

## Turning Inefficiencies into **Opportunities**.



Interim report for the 3rd  
quarter of the 2008/2009  
financial year

Financial year

1 April 2008 to 31 March 2009

# MAGNAT

| Key figures in thousands of euro                                | Q3<br>2008/2009 | Q3<br>2007/2008 | Q1-3<br>2008/2009 | Q1-3<br>2007/2008 |
|---|-----------------|-----------------|-------------------|-------------------|
| Earnings from rentals   | 172             | 282             | 1,405             | 1,524             |
| Earnings from the sale of real estate companies                 | 0               | 0               | 0                 | 0                 |
| Earnings from investments accounted for using the equity method | 3,191           | 502             | -2,641            | 3,592             |
| Operating result (EBIT)   | 791             | -353            | -6,964            | 2,021             |
| Earnings before taxes (EBT)                                     | -6,001          | -405            | -14,926           | 2,318             |
| Consolidated result after taxes and minority interests          | -5,060          | -306            | -13,541           | 2,266             |

## About MAGNAT:

MAGNAT is a German real estate company which focuses on real estate development in Eastern Europe supplemented by special situations in the home market of Germany. The management focuses on undervalued real estate markets and on markets with high macroeconomic growth. The strategy of MAGNAT is designed to exploit opportunistic inefficiencies. Unlike traditional investment strategies, MAGNAT profits not only from rental income, but also principally from attractive development returns.

# **INTERIM REPORT OF THE MAGNAT-GROUP**



**Interim memorandum on the 3<sup>rd</sup> quarter of financial year 2008/2009**  
(financial year 1 April 2008 – 31 March 2009)

- In the 3<sup>rd</sup> quarter of financial year 2008/2009, MAGNAT posted a deficit Group result of EUR -5.1 million.
- The EBIT in the 3<sup>rd</sup> quarter of financial year 2008/2009 is EUR 0.8 million.
- Without the two interim adjustments in the balance sheet values of Koncha Zaspa and Alexander Land, the Group result stood at EUR -0.05 million
- The cumulative Group result to the end of December 2008 is EUR -13.5 million
- The company held liquid assets of EUR 11.7 million on 31.12.2008
- Net Asset Value (NAV) reduces to EUR 1.48 / share

Frankfurt, 11 February 2009 – In the 3<sup>rd</sup> quarter of financial year 2008/2009, *MAGNAT REAL ESTATE OPPORTUNITIES GmbH und Co. KGaA* (ISIN DE000A0J3CH0) recorded a Group result after taxation and deduction of third party shares (acc. to IFRS) amounting to EUR -5.1 million. This took the cumulative result for the company to EUR -13.5 million at the end of December.

The first tranche of the Forward Sale of the 'Peremogi' Prospekt 67' investment contributed EUR 4.7 million to the financial result. Here, the company achieved an increase in the value of its investment by assigning shares held by the local partner to an international real estate corporation.

The Germany Portfolio continues to perform steadily. The tenancy level in the Residential portfolio was increased to 83.9% (81.8% in September 2008). Returns on rental revenue increased during the reporting period from 9.2% to 9.6%. Due to renovation and maintenance work for which it was not possible to transfer the asset value to the balance sheet, expenditure levels rose, meaning that the financial result from the rental of housing stock properties dropped to EUR 0.2 million, a figure below that achieved in the previous financial year.

Losses from companies valued on an 'at equity' basis and amounting to EUR 1.6 million originated for the most part from devaluations and exchange rate factors associated with the Russia and Turkey portfolios.

The operating result (EBIT) for the company during this reporting period amounted to EUR 0.8 million.

In conjunction with the two Ukrainian investments Koncha Zaspa and Alexander Land, an initial full adjustment of EUR 6.7 million was made in response to the legal restructuring required to the contractual documentation. This legal restructuring of contractual documentation is scheduled for imminent action, but it was not possible to finalize this during the reporting period that ended on 31.12.2008. Once this legal restructuring exercise has been finalized, a positive adjustment will be made to the balance sheet position without delay.

On 31.12.2008, MAGNAT Group held equity to the value of EUR 85.8 million. This equates to an equity ratio of 60.5%. The balance sheet total at 31.12.2008 amounted to EUR 141.7 million. At this balance sheet date, the company held liquid assets to the value of EUR 11.7 million.

On 31.12.2008, the company's Net Asset Value (NAV) acc. to EPRA amounted to EUR 1.48 / share. This meant that MAGNAT shares, valued at EUR 0.55 (XETRA closing rate on 30 December 2008) were trading 63% below NAV. A severe and adverse impact on the NAV, and on the company's equity value, resulted from the fall in the value of eastern European currencies compared to the Euro, shown under the 'exchange rate variances' heading and amounting to EUR 9.6 million. The elimination of the informal US dollar and Euro peg for these national currencies, and the resultant weakening of national currencies in the Ukraine, Russia and Turkey are named as the causal factors underlying this picture.

## **OUTLOOK:**

Against the backdrop of the global crisis on the financial markets and its resultant impact on the real economies of western, eastern and south-eastern Europe, it is difficult to make specific statements about trends on the property market. The international turmoil affects MAGNAT in terms of values within the property sector, portfolio trading and financial overheads. Particular attention also needs to be paid to the depreciating values of a few national currencies. Investment exits have become significantly less easy due to the

irrationality being exhibited by the markets, and at the present time, it is almost impossible to do so profitably. MAGNAT has therefore started to transfer a few development projects to the Land Banking sector, thereby seeking to retain the value of its undeveloped construction sites. When parameters become more favourable, these plots of land will be transferred back in by the Development department, or will be disposed of, i.e. sold, from the Land Banking sector.

**About MAGNAT:**

MAGNAT is a German property company with a focus on real estate development in eastern Europe, supplemented by special situations in its home market of Germany. Its management team concentrates on undervalued property markets, and on markets where the national economy is growing rapidly. The MAGNAT strategy focuses on leveraging opportunistic inefficiencies. In contrast to conventional investment strategies, MAGNAT not only benefits from rental revenues, but instead, and primarily, benefits from the attractive rates of return available to developers in its chosen markets.

**KEY INDICATORS:**

| <b>Key company indicators* in EUR x 000</b>                              | <b>Q3<br/>2008/2009</b> | <b>Q3<br/>2007/2008</b> | <b>Q1 - Q3<br/>2008/2009</b> | <b>Q1 - Q3<br/>2007/2008</b> |
|--|-------------------------|-------------------------|------------------------------|------------------------------|
| Rental revenues  | 172                     | 282                     | 1,405                        | 1,524                        |
| Revenues from the disposal of real estate companies                      | 0                       | 0                       | 0                            | 0                            |
| Revenues from investments shown on balance sheet on an 'at equity' basis | 3,191                   | 502                     | -2,641                       | 3,592                        |
| Operating result (EBIT)  | 791                     | -353                    | -6,964                       | 2,021                        |
| Pre-tax result (EBT)   | -6,001                  | -405                    | -14,926                      | 2,318                        |
| Group result after taxation and after deduction of third party shares    | -5,060                  | -306                    | -13,541                      | 2,266                        |

\*not audited

Frankfurt/Main, 11 February 2009

MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster

Jürgen Georg Faè

## FINANCIAL CALENDAR

|   |                                  |
|---|----------------------------------|
| Interim Report Q3 as of 31 December 2008            | February 11 <sup>th</sup> , 2009 |
| Extraordinary Shareholders' Meeting, Frankfurt/Main | February 23 <sup>rd</sup> , 2009 |
| Half Year Report 2008/09                            | November 28 <sup>th</sup> , 2009 |
| Publication of annual financial statements 2008/09  | July 31 <sup>st</sup> , 2009     |
| Interim Report Q1 as of 30 June 2009                | August 11 <sup>th</sup> , 2009   |

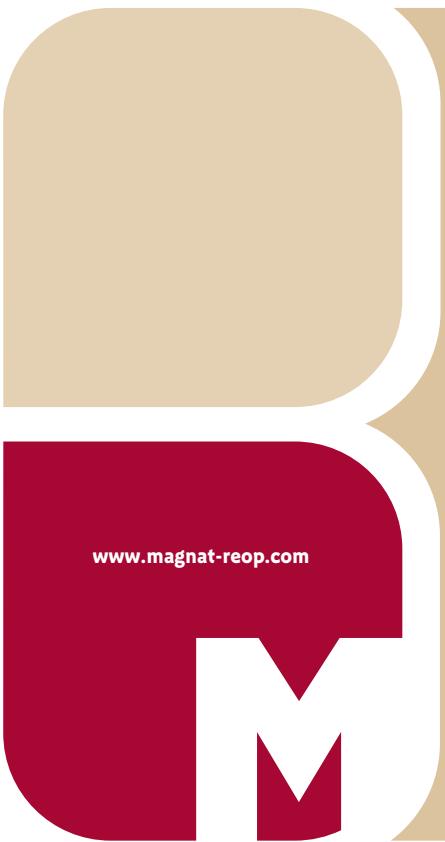
MAGNAT financial year from 01, April until 31, March

### IR-Contact

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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](http://www.magnat-reop.com). To request printed information, please mail to: [info@magnat-reop.com](mailto:info@magnat-reop.com).



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