
Deferred debts	541.895	613.489
Trade payables and other liabilities	5.618.429	3.782.516
Short-term financial debts	7.623.018	18.525.150
Total short-term debts	**13.783.342**	**22.921.155**
Total debts	**50.176.118**	**36.826.495**
Total equity and liabilities	**149.851.859**	**141.035.234**

Consolidated cash flow statement as of 30 September 2008

EUR thousand	Item No.	01.04.2008 - 30.09.2008	01.04.2007 - 31.03.2008
Consolidated earnings before taxes		**(8.926)**	**8.088**
Change in portfolio properties		(3.796)	(46.652)
Change in trade receivables and other receivables		1.589	(127)
Change in financial receivables and other financial assets		(4.788)	(6.495)
Change in deferred tax liabilities		(72)	390
Change in trade payables and other liabilities		2.260	(4.302)
Change in derivative financial instruments		(287)	(155)
Other non-cash items		7.851	(12.971)
Cash flow from ongoing business activities	**F**	**(6.167)**	**(62.224)**
Payments for investment in tangible assets		(14)	(7)
Payments to acquire shares and to increase the capital reserve for companies valued using the equity method and other interests		(2.720)	(41.278)
Payments from the granting of loans to companies valued using the equity method and to other interests		(1.472)	(1.759)
Payments to acquire subsidiaries (minus acquired liquid funds)		0	(9.338)
Cash flow from investment activities	**F**	**(4.207)**	**(52.382)**
Payments-in from capital increases		653	57.315
Payments-in from assumption of financial liabilities		46.946	31.956
Payments for the settling of financial liabilities		(35.584)	
Cash flow from financing activity	**F**	**12.015**	**89.271**
Changes to means of payment affecting liquidity		**1.641**	**(25.335)**
Financial funds at the beginning of the period		4.827	30.162
Financial funds at the end of the period		**6.468**	**4.827**

Consolidated statement of equity

		Corporate capital		Reserves					
EUR thousand		Capital contributed by General Partner	Subscribed capital	Capital reserve	Revenue reserves	Other reserves	Equity attributable to shareholders of the company	Minority interest	Total equity
01.04.2008	**E**	**50**	**52.900**	**33.546**	**8.990**	**-5.738**	**89.748**	**14.461**	**104.209**
Capital increases	E	0	0	0	0		**0**	625	**625**
Capital procurement costs	E	0	0	0	0		**0**		**0**
Currency difference	E	0	0	0	0	3.412	**3.412**	402	**3.814**
Total earnings recorded directly in equity	**E**	**0**	**0**	**0**	**0**	**3.412**	**3.412**	**402**	**3.814**
Earnings in the period under review	E	0	0	0	-8.481	0	**-8.481**	-491	**-8.972**
Total earnings in the period under review	E	**0**	**0**	**0**	**-8.481**	**3.412**	**-5.069**	**-89**	**-5.158**
30.09.2008	**E**	**50**	**52.900**	**33.546**	**509**	**-2.326**	**84.679**	**14.997**	**99.676**
01.04.2007		**50**	**32.200**	**10.894**	**336**	**0**	**43.480**	**1.970**	**45.450**
Capital increases		0	20.700	24.719	0		**45.419**	10.196	**55.615**
Capital procurement costs		0	0	-2.074	0		**-2.074**	0	**-2.074**
Currency difference		0	0	0	0	-973	**-973**	0	**-973**
Total earnings recorded directly in equity		**0**	**0**	**0**	**0**	**-973**	**-973**	**0**	**-973**
Earnings in the period under review		0	0	0	2.572	0	**2.572**	0	**2.572**
Total earnings in the period under review		**0**	**0**	**0**	**2.572**	**-973**	**1.599**	**0**	**1.599**
30.09.2007		**50**	**52.900**	**33.539**	**2.908**	**-973**	**88.424**	**12.166**	**100.590**

Segment reporting

EUR thousand		01.04.2008 - 30.09.2008	01.04.2007 - 30.09.2007
Portfolio			
Total sales	G	0	1,823
Earnings before taxes in the period under review	G	-2,253	510
Development			
Total sales	G	3,053	1
Earnings before taxes in the period under review	G	-4,889	-552
Non-operational segment			
Total sales	G	0	0
Earnings before taxes in the period under review	G	-1,784	2,765
Group			
Total sales	**G**	**3,053**	**1,824**
Earnings before taxes in the period under review	**G**	**-8,926**	**2,723**

Notes

Interim reporting - half-year report

Notes to the period 1 April 2008 to 30 September 2008

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MAGNAT Real Estate Opportunities GmbH & Co. KGaA,

Frankfurt am Main

Interim reporting - half-year report

Notes to the period 1 April 2008 to 30 September 2008

A. General information

MAGNAT Real Estate Opportunities GmbH & Co. KGaA (hereinafter referred to as "Company", "MAGNAT" or "MKGaA") was formed on 6 April 2006. It was listed in the Commercial Register (HRB No. 77281) on 31 May 2006 at the location of the Company's headquarters in Frankfurt am Main, Germany. The registered office of the Company is located at Grüneburgweg 18, Frankfurt am Main, Germany. The Company's fiscal year ends on 31 March of each year.

MAGNAT is a real estate company that focuses on real estate development in Eastern Europe. The strategy of MAGNAT is designed to exploit opportunistic inefficiencies in the real estate markets. All projects must satisfy the requirement for an above average return.

Hence, as opposed to traditional investment strategies the MAGNAT business model is predominantly based on the generation of developer returns (develop and sell) and profit from trading in real estate (buy & sell). MAGNAT concentrates on real estate markets which demonstrate interesting development cycles, on undervalued markets (anti-cyclical investing) and on markets with strong economic growth (growth markets). The Group's current focus of activities is on Central, Eastern and South-Eastern Europe, enhanced by opportunistic special situations in the home market of Germany. In Central, Eastern and South-Eastern Europe – hereinafter also referred to as the CEE/SEE/CIS region[1] – MAGNAT concentrates on the so-called "second wave" countries, which currently consist of Russia, Ukraine, Poland, Romania, Bulgaria, Turkey and Georgia.

MAGNAT Real Estate Opportunities GmbH & Co. KGaA is the parent company of the MAGNAT Group. To date, the parent has not made investments in real estate or real estate projects itself. Investments are basically transacted through project companies; the parent (via intermediate

[1] CEE = Central & Eastern Europe; SEE = South-Eastern Europe; CIS = Commonwealth of Independent States

holding companies) holds a stake in these project companies either directly or indirectly. The majority of investments have hitherto been made jointly with co-investors.

A central element of corporate policy is extensive outsourcing, especially for real estate activities; this has a corresponding impact on the company's organisational structure and work-flow. In the capacity of Asset Manager, limited shareholder R-QUADRAT Immobilien Beratungs GmbH, Vienna (hereinafter referred to as "R-QUADRAT"), renders, in the scope of its special obligations pursuant to the Articles of Association, services to MAGNAT, which, to a large degree, span the entire value chain of real estate activities.

B. Rendering of accounts

The consolidated interim report was prepared in compliance with International Financial Reporting Standards (IFRS) for interim reporting, as applicable in the EU. The consolidated interim report was prepared in compliance with the applicable provisions of the German Securities Trading Act [Wertpapierhandelsgesetz] (WpHG). It was not subjected to a review.

The consolidated interim financial statements as of 30 September 2008 were prepared in compliance with the regulations of International Accounting Standard (IAS) 34. In accordance with IAS 34, an abridged report was decided upon compared to the consolidated financial statements as of 31 March 2008.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted standards and interpretations, which during the period under review were not mandatory. Application of these rules presupposes that approval by the EU, which at the present time is in part still outstanding, will be given. The Group has decided against the premature application of these standards and interpretations.

The consolidated financial statements have been prepared on the assumption of a going concern. The reporting currency is EUR. If figures have been rounded to the nearest thousand, this has been stated.

The consolidated financial statements of the MAGNAT Group prepared for MAGNAT Real Estate Opportunities GmbH & Co. KGaA, as its parent, comply with the uniform accounting and valuation

principles. IFRS requirements that were mandatory and adopted by the European Union as of the date of the interim report (30 September 2008) have been applied.
The accounting policies and the estimation methods have not changed since the consolidated financial statements as of 31 March 2008. Accordingly, we refer to our annual report as of 31 March 2008.

These interim financial statements do not contain all of the disclosures necessary for consolidated financial statements and must be read in conjunction with the consolidated financial statements as of 31 March 2008.

C. Business combinations and changes in the scope of consolidation

Business combinations

MAGNAT has decided to reverse the sale of the Chmelnitzkij investment due to non-payment of the purchase price by the buyer. Reversal of this development project impacted the result of the first half-year by EUR 3.0 million. The Chmelnitzkij investment is held by subsidiary R-Quadrat Ukraine Delta Ltd. Kiev, Ukraine. R-Quadrat Ukraine Delta Ltd., Kiev, Ukraine, was reincorporated into the scope of consolidation as of 30 September 2008.

Changes in the scope of consolidation

Due to the increase of the share capital of the associated enterprise Russian Land AG, Vienna, Austria, from EUR 5,000 thousand to EUR 6,198 thousand, whereby existing shareholders forwent their subscription rights, the proportion of MAGNAT's voting rights has decreased from 49.99% as of 31 March 2008 to 40.34%.

While Irao Magnat 28/2 LLC, Tbilisi, Georgia, which was formed on 29 June 2007, was not included in the consolidated financial statements as of 31 March 2008 for reasons of materiality, the company was incorporated in the consolidated interim financial statements as of 30 September 2008 as an associated enterprise due to commencing business activities. MAGNAT's proportion of indirect voting rights in the company amounts to 37.5%. The prorated acquisition cost amounted to EUR 0 thousand.

D. Selected notes to the consolidated income statement

The business activities of the Magnat Group are essentially free of seasonal and cyclical influences.

Consolidated earnings in the period under review of EUR -8,972 thousand was largely affected by the negative earnings of the associated enterprises (EUR -5,832 thousand) in the period under review. This includes EUR 3.0 million from the reversal of the Chmelnitzkij investment.

Financing expenses increased due to valuations of foreign currency option transactions, transfers and extensions, especially in the domestic subsidiaries, and amounted to EUR 2054 thousand as of 30 September 2008.

In the period under review general administrative costs amounted to EUR 1,991 thousand.

Earnings per share

Undiluted earnings per share are taken from the portion of the profit in the period under review attributable to the shareholders of the Company divided by the weighted average number of shares theoretically outstanding. According to the division of subscribed capital amounting to EUR 52.9 million into 52.9 million shares (after capital increases), the General Partner's capital is represented by a theoretical 50,000 shares.

Undiluted earnings per share (EUR)	- 0.16
Diluted earnings per share (EUR)	- 0.16

E. Selected notes to the consolidated balance sheet and to the statement on changes in equity

In the period under review the parent company of the Group granted a loan of EUR 7 million, which is posted under Financial receivables and other financial assets, to the subsidiary of a company valued using the equity method.

For the purposes of financing MAGNAT Real Estate Opportunities GmbH & Co. KGaA received a loan amounting to EUR 3.5 million from R-Quadrat Gamma Capital GmbH, Vienna. An existing financing line with Sparkasse Oberösterreich was used proportionately

Changes in equity recognised in profit or loss arise from the Group's negative result in the period under review totalling EUR 8,972 thousand.

A substantial change in equity arises from an increase to the currency translation reserve in the amount of EUR 3,412 thousand; said increase does not affect the income statement. The change is essentially due to the appreciation of the functional currency of the subsidiaries and associated enterprises against the reporting currency of the Group (EUR).

A change in the currency translation reserve amounting to EUR 2,446 thousand emerged from the appreciation of the Turkish lira (TRL) against the EUR within the revaluation of the balance sheet items and items in the income statement of the consolidated financial statements of GAIA Real Estate Holding SA, Luxembourg, Luxembourg; said change does not affect the income statement.

The development of equity can be taken from the statement on changes in equity in the appendix to the notes.

F. Selected notes to the cash flow statement

Cash flow from operating activities is calculated using the indirect method. Cash flow from investing and financing activities is calculated on a payment-related basis. The cash flow statement can be taken from the appendix to the notes.

7.1.1 Cash inflow from operating activity

The cash flow from operating activities totalling EUR -6,167 thousand is marked essentially by the increase in financial receivables and other financial assets (EUR 4,788 thousand) and the expansion of land banking activities (EUR 3,796 thousand). Other non-cash items amounted to EUR 7,851 thousand.

Other non-cash items

The non-cash income and expenses result mainly from the earnings of associated enterprises (EUR 5,832 thousand), the result of the revaluation of derivative financial instruments in accordance with IAS 39 (EUR 646 thousand) and the change in the currency translation reserve.

Cash inflow from investment activity

The cash flow from investment activity amounting to EUR -4,207 thousand resulted essentially from payments for increasing capital reserves of associated enterprises and other equity interests (EUR 2,720 thousand).

Cash inflow from financing activity

Cash inflow from financing activities amounting to EUR 12,015 thousand resulted essentially from new borrowing.

During the period under review Zweite Magnat Immobiliengesellschaft mbH, Frankfurt am Main, and Dritte Magnat Immobiliengesellschaft mbH, Frankfurt am Main, took out a loan from the Deutsche Kreditbank AG amounting to EUR 21 million for the purpose of settling financing from the HypoVereinsbank for operating activities.

Financial funds

Financial funds are equal to the balance sheet amount for cash and cash equivalents in the consolidated balance sheet.

G. Selected notes to the segment reporting

Segmentation of the data on the annual statement of accounts is based on the internal alignment according to strategic business segments (primary segment) and regional factors (secondary segment). The Group is divided primarily into three business segments: Portfolio, Development and Non-operational. The Portfolio segment contains information related to properties held as non-current fixed assets. The Development segment includes the business units: Revitalisation, Project Development and Land Banking. The Non-operational segment comprises the holding companies, which are not independent segments. The Non-operational segment was reported in the interest of clarity. The Group operates in both the Portfolio and the Development business segment.

The sales revenue of the Group is made up of external sales amounting to EUR 3,053 thousand and was generated exclusively by the Development business segment. Consolidated earnings before taxes in the period under review amounted to EUR -8,972 thousand. Consolidated earnings in the period under review were affected substantially by the negative prorated earnings in the period under review of the MAGNAT Investment II B.V., Hardinxveld Giessendam, Netherlands (EUR -3,033 thousand) and GAIA Real Estate Holding S.A., Luxembourg, Luxembourg (EUR -2,178 thousand) subgroups.

The reversal of the sale of the Chmelnitzkij investment amounting to EUR 3.0 million is posted under the MAGNAT Investment II B.V., Hardinxveld Giessendam, Netherlands subgroup.

The MAGNAT Investment II B.V. Hardinxveld Giessendam, Netherlands subgroup is included in the Development business segment. The GAIA Real Estate Holding S.A., Luxembourg, Luxembourg subgroup is included in the Portfolio business segment.

55% of earnings before taxes in the period under review was generated by the Development business segment, 25% by the Portfolio business segment and 20% by the Non-operational business segment.

Significant changes in the Group's assets and liabilities are explained in Section E.

The disbursement of a loan to the subsidiary of a company valued using the equity method by MAGNAT Real Estate Opportunities GmbH & Co. KGaA led to changes in the structure of assets and liabilities in the Group's Portfolio segment.

The structure of segment liabilities of the Group's Non-operational segment has also changed due to the loan granted to MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main, by R-Quadrat Capital Gamma GmbH, Vienna, amounting to EUR 3.5 million.

Settlement of the financing of operating activities of Zweite Magnat Immobiliengesellschaft mbH, Frankfurt am Main, and Dritte Magnat Immobiliengesellschaft mbH, Frankfurt am Main, described in Section F, affected the structure of the Development business segment's liabilities.

There has been no change in the assignment of companies in the Group to business segments since the consolidated financial statements as of 31 March 2008. The segment reporting can be taken from the appendix to the notes.

H. Other notes

1. Financial instruments

The Group holds derivative financial instruments. These are classified in their entirety as "held for trade" and are carried at fair value at the time of purchase as well as at the balance sheet reporting date. Derivative financial instruments are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. At the time of purchase, fair value equals the acquisition cost. Any change to fair value between the time of purchase or the reporting date of the immediately preceding period under review and the period under review is – to the extent that they do not meet the criteria for reporting as a hedge transaction – recognised in full on the income statement.

Firstly, the parent company, MAGNAT, entered into two foreign currency options with a bank (EUR/USD plain vanilla OTC currency options), these should not be recognised as hedge transactions. The currency options are held for trading (IAS 39.9) and are therefore valued at fair value on the balance sheet reporting date (IAS 39.46). The balance sheet value is composed of the fair value at the end of the immediately preceding period under review (as of 31 March 2008) amounting to EUR 1,261 thousand and the change in fair value between the balance sheet reporting dates; the change amounting to EUR 715 thousand was carried as an expense in the consolidated income statement under financial income.

The derivative financial instruments amount of EUR 292 thousand carried as a non-current liability is the amount of the premium from the foreign currency options of MAGNAT (writer position of MAGNAT) evaluated on the balance sheet reporting date. At the end of the immediately preceding period under review (as of 31 March 2008) the then amount of the premium amounting to EUR 93 thousand was recognised as a liability at fair value under "Non-current liabilities". The change in fair value between the balance sheet reporting dates amounting to EUR 199 thousand was also carried as an expense in the consolidated income statement under financial income.

Secondly, during the period under review a further financial instrument was held as a current asset by the Group. This is a foreign currency option (EUR/USD European option) and should not be recognised as a hedge transaction. The foreign currency option is valued at fair value as of the reporting date of the interim consolidated financial statements. The amount of the premium for the foreign currency options was recognised as other assets as of the time of purchase. The change in fair value between the purchase and balance sheet reporting dates amounting to EUR 268 thousand was carried as income in the consolidated income statement under financial income.

2. Changes in commitments and contingencies

During the period under review the letter of comfort from the previous fiscal year (2007/2008) expired due to refinancing.

3. Related party disclosures

MAGNAT Management GmbH, Frankfurt am Main, and R- QUADRAT Immobilien Beratungs GmbH, Vienna, and their executive bodies are understood to be related parties as defined by IAS 24.

a) MAGNAT Management GmbH

MAGNAT Management GmbH is the personally liable partner (hereinafter referred to as General Partner) of MAGNAT Real Estate Opportunities GmbH & Co. KGaA with special duties. The General Partner is responsible for the management function, which encompasses all tasks in connection with the object of the Company, in particular, the acquisition, leasing, development and sale of directly and indirectly held real estate investments.

As General Partner, MAGNAT Management GmbH receives the following compensation in accordance with Section 8, Paragraph 2 of the Company's Articles of Association:

1. For activities relating to the management function: reimbursement of costs and expenses incurred in connection with carrying out proper business operations at the General Partner, especially personnel and material expenses, plus 3% on this total amount plus any statutory VAT that may be payable, but limited to a maximum of 0.5% of the shareholders' equity in the Company as per the consolidated balance sheet for the fiscal year under review (on the basis of IFRS).
2. For the assumption of general liability: compensation of 5% of the General Partner's share capital plus any applicable statutory VAT. This compensation is payable annually after the close of the fiscal year.
   In the current period under review Magnat Management GmbH performed services for the parent company amounting to EUR 263 thousand plus any statutory VAT payable.

b) R-QUADRAT Immobilien Beratungs GmbH

As founding limited shareholder of the Company and holder of the registered shares with restricted transferability and having special shareholder duties, R-QUADRAT Immobilien Beratungs GmbH receives the following compensation for the aforementioned activities pursuant to the Articles of Association:

1. 2.0% p.a. of the acquisition and production costs of the direct or indirect real estate investments of the Company pursuant to IFRS. The assessment base for indirectly held real estate investments, in particular, in the case of direct or indirect majority interests in fully consolidated real estate project companies, is the acquisition and production costs as per the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for indirectly held real estate investments, in particular, in the case of direct or indirect minority interests in non-fully consolidated real estate project companies, is the analogously determined acquisition and production costs calculated pursuant to IFRS, in each case multiplied by the percentage interest held by the Company.

   This compensation is in addition to any statutory VAT that may be incurred and is payable quarterly in arrears on the 15th of the month following the end of the quarter. If a particular real estate investment was not held for the entire quarter, the compensation will apply on a prorated basis.

2. A one-off 1.0% of the acquisition costs, including incidental acquisition costs pursuant to IFRS for direct or indirect real estate investments. The assessment base for indirect real estate investments, in particular, in the case of direct or indirect majority interests in fully consolidated real estate project companies, is the acquisition costs, including incidental acquisition costs as per the consolidated balance sheet pursuant to IFRS, in each case multiplied by the percentage interest held by the Company. The assessment base for indirect real estate investments, in particular, in the case of minority interests in non-fully consolidated real estate project companies, is the analogously determined acquisition costs, including incidental acquisition costs pursuant to IFRS, in each case multiplied by the percentage interest held by the Company, as a lump sum compensation for the increased expense in connection with the acquisition of direct or indirect real estate investments or real estate-related investments, thus, in particular, for the structured search for suitable real estate and real estate projects, the preliminary selection and examination of the properties including coordination of due diligence, negotiations in the name and on behalf of the General Partner, preparation of contracts with the help of solicitors, etc., closing, as well as the arranging of financing (negotiations with credit institutions, optimisation of the financing structure).
   This compensation is in addition to any statutory VAT incurred and is payable after the legally binding conclusion of the acquisition process.

3. A one-off 2.5% of the production costs, including incidental production costs pursuant to IFRS for indirect or direct real estate investments. The assessment base for indirect real estate investments, in particular, in the case of direct or indirect majority interests in fully consolidated real estate project companies, is the production cost including incidental production costs according to the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for indirectly held real estate investments, in particular, in the case of directly or indirectly held minority interests in non-fully consolidated real estate project companies, is the analogously determined production costs including incidental production costs calculated pursuant to IFRS, in each case multiplied by the percentage interest held by the Company, as a lump sum compensation for the increased expense in connection with support and coordination of all activities in connection with the development of real estate in which the Company

directly or indirectly holds investments, as well as the examination and preparation of development opportunities in advance.

This compensation is in addition to any statutory VAT that may be incurred and is payable, distributed over the planned production period, quarterly in arrears on the 15th of the month following the end of the quarter. During the production period, quarterly account statements are to be based on the estimated production costs and a final account will take place following completion.

4. A one-off 2.5% of sales proceeds pursuant to IFRS upon the sale of direct or indirect real estate investments. The assessment base for the sale of indirectly held real estate investments, in particular, in the case of directly or indirectly held fully consolidated real estate project companies, is the sales proceeds as per the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for the sale of indirect real estate investments, in particular, in the case of direct or indirect minority interests in non-fully consolidated real estate project companies, is the analogously determined sales proceeds according to IFRS, in each case multiplied by the percentage interest held by the Company, as lump sum compensation for the increased expense in connection with the sale of direct and indirect real estate investments, thus, in particular, for structured searches for buyers, pre-selection of potential buyers including handling any due diligence on the part of potential buyers, carrying out negotiations in the name and on behalf of the General Partner, preparation of contracts with the help of solicitors, etc., handling and arranging financing (negotiations with credit institutions, optimisation of the financing structure).

   However, this compensation is only due if the total profit on the investment sold (before income taxes) is equal to an annual internal rate of return on the Company's invested equity of at least 15% for the entire holding period of the investment. If the total profit of the investment (before income taxes) does not come to an internal rate of return of 15% determined in this manner, but is at least 10%, compensation shall be 1.25%. If the total profit of the investment (before income taxes) comes to a thus determined annual internal rate of return of between 10% and 15%, there shall be entitlement to a compensation determined through interpolation (i.e., 1.875% for an internal rate of return of 12.5%).

   For determining the internal rate of return, the acquisition and production costs (including incidental costs) as well as all direct costs, loan costs and fees attributable to the project

pursuant to Paragraph 3 are to be subtracted from the total earnings from the investment (in particular, sales proceeds, rental income and other revenues).
This compensation is in addition to any statutory VAT incurred and is payable after the legally binding conclusion of the sales transaction.

The services listed under the aforementioned Items 1 to 4, which are provided by R-QUADRAT Immobilien Beratungs GmbH to the Company on the basis the provisions of Section 8, are in turn charged by the Company – in the case of indirect real estate investments – according to the costs-by-cause principle. After prior consultation with the General Partner, in individual cases services and billing may also be rendered directly to the relevant project company.

As founding limited shareholder of the Company and holder of the registered shares with restricted transferability and having special shareholder duties, R-QUADRAT Immobilien Beratungs GmbH receives an additional performance-related compensation, which is determined as follows:

- "Amount A" = consolidated net income for the period under review of the fiscal year (based on the consolidated financial statements according to IFRS/International Financial Reporting Standards) prior to deduction of this performance-related compensation.
- "Amount B" = 12% of consolidated equity during the fiscal year (based on the consolidated financial statements according to IFRS) before taking this compensation into account; in the event of there being changes to consolidated equity during the fiscal year, e.g., as a result of capital increases or dividend payments, the calculation is to be based on average consolidated equity, which shall be determined accordingly.

- (Amount A less Amount B) multiplied by 20% = performance-related compensation.

- If the result of "Amount A" less "Amount B" is negative (= "Amount C"), "Amount C" is carried forward to the following year. Only after "Amount C" plus any existing negative carry-forward ("cumulative Amount C") has been offset will a claim arise for the performance-related compensation as described above.
This compensation is in addition to any statutory VAT incurred and is payable after completion and verification of the consolidated financial statements.

During the period under review, R-QUADRAT Immobilien Beratungs GmbH performed services for companies in the Group as follows:

EUR thousand	1.4. to 30.9. 2008	1.4. to 30.09.2007
Parent	356	1,601
Subsidiaries	1,029	944
Associated enterprises	625	267
Total	**2,010**	**2,812**

Liabilities for services provided by R-QUADRAT Immobilien Beratungs GmbH to companies in the Group as of the balance sheet reporting date amount to EUR 872 thousand.

In the fiscal year, a consulting relationship existed between MAGNAT Real Estate Opportunities GmbH & Co. KGaA and the company of Supervisory Board member Dr. Carsten Strohdeicher. The consulting agreement includes consulting and brokering of outside financing for real estate projects in Germany. The fees provided for therein are significantly lower than normal market conditions. In the past fiscal year, the consulting services were extremely beneficial to the Company. Important financing plans were, against market trends, able to be executed quickly. The consulting agreement was approved by resolution of the Supervisory Board. EUR 114 thousand plus VAT was paid for the consulting services provided during the fiscal year.

In the fiscal year, a consulting relationship existed between associated enterprise MAGNAT Investment II B.V., Hardinxveld Giessendam, Netherlands, and the company of Supervisory Board member Dr. Christoph Jeannée. The consulting agreement encompasses contractual consulting in connection with the "Peremogi" investment. EUR 35 thousand was paid for the consulting services provided during the fiscal year.

Other than the compensation for membership on the Supervisory Board, other members of the Supervisory Board did not receive any additional compensation for services rendered.

During the period under review, a senior executive of the parent company (R-QUADRAT Immobilien GmbH) of Managing General Partner MAGNAT Management GmbH, Frankfurt am Main, acquired 165,350 shares of the company for a total price of EUR 81 thousand.

150,000 shares at a total price of EUR 94 thousand were acquired by ARTE Investment GmbH. The buyer has a close relationship with a member of the management of the parent company (R-QUADRAT Immobilien GmbH) of the Managing General Partner MAGNAT Management GmbH, Frankfurt am Main.

5. Minority interests

MAGNAT also had dealings with minority interests. These dealings were mainly in connection with the financing and acquisition of subsidiaries.

As of the balance sheet reporting date, MAGNAT had receivables against minority interest R-QUADRAT Capital Beta GmbH, Vienna, amounting to EUR 3,331 thousand.

4. Events after the balance sheet reporting date

The MAGNAT Group sold its 60% stake in Oxelton Enterprises Ltd. ("Prospekt Peremogi 67" project in the Ukrainian capital of Kiev) in the course of a forward sale. The buyer is the Austrian based AKRON Group. The Akron Group has initially entered into the investment directly as a new partner through acquisition of the 40 percent from the old project partner and has given a contractual assurance that it will acquire the remainder upon completion of the "Peremogi 67" project. According to the contract the AKRON Group will initially acquire 40% of the project from MAGNAT and MAGNAT will in turn use the proceeds from the sale to acquire the 40% from the local project partner. Approval of the transaction by the relevant competition authorities took place shortly after the end of the period under review on 2 October 2008. The economic effect of this interim transaction will thus be recognised in profit or loss in the third quarter. As of the reporting date MAGNAT secured an entitlement to a mezzanine loan amounting to EUR 6.5 million, which was activated in full in October 2008. After the period under review the binding term sheet was withdrawn by the financing bank in November 2008. Together with the Austrian partner financing talks, which have the highest priority, are now being held with various banking establishments.

Start of construction is therefore delayed. This delay is being used to further optimise planning, especially the mix between office and residential, within the existing building permit.

The liquidity risk in the Company's initial phase was managed predominantly through the maintenance of a liquidity reserve in the form of money placed in a bank account as well as in the meantime credit lines which can be drawn on at all times. Given the current situation MAGNAT has decided to use the returns from future sales to keep liquidity available in the form of money placed in a bank account. An agreement was made in October with the bank extending the credit line regarding reduction of the line by the end of March 2009.

5. Declaration in accordance with the German Code of Corporate Governance

The declarations of compliance with the German Code of Corporate Governance required by Article 161 of the German Stock Corporation Act [Aktiengesetz] (AktG) are made available by the Company to shareholders once each calendar year.

Frankfurt am Main, 28 November 2008

MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster Jürgen Georg Faè

(Executive Officers of MAGNAT Management GmbH, as the Management of the Company)

RESPONSIBILITY STATEMENT

Responsibility statement

As Executive Officers of MAGNAT Management GmbH (Managing General Partners of MAGNAT Real Estate Opportunities GmbH & Co. KGaA), we declare to the best of our knowledge that, under applicable accounting principles for interim reporting, the interim consolidated financial statements present a true and fair view of the assets, financial position and profit or loss of the Group and that the Group interim management report portrays business developments, including operating results and the position of the Group in a manner that conveys the actual situation as well as the significant risks and opportunities associated with the Group's foreseeable development in the remainder of the fiscal year.

Frankfurt am Main, 28 November 2008
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster Jürgen Georg Faè

FINANCIAL CALENDAR

Financial calendar 2008/2009

Regular General Meeting, Frankfurt / Main	30.10.2008
Interim Financial Report 2008/2009	28.11.2008
Q3 interim report for period ending 31 December 2008	11.02.2009
Publication of 2008/2009 financial statements	31.07.2009

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Information:
The original of this interim report was published in German. In case of deviations, the German version prevails. Further company information as well as the online-version of this financial report is available for download at www.magnat-reop.com. To request printed information, please mail to: info@magnat-reop.com.

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