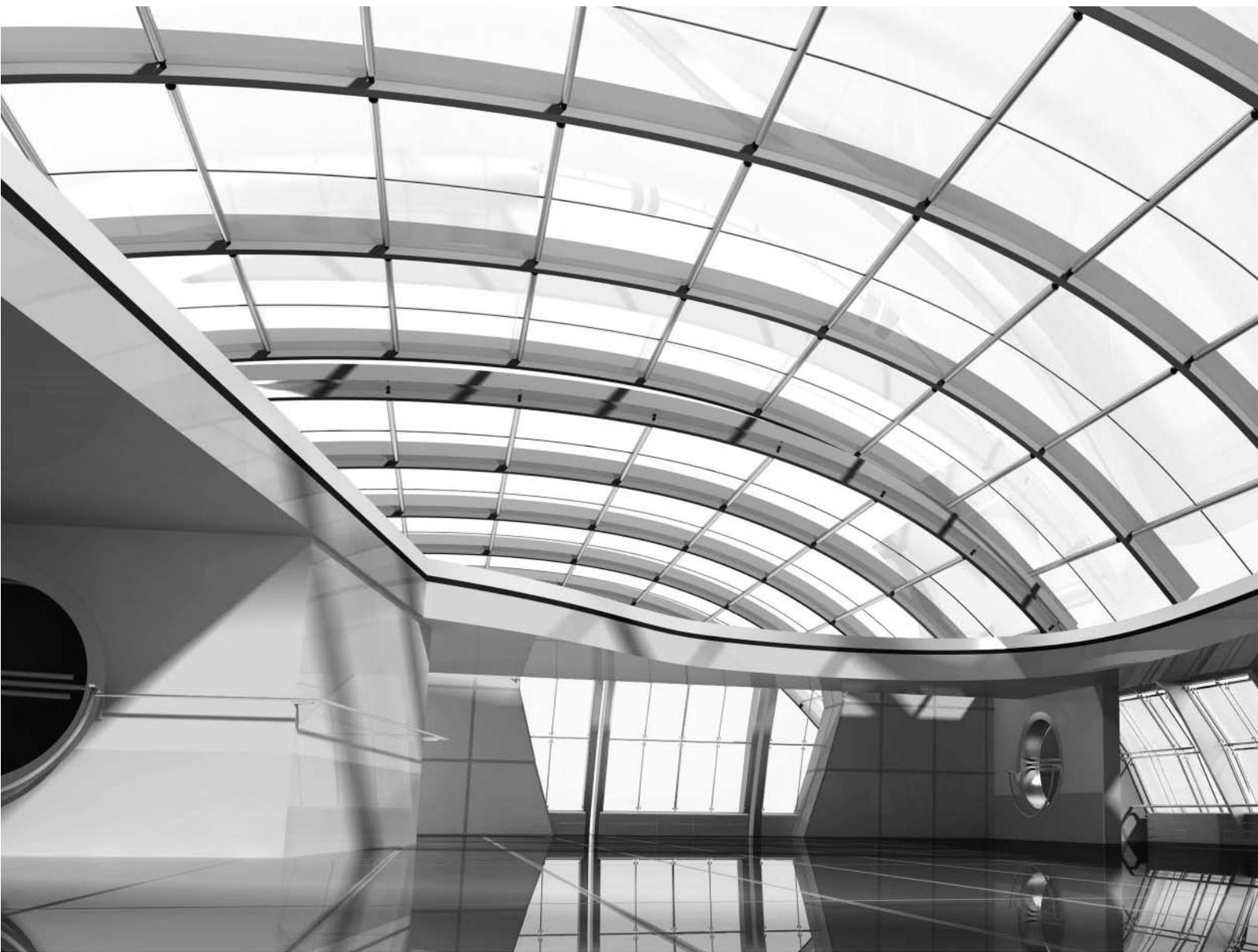


Turning Inefficiencies into **Opportunities.**



Content

Key Data	3
Strategy	4
Mission Statement	5
<hr/>	
Milestones	7
<hr/>	
FOREWORD BY THE MANAGEMENT BODY	8
<hr/>	
REPORT BY THE SUPERVISORY BOARD	12
<hr/>	
CORPORATE GOVERNANCE	15
<hr/>	
INVESTOR RELATIONS	21
<hr/>	
VALUE CREATION AND STRATEGY	25
<hr/>	
OUR TARGET MARKETS	27
<hr/>	
INTERVIEW	33
<hr/>	
GROUP MANAGEMENT REPORT	37
Overall Economic Situation and General Environment	37
Disclosures under Section 289, Paragraph 4 and/or Section 315, Paragraph 4 of the German Commercial Code (HGB) and Explanatory Report	65
Net Assets, Financial Position and Operating Result	68
Significant Events after the Balance Sheet Reporting Date	71
Risk Report	72
Compensation Report	76
Forecast	77
<hr/>	
CONSOLIDATED FINANCIAL REPORT	81
Consolidated Income Statement	81
Consolidated Balance Sheet as of 31 March 2009	82
Consolidated Cash Flow Statement as of 31 March 2009	84
Statement of Changes in Equity as of 31 March 2009 (in EUR ,000)	85
Notes to the Consolidated Financial Statements	86
<hr/>	
RESPONSIBILITY STATEMENT	146
<hr/>	
AUDITOR'S REPORT	147
<hr/>	
FINANCIAL CALENDAR	148
<hr/>	

Key Data as of 31 March 2009

	2008/2009	2007/2008	2006/2007
Corporate key data in EUR '000			
Earnings from letting	1,547	2,041	94
Earnings from the sale of real estate companies	4,740	18	344
Earnings from investments accounted for using the equity method	2,738	10,600	-19
Operating result (EBIT)	2,720	7,124	-315
Earnings before tax (EBT)	-6,452	8,088	352
Consolidated earnings after minority interests	-6,200	8,654	336
Equity	94,636	104,209	45,450
Balance sheet total	150,386	141,035	49,994
Equity ratio	62.9%	73.9%	90.9%
Cash flow from operating activities	-1,235	-62,224	-3,815
Cash flow from investment activities	-13,998	-52,382	-9,597
Cash flow from financing activities	18,082	89,271	43,574
Cash and cash equivalents	7,625	4,827	30,162
Stock exchange key data			
Number of shares	52,900,000	52,900,000	32,200,000
Share price at the end of the fiscal year	0.34	1.10	2.42
Market capitalisation	17,986,000	58,190,000	77,924,000
Earnings per share	-0.12	0.17	0.01
P/E ratio	-2.83	6.47	242
NAV per share	1.63	1.89	0.97
Free float (shareholders < 3%)	74.68%	57.58%	n.a.

Other Information*

Name	MAGNAT Real Estate Opportunities GmbH & Co. KGaA
ISIN	DE000A0XFSFo
WKN	A0XFSF
Code	M5RK
Market segment	General Standard
Open Market	Berlin, Düsseldorf and Stuttgart
General Standard (regulated market)	Frankfurt Stock Exchange (Frankfurt and Xetra)

* After capital reduction in April 2009

Strategy

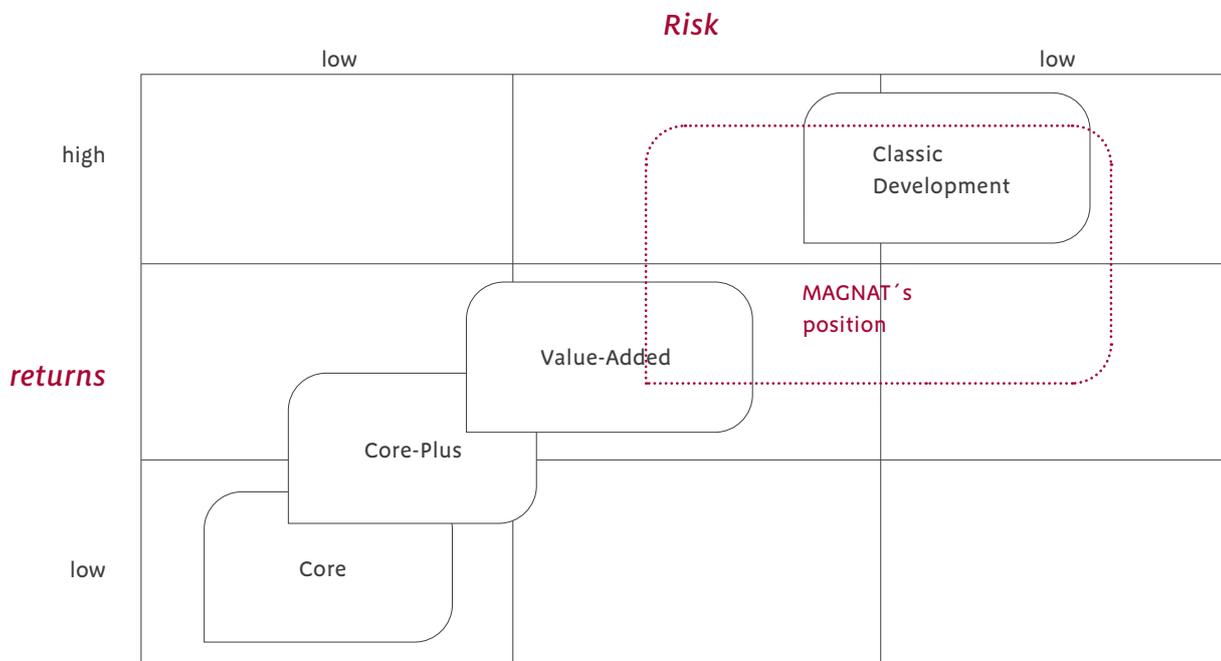
_The MAGNAT business model covers the entire value chain - from acquisition across development through to the sale of projects and land.

_MAGNAT focuses on property development projects supplemented by property trading and the exploitation of special business situations.

_Depending on the opportunity MAGNAT pursues a develop and sell and/or a buy and sell strategy. MAGNAT's holding period for real estate is aligned towards generating maximum development returns.

_MAGNAT targets selected conurbations in Eastern and South-Eastern Europe and is intensifying its focus on areas of commercial interest in Germany.

_With this strategic alignment, MAGNAT is positioned in a segment that offers an above-average risk/return profile marked by value added and classic development.



Segment characteristics

- > Stable income
- > High to medium quality real estate
- > Low risk of vacancy

- > Added value, restructuring
- > Repositioning
- > Hitherto unsatisfactory property management

- > New construction/development
- > Repositioning
- > Properties unprofitable to date
- > Distressed

Mission Statement

MAGNAT Real Estate Opportunities GmbH&KGaA is a project developer publicly traded on the Regulated Market in Frankfurt, specialising in real estate in Germany, Eastern and South-Eastern Europe.

MAGNAT pursues a develop and sell and/or a buy and sell strategy and in fiscal year 2008/2009 (1 April 2008 - 31 March 2009) generated EBIT of EUR 2.7 million.

MAGNAT's objective is the continuous expansion and exploitation of a stable, high-yield project portfolio.

In fiscal year 2009/2010, MAGNAT will focus on preserving the value of investments in the metropolitan areas of Eastern and South-Eastern Europe and in the future will rely increasingly on highly profitable investments in metropolitan areas in Germany.



IPO Entry Standard

April 2006

Foundation

July 2006

Sadko Cottage
Village (Russia)

October 2006

Trading Centre
Chmelnitzkij I. (Ukraine)

November 2006

Nasze Katy (Poland)

June 2007

Pancharevo (Bulgaria)
Vacaresti (Romania)

July 2007

Vitaly Cottage Village (Ukraine)
Schwarzenberg (Austria)
Koncha Zaspas (Ukraine)
Yapi Kredi Portfolio (Turkey)

August 2007

Digomi (Georgia)

October 2007

Russian Land (Austria)
Peremogi Prospekt (Ukraine)

Highlights

- _MAGNAT sold the Peremogi investment in October 2008 by means of a forward sale to an international consortium of investors and generated profit of EUR 4.8 million with the 40% share of its former local partner.
- _Sale of the Sadko investment (Russia) at the end of March 2009 for approximately EUR 0.8 million. In the process, MAGNAT reduces its risk considerably and systematically pursues its goal of preserving liquidity and hedging the portfolio.
- _Resolution made to implement a capital reduction in the ratio 10:1 made during the Extraordinary General Meeting at the end of February 2009. This facilitated an increase in capital reserves and moved the share out of the penny-stock segment. The capital reduction was actually implemented in April 2009.
- _MAGNAT's management and individuals close to the Company have systematically increased their shares in MAGNAT over the course of fiscal year 2008/2009. Based on the number purchased, this is a clear signal of confidence in the value of the investment.
- _Despite the historical magnitude of the financial and economic crisis, MAGNAT has been able to keep the value of the real estate portfolio on a stable footing and maintain a solid position in terms of liquidity. The NAV (net asset value) per share stood at EUR 16.31 at the end of the fiscal year. Cash and cash equivalents as of 31 March 2009 stood at EUR 7.6 million.

Milestones

6 nd)	December 2006 Alexander Land (Ukraine) Mogosoia (Romania)	January 2007 Office Portfolio (Germany)	May 2007 Residential Portfolio (Germany)
segment switch stria) kt (Ukraine)	April 2008 Vake (Georgia)	October 2008 Forward sale of Peremogi Prospekt (Ukraine)	March 2009 Sale of Sadko (Russia)



Foreword by the Management Body

**Dear Shareholders,
Ladies and Gentlemen,**

One year ago, scarcely anybody would have thought that there would be such a dramatic worsening of the sub-prime crisis in fiscal year 2008/2009, which for us ends on 31 March. Up until the so-called "Black Monday" on 15 September 2008, when U.S. investment bank Lehman Brothers filed for insolvency, no one expected that the U.S. authorities would allow an institution of such magnitude and importance to collapse. Indeed, the consequences of the Lehman episode were immense: the entire global banking system fell into an existential crisis. Many banks have only survived due to state rescue packages. After Lehman, the crisis in the fiscal system swept abruptly across the real economy and led to a slump in growth also in Eastern Europe. The massive loss of confidence and shortage of liquidity resulted in extreme restrictions in terms of lending.

In the wake of the massive worsening of the crisis on the financial markets and the dramatic international crisis of confidence, MAGNAT Real Estate Opportunities GmbH & Co. KGaA ("MAGNAT") was forced to accept a loss of EUR 6.5 million during the past fiscal year. In this result, a number of special factors have already been dealt with. For example, 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 result by EUR 3 million.

We responded to the worsening of the crisis quickly and purposefully and have made our company weatherproof. We have limited our risks in Eastern Europe and in line with this strategy sold the Sadko investment in Russia. Overall, we have a strong foundation, both operationally and in terms of the balance sheet. As of 31 March 2009, our equity ratio stood at 62.9% and cash and cash equivalents was EUR 7.6 million.

The importance of our policy of risk diversification through a balanced asset mix has become especially evident now, in the crisis. We diversify geographically and invest in several countries - not only in Eastern Europe, but also in special business situations in Germany and Austria. We invest in residential and commercial properties, land banking, real estate development and in real estate portfolios.

Our German portfolio is thus developing superbly. The costs of purchase for our residential portfolio, which covers a total area of 85,300 square metres, were, for example, just EUR 420 per square metre. Rental income stands at 9.2% and significant potential for appreciation exists with the continued reduction of vacancies. If we sold our German portfolio today in a normal market environment, we would generate a noteworthy profit. In the medium-term, the German residential market - particularly in special business situations - can be seen as promising, not least because of declining interest rates, but also because of extremely limited activity in terms of new construction.

Almost every share in the real estate sector was forced to accept significant losses due to the crisis in the past fiscal year. The MAGNAT share was unable to escape this downswing. We are absolutely confident that our share is currently underrated and that in the medium-term it represents a promising investment, which is why Management has purchased shares. Overall, the director's dealings in recent months account for some 11% of the MAGNAT shares. Simultaneously, we will continue to communicate intensively with investors, analysts and the specialist and financial press. This provides the basis for the MAGNAT share being assessed more realistically when the capital markets recover.

Due to the crisis the price of our shares has fallen below one euro during fiscal year 2008/2009. To have

every financing option including capital based measures available to us in the challenging market environment of the crisis and address the stigma of the penny stock, we proposed an ordinary capital reduction in the ratio of 10:1. The capital reduction was approved by the shareholders at the Extraordinary General Meeting of 23 February 2009 with over 99% of the vote. Implementation of the measure at the end of April 2009 now makes it possible for institutional investors, who in accordance with their investment guidelines do not invest in penny stocks, to acquire MAGNAT shares again.

Our current strategy focuses on limiting exposure and in the long-term raising the potential for our investments to create value. After carefully scrutinising the situation and in close consultation with the Supervisory Board, we responded promptly to the impact of the crisis. In Eastern Europe, we have redirected projects that are currently unable to be developed to the Land Banking segment. These sites are fully financed by equity and thus exempted from interest and will be transferred back to the Development segment or sold at the appropriate time. We are positioned in a manner that enables us to operate successfully even when the transaction times are prolonged. We adapt the holding period of our investments to suit market conditions in order to ensure maximum value preservation and appreciation for our shareholders.

While in Eastern Europe we are pursuing a value preservation and hedging strategy, we see excellent investment opportunities in the current environment especially in the German residential market. Funds released from other investments will be predominantly invested there, provided we are offered interesting special business situations.

Every crisis finishes with a recovery. Hence, the latest issue of the International Monetary Fund's (IMF) "World Economic Outlook" has the title "Crisis and Recovery".



left
Jürgen
Georg Faè (CFO)

right
Jan Oliver
Rüster (CEO)

We are therefore securing our portfolio and focusing on preserving value. We then plan to actively utilise the opportunities on the real estate markets presented by the recovery after the crisis.

You may rest assured that we are monitoring the share price downturns caused by this historic crisis very closely and critically. We perceive the creation of sustainable value for our shareholders to be one of the most important tasks of Management.

We thank the shareholders for the trust they have placed in our company in these difficult times and look forward to many mutual accomplishments.



Jan Oliver Rüster (CEO)



Jürgen Georg Faè (CFO)

Report by the Supervisory Board



Prof
Werner Schaffer,
Chairman of the
Supervisory Board

MAGNAT Real Estate Opportunities GmbH & Co. KGaA looks back on an exceedingly difficult market environment. The sub-prime crisis imported from the U.S. in 2007 stepped up considerably in fiscal year 2008/2009 and, at the latest by the insolvency of investment bank Lehman Brothers, became a systemic financial and economic crisis. Funding for working capital and projects practically came to a halt due to the global crisis of confidence or was available only at unfavourable terms. The Supervisory Board fulfilled its role as adviser and consultant to Management in this extremely difficult environment and so the Company was jointly navigated through the past fiscal year soundly.

In the process, the Supervisory Board performed the inherent tasks and duties incumbent upon it in fiscal year 2008/2009 in accordance with the law and the Articles of Association. The Supervisory Board received oral and written reports periodically from the Management of the Company's partner liable to unlimited extent as well as from the partner liable to a fixed amount, R-QUADRAT Immobilien Beratungs GmbH, concerning the course of

business, earnings, assets and financial standing as well as the risk management performance of MAGNAT Real Estate Opportunities GmbH & Co. KGaA.

It examined all relevant business transactions and discussed strategy and basic matters of business policy as well as important events in the Company in regular meetings with Management. The Supervisory Board attended to matters in which its participation is required by law and under the Articles of Association.

During the year under review, the Supervisory Board assembled at six regular meetings and one extraordinary meeting. The Supervisory Board was fully represented at all the meetings. Beyond that, meetings were held by way of telephone conferences and other decisions were made using the circular polling procedure.

Consultation also took place on a regular basis outside of the meetings. Beyond the scheduled meetings, the Chairman of the Supervisory Board was in frequent personal contact with the General Partner's Management and informed himself about the current course of business and major business transactions.

Composition of the Supervisory Board

- _ Prof Werner Schaffer, Chairman
of the Supervisory Board
- _ Dr Carsten Strohdeicher (Vice Chairman)
- _ Dr Christoph Jeannée

Matters dealt with by the Supervisory Board

Items of regular deliberation and counsel were, in particular, basic matters of strategy and business policy, the approval of investments in real estate and divestments in relation to real estate and associated projects, execution of the capital reduction and, above all, monitoring existing investments and the risk management system.

The corporate governance directives form a framework for responsible corporate management oriented towards the Company's success for the Supervisory Board and the General Partner's Management.

The Corporate Governance Report for fiscal year 2008/2009 is included as a part of this Annual Report. The Statement of Compliance was made permanently available to the shareholders on the Company's website at the same time.

Annual Financial Statements and Consolidated Financial Statements as of 31 March 2009

The Annual Financial Statements of MAGNAT Real Estate Opportunities GmbH & Co. KGaA and the Management Report were prepared under the rules set forth in the German Commercial Code (Handelsgesetzbuch or HGB). The Consolidated Financial Statements and Group Management Report were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the supplementary provisions of the German Commercial Code, as set forth in Section 315a, Paragraph 1.

KPMG Deutsche Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, Frankfurt am Main office, was elected during the Annual General Meeting as auditor and was engaged by the Supervisory Board. The auditor examined the Annual Financial Statements and the Management Report of MAGNAT Real Estate Opportunities GmbH & Co. KGaA as well as the Consolidated Financial Statements and the Group Management Report and appended its unqualified audit opinions.

The Annual Financial Statements, the Consolidated Financial Statements, the Management Report and the Group Management Report were presented to the Supervisory Board together with the Audit Report of the auditor in due time. The Supervisory Board carefully examined the Annual Financial Statements and the Consolidated Financial Statements with corresponding Management Reports and noted the auditor's findings with approval. The Annual Financial Statements, Consolidated Financial Statements, Management

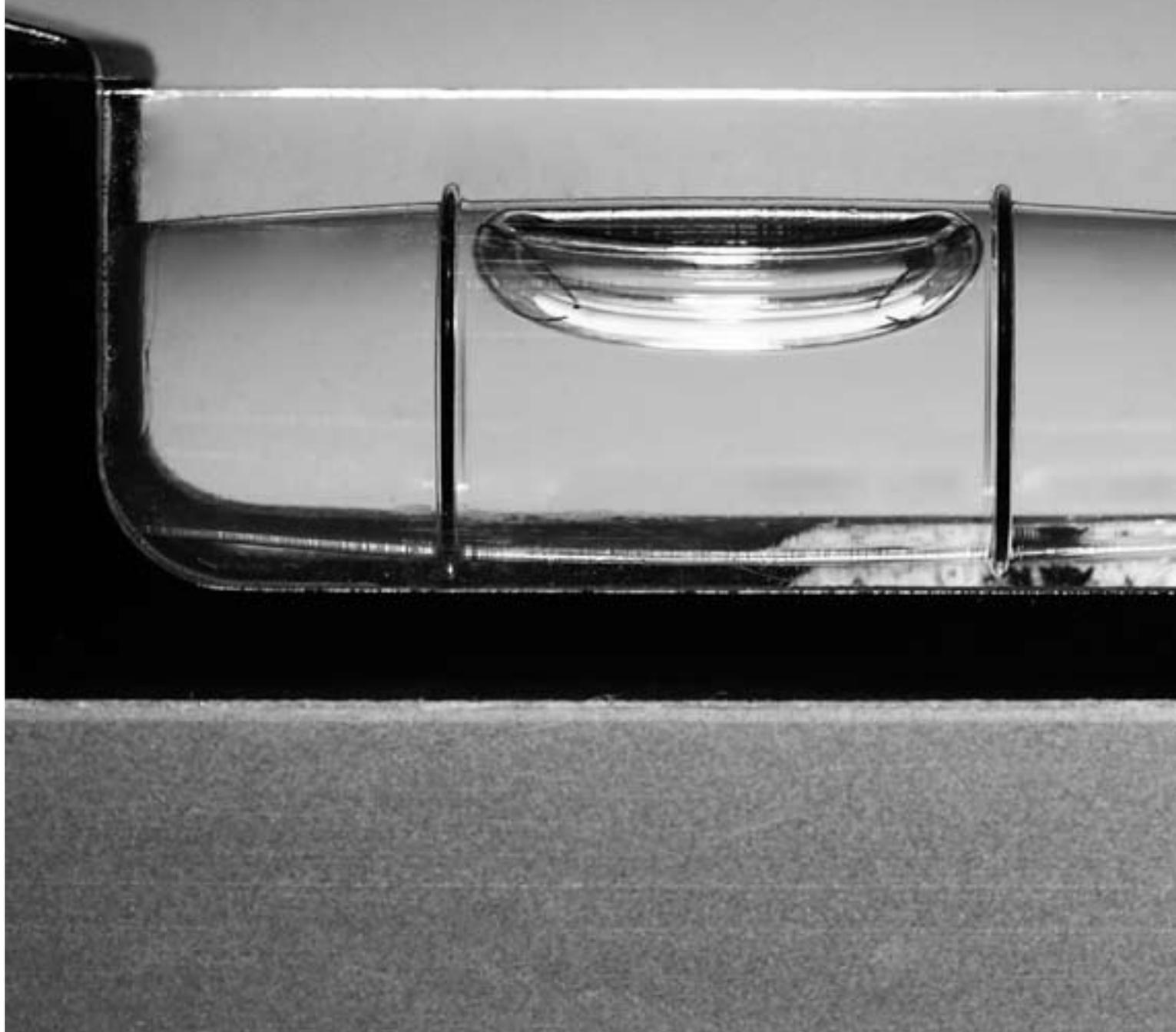
Report and Group Management Report were discussed at the Balance Sheet Meeting on 30 July 2009 in particular. The auditors also attended this meeting and reported on the audit.

The Supervisory Board did not raise any objections and approved the Annual Financial Statements and Management Report as well as the Consolidated Financial Statements and Group Management Report compiled by Management. The Supervisory Board therefore recommends that the Annual Financial Statements be presented to the shareholders for adoption at the Annual General Meeting. The Supervisory Board expresses its appreciation to Management and the staff of the partner liable to unlimited extent as well as to the partner liable to a fixed amount (with special duties), R-QUADRAT Immobilien Beratungs GmbH, for their input and commitment as well as for the constructive work carried out in fiscal year 2008/2009.

Frankfurt am Main, July 2009



Prof. Dr. Werner Schaffer
(Chairman of the Supervisory Board)



Corporate Governance

MAGNAT Real Estate Opportunities GmbH & Co. KGaA is a transparent company that aims to create lasting value for its shareholders. At MAGNAT the principles of Corporate Governance form the framework for responsible management oriented towards the success of the Company. We put high value on transparency and it has the same level of importance in both the Company's management and in its communications. Therefore, we regularly publish up-to-date information about the position of our company and major business changes. We use the legal and company-specific framework for managing a publicly traded company as a basis for consistently promoting confidence in the control and management of the Company.

Our primary channels for distributing information are quarterly and annual reports, press releases and conferences with financial analysts at home and abroad. The regular reporting dates are displayed in a timely manner on our financial calendar. In addition to the regular disclosure of information, we use ad-hoc statements to publish events that could have a significant impact on the market price of our company. Our website, which addresses the clear requirement for timeliness and transparency, demonstrates that Corporate Governance is more than just a theoretical issue for MAGNAT.

The German Government Commission on Corporate Governance published its Corporate Governance Code on 26 February 2002 and in response to specific recommendations and proposals last adopted amendments and additions on 6 June 2008. MAGNAT welcomes the Corporate Governance Code published by the Government Commission.

Joint Report of the Management and the Supervisory Board in accordance with Section 3.10 of the German Code of Corporate Governance

For the purposes of maximum transparency, accountability and comparability with the corresponding ratios of other companies, MAGNAT Real Estate Opportunities GmbH & Co. KGaA decided, after thorough consideration, to apply the Corporate Governance Code (as amended on 6 June 2008) with the necessary adaptations to an association limited by shares (Kommanditgesellschaft auf Aktien) and thus abstain from using a separate code that would also be valid. Within the framework of corporate governance, at MAGNAT the recommendations of the Code Commission for the management and supervision of a company have been applied in the past and will be applied in the future analogously with certain exceptions.

For enhanced understanding, a general explanation of the corporate structure of a KGaA can be found below, followed by the specific situation of MAGNAT.

An Association Limited by Shares

"An association limited by shares (KGaA) is a company with its own legal personality in which at least one partner is fully liable to creditors of the company (partner liable to unlimited extent) and the others hold an interest in the share capital without any personal liability for the company's debts (limited liability shareholders)" (Section 278, Paragraph 1 of the German Stock Corporation Act (AktG)).

The KGaA is thus a hybrid and has elements of a joint stock corporation and elements of a limited partnership. On the one hand, it is a legal entity with share capital divided into shares, which represents the investments of the limited shareholders (Kommanditaktionäre); on the other hand, it also has a partner liable to unlimited extent for the debts of the KGaA, to whom the rules governing a limited partnership predominantly apply (Section 278, Paragraph 2 of the AktG).

As a legal entity, the KGaA can only act through its executive bodies. As with a joint stock corporation, it has a supervisory board (Section 287 of the AktG) and an annual general meeting (Section 285 of the AktG); however, it does not have an executive board. Its responsibilities are met by the partners liable to unlimited extent. According to Section 283 of the AktG, the function of the partners liable to unlimited extent is equal to that of members of the executive board of a joint stock corporation. The corresponding provisions of the German Stock Corporation Act are applied analogously. Partners liable to unlimited extent thus manage and represent a KGaA. The supervisory board of a KGaA has a dual function. On the one hand, it is a supervisory body and oversees the management of the company. However, on the other hand it is also a representative body that executes the resolutions of the limited shareholders (Section 287, Paragraph 1 of the AktG) and represents these in the event of litigation with the partner liable to unlimited extent (Section 287, Paragraph 2 of the AktG). Only the limited shareholders are represented at the annual general meeting (Section 285, Paragraph 1 of the AktG). Therefore, partners liable to unlimited extent only have the right to vote if and to what extent they are also limited shareholders. However, all major decisions of the annual general meeting require the consent of the partner liable to unlimited extent (Section 285, Paragraph 2 of the AktG).

The general partners have a stronger position than the executive board of a joint stock corporation because their consent is needed for any exceptional measure management wishes to take as well as for fundamental transactions. In contrast with the shareholders of a joint stock corporation, the limited shareholders do not have indirect authority with respect to matters involving management personnel since the supervisory board can neither appoint nor dismiss general partners. The supervisory board lacks further powers compared with an AG: the supervisory board of a KGaA is not entitled to influence management of the company; Section 111, Paragraph 4 (2) of the AktG is not applicable (preferential right of co-determination in a KGaA).

Therefore, some of the recommendations of the code drawn up for joint stock corporations are only applicable analogously to a KGaA.

MAGNAT Real Estate Opportunities GmbH & Co. KGaA

The Company is an association limited by shares. In accordance with German legislation, the General Partners are responsible for management and representation. The partner liable to unlimited extent (General Partner) of the Company is MAGNAT Management GmbH, Frankfurt. MAGNAT Management GmbH manages the Company's transactions and can only be removed for good cause through resolution by the Supervisory Board and with majority agreement of 75% of the share capital at the Annual General Meeting. In this context, MAGNAT Management GmbH assumes - with significant support from the partner liable to a fixed amount with special rights and duties, R-QUADRAT Immobilien Beratungs GmbH - the administration of the portfolio and handles the ongoing business of MAGNAT. As owner of the limited partner's registered shares with restricted transferability, R-QUADRAT Immobilien Beratungs GmbH, Vienna, has the special duty of providing comprehensive advice and support to the General Partner of the Company when it carries out its duties relating to the acquisition, development, ongoing management, letting and re-marketing of direct and indirect real estate investments. R-QUADRAT Immobilien GmbH, Vienna, owns 100% of the share capital of the General Partner (MAGNAT Management GmbH) and 100% of the share capital of the partner liable to a fixed amount (with special duties), R-QUADRAT Immobilien Beratungs GmbH.

Management and Control Structure

The Supervisory Board and Management enjoy a close and trusting working relationship. Management regularly informs the Supervisory Board about the strategy, planning, development and risk management of the Company in a timely manner and comprehensively. The detailed report of the Supervisory Board can be found on pages 12 to 13 of this Annual Report.

left
Dr. Carsten
Strohdeicher

Centre
Stb. Prof. Dr. Werner
Schaffer

right
Dr. Christoph
Jeannée



Management

The management of MAGNAT Real Estate Opportunities GmbH & Co. KGaA is incumbent upon the individually liable MAGNAT Management GmbH and its Management, which manages the Company in compliance with the provisions of the German Stock Corporation Act and Articles of Association. Management's primary tasks include determining the strategic direction of and managing the Company as well as the planning, establishment and implementation of a system for risk management.

MAGNAT's Management currently consists of two members:

- _ Jan Oliver Rüster
Born 17 September 1968, member of Management since 2006
- _ Jürgen Georg Faè
Born 18 August 1968, member of Management since 2008

Supervisory Board

The Supervisory Board oversees and advises Management in its tasks in accordance with the provisions of the German Stock Corporation Act and rules of procedure. The Supervisory Board has three members, who are elected at the Annual General Meeting.

The Supervisory Board consists of:

- _ Prof Werner Schaffer, Chairman
- _ Dr Carsten Strohdeicher
- _ Dr Christoph Jeannée

Shareholder Relations

The shareholders exercise their rights vis-à-vis the Company at the Annual General Meeting.

The Annual General Meeting elects the members of the Supervisory Board and decides on giving discharge to Management and the Supervisory Board.

Management and the Supervisory Board give an account of the preceding fiscal year at the Annual General Meeting. The principle of "one share, one vote" has been adopted for resolutions made during the Annual General Meeting. Each shareholder is entitled to attend the Annual General Meeting, discuss the agenda and ask questions.

The Company reports to shareholders and the public on the development of its business, earnings, assets and financial standing four times each year. In addition, the public is informed about the activities of the Company via corporate news or the media. Ad-hoc statements are published for information concerning events that could have a significant impact on the share prices. MAGNAT bases its communication on the financial calendar, which can be found on the Company's website.

Statement of Compliance Pursuant to Section 161 of the AktG

The Management of the partner liable to unlimited extent (MAGNAT Management GmbH) and the Supervisory Board of MAGNAT Real Estate Opportunities GmbH & Co. KGaA (hereinafter also referred to as "Company") state that the recommendations of the Government Commission on the German Corporate Governance Code as amended on 6 June 2008, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, have been complied with in fiscal year 2008/2009 and will be complied with in the future with the following exceptions, which are partly due to the legal specificities of a KGaA and their formulation in the Articles of Association and specify below which recommendations have or will not be adopted.

_ Section 1

The preamble is complied with analogously.

_ Section 2

The recommendations are complied with analogously.

_ Section 3

The majority of the recommendations are complied with analogously. A deductible in the D&O insurance in accordance with Section 3.8 is not provided.

_ Section 4

As a result of its legal form as an association limited by shares, the management of which is carried out by a general partner, it is not possible to comply with the recommendations of Section 4 to the letter. However, the recommendations of Section 4 are complied with analogously with the exception of Section 4.2.3 (compensation of Management provides only for a fixed component – compensation of the managing General Partner is provided for in Section 8, Paragraph 2 of the Articles of Association), Section 4.3.1 (the managing General Partner and R-Quadrat Immobilien Beratungs GmbH are limited partners with special duties and, pursuant to Section 8, Paragraph 5 of the Articles of Association, exempted from the ban on competition set forth in Section 284 of the AktG) and Section 4.3.5 (the consent of the Supervisory Board is not required in order for the managing General Partner to undertake secondary appointments). Further details about compensation can be found in the Compensation Report in the Management Report.

_ Section 5

As is the case with Section 4, the recommendations of Section 5 can only be complied with analogously with the exception of Section 5.3 (the Supervisory Board of the Company is composed of 3 members; if a still smaller committee was formed from this body, there would be a danger that, specifically for especially important or complex matters, the expert knowledge of all of the members of the Supervisory Board would not be available; therefore, the handling of matters by the Supervisory Board as a whole appears to be preferable) and Section 5.4.6 (the members of the Supervisory Board do not receive any performance-based compensation).

_ Section 6

The recommendations of Section 6 are complied with analogously.

_ Section 7

The recommendations of Section 7 are complied with analogously with the exception of Section 7.1.2 (until further notice, the Company will observe the statutory publication deadlines; however, in the wake of continuous improvement of the procedures and reporting system, it will in the future endeavour to observe the shorter periods set forth in the Corporate Governance Code). This statement shall be made accessible to the shareholders by its inclusion in the 2008/2009 Annual Report and direct republication on the website: www.magnat-reop.com.

Frankfurt am Main, June 2009
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

For the Supervisory Board
Prof. Dr. Werner Schaffer

For the Management:
Jan Oliver Rüter **Jürgen Georg Faè**



Magnat on the Capital Market/Investor Relations

In fiscal year 2008/2009, the sub-prime crisis, which originated in the U.S., evolved into a global banking, financial and economic crisis. In particular, after the insolvency of U.S. investment bank Lehman Brothers on 15 September 2008, which came as a surprise to many economists and capital market experts, there was a massive slump in the share markets and following that a significant slowdown in economic activity worldwide. In the process, it was predominantly second-tier stocks, banking and property shares that suffered massive losses in value.

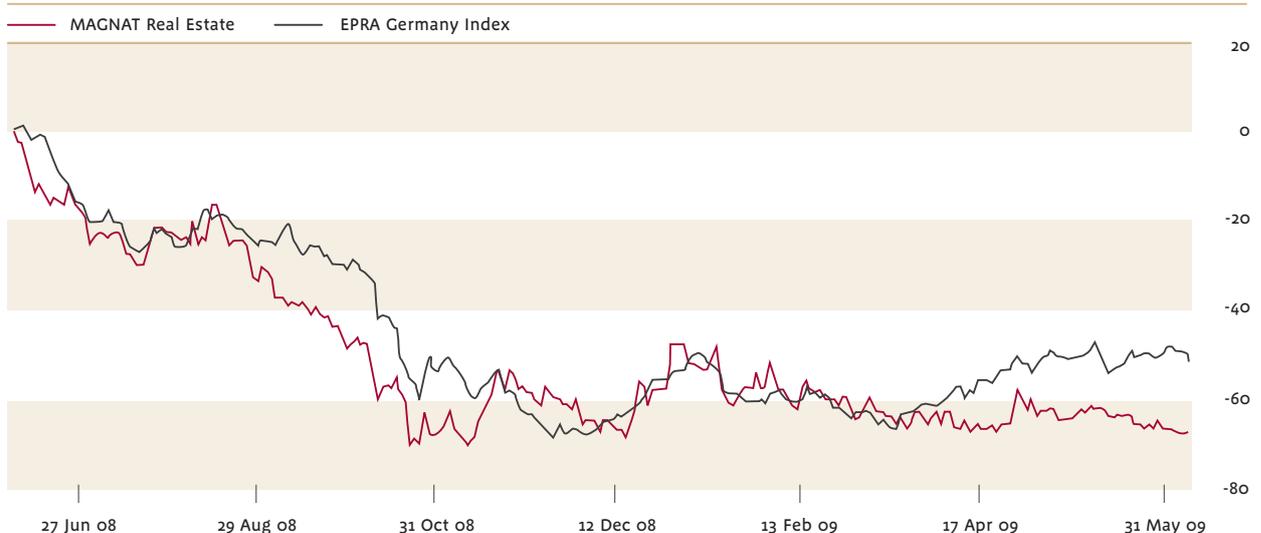
The MAGNAT share was also unable to escape this "inflection" on the capital market and saw a 69.1% drop in value in fiscal year 2008/2009. The GPR 250 Property Share Index Europe recorded comparable losses, which between the end of March 2008 and the end of March 2009 were exactly 64.5%; moreover, the EPRA Germany Index dropped by 58.0% in this period. The value of numerous real estate shares lost more ground than the MAGNAT share.

After a quotation of EUR 1.10 at the end of March 2008, the MAGNAT share recorded its peak price in the fiscal year on 5 May 2008 at EUR 1.24. At EUR 0.28, the lowest price was recorded on 27 October 2008, i.e. just a

few weeks after the insolvency of Lehman. The MAGNAT share finished March 2009 with a value of EUR 0.34. On average, more than 190,000 MAGNAT shares were traded daily in fiscal year 2008/2009. With more than 150,000 shares per day, the bulk of transactions were recorded on the electronic trading system, Xetra. Tight bid-ask spreads in the MAGNAT share were guaranteed by designated sponsor, Close Brothers Seydler AG.

The low nominal price level proved detrimental to the MAGNAT share because many institutional investors are prevented from investing in so-called penny stocks, in other words, shares with a listed price of less than one euro per share, due to their investment guidelines. Therefore, several institutional shareholders were forced to sell MAGNAT securities after the share fell below one euro. In order to remain accessible to all institutional investors and retain every financing option including capital-based measures in the increasingly challenging market environment caused by the financial crisis, an ordinary capital reduction in the ratio 10:1 was proposed.

The proposed capital reduction was approved during the Extraordinary General Meeting of 23 February 2009 with over 99% of the vote. The equity position of the Company is not affected by the capital reduction. However, share-



Source: Bloomberg

holders will benefit from this measure due to our scope of acting in the interest of the Company being broadened.

The ordinary capital reduction was implemented in the ratio 10:1 in the new fiscal year, 2009/2010, on 29 and 30 April 2009. MAGNAT shareholders received one new converted share with a proportionate amount of share capital of EUR 1.00 (ISIN: DE000A0XFSFo) for 10 no par shares with a proportionate amount of share capital of EUR 1.00 (ISIN: DE000A0J3CHO). The Company's share capital now stands at EUR 5,290,000 and is divided into 5,290,000 no par shares.

This measure has caused the price of the shares to rise by around a factor of about 10. The Xetra closing price of EUR 0.39 on 29 April stood in contrast with the Xetra opening price about EUR 3.80 on 30 April.

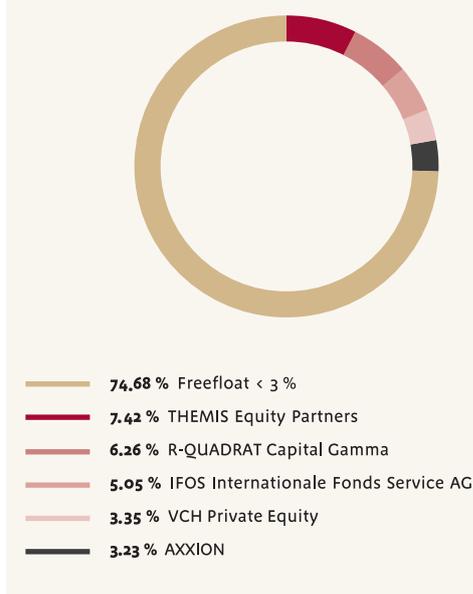
Since the end of October 2007, the MAGNAT share has been listed in the General Standard of the Frankfurt Stock Exchange.

Name	MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Number	52,900,000
Subscribed capital	EUR 52,900,000
Ticker/ISIN	M5RK / DE000A0XFSFo *
WKN	A0XFSF *
Bloomberg	M5RK *
Reuters	M5RGK.DE *
General Standard (regulated market)	Frankfurt Stock Exchange (Frankfurt und Xetra)
Open Market	Berlin, Düsseldorf and Stuttgart
Free float (shareholders < 3%)	~74.68 % **

* After capital reduction in April 2009. ** According to information on hand based on voting right announcements and Bloomberg

	2008/2009	2007/2008
Number of shares as of 31/03	52,900,000	52,900,000
Price at the start of the fiscal year	1.30	2.35
Price at the end of the fiscal year	0.34	1.10
Peak price	1.24	2.85
Lowest price	0.29	1.08
Market capitalisation as of 31/03	17,986,000	58,190,000
Profit per share	-0.12	0.17
NAV per share	1.63	1.89
Price/earnings ratio	-2.83	6.47

MAGNAT Shareholder Structure as of 31 March 2009



MAGNAT is thus subject to the strict transparency requirements applying to regulated markets throughout the European Union. As of 31 March 2009, the share's float (free float) stood at approximately 75%. The largest shareholder was Themis Equity Partners (TIG Themis Industries Group), with a share of 7.4%. MAGNAT communicated regularly with the press and investors in fiscal year 2008/2009, for only if the capital market is given timely and comprehensive information regarding the Company's fundamentals as well as the rewards and risks on the real estate markets, will its reputation be enhanced, which in the medium-term, when the effects of the financial crisis have settled, will lead to an appropriate valuation of the Company and the MAGNAT share. In fiscal year 2008/2009, for example, several well-known financial and specialist journals such as Börsen-Zeitung, Immobilien Zeitung, Focus Money and the Real Estate Magazine reported on MAGNAT. Research on MAGNAT was published by renowned institutions such as First Berlin, Close Brothers Seydler and Silvia Quandt Research. Thus, MAGNAT pos-

sesses a broad, independent and thorough external analysis and provides existing and potential investors with a first rate information base.

MAGNAT places great value on communicating with shareholders, institutional investors and analysts. In fiscal year 2008/2009, the Company was present at several capital market conferences, for example, the Entry and General Standard Conference of Deutsche Börse AG in Frankfurt. Moreover, MAGNAT's Management team presented the equity story of the Company to numerous international investors at several road shows, including in London.

MAGNAT has met the information-related requirements of the financial community with annual and interim reports, press releases, ad-hoc statements, IR news, and a fact sheet, which is available on the website.

MAGNAT will also be represented at several investor conferences during the current 2009/2010 fiscal year and will address, in particular, institutional investors at investor road shows. Here, MAGNAT will analyse the state of the market in detail in order to step up IR measures in terms of actively addressing investors at the right time and in a focussed manner.

The IR strategy of MAGNAT is designed to facilitate a steady, substantial, transparent and credible flow of communication. With this strategy, the MAGNAT share will in the long-term regain any loss of confidence. Therefore, communication measures aimed purely at the short-term appreciation of prices have been consistently abstained from.

Comprehensive information about MAGNAT and a current summary of the important conferences and dates in the financial calendar can be obtained by shareholders and other interested parties under "Investor Relations" on the Company's website.

www.magnat-reop.com.



Value Creation and Strategy

MAGNAT Real Estate Opportunities GmbH & Co. KGaA ("MAGNAT") is a publicly traded real estate company in Frankfurt am Main, which focuses on special business situations in the home market of Germany and in Austria as well as on land banking and real estate development in Eastern Europe. MAGNAT's business model is based on profiting from exploiting the potential for added value in special business situations, gains from land banking (the purchase and sale of land) and on generating attractive development returns.

Sustained appreciation of the Company's value and thus the shareholder value is the basic mission statement.

This involves MAGNAT concentrating on real estate markets that have attractive development cycles, on special business situations, on undervalued markets in the framework of counter-cyclical investments as well as on markets with high macroeconomic growth. In the process, MAGNAT generates rental income from a residential portfolio and a commercial portfolio in Germany. This is complemented by an investment in Austria. In Central, Eastern and South-Eastern Europe. MAGNAT has investments in Poland, Romania, Bulgaria, Turkey, Ukraine and Georgia.

Diversification of risk through a balanced asset mix is a central part of MAGNAT's strategy. This diversification of risk is a threefold process:

_geographical mix by investing in Germany, in Austria and in the CEE/SEE/CIS region

_functional mix through residential and commercial real estate

_yield mix through portfolio investments, special business situations in Germany with above-average rental returns and also potential appreciation, land banking (the purchase and sale of land for building on) as well as real estate development (development returns in the CEE/SEE/CIS region)

R-QUADRAT Immobilien Beratungs GmbH, Vienna, acts in the markets addressed by us as an experienced asset manager, which essentially covers the entire value chain of real estate activities.

Raising Earnings and the Potential for Appreciation

The strategy focuses on raising the potential for appreciation. In both its real estate development projects and its real estate trading, the Company seeks to resell the real estate after a short to medium holding period. In particular, against the backdrop of the impact of the crisis on the financial markets, retention of investments for a longer period or where appropriate continuing development at a later date currently has a value-creating effect. During the ongoing global economic crisis, reducing exposure in Eastern Europe has also proven to be the right strategy; in that respect, the sales process for the Russian Sadko investment was initiated in fiscal year 2008/2009. Other development projects in Eastern Europe were transferred to the Land Banking segment. Here, value preservation is the strategic maxim.

Finding Attractive Investment Properties

Since it possesses very good contacts in the real estate industry, a key feature of MAGNAT is its ability to utilise special business situations and find especially attractive investment properties. This involves, for example, distressed or problem properties. These properties can be resold profitably after undergoing restructuring, development, rezoning or other measures for betterment. In this respect, in the future MAGNAT will re-start its activities especially in Germany and Austria in order to optimise the portfolio mix and exploit attractive special business situations.



Our Target Markets

Initially, the real estate markets in Central and Eastern Europe were only marginally affected by the U.S. sub-prime crisis in 2008. After the surprise insolvency of Lehman Brothers on 15 September 2008, the world's banking system came under pressure. Any funding was critically scrutinised and loans hardly sufficed. The crisis developed into a global financial crisis, which, although delayed, hit Eastern Europe with its full force. The countries of this region were suddenly confronted with massive outflows of capital, a lack of liquidity and/or high liquidity premiums when obtaining funding. While resolutions in favour of providing financial aid were made in various international fora, the distribution of funds was delayed and due to high collateral requirements extremely sparse.

Accordingly, significant corrections to the real estate markets occurred in the countries of Eastern Europe.

However, it remains to be noted that in recent years the markets of Central and Eastern Europe have not experienced an "artificial boom", but have grown organically due to a "wealth catch-up-effect". This process of catch-up is far from complete and will in the medium-term lead to a significant recovery in these markets. Because of the desire for property of a standard found in the West, which is currently barely available, in the long-term high growth is anticipated in the real estate sector.

Development of the real estate markets in Germany and Austria has been far more stable than in Eastern Europe. In the next one to three years, the opportunities attached to real estate investments in these countries, which promise similar returns as those of the Eastern European real estate markets before the global financial and economic crisis, are very good.

Germany

In recent years, the German real estate market has not followed the price increases and partially exaggerated pattern of Western and Eastern Europe. As such, prices in Germany are not excessive. Against that backdrop, it is

not surprising that according to a PwC study the German market enjoys the highest reputation among international real estate investors and is rated as the most promising.

According to BulwienGesa, 2008 was the fourth consecutive year in which there was an appreciation of rent and prices on the German real estate market. With a total of 1.7% the real estate index for the whole of Germany increased in 2008 by 0.09% less than the preceding year. Here, commercial real estate saw an increase in of 2.5% and the prices and rents for residential real estate increased by 1.1%. However, the financial and economic crisis was reflected in a lower number of transactions. Against the backdrop of the downturn on industrial markets, experts from BulwienGesa predict a moderate decline in rents and prices by 1.0 to 1.5% in 2009. This may result in a correction, in particular, in the office real estate markets.

Particular opportunities are presented by residential real estate in Germany. The main reason is the still totally inadequate construction activity, which lags far behind demand. Looking at the building of new housing per 1,000 residents, Germany moves at the end of the European ranking. At an average of EUR 1,100, the cost of construction per square metre in Germany remains significantly above the prices for a subsequent acquisition. This is also a factor that will prevent significant price declines.

In particular, the stability of the German real estate market in conjunction with increasingly more favourable refinancing terms due to interest rate cuts currently presents opportunities, at least for entities had also contribute equity to the financing package.

Austria

The Austrian real estate market was also not marked by the same pattern of exaggeration as many other markets and enjoys stability. Office and commercial real estate is likely to be somewhat prone to cyclical weakness due to the economic crisis. However, the outlook for residential real estate is positive, in particular in the medium-term.

The interest rate cuts by the European Central Bank are also leading to more favourable refinancing terms in Austria for entities that possess equity. Accordingly, this also presents special opportunities.

Ukraine

Ukraine was severely affected by the financial crisis. Against the backdrop of high overseas and foreign-currency debt some analysts even indicate the possibility of national bankruptcy. The Ukrainian currency (hryvnia) has collapsed and lost over 50% against the euro. The exchange rate risk remains a major risk factor. Foreign currency deposits were subjected to mandatory conversions and bank balances frozen. The liquidity shortage has led to a dramatic drop in real estate prices in excess of 50%, which also partly affects prime locations. Instances exist whereby project funding cannot be obtained and overall the financing terms in Ukraine have seen a massive deterioration. A further weakening of the real estate prices in Ukraine is quite probable.

Russia

MAGNAT held investments in Russia until the beginning of 2009. Russia was unable to escape global developments. In consequence, the drop in oil prices hit the Russian national budget. As a result of the crisis, Russia is largely returning to a pure commodity-based economy and the rouble has lost considerable ground to the euro. Russia has also experienced a shortage in liquidity due to the financial crisis and this has brought about a sharp decline in real estate prices, even in prime locations. At the same time, rents have decreased significantly. Moscow and St. Petersburg have considerable excess capacity in office and high end residential real estate. The vacancy rate for first-class real estate has risen to 9-15% in Moscow. Due to the financial crisis, financing terms in Russia have also seen a temporary but significant deterioration.

Turkey

In Turkey, the high foreign debt and drop in foreign investment have led to budgetary and currency-related problems. Accordingly, the Turkish lira has clearly lost ground against the euro. However, due to the low level of integration in the international financial sector, the Turkish financial system has only been marginally affected by the global crisis. In that respect, it appears that the Turkish economy will recover quickly when the global downward trend ends. Transactions on Turkish real estate have slowed down. Nevertheless, estimates indicate some 600,000 new home seekers per annum in Turkey, in Istanbul in particular. The long-term economic outlook in Turkey is good, population growth feeds the demand for housing and the location of Istanbul is excellent in geo-strategic terms.

Poland

During the financial crisis Poland has proven to be the most stable of all the CEE countries (CEE = Central and Eastern Europe). There was, indeed, a slump in growth, however, not a pronounced recession as was the case in other countries. At most, a small decline in Poland's gross domestic product is expected for 2009. The Polish zloty has in the meantime lost about 20% compared to the euro. On the real estate market banks have tightened their lending guidelines and it is against this backdrop that rental and purchase prices have declined.

Romania and Bulgaria

These two countries are among the CEE countries most severely affected by the financial crisis. In each case, the national budget is clearly affected by the economic crisis. In addition, in each case private households have a high rate of indebtedness in foreign currencies. Moreover, overseas financial investors have withdrawn funds to a considerable extent both in Romania and in Bulgaria.

In each case, the liquidity shortage has led to a marked decline in real estate prices, even in prime locations. The stock of unsold residential units has increased significantly in both countries. Financing terms have deteriorated drastically. Currently, project funding is not possible in either country.

Focus on Conurbations in Selected Growth Markets

Country	Region	Status/MAGNAT Strategy	Opinions of Outside Experts
Germany/ Austria	Conurbations	Development of the existing portfolio	From the perspective of an investor, there are several factors that speak in favour of investing in the housing market. An increased awareness of risk [...] as well as the prospect of opportunities deserves mention. (DEGI - Market Outlook in Germany, Spring 2009)
Poland	Wroclaw	Completion of the hitherto successful investment	We all look with concern at the coming year, but Poland is seen under a much brighter light than other European countries (Colliers International, 2009 Poland)
Ukraine	Kiev	Projects reallocated to Land Banking and/or provisional investment stop	Looking at the current macroeconomic forecasts, it is highly probable that the real estate market as well as the overall economy will face many challenges in the short-term. [...] Even though many players on this market have adopted a wait-and-see attitude, it may transpire that this year (2009) is, nevertheless, a good time [...] for investors looking for good buying opportunities, such as the ownership of real estate or investment in companies with financial constraints (distressed assets) at a reasonable price. (Colliers International, Real Estate Review 2009, Ukraine)

Focus on Conurbations in Selected Growth Markets

Country	Region	Status/MAGNAT Strategy	Opinions of Outside Experts
Russia	Moscow	Sale of the Russian portfolios initiated and partially implemented	As a commodity power, the impact of the crisis on Russia is twofold. [...] The Kremlin is digging deep into its reserves to prevent social unrest. A deep recession is expected for the current year (2009); a fundamental improvement is not yet foreseeable. (Handelsblatt, 16 July 2009/Emerging Markets on their Way Out of the Crisis)
Turkey	Istanbul	Continuation of the successful investment	The Istanbul real estate market is still relatively undeveloped and has the potential to become one of the most attractive destinations for real estate developers, investors and users as soon as the global business environment improves. (Jones Lang Lasalle, Istanbul Real Estate Overview 2009)
Bulgaria/ Romania	Sofia/ Bucharest	Development projects reallocated to Land Banking. Sale of the land.	Bucharest: it is apparent that the market has seen a downward revision in the required rent as well as greater flexibility in the negotiation process on the part of the landlord during the past few months. In particular, owners of newly constructed buildings have significantly reduced rents in order to achieve a certain level of occupancy. (BNP Paribas Real Estate, Bucharest Property 2008)



left
Jürgen
Georg Faè (CFO)

right
Jan Oliver
Rüster (CEO)

Interview

CEO Jan Oliver Rüster and CFO Jürgen Faè, MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Mr Rüster, the financial crisis worsened dramatically during fiscal year 2008/2009. The world of real estate has seen an enormous change. How do you assess the situation on the Eastern European real estate markets?

Jan Oliver Rüster: The financial crisis impacted, in particular, the real estate markets of the countries that have seen strong growth with the help of foreign funding. Meanwhile, in many of the Eastern European countries funding for real estate projects is either no longer available or available only at extremely high interest rates. At the same time, in the autumn of 2008 there was an abrupt drop in the demand for real estate. Against this backdrop, rents and real estate prices have seen a significant reduction in Eastern Europe. Times have thus become much tougher.

And what about the German real estate market?

Jan Oliver Rüster: Far more stable. German real estate market prices have barely risen in recent years and are now only seeing a marginal correction. Given the low level of new construction, which has persisted for years, rented housing is especially promising in the medium-term. In addition, financing continues to function. Hence, compared internationally we pay very low interest rates for our Eberswalde-Rostock-Saalfeld residential portfolio, which the bank deems to be a show-piece. Furthermore, the German residential real estate sector is extremely promising because of the declining interest rates brought about by cuts in the key interest rate.

What are the consequences for MAGNAT because of this situation?

Jan Oliver Rüster: Against the backdrop of the financial crisis, in Eastern Europe we are currently not taking on high risks and are acting flexibly. We have redirected projects we are currently unable to develop the Land Banking segment. These projects/sites are fully financed by equity and will be transferred back to the Development segment

or sold at the appropriate time. MAGNAT is built on an extraordinarily strong foundation and can operate successfully even when transaction times are prolonged.

Jürgen Georg Faè: We are well placed to implement our business model both operationally and in terms of the balance sheet, even in difficult times. Our equity ratio as of 31 March 2009 stood at 62.9%. Furthermore, we have liquid funds of EUR 7.6 million at our disposal.

What is your estimation of the outlook for the real estate markets in Eastern Europe?

Jan Oliver Rüster: In many countries in Eastern Europe, the situation on the real estate markets will remain tense for the time being. There is even a risk that the crisis will intensify in one of these countries. However, in the medium to long-term the catch-up process in Eastern Europe should proceed because real estate of a standard seen in the West is virtually non-existent in Eastern Europe. When the financial crisis has passed, huge pent-up demand should materialise for both office and residential real estate. Turkey, particularly the Greater Istanbul area, is a very interesting and promising market.

Tell me about the development of your German portfolio?

Jan Oliver Rüster: Excellent! The residential portfolio, of which MAGNAT holds a 75 percent stake, now includes approximately 1,500 apartments and has some 85,300 square metres that can be let. The costs of purchase are only about EUR 420 per square metre. Due to the above average rental income of 9.6% and the reduction in vacancy rates - we have already reduced the vacancy rates from 19.3% to 15.7% - there is significant potential for value creation. In our commercial portfolio - here, we also hold a stake of 75% - the occupancy rate stands at 97%. The rental income is 9.2% and the costs of purchase approximately EUR 1,150 per square metre. The sale of our German portfolio would generate a noteworthy profit.

With regards to the MAGNAT share, why did you reduce the capital by a ratio of 10:1?

Jan Oliver Rüster: We are no longer a penny stock because of the ordinary capital reduction. Consequently, institutional investors, who are not permitted to invest in penny stocks because of their investment guidelines, can now invest in MAGNAT shares again. Further, the psychological stigma of a penny stock has been eliminated, which makes our share more attractive. Above all, as a result of the capital reduction MAGNAT has, not least due to the improvement of our balance sheet structure, every financing option available to it in this challenging market environment. Overall, with the capital reduction we have strengthened the Company and safeguarded the interests of our shareholders.

Jürgen Georg Faè: We are particularly pleased with the very broad support shown by our shareholders in relation to this measure. The proposed capital reduction was adopted during the Extraordinary General Meeting of 23 February 2009 with a vote of over 99%. The measure was implemented after the end of fiscal year 2008/2009 between 29 and 30 April 2009.

Your shareholders' equity remained unchanged by the capital reduction?

Jürgen Georg Faè: Yes, precisely. The changes only took place within the equity of the Company, the total volume of which remained the same.

Since the six-month report you have adopted a modified definition of net asset value (NAV). What are the reasons for that?

Jürgen Georg Faè: We attach great importance to a high level of transparency with regard to our investors. Therefore, we state the internationally commonly used net asset value (NAV) of our share. In order to increase transparency, when calculating the NAV we now comply fully with EPRA recommendations.

Why are the EPRA recommendations important?

Jürgen Georg Faè: EPRA (European Public Real Estate Association) is the organisation of Europe's publicly traded real estate companies. The EPRA recommendations are a recognised standard. They establish comparability with other companies and thus increase transparency. Against this backdrop, we are pleased that we are able to provide our investors a NAV that complies with EPRA recommendations. Incidentally, we show all interested parties in detail the way in which we calculate the NAV on our website and in the Management Report included with this Annual Report in a table. All in all, we calculate the NAV conservatively.

Why have you and other insiders purchased some 11% of the MAGNAT shares in recent months?

Jan Oliver Rüster: The MAGNAT share is an undervalued but promising investment. In spite of the financial crisis we have a strong foundation, and have done our homework. We believe in the long-term and sustainable success of MAGNAT and will do our utmost to convince with operational achievements.

Thank you very much for the interview.



Group Management Report

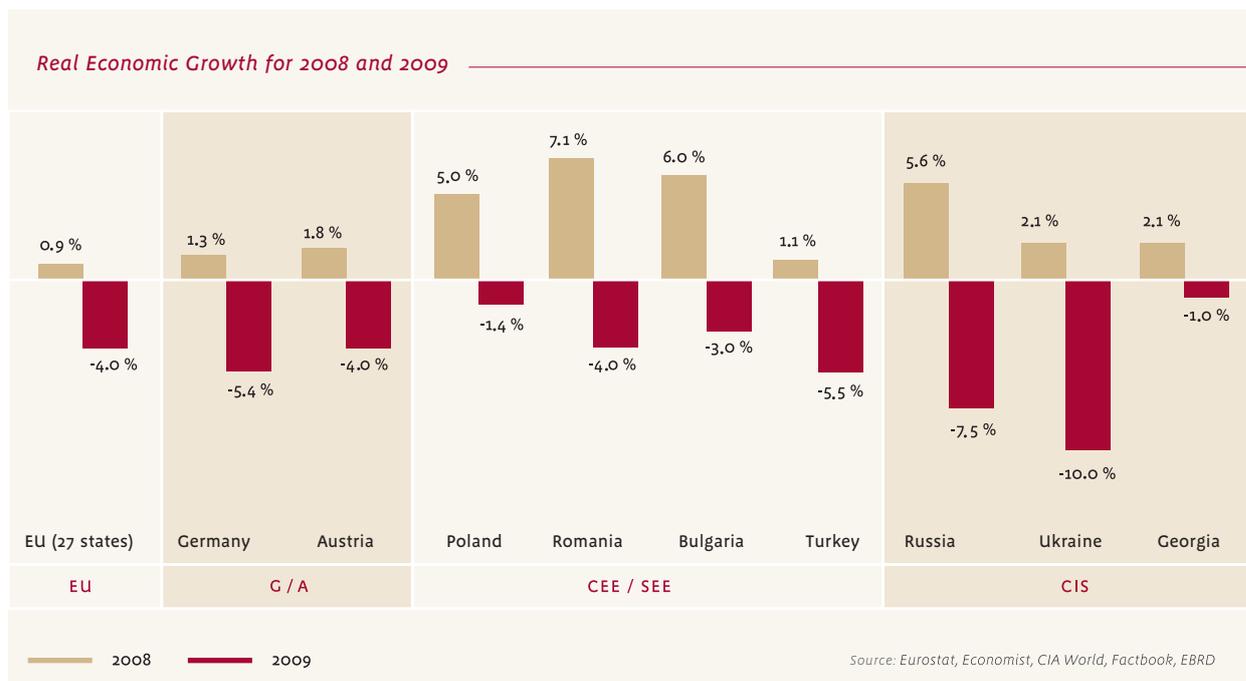
Fiscal Year 1 April 2008 to 31 March 2009

1. Overall Economic Situation and General Environment

In the past 2008/2009 fiscal year, MAGNAT saw, predominantly in the second half of the year, a further worsening of the economic situation by comparison with fiscal year 2007/2008. What began as a tightening of credit in 2007, developed into a global economic crisis in 2008, and from September 2008 unfolded into a proverbial "emergency stop" in economic development, especially

in the CEE/SEE and CIS states. While the positive full-year figures for real economic growth for 2008 gloss over the picture, comparison with the growth expectations for 2009 illustrates the speed and magnitude of the onset of the economic crisis.

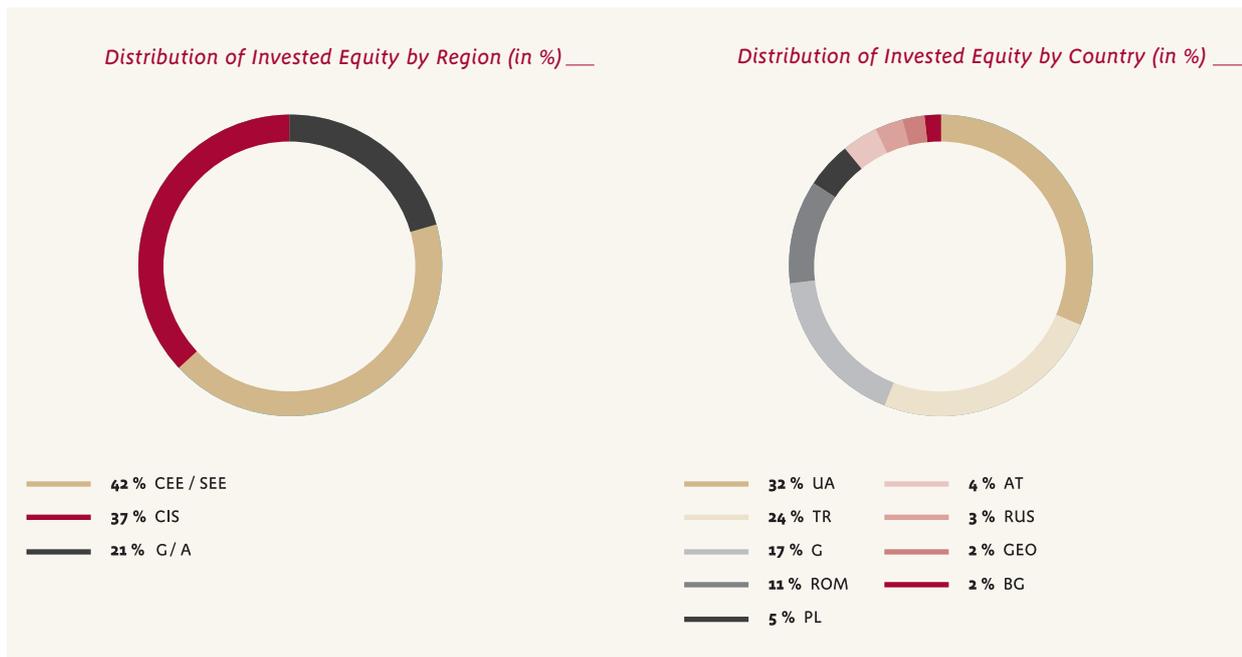
In spite of spectacular rescue packages, the effectiveness of which remains to be seen, business insolvencies are again on the increase, unemployment has risen, exports have fallen heavily and are now at an all-time low.



The world's central banks started a concerted action to avert these consequences. While the U.S. Central Bank, the FED, reduced the nominal interest rate to nearly zero, the European Central Bank (ECB) lowered the key interest rate to 1%. The once categorically rejected "zero interest rate policy" is now being discussed as a further measure and creative support measures similar to the auctions of the FED have already been initiated by the ECB. However, all this has not led to a noteworthy relaxation of the

lending practices of banks; on the contrary, the lending guidelines for financing have been further tightened.

To show a diverse picture of the business environment, the individual regions and portfolio countries of MAGNAT are looked at in greater detail below. The distribution of invested equity by region and country shows the corresponding importance of the countries in the MAGNAT portfolio.



Germany/Austria (D/A)

The **German economy (D)** slipped into a recession due to the decline in global trade. The gross domestic product fell in the fourth quarter of 2008 by 2.1% (Aberdeen, Market Outlook, Germany, 2009). This was the biggest quarter on quarter drop since reunification. Based on the whole of 2008, the GDP increased by 1.0%, this represents the lowest increase since 2005. At 2.5%; growth was considerably better in 2007. For 2009, gross domestic product is expected to contract by 5.4% in Germany. Due to uncertainties in connection with that, forecasts are, in some areas, not being given for 2010.

Unaffected by these basic developments, a clearing of key leading indicators (e.g. Ifo Business Climate Index, changes in stocks) came about in March and April 2009. This has led to cautious optimism, which is further supported by optimistic statements by leading economists and politicians in the United States. However, MAGNAT takes the view that development on the stock markets in the months of April and May 2009 are more influenced by hope than fundamentals.

The transaction volume in 2008 for commercial real estate in Germany has dropped significantly compared to the previous two exceptional years. With a total volume of almost EUR 20 billion, the market contracted to the level of 2005. In the first quarter of 2009, EUR 1.75 billion was invested in commercial real estate in Germany. This is less than 10% of the total annual performance in 2008 and represents a decline of 78% compared to the first quarter of 2008. It is expected that the total transaction volume in 2009 will be the lowest of the last six years. However, players on the market with sufficient equity have used the first quarter of 2009 to re-position themselves and align their investment strategy with the prevailing situation.

The market for portfolio transactions in the residential sector has also clouded significantly. In the first quarter of 2009, 11% of the transactions were portfolio transactions. In 2008, it was still over 40%. Here, the average

volume has dropped from EUR 195 million in 2007 to EUR 90 million in 2008 to EUR 17 million in the first quarter of 2009. Along with this trend the high proportion of foreign investors in the total investment volume has decreased considerably.

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

In 2008, **Poland (PL)** demonstrated surprising resistance to the international economic crisis with its GDP growing year on year by around 5%. Its export ratio rose to 7.8% and industrial production grew to 5.6% (Colliers International, 2009, Poland). However, expectations relating to the economic situation in Poland have changed considerably in recent months. The European Bank for Reconstruction and Development (EBRD) now forecasts that in 2009 Poland will see a stagnation of gross domestic product (GDP) of 0.0%; other observers anticipate an even deeper recession. Essentially, Poland thus reflects the economic downturn of its major trading partners. The main drivers of this development are an extremely weak export demand from Western Europe, devaluation of the zloty and the associated crisis of confidence among businesses and consumers, intensification of the constraints in loan supply and the high repayment obligations or need for refinancing of the short-term national debt of the Polish government in the coming months. However, in comparison to other markets in the CEE region, a faster recovery is expected in Poland due to its fundamentals, should growth return in Western Europe. The zloty, which has in the past been very strong due to speculation, has lost greatly in value in recent months due to panic in the monetary sector in the CEE and according to analysts' estimates is now at a very low level; therefore, a further drop in value is not anticipated. In the event of a recovery of the economy, a gradual appreciation of the zloty against the euro is therefore expected.

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 (ROM) looks back on a record year in terms of economic growth, but only until the third quarter of 2008. Up to September 2008 its GDP saw growth of 9.3%, a record high for Romania. Negatively impacted by the global crisis, GDP then dropped to 8.0% up to the end of 2008. In addition, the inflation rate fell from 6.6% in 2007 to 6.3% (CB Richard Ellis, Romania Economic Situation 2008). For 2009, Romania's economic performance is expected to contract to 4.0%. Since compared to other CEE/SEE states Romania has weaker fundamentals, a slower recovery of the economic situation is expected. In this context, the Romanian leu has come under severe pressure in recent months. In the event of the general situation worsening, further devaluation can be anticipated against the euro. Due to the financial and credit crisis, in recent months numerous international developers have put their planned projects on hold, postponed the start of construction, and in some cases even stopped projects.

Lower land prices are the result of these developments. Price reductions of approximately 20% have, depending on the location and attractiveness of the land, been observed in recent months. The positive trend in building construction up to 2008 was seen across all sectors: office buildings, business centres, residential and industrial buildings. The retail trade continues to grow robustly with numerous new hyper, super and discount markets. In addition, in spite of the difficulties relating to borrowing, over 100 shopping centres are planned for the coming years across the country.

For **Bulgaria (BG)**, the poorest member state in the EU measured by GDP per capita since its accession to the EU in 2007, 2008 was divided. Up to September 2008, GDP grew to 7.0%. However, in the wake of the crisis GDP fell in the third quarter of 2008 to 6.8% (Colliers International, Market Overview Bulgaria, First Half 2009). In the fourth quarter of 2008, year on year growth again

contracted, this time to 3.6%. For comparison, it is noted that average economic growth in the years 2004 to 2006 amounted to 6.4% respectively. For 2009, a decline of the economy by -4.0% is expected. Unemployment in the previous year, 2008, fell to about 5.6%, in 2007 it was 6.9%, and in 2000 as high as 18.2%. Essential for the development of the Bulgarian lev will be the negotiations with the International Monetary Fund (IMF) on the retention of the currency board. Depending on the outcome of these negotiations, an additional currency risk may emerge.

The main reasons for the slowdown of the economy were the dramatic decline of foreign investments and difficulties in accessing funding brought about by the credit crunch. Direct foreign investments in Bulgaria dropped in 2008 by 16.7% to EUR 5.4 billion. By comparison, foreign investments amounted to approximately EUR 6.5 billion in 2007 and EUR 6.0 billion in 2006.

Demand for residential real estate saw a marked decline in the last quarter of 2008. This is mainly due to strict restrictions and high costs associated with financing with outside capital. Year on year (11/2007 to 11/2008), the volume of mortgages decreased by 80%, or EUR 82 million while the average interest rates rose by 100 to 200 basis points.

During the same period, the equity ratio required by banks rose from 10-20% to 30-50%. While it was quite normal to buy homes from the plan up until 1-2 years ago, the trend is now tending to shift towards the conclusion of a contract in the later stages of development in order to reduce risk.

Like other countries, **Turkey (TR)** has been in recession since late 2008. In 2009, economic performance is expected to contract by 5.5%. This is due to Turkey's strong dependence on exports, lending shortages and pressure on the Turkish lira compared to the euro. The necessary corporate balance sheet restructuring and refinancing measures in view of the economic crisis are reflected in the generally deteriorating business climate and business

confidence. The cautious outlook of analysts concerning the revival of the Turkish economy in 2010 is therefore understandable. It is also clear that recovery of the Turkish economy is greatly dependent on stimulating export.

In recent months, the Turkish lira has gone through a period of strong volatility. The main problems of the Turkish currency are on one hand the level of payment obligations in 2009, which exceed the currency reserves; on the other hand, in the high speculative outflows of apportioned funds in recent months. In addition, the strength of the Turkish lira in recent years did not conform to the typical historical trend with high volatility. For that reason, a strengthening against the euro is not expected in the short-term. Further progress of the lira will also depend on how the necessary cooperation with the IMF is structured.

As has been the case with other European markets, the Turkish real estate market has been affected by the international financial and economic crisis. In particular, residential real estate in the Greater Istanbul area is symptomatic of the crisis. The decline in house prices first seen in the third quarter of 2008 continued in the first quarter of 2009. Price reductions of up to 40% were recorded in suburban regions. Even Istanbul's prime locations saw a reduction in real estate prices of up to 15% (Colliers International, Real Estate Market Turkey, First Half 2009). Nevertheless, Turkey - and this is the general consensus among significant market experts - remains a highly interesting real estate market. Jones Lang LaSalle writes in the study "on.point" dated February 2009: "Developers can build homes for the next 20 years and expect them to be in demand." In Turkey, and particularly in Istanbul, 600,000 new home seekers are expected yearly. The long-term economic outlook in Turkey is good, population growth strengthens the demand for housing and the location of Istanbul is excellent in geo-strategic terms. Jones Lang LaSalle: "[...] Istanbul's real estate market has the potential to become Europe's most interesting market for real estate developers and real estate investors" (on.point; Istanbul Real Estate Overview, February 2009).

Commonwealth of Independent States (CIS)

After growth of 8.1% in 2007, **Russia** started 2008 promisingly. However, 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 2008, 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. In 2008, the Russian economy grew by only 5.6%, a decline in economic performance of -7.5% is expected in 2009. The ray of hope for Russia rests on the basic strength of the economy. At more than USD 325 billion, Russia's currency reserves are the third highest in the world. In addition, income from oil transactions guarantees a continuous inflow of foreign currency; albeit, now at a lower level. Should the price of oil remain at more than USD 44 per barrel, the stability of the rouble would be further enhanced. In addition, the economic package adopted by the government appears to have had a positive effect on the economy to date.

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.

The global economic crisis hit **Ukraine (UA)** hardest in the fourth quarter of 2008. Industrial production contracted in October by 7.6% and by the end of November 2008 had already dropped by 15%. Consequently, economic growth recorded year on year only saw an increase of 2.1% in December 2008; in August, this was still at 7.1%.

For 2009, the economy is expected to contract by about 10%.

The Ukrainian economy is suffering both due to the negative impact of external factors such as the global financial crisis, declining global demand and, in particular, falling commodity prices as well as internally induced problems. The country's central bank had to implement various administrative measures to protect the banking sector from a run. The main purpose of these measures was to stabilise the market; however, analysts estimate that the impact on the Ukrainian economy could be negative in the long-term. Therefore, the technical assistance provided by the IMF in addition to the financial assistance will, in all likelihood, lead to a slowdown of these initial measures and contribute to implementation of structural reforms, from which both the financial sector as well as the overall economy should benefit.

Measured by the total portfolio and in comparison with other major cities in Central and Eastern Europe, the office market in Kiev is still the segment with the greatest potential on the Ukrainian commercial real estate market. Until the beginning of the fourth quarter of 2008, the office market in Kiev had, over the past few years, been marked predominantly by relatively high construction volume, rising rents and marginal vacancy rates, which remained relatively constant at about 2%. The main factor behind the rapid pace of development was the steady economic growth over the past years and the increasing internationalisation of the developer and investor market. The onset of the global financial crisis and ensuing constraints in loan supply, which led to a virtual standstill in lending to real estate developers, has also severely affected the office market sector of the Ukrainian capital city. A large number of projects under construction have been halted, or at best put on hold.

The total area of office buildings in Kiev at the end of 2008 stood at approximately 950,000 square metres. Despite everything, Kiev's potential becomes evident when looking at other major cities in Central and Eastern Europe, such as Prague, Budapest and Warsaw, where the

portfolio of office space is 3 to 4 times higher. A look at the standard of quality of office buildings shows that the proportion of Class A buildings remains relatively low. The large proportion of the total area continues to be taken up by Class B projects. However, it should be noted that Class A buildings in Kiev do not necessarily correspond with Class A standards in Western Europe or the better developed markets in the CEE region, such as Poland, Hungary, and Czech Republic. Nevertheless, the trend in 2008 moved towards better quality and higher efficiency when developing areas.

In 2008, demand was marked by both the market entry of international and national companies as well as the desire for modern areas. In particular, Ukrainian companies relocated from old office blocks to buildings that are modern, better connected with the transport infrastructure and more attractive. Another reason was the expansion of existing enterprises. Following the downturn of the real economy in 2009, many companies will be forced to scale down their sites or, in the worst case, even abandon them. This fact will lead to an increase in vacancies, from which, according to market experts, vacancy rates of 10-15% will follow by the end of 2009. Lower class portfolio properties (Class B and C) and old buildings from the Soviet era, which in the early years of the real estate boom were often converted from residential to office real estate, have been affected in particular.

The resulting vacancy rate and slump in demand had a correspondingly negative impact on the price of rental property. In addition, many tenants are negotiating a reduction of rent with their landlords. In individual cases, rental reductions of up to 40% are being peddled, especially for very expensive rented buildings.

Based on the assumption that the economy will recover and the tense political situation in the country will ease during the course of 2010, a shortage of available office space will occur towards the end of 2010 or no later than 2011 due to the very low level of new construction. Accordingly, a lowering of vacancy rates and rising rents will follow. From today's perspective, there is no

certainty as to whether the high prices of 2008 will be reached again.

After military intervention by the Russian forces, **Georgia (GEO)** is unable to continue the growth of recent years. Where Georgia grew in 2007 by approximately 9.4%, economic research institutes expect the economy to decline in 2009 by 1.0%. Tbilisi, the capital city, is excluded from that and marked by enormous pent-up demand both in terms of residential real estate and commercial real estate. Tbilisi has only three Class A commercial properties and hardly any residential real estate in line with western standards. Middle-class real estate only exists in the better locations such as Vake, Vera and Mtatsminda. Rising income and easier access to financing have increased the demand for real estate in line with western standards. Further economic and political development is currently difficult to predict.

2. Operating Activities

Strategy

MAGNAT is a publicly traded real estate development company in Frankfurt am Main, which focuses on special business situations in the home market of Germany and in Austria as well as on land banking and real estate development in Eastern and South-Eastern Europe as well as the Commonwealth of Independent States. MAGNAT's business model is based on profiting from exploiting the potential for added value in special business situations, gains from land banking (the purchase and sale of land) and generating development returns.

This involves MAGNAT concentrating on real estate markets that have attractive development cycles, on special business situations, undervalued markets in the framework of counter-cyclical investments as well as on markets with high macroeconomic growth. In the process, MAGNAT generates rental income on an ongoing basis from a residential portfolio and a commercial portfolio in Germany supplemented by an investment in Austria.

In Central, Eastern and South-Eastern Europe MAGNAT is investing in development activities in Poland, Romania, Bulgaria and Turkey as well as in the Commonwealth of Independent States in Ukraine and Georgia.

Diversification of risk through a balanced asset mix is a central part of MAGNAT's strategy. This diversification of risk is a threefold process:

_ **geographical mix** by investing in Germany and Austria and the CEE/SEE/CIS region .

_ **functional mix** through residential and commercial real estate

_ **yield mix** through real estate in the Value Added segment (special business situations in Germany with above-average rental returns and also potential appreciation), Land Banking (the purchase and sale of land for building on) and Classic Real Estate Development (development returns in the CEE/SEE/CIS region)

Adjustments to the Strategy because of the Current Business Environment

The strategy focuses on raising the potential for appreciation. In both its real estate development projects and its real estate trading, the Company seeks to resell the real estate after a short to medium holding period. In particular, against the backdrop of the impact of the crisis on the financial markets, retention of investments for a longer period or where appropriate continuing development at a later date currently appears to have a value creating effect. During the ongoing global economic crisis, reducing exposure in Eastern Europe has also proven to be the right strategy. To that end, in fiscal year 2008/2009, the strategic sale of the Russian Sadko investment was completed and thus the risk in the CIS region reduced. Other development projects in Eastern Europe were, where possible, transferred to the Land Banking segment.

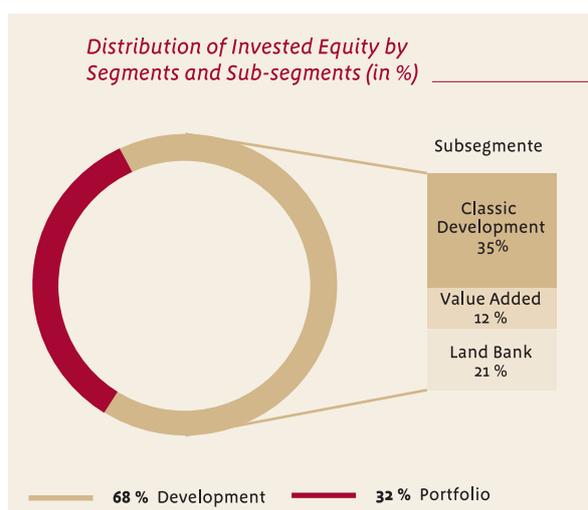
The adjustments to MAGNAT's strategy can be summarised as follows:

- _ the Company gives absolute priority to securing liquidity
- _ intensifying the re-marketing efforts as an important component for securing profitability
- _ balancing the distribution of the portfolio between the regions of D/A and CEE/SEE/CIS to mitigate the sharp cyclical fluctuations in the real estate markets
- › continuing to reduce exposure in CEE/SEE/CIS
- › protecting the value of the portfolio through reclassification to Land Banking
- › evaluating potential future investments in Germany and Austria on the basis of attractive returns on new purchases and lower exposure
- _ reviewing and where necessary adjusting the real net output ratio as part of the cost optimisation measures

Operating Activities

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. Due to the worsening of the crisis in September/October 2008, another focus of the operating activity was preserving the value of the portfolio. This was achieved through reclassifications in the Development segment. In March 2009, the Sadko investment in Russia was sold to the project partner. We have thus succeeded in reducing the commitment in the difficult Russian market.

The operating business segments of MAGNAT are divided into the segments Portfolio and Development. Business Segment Development is further divided into the sub-segments Land Bank, Value Added and Classic Development. Some 32% of the invested equity is allocated to the Portfolio segment and the remaining 68% in the Development segment.



The allocation of equity per project is shown in the following table. Within the individual segments the status of each project is looked at below.

Project	Region	Country	Segment	Utilisation	MAGNAT's stake	Capital adequacy (in EUR '000/%)	Start
YKB	CEE/SEE	TR	Portfolio	Office/Resid.	33.3 %	20,718	24.4 % 07/07
Peremogi	CIS	UA	Development	Office	45.0 %	17,398	20.5 % 07/07
Residential portfolio	D/A	D	Value Added	Residential	75.0 %	7,668	9.0 % 04/07
Vacaresti	CEE/SEE	ROM	Land Bank	Land Bank	75.0 %	6,431	7.6 % 06/07
Nasze Katy	CEE/SEE	PL	Development	Residential	50.0 %	4,251	5.0 % 11/06
Squadra	D/A	D	Portfolio	Office/Resid.	15.9 %	4,000	4.7 % 08/07
Koncha Zaspá	CIS	UA	Land Bank	Land Bank	75.0 %	3,693	4.3 % 04/07
Schwarzenberg	D/A	AT	Development	Hotel	18.8 %	3,094	3.6 % 07/07
Mogosoiaia	CEE/SEE	ROM	Land Bank	Land Bank	75.0 %	2,962	3.5 % 12/06
Commercial portfolio	D/A	D	Value Added	Office	75.0 %	2,859	3.4 % 11/06
Chmelnitzkij	CIS	UA	Development	Retail	33.3 %	2,695	3.2 % 12/06
Alexander	CIS	UA	Land Bank	Land Bank	75.0 %	2,553	3.0 % 12/06
Russian Land	CIS	RUS	Portfolio	Land Bank	40.3 %	2,562	3.0 % 09/07
Digomi	CIS	GEO	Land Bank	Land Bank	56.3 %	1,481	1.7 % 08/07
Pancharevo	CEE/SEE	BG	Development	Land Bank	75.0 %	1,452	1.7 % 06/07
Vitaly	CIS	UA	Land Bank	Residential	25.0 %	714	0.8 % 12/06
Vake 28	CIS	GEO	Development	Residential	37.5 %	487	0.6 % 03/08
Total						85,016	100.0 %

Business Segment 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.

Overview of Business Segment Portfolio Projects by Region

Germany/Austria	CEE/SEE	CIS
Squadra/Germany	YKB portfolio/ Turkey	Russian Land/ Russia

Business Segment Portfolio (in '000)

	2008/2009	2007/2008	Delta
Segment revenue	3,421	8,115	-4,694
Segment expenses	-250	0	-250
Segment earnings before interest and taxes	3,171	8,115	-4,944
Total assets	33,877	22,169	11,713
% of consolidation	23 %	16 %	
Total liabilities	0	0	0
% of consolidation	0 %	0 %	

The main investment in Business Segment Portfolio is the YKB portfolio, which made a contribution to segment profit/loss of EUR 3.4 million (previous year: EUR 7.8 million) in the past fiscal year. The assets increased by EUR 11.7 million to EUR 33.9 million due to the injection of capital into the YKB portfolio in the form of a shareholder loan of EUR 7.0 million and because of the proportionate earnings from the portfolio. Due to application of the equity method for consolidation, financial liabilities taken up in the portfolios are not shown on the Consolidated Balance Sheet.

<i>Project YKB</i>	
Region	CEE/SEE
Land	Turkey
Segment	Portfolio
Utilisation	Office/Residential
Size of plot (in square metres)	1,115,047
MAGNAT's stake	33.3 %
Equity (in EUR '000)	20,718
Equity (% of total)	24 %
Start	07/07

Acquisition of an extensive real estate portfolio of Turkish bank Yapı ve Kredi Bankası A.S. ("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 which 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, a further capital injection from the consortium member 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 20.7 million. The operating performance is good, of the some 400 properties purchased in September 2007 around 307 were sold at a profit by the end of the period under review for a gross selling price of EUR 64.2 million. This corresponds to approximately 50% of the portfolio measured by the area or approximately 35% of the portfolio measured by the cost of purchase. 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. The gratifying liquidity situation in the YKB portfolio due to the positive progress led to a partial repayment of the shareholder loans of consortium members in the amount of EUR 4.5 million (EUR 1.5 million for MAGNAT) after the balance sheet date in April 2009.

<i>Project Squadra</i>	
Region	D/A
Country	Germany
Segment	Portfolio
Utilisation	Office/Residential
Size of plot (in square metres)	25,071
Area available for selling/letting (in square metres)	37,698
MAGNAT's stake	15.9 %
Equity (in EUR '000)	4,000
Equity (% of total)	5 %
Start	08/07

SQUADRA was formed with share capital of EUR 25.1 million in August 2007. MAGNAT took on EUR 4 million of the aforementioned figure. SQUADRA concentrates on investments on the German real estate market. Squadra's portfolio as of 31 March 2009 is listed below:

_Blue Towers Frankfurt am Main

The "Blue Towers" office building in Frankfurt-Niederrad was acquired by SQUADRA at the beginning of the previous fiscal year. It has rentable area of approximately 20,600 square metres and 436 parking spaces. After extensive planning for renovation of the vacant property, a premium quality show-floor was established for marketing purposes. The exclusive office areas, which according to the overall concept will have catering and a closed meeting and conference area after completion of the development, are currently being marketed to prospective tenants.

_Schrödterhaus Leipzig

Schrödterhaus is in the Leipzig city centre and was acquired by Squadra at the end of 2008. An extensive renovation, which should be completed before the end of 2009, is soon to take place. The office and commercial building, which is approximately 8,000 square metres and consists of a historical building and a new building from the 1990s, has been difficult to let in previous years because of necessary structural modifications. It is anticipated that both the commercial and the office areas will be let quickly after completion of the modification work due to a concept that is quite unique for Leipzig.

_Lüdenscheid

The residential portfolio in Lüdenscheid has 9,000 square metres of rentable area and was acquired at a favourable price in April 2008. After the handover selected structural improvements were made and overdue rent increases successfully implemented. The portfolio is now nearly fully let (about 95%).

	<i>Project Russian Land</i>
Region	CIS
Country	Russia
Segment	Portfolio
Utilisation	Land Bank
MAGNAT's stake	40 %
Equity (in EUR '000)	2,562
Equity (% of total)	3 %
Start	09/07

Incorporated in August 2007 with share capital of EUR 5 million, of which MAGNAT took on EUR 2.5 million. The capital was increased by a further EUR 1.2 million in July 2008 by new investors. Russian Land concentrates on the land banking segment 80 to 150 km from Moscow. In the previous fiscal year 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.

Business Segment Development

The Development portfolio comprises classic 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 – upon completion – is to sell the real estate either as a whole (perhaps also through the sale of shares in the form of "share deals") or in individual units (e.g., in the form of residential property).

The business segment additionally includes individual investments in Segment Land Bank and Segment Value Added. The Land Bank portfolio includes properties with potential for appreciation. In addition, provided that construction activities have not commenced and depending on economic conditions, projects are allocated to Land Bank. Land Bank projects offer several development op-

tions: if the business environment is appropriate, gains can be realised through a sale or alternatively if funding is available development projects can be started. In the latter case, a reclassification to Development (classic project development) would take place.

The Value Added portfolio includes the purchase and sale of real estate that is already completed or nearing completion and that is already wholly or partially let or scheduled 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.

Overview of Business Segment Portfolio Projects by Region

Germany/Austria	CEE/SEE	CIS
Residential portfolio/Germany	Vacaresti/Romania	Peremogi/Ukraine
Commercial portfolio/Germany	Mogosoia/Romania	Koncha-Zaspa/Ukraine
Schwarzenberg/Austria	Nasze Katy/Poland	Chmelnitzky/Ukraine
	Pancharevo/Bulgaria	Alexander Land/Ukraine
		Vitaly/Ukraine
		Digomi/Georgia
		Vake/Georgia

	Business Segment Development (in '000)		
	2008/2009	2007/2008	Delta
Segment revenue	20,036	7,385	12,651
Segment expenses	-17,892	-5,376	-12,516
Segment earnings before interest and taxes	2,143	2,009	134
Total assets	104,019	100,056	3,963
% of consolidation	69%	71%	
Total liabilities	38,011	30,679	7,332
% of consolidation	68%	83%	

The segment revenue of EUR 20 million (previous year: EUR 7.4 million) resulted mainly from the rental proceeds of the German residential and commercial portfolio in the amount of EUR 6.6 million (previous year: EUR 4.5 million) and the proceeds from the legal restructuring of projects Alexander and Koncha Zaspa. A corresponding increase in segment expenses stands in contrast with this. In addition, income from the partial sale of Project Peremogi Prospect 67 within implementation of the reported forward sale amounting to EUR 4.8 million is included.

The Company was able to increase the value of the investments through its participation in selling the shares of the local partner to an international real estate group. Another key factor was the reported reversal of the sale of Project Chmelnitzkij at the beginning of October, which resulted in a negative impact on earnings of EUR 3.0 million. The increase in segment liabilities stems from the refinancing of the German portfolio with correspondingly higher leverage due to the improved letting position.

Region Germany/Austria

	<i>Project Residential Portfolio</i>
Region	D/A
Country	Germany
Segment	Value Added
Utilisation	Residential
Size of plot (in square metres)	93,751
Area available for selling/letting (in square metres)	85,380
MAGNAT's stake	75 %
Costs of purchase	26,861
Equity (in EUR '000)	7,668
Leverage	74 %
Equity (% of total)	9 %
Start	04/07

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 85,400 square metres. The return on rent is 9.2% (current as-is rent based on costs of purchase and incidental costs), the costs of purchase are around EUR 420/square metre. Due to the above average return on rent in combination with the elimination of vacancies, significant potential for appreciation exists. The occupancy rate of the total portfolio at the balance sheet date amounted to 85% and in June 2009 86%.

Details of the Residential Portfolio

	Eberswalde	Project Saalfeld	Rostock
Size of plot (in square metres)	61,329	29,126	3,296
Area available for selling/letting (in square metres)	59,911	17,430	8,039
MAGNAT's stake	75 %	75 %	75 %
Costs of purchase	18,643	5,924	2,294
Equity (in EUR '000)	4,724	2,017	927
Leverage	75 %	66 %	60 %
Equity (% of total)	6 %	2 %	1 %
Start	04/07	12/07	06/07

_ Residential portfolio Eberswalde

The letting rate in the portfolio, which comprises 1,067 units, was increased in the current fiscal year by over 7.5% points. Homes that were not ready to be occupied were advertised extensively and then renovated. The occupancy rate in Portfolio Eberswalde (formerly approximately 76%) stood at 85.8% (based on the rentable area) on the balance sheet date.

_ Residential building Rostock

The residential building in Rostock Evershagen enjoys a letting rate of approximately 94% as of the balance sheet date (based on the rentable area) and is therefore nearly fully let. The vacancy rate on the reporting date is merely due to the usual fluctuations. Several minor investments were made during the fiscal year, which increased tenant satisfaction sustainably.

_ Residential portfolio Saalfeld

The Saalfeld residential portfolio consists of 288 units and in the current fiscal year intensive measures have been taken in the interest of appreciation. For example, in addition to the necessary housing renovations many measures were taken in the outdoor area in order to make the entire property more attractive for the tenants. We were

able to reap the rewards - which form the basis for further upcoming letting activities - of these investments through significantly increased demand at the beginning of 2009 in the form of new tenancy agreements.

	Project Commercial Portfolio
Region	D/A
Country	Germany
Segment	Value Added
Utilisation	Office
Size of plot (in square metres)	11,835
Area available for selling/letting (in square metres)	10,618
MAGNAT's stake	75 %
Costs of purchase	8,920
Equity (in EUR '000)	2,859
Leverage	68 %
Equity (% of total)	3 %
Start	11/06

The portfolio, of which MAGNAT holds a 75% stake, has a rentable area of approximately 10,600 square metres. The return on rent is 8.8% (as-is rent based on costs of purchase plus incidental costs), the costs of purchase stood at approximately EUR 1,150/square metre. The occupancy rate 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 has an effective area of approximately 310 square metres and is fully let; the purchase price was nearly EUR 0.2 million.

Details of the Commercial Portfolio

	Projects	
	A&T Portfolio	Delitzsch
Size of plot (in square metres)	6,075	5,760
Area available for selling/letting (in square metres)	4,670	5,948
MAGNAT's stake	75 %	75 %
Costs of purchase	4,700	4,220
Equity (in EUR '000)	1,836	1,023
Leverage	61 %	76 %
Equity (% of total)	2 %	1 %
Start	11/06	12/07

_ Commercial portfolio "A&T"

The commercial portfolio consists of 3 properties. These are located at Halle-Peissen, Parchim as well as Worms and each has one tenant. On the balance sheet date, Deutsche Telekom was the tenant at the Halle-Peissen property. The tenancy agreement was terminated after a brief round of negotiations in April 2009 and replaced by a 10-year tenancy agreement with a new tenant. The tenants at the Parchim and Worms properties are the local employment agencies.

_ Delitzsch Medical Centre

The Delitzsch Medical Centre was extended by an adjacent, strategically important plot during the current year. The fiscal year was marked by intensive discussions with the tenants for the purpose of successfully developing and repositioning the centre. In the future, focus will be put on targeted structural and marketing-related measures.

	Project Schwarzenberg
Region	D/A
Land	Austria
Segment	Development
Utilisation	Hotel
Size of plot (in square metres)	44,810
Area available for selling/letting (in square metres)	15,800
MAGNAT's stake	18.8 %
Equity (in EUR '000)	3,094
Equity (% of total)	4 %
Start	07/07

An 18.8% stake in an Austrian project company, which holds the right to develop on the "Hotel Schwarzenberg" property. MAGNAT's investment in the project company amounts to EUR 3.1 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 prime locations of Vienna. Following market studies on room sizes and amenities as well as the standard of quality, the concept of a luxury hotel was once again improved significantly. 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 "Europe's best address". 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 and construction is likely to start in 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.

Region CEE / SEE

	<i>Project Vacaresti</i>
Region	CEE/SEE
Country	Romania
Segment	Land Bank
Utilisation	Land Bank
Size of plot (in square metres)	6,623
MAGNAT's stake	75%
Equity (in EUR '000)	6,431
Equity (% of total)	8%
Start	06/07

The property is situated in the southern part of the city centre of Bucharest. The plot of land has an area of 6,622.53 square metres, consists of three adjacent level parcels and has been zoned for residential construction. Vacaresti is one of the best developed neighbourhoods and most popular residential areas in Bucharest. In the immediate vicinity numerous apartment buildings have been developed in recent years.

The attractiveness of the area stems on one hand from the perfect transportation infrastructure: the tram, bus and metro are all within walking distance and the city

centre can be reached in less than 10 minutes by car. On the other hand, it is very attractive for the construction of residential buildings because of the largest park in Bucharest, Parcul Tineretului. This park offers ample opportunity for relaxation and recreation and is very popular among the local population. The municipal administration is putting an artificial lake next to the plot. In 2010, Bucharest's largest shopping mall, the Sun Plaza Mall, which is in less than 1 km away, will be opened.

The original plan envisages the construction of about 450 apartments with a total area of approximately 29,799 square metres plus 250 underground parking spaces and approximately 200 outdoor parking spaces. Most of the apartments will be between 60 and 75 square metres and have 1-2 rooms. The smaller share of apartments will have 3-4 rooms and be up to 150 square metres in size. The location, facilities and apartment sizes are ideal for a buyer from the upper-middle class.

Preplanning and attainment of the PUZ (Plans Urbanistic Zonal, i.e. approval of the overall development) for the plot is currently underway. A building permit has yet to be granted. The planning activities for the PUZ are being continued and the permits are likely to be received in 2009. However, construction work has been deferred due to the general economic situation in Romania and difficulties in obtaining a favourable financing package.

<i>Project Mogosoia</i>	
Region	CEE/SEE
Country	Romania
Segment	Land Bank
Utilisation	Land Bank
Size of plot (in square metres)	57,162
MAGNAT's stake	75 %
Equity (in EUR '000)	2,962
Equity (% of total)	3 %
Start	12/06

The property is located in Mogosoia, one of the most rapidly developing suburbs of Bucharest in the immediate vicinity of the city limits. The property is currently not connected to the mains supplies. Connecting the property to all the utilities (electricity, gas, water, and drainage) does not represent a problem because of construction work in the immediate vicinity.

The local area boasts extensive parkland and recreational areas such as the Lake Mogosoia and is in close proximity to the city. Mogosoia is located on the north-western boundary of the Romanian capital, about 15 km from the city centre. Additionally, depending on the traffic situation the Bucharest-Otopeni international airport can be reached in 10-15 minutes. A concrete road is presently not available for access. The plot has already been zoned for residential use.

<i>Project Nasze Katy</i>	
Region	CEE/SEE
Country	Poland
Segment	Development
Utilisation	Residential
Size of plot (in square metres)	66,025
Area available for selling/letting (in square metres)	51,030
MAGNAT's stake	50 %
Equity (in EUR '000)	4,251
Equity (% of total)	5 %
Start	11/06

Establishment 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 is in the form of a share and a shareholder loan). Widening of the time frame for the use of a loan has been requested; an extension is currently under negotiation, however, this has been delayed by the bank on several occasions. The next stage 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 present situation. The total project volume comprises 940 apartments, of which 267 are already built and 673 are still to be built. 66 apartments have been hitherto sold and transferred. Preliminary contracts authenticated by a notary and advance payments exist for a further 56 apartments and 2 business premises. The locally appointed general contractor experienced economic difficulties due to the impact of the economic crisis. This led to delays in the project cycle and a halt in the sale of the apartments. After the situation was resolved in June 2009, measures were immediately taken to restore the original project cycle. The conditional state aid for the purchase of residential property in Poland is largely applicable to the apartments developed at Katy Nasze; the progress of the apartment sales in the present market environment remains to be seen.

<i>Project Pancharevo</i>	
Region	CEE/SEE
Country	Bulgaria
Segment	Development
Utilisation	Land Bank
Size of plot (in square metres)	7,774
Area available for selling/letting (in square metres)	13,377
MAGNAT's stake	75 %
Equity (in EUR '000)	1,452
Equity (% of total)	2 %
Start	06/07

The property is situated in Pancharevo in the southern part of Sofia. The neighbourhood is marked by the brisk construction activity of recent years. Numerous housing projects have been carried out in the immediate vicinity; these have been very well received by the local population. The American School of Sofia and the training ground of professional football club Levski Sofia are directly adjacent. Another advantage is the proximity to the gondola lift, which takes skiers to the summit of the Vitosha Mountains where it is also possible to use the floodlit piste up to 10:00 pm on weekdays. The base station for the cableway takes under 10 minutes to get to from the property.

Pancharevo and the surrounding area are regarded as a very popular residential area. The property is easily accessible in a car via the southern part of the circular road and Samokovsko Schoss. The public transportation network is still poor. The distance to the centre is about 13 km and the airport about 15 km.

A project for development of 6 apartment blocks with a total of 112 residential units has been planned and approved. The size of the apartments is between 53 and 120 square metres. In addition, there are 115 spaces in the underground car park and a further 30 outdoor parking spaces planned. The total usable area is 13,377 square metres plus 1,660 square metres of garden area. However,

obtaining commitment for a bank loan for the start of the construction stage is difficult in the current market environment. After start-up funding is in place, further construction is to be additionally financed through the sale of apartments. When all the prerequisites are met, start of construction for the project is planned for 2009. The project has been reclassified to the Land Banking segment until funding is in place.

Region CIS

<i>Project Peremogi</i>	
Region	CIS
Country	Ukraine
Segment	Development
Utilisation	Office
Size of plot (in square metres)	10,000
Area available for selling/letting (in square metres)	30,490
MAGNAT's stake	45 %
Equity (in EUR '000)	17.398
Equity (% of total)	20 %
Start	07/07

Investment in a Ukrainian project company, which holds the right to develop on the corresponding property with an existing building permit for construction of a "Class A" office and commercial building. The plot of land on which the project is to be realised is approximately 10,000 square metres and has a nearly rectangular ground plan. The construction is 6,150 square metres.

The property is situated about 8 km to the west of the city centre and is regarded as an emerging office location. The surrounding area is characterised by residential buildings. It is expected that more office and residential projects will emerge along the road. The surrounding area has also become interesting as a location recently due to the newly established access to the metro. The area is characterized by high-rise buildings constructed in the 70s and 80s. Local supply is catered for by a supermarket situated near the property. All other social institutions, schools, hospitals, doctors, pharmacies are within a radius of 5-10 minutes from the property by car. A modern office centre of approximately 10,000 square metres will be built on the plot of land. The project will consist of 11 floors and the original plan provides for a usable area of approximately 27,700 square metres plus an atrium area of 860 square metres and 2,800 square metres of retail area. In addition to office use on the second to the eleventh floor, three commercial areas will be constructed on the first floor. The underground car park will contain 367 parking spaces. The property will be handed over as a shell and can be designed by the tenant. The general areas will be developed to a high standard of quality.

The signing of a forward sale was realised in the first half of the 2008/2009 fiscal year, closing took place on 2 October 2008. An international group of investors led by 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. In November 2008, the binding term sheet was withdrawn by the financing bank. Together with the Austrian development 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 within the scope of the existing building permit; the intention is to extend the usable area to approximately 33,000 square metres.

	<i>Project Koncha Zaspá</i>
Region	CIS
Country	Ukraine
Segment	Land Bank
Utilisation	Land Bank
Size of plot (in square metres)	33,625
MAGNAT's stake	75 %
Equity (in EUR '000)	3,693
Equity (% of total)	4 %
Start	04/07

The property is situated in the so-called Koncha Zaspá about 10 km southwest of the city limits and about 20 km from the centre of Kiev. The capital city, Kiev, spans 839 square kilometres and has about 2,700,000 inhabitants. The area covers about 40 hectares. The property's immediate surroundings are characterised by agricultural buildings. The Kozin residential estate is nearby. Koncha Zaspá is a prime suburb of Kiev. The area is favoured by diplomats and wealthy Ukrainians as a residential location.

The plot has been zoned for housing; a building permit has yet to be issued. 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.

The transaction structure chosen at the request of the seller in the course of the original acquisition during 2006/2007, which secured the claim to the land contractually but did not immediately transfer title to the land itself to MAGNAT, became inexecutable due to modified assumptions made on the basis of the amended contract in the 3rd quarter of 2008/2009. Due to legal restructur-

ing, the project company connected with the originally chosen transaction structure has been sold and the resulting outstanding purchase price mortgaged in the land register of the Ukrainian Koncha Zaspa project. A corresponding agreement provides for transfer of the plot to (project) companies of MAGNAT against the purchase price.

	<i>Project Chmelnitzkij</i>
Region	CIS
Country	Ukraine
Segment	Development
Utilisation	Retail
Area available for selling/letting (in square metres)	25,200
MAGNAT's stake	33.3%
Equity (in EUR '000)	2,695
Equity (% of total)	3%
Start	12/06

MAGNAT financed the completion of construction stage 1 of the "Podillja" wholesale centre with an original investment of USD 2.6 million (EUR 2 million). MAGNAT acquired a contractual entitlement to 500 business units with this investment. In the past fiscal year, these 500 business units were sold to a collecting society with appropriate collateral. 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 result of the fiscal year by EUR -3 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. Work relating to opening the market is currently underway. Immediately after reversal after the end of the period under review renewed efforts were made in terms of development and exploitation.

There are currently a total of 4,500 individual shops on an area of about 24 hectares. All the shops are 14 square metres and are built next to one another in rows. The shops are of a high-quality metal construction and are equipped with electrical connections and mechanical rolling doors. The circulation areas within the market are all covered in order to ensure that it operates smoothly in the event of rain or snow. The area is equipped with a separate transformer station for independent power supply. An area of 42 hectares of additional land for expansion is located directly next to the existing market.

The market is easy to reach and can be accessed via the Kiev-Zhitomir-Chernovtsy motorway. It is located approximately 250 metres from the exit of the motorway. The market in Chmelnitzkij caters for a large catchment area in the west of Ukraine and is also visited by customers from Minsk. The newly developed market stalls are better and more modern than comparable markets in Ukraine. The infrastructure on the market site, such as administrative buildings, storage areas, cafés and car parking facilities also ensures smooth operation at a level not seen at similar markets of this kind.

<i>Project Alexander</i>	
Region	CIS
Country	Ukraine
Segment	Land Bank
Utilisation	Land Bank
Size of plot (in square metres)	200,000
MAGNAT's stake	75 %
Equity (in EUR '000)	2,553
Equity (% of total)	3 %
Start	12/06

The property covers an area of approximately 200,000 square metres and is located some 37 km southwest of the centre of Kiev. The capital city, Kiev, spans 839 square kilometres and has about 2,700,000 inhabitants. The Solomensky district measures some 4,000 hectares and has 280,400 inhabitants. The property's immediate surroundings are characterised by agricultural buildings. The city of Vasylkiv is nearby. Vasylkiv is a Ukrainian city in the Kiev Oblast. It has about 39,700 inhabitants and is situated some 30 km southwest of Kiev.

The transaction structure chosen at the request of the seller in the course of the original acquisition during 2006/2007, which secured the claim to the land contractually but did not immediately transfer title to the land itself to MAGNAT, became inexecutable due to modified assumptions made on the basis of the amended contract in the 3rd quarter of 2008/2009. Due to legal restructuring, the project company connected with the originally chosen transaction structure has been sold and the resulting outstanding purchase price mortgaged in the land register of the Ukrainian project Alexander. A corresponding agreement provides for transfer of the property to (project) companies of MAGNAT against the purchase price.

<i>Project Vitaly</i>	
Region	CIS
Country	Ukraine
Segment	Land Bank
Utilisation	Residential
Size of plot (in square metres)	77,600
MAGNAT's stake	25 %
Equity (in EUR '000)	714
Equity (% of total)	1%
Start	12/06

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.

<i>Project Digomi</i>	
Region	CIS
Country	Georgia
Segment	Land Bank
Utilisation	Land Bank
Size of plot (in square metres)	20,136
MAGNAT's stake	56.3 %
Equity (in EUR '000)	1,481
Equity (% of total)	2 %
Start	08/07

A plot of land of around 20,000 square metres for a total of EUR 2.1 million. MAGNAT holds a 56.3% 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 discontinued 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 have also affected the opportunities for exploitation. Negotiations on utilisation are currently being held with prospective buyers.

<i>Project Vake 28</i>	
Region	CIS
Country	Georgia
Segment	Development
Utilisation	Residential
Size of plot (in square metres)	2,406
Verkaufbare/vermietbare Fläche (in m ²)	11,352
MAGNAT's stake	37.5 %
Equity (in EUR '000)	487
Equity (% of total)	1 %
Start	03/08

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 owns 37.5%. Financing of the overall project is covered by a shareholder loan in the amount of USD 1 million. As of the period under review, 32% of the area to be sold has been sold and 50% of the structural work completed. The impact of the hostilities on the property was only marginal during the period under review. There was a marked slowdown in sales after the period under review due to the tangible effects of the economic crisis.

Business Segment Corporate Functions (in '000)

	2008/2009	2007/2008	Delta
Segment revenue	324	25	299
Segment expenses	-2,918	-3,025	107
Segment earnings before interest and taxes	-2,594	-3,000	406
Total assets	12,490	18,814	-6,324
% of consolidation	8 %	13 %	
Total liabilities	17,739	6,147	11,592
% of consolidation	32 %	17 %	

Business Segment Corporate Functions

The business segment contains the activities of the holding companies in Germany and the Netherlands.

The segment's deficit of EUR -2.6 million saw a reduction of EUR 0.4 million compared with the previous year. The assets decreased by EUR 6.3 million to 12.5 million due to the reduction of receivables amounting to EUR 2.9 million and the reduction of advance payments amounting to EUR 1.7 million. Segment liabilities increased to EUR 17.7 million due to taking on financial liabilities in the form of a mezzanine loan of EUR 6.5 million and a bridge loan of EUR 3.5 million.

Business Operations in the Regions (in '000)

	Germany			CEE/SEE/CIS		
	2008/2009	2007/2008	Delta	2008/2009	2007/2008	Delta
Segment revenue	6,786	4,862	1,924	16,994	10,663	6,331
Total assets	62,679	67,683	-5,004	87,707	73,351	14,356
% of consolidation	42 %	48 %		58 %	52 %	
Total liabilities	44,918	33,924	10,994	10,832	2,902	7,930
% of consolidation	81 %	92 %		19 %	8 %	

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

Business Operations in the Regions

Since its foundation, the Company has invested in real estate development projects in Poland, Ukraine, Germany, Bulgaria, Romania, Austria, Georgia, Turkey and Russia. In doing so, the Company has concentrated on conurbations in selected growth markets. When compar-

ing the regions, it is clearly apparent that the leverage in CEE/SEE/CIS is lower than in Germany.

This is reflected by the high capital adequacy necessary for the projects as well as the difficulties relating to obtaining borrowed capital due to the current market situation in this region.

- 1 > Bulgaria
- 2 > Germany
- 3 > Georgia
- 4 > Austria
- 5 > Poland
- 6 > Romania
- 7 > Russia
- 8 > Turkey
- 9 > Ukraine





Research & Development

The Company does not conduct its own research and development.

3. Net Asset Value (NAV)

The presently difficult conditions on the financial and real estate markets will be accounted for through a change in 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 recommen-

dations. Furthermore, due to the presently difficult economic situation, the hitherto presupposed unrealised gains in the Land Bank Portfolio will be completely deducted as a precaution.

As of the balance sheet date, 31 March 2009, the net asset value based on the changed assumptions, the new method of calculation and after the capital reduction stood at EUR 16.31 per share.

	Net asset value by business segment (in EUR '000)				
	Consolidated balance sheet as at 31 March 2009	Group	Portfolio	Development	Corporate Functions
Segment assets	130,541	130,541	26,636	96,358	7,547
Loans to companies valued using the equity method	13,773	13,773	7,240	6,533	0
Financial receivables and other financial assets	4,832	4,832	0	1,076	3,756
Deferred tax claims	189	0	-	-	-
Derivative financial instruments	465	0	-	-	-
Tax assets	586	586	0	52	534
Non-recognised items		6,000		6,000	
Total assets	150,386	155,732	33,877	110,019	11,837
Minority interests	EK	14,526	0	14,526	0
Segment liabilities	5,175	5,175	0	1,012	4,163
Non-current financial liabilities	45,783	45,783	0	35,239	10,544
Current financial liabilities	3,931	3,931	0	1,712	2,219
Deferred tax liabilities	220	0	-	-	-
Derivative financial instruments	594	0	-	-	-
Tax liabilities	48	48	-	48	0
Total borrowed capital	55,751	69,463	0	52,537	16,926
Net asset value		86,269	33,877	57,481	-5,088
Effect from exercising options, convertible bonds, etc.		-	-	-	-
Adjusted net asset value		86,269	33,877	57,481	-5,088
Number of shares (after the capital reduction)		5,290,000			
Net asset value/share (after the capital reduction)		16.31	6.40	10.87	-0.96

In line with EPRA recommendations, derivative financial instruments of EUR 0.5 million and deferred tax assets of EUR 0.2 million are deducted from recognised assets in determining NAV-relevant assets. Simultaneously, borrowed capital is adjusted by these items (total of EUR 0.8 million). The expectations of Management in relation to future exploitation of the portfolio are added to item, Non-recognised assets. This is based on extrapolation of the current levels of rent to the targeted level and the assumption of - due to an improved market situation - normalised returns on purchases of between 8.0 and 9.0%. In addition, a safety margin of 30% has been adopted.

The carrying amounts for the projects were supported by the opinion of independent experts and verified during the audit. It is noted that, with the exception of the YKB and Squadra investments in Business Segment Portfolio, all other investments were recognised at amortised cost. In the year under review, a corresponding valuation resulted in write-offs of EUR 0.9 million at Project Nasze Katy and EUR 0.4 million at Project Pancharevo as well as an adjustment of EUR 0.5 million to the value of the German residential portfolio.

		in Euro/ Aktie
Bestand	33.877	6,40
Development	57.481	10,87
Zentralbereiche	-5.088	-0,96
Net Asset Value per 31.03.2009	86.270	16,31

4. Disclosures under Section 289, Paragraph 4 and/or Section 315, Paragraph 4 of the German Commercial Code (HGB) and Explanatory Report

Composition of the Subscribed Capital

As of the capital reduction after the balance sheet date, MAGNAT's share capital amounted to EUR 5,290,000. This amount is divided into 5,285,000 individual bearer shares with a theoretical par value of EUR 1 and 5,000 individual registered shares with a theoretical value of EUR 1. All shares have been fully paid in. As per the Company's Articles of Association, each share guarantees the right to one vote at the Annual General Meeting.

All registered shares were taken up by R-QUADRAT Immobilien Beratungs GmbH, Vienna, Austria. R-QUADRAT Immobilien Beratungs GmbH has the special duty of providing comprehensive advice and support to the General Partner in the performance of its responsibilities in connection with acquisitions, development, ongoing management and leasing as well as the exploitation of direct and indirect real estate investments.

Limitations Affecting Voting Rights or Share Transfers

Transfer of the registered shares requires the consent of the shareholders during the Company's Annual General Meeting. Majority approval by 75% of the Company's share capital is required.

To the knowledge of the Management of the General Partner, no other limitations on voting rights or stock transfer or any resulting from agreements among shareholders exist.

Direct or Indirect Interests in Capital Exceeding 10% of Voting Rights

No such interests exist.

Bearers of Shares with Special Rights Granting Control Rights

No such shares exist.

Type of Control over Voting Rights if Employees with an Interest in Capital do not Exercise their Controlling Rights Directly

No such interests exist.

Legal Provisions and Specifications of the Articles of Association Concerning the Appointment and Removal of the General Partner and Changes to the Articles of Association

The General Partner, MAGNAT Management GmbH, is responsible for managing the operations of MAGNAT in accordance with the law and the Company's Articles of Association for an indefinite period. It represents the Company with respect to third parties.

The Articles of Association do not contain any stipulations governing taking on additional partners liable to unlimited extent.

In accordance with the Articles of Association, the General Partner shall relinquish its position as partner liable to unlimited extent only in the following cases:

_on the basis of a separate written agreement between the General Partner and the Company in which the Company is represented by the Supervisory Board

_upon dissolution of the General Partner

_in the event insolvency proceedings are instituted with respect to the General Partner's assets

_if, based on a not merely provisionally enforceable title, a private creditor of the General Partner levies execution against the partnership share and/or the rights resulting

_based on a termination for good cause by the General Partner or the Company represented by its Supervisory Board. To be valid, a termination for good cause by the Company requires the prior consent of the shareholders at the Annual General Meeting, which must pass its resolution with a majority of 75% of the share capital. Section 285, Paragraph 1 of the German Stock Corporation Act (AktG) shall apply by analogy insofar as the General Partner is terminated for good cause

Any change to the Articles of Association requires a resolution at the Annual General Meeting, with a majority of at least three fourths of the share capital represented when the resolution was decided on. In addition, changes to the Articles of Association require the consent of the General Partner.

Powers of the Partner Liable to Unlimited Extent to Issue or Repurchase Shares

The partner liable to unlimited extent may only issue new shares on the basis of resolutions made during the Annual General Meeting.

The partner liable to unlimited extent is, with the consent of the Supervisory Board, authorised to increase the Company's share capital until 30 June 2012 through the issuance of up to 26,450,000 new ordinary shares in the form of bearer shares against cash or non-cash contributions in partial amounts and on one or more occasions to up to EUR 26,450,000 (2007 Authorised Capital). In principle, limited shareholders shall have subscription rights, with exclusion of subscription rights being possible in the particular cases defined in the resolution of the Annual General Meeting of 30 August 2007.

Furthermore, until 30 June 2012, the partner liable to unlimited extent is, with the consent of the Supervisory Board, authorised to issue convertible bonds and/or bonds with warrants attached ("debt securities") in bearer and/or registered form for a total par value of up to EUR 100,000,000 and with or without a limitation on the du-

ration, and to grant the holders and/or creditors of debt securities warrant or conversion rights for new bearer shares of the Company with a prorated amount of share capital of up to EUR 26,450,000 in accordance with the terms relating to warrants and/or convertible bonds described in more detail in the resolution of the Annual General Meeting of 30 August 2007.

In this context, the Company's share capital will be conditionally increased by up to EUR 26,450,000 through the issuance of up to 26,450,000 new bearer shares. The conditional capital increase facilitates the granting of subscription or conversion rights to the holders of warrant and/or convertible bonds issued by the Company or by subordinate companies within the Group pursuant to the above authorisation. The conditional capital increase will only be implemented if the holders or creditors of warrant or conversion rights make use of such rights or the holders under an obligation to convert fulfil such duty and no cash settlement is allowed or no treasury shares or shares created out of authorised capital are employed.

No use was made of these powers in fiscal year 2008/2009.

A resolution made during the Annual General Meeting of 30 October 2008 authorises the partner liable to unlimited extent (General Partner) to acquire treasury shares up to 30 April 2010. Said acquisition may be made with a proportionate amount of the share capital of up to 10% of the existing share capital at the time of the resolution. This authorisation may be exercised in whole or in part on one or more occasions.

The acquisition shall be conducted according to the rules determined in the Annual General Meeting of 30 October 2008 concerning the stock exchange, within a public buyback offer, or a public invitation to the limited shareholders to submit sales offers.

In addition to sale on the stock exchange, treasury shares acquired on the basis of this authorisation may, with the

consent of the Supervisory Board and under partially other conditions, be used as follows:

- _ The partner liable to unlimited extent may, with the consent of the Supervisory Board, withdraw the shares with a simultaneous reduction of share capital without there being the requirement for a further resolution by the Annual General Meeting in favour of the withdrawal or execution thereof and adjust the number of shares in the Articles of Association accordingly. By way of derogation, the partner liable to unlimited extent may rule that the share capital should not be reduced, but that the proportion of remaining shares of share capital will increase pursuant to Section 8, Paragraph 3 of the German Stock Corporation Act (AktG). In this case, the partner liable to unlimited extent is authorised to adjust the number of shares in the Articles of Association.
- _ The partner liable to unlimited extent may, within the framework of a merger, the acquisition of companies or holdings or divisions, offer and transfer shares to a third party as a consideration; to that extent, the limited shareholders' subscription rights on shares of the Company are excluded.
- _ The partner liable to unlimited extent may offer and sell the shares to employees of the Company or employees of affiliated companies within the meaning of Sections 15 et seq of the AktG; to that extent, the limited shareholders' subscription rights on shares of the Company are excluded.
- _ The partner liable to unlimited extent may use the shares to service option and conversion rights issued to it or an affiliated, dependent company; to that extent, the limited shareholders' subscription rights on shares of the Company are excluded.
- _ The partner liable to unlimited extent may, with the consent of the Supervisory Board, sell the shares via a means other than the stock exchange, the open mar-

ket or through an offer to all the limited shareholders, provided that these shares are sold at a price or from these transferred for a consideration, which is not substantially lower than the market price of the shares of the Company. This authorisation is subject to the proviso that the number of shares to be sold together with new shares, which have been issued since the granting of this authorisation under exclusion of subscription rights pursuant to Section 186, Paragraph 3 (4) of the AktG, do not exceed a total of 10% of the existing share capital at the time of the resolution by the Annual General Meeting on this authorisation or the time at which this authorisation is exercised, if the latter is less. To that extent, the limited shareholders' subscription rights on shares of the Company are excluded.

The above authorisations concerning exploitation of the shares acquired from the Company may be exercised once or several times, in whole or in instalments and in pursuit of one or more purposes.

No use was made of these authorisations in the past fiscal year.

Material Company Agreements Subject to the Condition of a Change in Control Following a Takeover Bid, and Effects thereof

Company agreements subject to the condition of a change in control following a takeover bid do not exist.

Company Indemnification Agreements Entered into with the Partner Liable to Unlimited Extent or Employees for the Event of a Takeover Bid

No corresponding indemnification agreements exist.

5. Net Assets, Financial Position and Operating Result and Development of Revenue and Earnings (in '000)

	2008/2009	2007/2008
Earnings from the letting of portfolio properties	1,547	2,041
Earnings from the sale of real estate companies	4,740	18
Earnings from companies valued using the equity method	2,738	10,600
Earnings before interest and taxes	2,720	7,124
Financial result	-9,172	964
Earnings after taxes	-6,501	7,989
Of which attributed to:		
Parent company shareholders	-6,200	8,654
Basic earnings per share	-0.12	0.17
Diluted earnings per share	-0.12	0.17

In fiscal year 2008/2009, the MAGNAT Group generated earnings before tax and interest (EBIT) of EUR 2.7 million compared to EUR 7.1 million during the previous period under review.

Major components of income during the fiscal year were

- _ the sale and interim profit of Project Peremogi
- _ the reversal of the Chmelnitzkij sale
- _ the positive development of the YKB portfolio

The letting of portfolio properties from the German portfolio resulted in a contribution to earnings of EUR 1.5 million. The significant increase in rental income amounting to EUR 6.6 million (previous year: EUR 4.5 million) stems from the fact that the acquisitions in fiscal year 2007/2008 were made in stages. Here, it is gratifying to note the positive outcome of the renovation measures and resulting increase in letting. The renovation measures, which are not illegible for capitalisation, explain the disproportionate increase in operating expenses to generate rental income to EUR 5 million (previous year: EUR 2.4 million).

Earnings of EUR 4.7 million (previous year: EUR 0 million) from the sale of real estate companies include the legal restructuring for the value adjustment in the third quarter for the two Ukrainian investments, Koncha Zaspá and Alexander Land. During the period under review, the Group sold 100% of the shares in these two subsidiaries; the corresponding effect on earnings amounted to EUR 8.5 million. The value adjustment as at 31 December 2008 is included with an opposing effect of EUR 6.3 million in financial expenses. Purchase price receivables from the sale of the subsidiaries as of 31 March 2009 are reported under item, Trade receivables and other assets. The resulting outstanding purchase price is mortgaged in the land registers. A corresponding agreement provides for transfer of the property to companies of MAGNAT against the purchase price.

Earnings from companies valued using the equity method amounted to EUR 2.7 million in fiscal year 2008/2009 (previous year: EUR 10.6 million). The progress of the YKB portfolio had a significant impact on earnings of EUR 3.4 million (previous year: EUR 7.8 million). The income resulted mainly from the valuation of investment property at fair value according to IAS 40 amounting to EUR 5.6 million. In addition, income from the partial sale of Project Peremogi Prospect 67 within implementation of the reported forward sale amounting to EUR 4.8 million is included. The Company was able to increase the value of the investment through its involvement in selling the shares of the local partner to an international real estate group. Another key factor was the reported reversal of the sale of Project

Chmelnitzkij at the beginning of October, which resulted in a negative impact on earnings of EUR 3 million.

In fiscal year 2008/2009, general administrative costs stood at EUR 3.7 million (previous year: EUR 4.4 million), substantial items included legal and consulting fees of EUR 1.8 million (previous year: EUR 1.4 million), compensation of the General Partner pursuant to the Articles of Association in the amount of EUR 0.6 million (previous year: EUR 0.5 million) and the asset manager's management fee of EUR 0.9 million pursuant to the Articles of Association (previous year: EUR 2.2 million).

Other operating expenses of EUR 3 million (previous year: EUR 1.2 million) primarily include depreciation on portfolio properties in the amount of EUR 0.8 million (previous year: EUR 0 million) from the Saalfeld and Pancharevo investments, non-deductible input tax of EUR 0.7 million (previous year: EUR 0.3 million), financing costs and levies in the amount of EUR 0.4 million (previous year: EUR 0.2 million), and depreciation on goodwill of EUR 0.3 million (previous year: EUR 0.2 million).

The financial result for the period under review was EUR -9.2 million (previous year: EUR 1 million). Financial income includes EUR 0.7 million realised income from financial derivatives. Financial expenses include the total value adjustment of securities with respect to the two Ukrainian investments, Koncha Zaspá and Alexander, due to the necessary legal reorganisation of the set of agreements, which were intended to be used originally as a means of exchange, in the third quarter of fiscal year 2008/2009 in the amount of EUR 6.3 million. The financial expenses also include the loss from the valuation of foreign currency derivatives amounting to EUR 1.5 million. In addition, the financial expenses include the interest expenditures paid to credit institutions and shareholders owing to the Group's extensive investment activities.

The consolidated result of the MAGNAT Group after taxes in fiscal year 2008/2009 amounts to EUR -6.5 million (previous year: EUR 8 million), where EUR -6.2 million (previous year: EUR 8.7 million) was apportioned to share-

holders of the parent company and EUR -0.3 million to minority interests. Taking account of the earnings attributable to minority interests, this corresponds to earnings per share of EUR -0.12 (previous year: EUR 0.17)

Assets and Financial Position (in '000)

	2008/2009	2007/2008
Total non-current assets	66,241	56,518
Total current assets of real estate companies	84,145	84,517
Total assets	150,386	141,035
Equity attributable to shareholders of the parent company	80,110	89,747
Minority interests	14,526	14,462
Total equity	94,636	104,209
Consolidated equity ratio	62.9%	73.9%
Total non-current liabilities	46,003	13,905
Total current liabilities	9,747	22,921
Total liabilities	55,750	36,826
Total equity and liabilities	150,386	141,035

The Company's non-current assets increased during the period under review to EUR 66.2 million (previous year: EUR 56.5 million). The carrying amount of shares in companies valued using the equity method increased during the period under review to EUR 51.7 million (previous year: EUR 48.8 million); this is predominantly due to increases in the value of investments in the YKB and Pere-mogi projects.

Loans to companies valued using the equity method amounting to EUR 13.8 million (previous year: EUR 4.6 million) mainly include a further pro rata capital injection of EUR 7 million in August 2008. This was contractually agreed by the consortium members.

The Company's current assets were essentially constant during the period under review at EUR 84.1 million (previous year: 84.5 million). The portfolio properties amounting to EUR 60.1 million (previous year: EUR 61.8 million) include undeveloped and developed plots, which are scheduled for resale. During the period under review, impairment of EUR 0.8 million was carried out. Reversal of an impairment loss did not take place during the period under review. Portfolio properties are recognised at either cost or fair value, whichever is lower.

Trade receivables of EUR 11.1 million (previous year: EUR 4.5 million) mainly include the already discussed mortgage-backed purchase price receivables from the sale of the Alexander and Koncha Zaspá projects in the amount of EUR 8.5 million. As at 31 March 2009, the Company disposes of cash and cash equivalents in the amount of EUR 7.6 million (previous year: EUR 4.8 million).

As at 31 March 2009, MAGNAT disposes of consolidated equity in the amount of EUR 94.6 million (previous year: EUR 104.2 million) including minority interests of EUR 14.5 million and a solid equity ratio of 62.9% (previous year: 73.9%).

The Company's non-current liabilities increased during the period under review to EUR 45.8 million (previous year: EUR 13.8 million). This resulted from the refinancing

of the Eberswalde and Rostock projects in June 2008. Due to the refinancing, current financial liabilities decreased to EUR 3.9 million (previous year: EUR 18.5 million). The maturities of financial liabilities are mainly in fiscal years 2010/2011 and 2012/2013.

in EUR '000	2009/2010	2010/2011	2011/2012	2012/2013
Maturity - financial liabilities	3,378	27,415	1,330	21,901

The balance sheet total as of 31 March 2009 rose to EUR 150.4 million (previous year: EUR 141 million).

	2008/2009	2007/2008
Consolidated earnings before taxes	(6,452)	8,088
Cash flow from operating activities	(1,235)	(62,224)
Cash flow from investment activities	(13,998)	(52,382)
Cash flow from financing activity	18,082	89,271
Changes to cash and cash equivalents affecting liquidity	2,849	(25,335)
Cash and cash equivalents at the end of the period	7,625	4,827

Cash flow from operating activities during the past fiscal year amounted to EUR -1.2 million (previous year: EUR -62.2 million). This primarily includes the Group's earnings before taxes amounting to EUR -6.5 million (previous year: EUR 8.1 million), an outflow of funds due to the increase in trade receivables amounting to EUR -6.5 million and other non-cash items amounting to EUR 8.1 million (previous year: EUR -13 million). The last item includes mainly devaluations from the legal restructuring of the Ukrainian companies in the amount of EUR 6.3 million.

Cash flow from investment activities of EUR -14 million (previous year: EUR -52.4 million) shows the sale of the MAGNAT stake in the Peremogi project to the new project partners, the purchase of the old local project partner's stake and related profit as well as the loans granted to subsidiaries amounting to EUR 9 million (previous year: EUR 1.7 million).

Cash inflow from financing activities of EUR 18.1 million (previous year: EUR 89.3 million) arose from the refinancing and concomitant increase in financing for a portion of the German portfolio as well as the assumption of a mezzanine loan of EUR 6.5 million and a bridge loan of EUR 3.5 million.

Cash and cash equivalents increased accordingly by EUR 2.8 million to EUR 7.6 million (previous year: EUR 4.8 million).

6. Significant Events occurring after the Balance Sheet Reporting Date

The 10:1 ordinary capital reduction, which was decided during the Extraordinary Meeting of Shareholders and came into effect through registration in the commercial register on 20 April 2009, was executed on 29/30 April 2009. MAGNAT shareholders received one new converted share with a proportionate amount of share capital of EUR 1.00 for 10 shares with a proportionate amount of share capital of EUR 1.00. At the start of trading on 30 April 2009, the shares were listed with the new ISIN, the reduced share capital and the new share price.

Due to the fact that alignment of the eastern currencies with the USD has no longer existed since the middle of 2008 and thus the basic assumption of a USD hedge also no longer exists, a partial close-out of both options over USD 8 million was executed in October 2008. After the balance sheet date, in May 2009, the remainder of the outstanding options in the amount of USD 17 million were closed out.

In June 2009, we were successful in negotiating with a lender an extension to a bridge loan for a nominal amount of EUR 3.5 million to 30 June 2010.

7. Risk Report

General Assessment

In recent months, the Management and Supervisory Board of MAGNAT has closely scrutinised the financing risks and measures to be taken. The economic crisis has led to shortages in lending and access to capital within the framework of financing activities, refinancing and capital measures has been severely hampered. In view of this market situation, real estate utilisation and reflows from the repayment of shareholder loans by subsidiaries, which support internal financing, are included in the financial planning. The underlying assumptions are based on advanced talks regarding utilisation and/or preparations relating to the repayment of shareholder loans. Beyond that, the strategic withdrawal from Russia and other countries in which exposure exists is being planned.

Furthermore, at the end of 2008 an agreement was made with the bank extending the credit line regarding reduction of the line, which is still around EUR 1.5 million, by the end of 2009. Under the conservative planning parameters applied, the current liquidity planning indicates that MAGNAT will have sufficient funds available to cover any payments for the next 12 months. Accordingly, the highest priority for the Company over the next 12 months is securing liquidity.

Risk Policy

Business operations of MAGNAT are – compared to traditional real estate investment strategies – geared toward generating above-average returns. This naturally also entails corresponding risks. This above-average risk/reward profile shows up in what the business operations focus on, both functionally (development and profiting from special business situations) and geographically (CEE/SEE/CIS region). A central element of investment policy is risk diversification through a balanced mix of assets that follows rules relating to geography, function and yield.

Against this strategic background, risk policy cannot be geared towards a complete elimination or far-reaching avoidance of risk. Risk management focuses on the ongoing identification and active management of risks typical for the business. Within certain boundaries, risk is accepted, being counterbalanced by a corresponding opportunity for returns. The goal is to cap peak risks so as to ensure that they do not threaten the continued existence of the Company.

Principles of the Risk and Opportunity Management System

Risk management is intended to reduce potential threats, ensure the safety of the portfolio, and support successful further development. By dealing consciously with risks, advantage can be taken of their associated opportunities with a greater degree of safety.

Due to continually changing circumstances and demands, risk identification is a permanent responsibility of the Management of the partner liable to unlimited extent (General Partner) and the Management of the special limited partners. Central elements of the determination of risks are regularly scheduled meetings, control meetings, project discussions and individual meetings.

Here, a very important role is played by limited shareholder R-QUADRAT, which as part of its special duties under the Articles of Association performs services that largely span the value-creation chain of real estate activities. Project management is also one of its responsibilities.

ties, which is of high importance, primarily in relation to development. The entire risk management process has been documented in a risk management handbook. Risk management is being applied in the MAGNAT Group. R-QUADRAT, the asset manager, is integrated into the system and into its further development. A critical review and, if necessary, a revision takes place every year.

Organisational Implementation of the Risk Management System

Based on the structure given, Management is directly involved in all important decisions. The flat hierarchy facilitates a risk management system with comparably simple and uncomplicated structures.

The Supervisory Board is regularly informed regarding business developments and of the development of projects/investments, as well as of the status of the risk management system and its continued development.

The oversight activities of the Supervisory Board are an important element of MAGNAT's risk management system. The Supervisory Board also personally monitors individual projects on site.

Risks

a. Market and Sector 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 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 that 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 for one week. Approximately 2% of MAGNAT's equity is invested in Georgia. About 30% of equity is invested in 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).

The remaining exchange rate risk, limited in the textbook case to the equity invested and the potential profit, is only partially hedged: in principle, preference is given to hedging individual project-related risks on an aggregate basis, and here, in turn, hedging is considered only when certain ranges of fluctuation are exceeded, only for particular currencies and only for the equity invested (but not for the potential profit). This approach is based on a cost/benefit analysis, but also on the knowledge that currency risk as a whole cannot be entirely isolated, rather that many additional interdependencies outside of pure exchange rate fluctuations play a role. In summary, the management of currency risks is geared toward taking on such risks within a certain range of fluctuation. Hedging is merely sought to cap peak risk at the aggregate level and with certain currencies in order to counteract developments that could threaten the existence of the Company. The currency hedging strategy is determined in close coordination with the Supervisory Board.

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 in times in which the main eastern currencies, such as the rouble or Ukrainian hryvnia, were still linked to the major key currencies USD and EUR. This alignment ceased to exist in the middle of 2008 and the eastern currencies have seen a sharp decline. The basic assumption of a USD hedge therefore no longer exists; a partial close-out of both options over USD 8 million followed in October 2008. After the balance sheet date, in May 2009, the remainder of the outstanding options in the amount of USD 17 million were closed out without affecting costs.

A special case relating to currency risk took place at the end of 2008 in Ukraine. Due to the economic developments in Ukraine, the local currency was converted into

foreign currency and the export of foreign currency was restrictively limited. In addition, the regulation on mandatory conversion was adopted. Using classical option instruments to hedge the local currency is, due to a lack of providers, either not possible or only possible at very unfavourable terms and with complex structures. In this context, under inclusion of the Supervisory Board of the Company, an alternative measure to minimise the risk of an eventual currency loss has been discussed with respect to any reflows occurring in Ukraine being, subject to restrictive conditions in terms of the quality of the property, tenants and tenancy agreements, reinvested in Ukraine.

Interest Rate Risk

The MAGNAT Group uses outside capital, predominantly with floating interest rates, to finance real estate projects. This exposes the MAGNAT Group to the risk of changing interest rates, as rises in interest rates increase financing costs. A change in interest rate levels by +/- 100 BP would mean an increase or decrease of the interest expense of the Company by approximately EUR 0.3 million.

Against the backdrop of the current period of low interest rates, an interest rate hedge is being specifically examined, especially in connection with refinancing in the German portfolio. An evaluation of this policy is made at regular intervals, but at least every six months, and in close coordination with the Supervisory Board.

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 2009. The dependency of the liquidity situation on

returns from sales will thus increase significantly in the 2009 calendar year. In line with the Company's increased dependence on the extent of internal financing due to the impact of the economic crisis, liquidity planning has been further refined.

The extension of the financing of the German portfolio depends only on formal terms, in particular, of the final approvals body and corresponding final loan and collateral documentation.

Under the conservative planning parameters applied, the current liquidity planning indicates that MAGNAT will have sufficient funds available to cover any payments for the next 12 months.

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 a project timetable will be delayed and/or that more equity 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.

Opportunity Report

From an entrepreneurial perspective, the risks described can be weighed up against the following opportunities:

a. German Real Estate Sub-markets Demonstrate a High Degree of Stability

Although the majority of German sub-markets have also experienced a significant decline in transaction volume

and property turnover, which has put considerable pressure on rental and purchase prices, in comparison with other European and international markets, the impact in Germany is relatively modest and should be seen as an opportunity for entry. Accordingly, MAGNAT is favouring the scrutiny of investment opportunities in Germany.

b. Institutional Investors Increase Real Estate Component

Estimates by analysts indicated that many institutional investors are will increase their real estate components considerably in the coming quarters in Germany. This will involve both direct and indirect investments. This would be a clear signal that business transactions could begin to rebound in the coming quarters. This could present MAGNAT with the opportunity to exploit elements of the German portfolio in a targeted manner.

c. Opportunities for Strategic Growth

The current capital market environment, which is marked by high price drops on the actual value stocks of numerous real estate companies, presents many interesting and especially favourable opportunities for strategic growth.

8. Compensation Report

Basic Features of the Compensation System for Management

Compensation of the management company (General Partner) is provided for by Section 8, Paragraph 2 of the Company's Articles of Association. On 30 August 2007, the Annual General Meeting of MAGNAT Real Estate Opportunities GmbH & Co. KGaA passed a resolution concerning compensation of the General Partner (MAGNAT Management GmbH). Compensation for fiscal year 2008/09 amounted to:

Assumption of responsibility for business management activities: EUR 576,842

Assumption of personal liability: EUR 5,000

Compensation of the Supervisory Board

On 30 October 2008, the Annual General Meeting of MAGNAT Real Estate Opportunities GmbH & Co. KGaA passed a resolution for the compensation of each member of the Supervisory Board in the amount of EUR 12,500. The Chairman of the Supervisory Board receives three times and the Vice Chairman two times that amount. Beyond that, the Company reimburses Board members for their expenses, including the statutory turnover tax incurred by them due to their compensation for sitting on the Supervisory Board.

During fiscal year 2008/2009, 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 advice and brokering of debt financing for real estate projects in Germany. The fees agreed to therein are significantly below normal market rates. In the past fiscal year, the consulting services were extremely beneficial to the Company and important financing plans were, against market trends, able to be executed quickly. The consulting agreement was approved by resolution of the Supervisory Board. For the consulting services provided, TEUR 114 plus turnover tax was paid out during the fiscal year. In addition, consulting services, approved by the Supervisory Board, to the value of TEUR 53, were provided to MAGNAT by the law firm of Supervisory Board member Dr Christoph Jeannée during the fiscal year. The consulting services involved contractual consulting in connection with the "Peremogi" investment. Due to the use of Austrian law and the specific knowledge of the law firm, its involvement was favourable because this prevented a long and costly period of adjustment for another law firm.

The fee was charged at hourly rates, which in view of the transaction volume and complexity was very favourable compared to the fees charged by competitors. Other than the remuneration for membership on the Supervisory Board, other members of the Supervisory Board did not receive any additional remuneration for services rendered.

Name	Function	Period	Compensation (excluding reimbursement of expenses)
Prof. Dr. Werner Schaffer	Chairman	since 7 July 2006	78,124.69
Dr. Walter Steindl		up to 24 October 2007	11,000.00
Dr. Carsten Strohdeicher	Vice Chairman	since 7 July 2006	52,062.50
Dr. Christoph Jeannée		since 31 July 2006	14,875.00

^{*)} Before withholding tax pursuant to Section 50a of the German Act on Income Tax (EStG)

9. Forecast

In the past 2008/2009 fiscal year, MAGNAT saw a further worsening of the economic situation by comparison with fiscal year 2007/2008, predominantly in the second half of the year. What began as a tightening of credit in 2007, developed into a global economic crisis in 2008. If one compares the economic developments in the portfolio countries of MAGNAT from its year of foundation in 2006, i.e. the year of definition of the business model and investment strategy, with the expected growth rates of 2009 and 2010, the extent of the impact becomes evident. The severity of this situation is seen also in the short-term changes or corrections in economic forecasts (EBRD forecasts). Thus, only in May 2009 were major corrections to the expectation of growth rates for 2009 carried out compared to the January 2009 figures: Poland -1.5% points, Turkey -2.5% points, Bulgaria, Romania, Ukraine -5.0% points respectively and Russia -8.5% points.

Economic growth forecasts for 2010 by economic research institutes must therefore be treated with great caution, and this caution must be exercised when applying these to the business planning process. Although the Management of MAGNAT anticipates that the economic situation will improve in early 2010, it remains to be seen whether this will represent a lasting economic recovery.

In particular, the CEE/SEE/CIS regions will be confronted with problems in the coming 12-24 months. A major problem of all the states in the regions concerned will be the increasing pressure on their national budgets and thus, in this context, also further pressure on the respective currencies. As a consequence of the economic development, these countries have had to suffer a high outflow of the capital of foreign investors in recent months. A current problem specific to the Ukraine is the adopted currency regime and therewith associated problems relating to the repatriation of potential profits from the Ukraine. However, despite all the uncertainties, the pent-up demand for modern and qualitatively adapted residential and commercial real estate remains unchallenged in the medium to long-term.

While economic development in Germany and Austria is similar, although not as badly affected as in the eastern countries, the real estate sector in this region is still relatively stable. Although there has been a significant decline in transaction volume and property turnover, which has put considerable pressure on rental and purchase prices, in comparison with other European and international markets, the impact in Germany is relatively modest. High expectations for the behaviour of institutional investors exist in Germany with an increase in the real estate components being anticipated in the next 12-24 months. This should lead to a significant flow of funds in direct and indirect real estate investments.

Strategic Priorities and Goals

Given the prevailing economic crisis, the real estate market and its environment has become extremely difficult to calculate. The current business environment is forcing companies of all sizes to undergo an intensive process of adaptation in relation to strategies and business models. How long the prevailing uncertainty will persist is something that no one is prepared to predict. Therefore, it is even more important to implement specific and comprehensive adjustments to the strategy and business alignment in order to be prepared for all possible developments.

The adjustments to MAGNAT's strategy can be summarised as follows:

- _ the Company gives absolute priority to securing liquidity
- _ intensifying the re-marketing efforts is an important component for securing profitability
- _ balancing the distribution of the portfolio between the regions of D/A and CEE/SEE/CIS to mitigate the sharp cyclical fluctuations in the real estate markets
- _ continuing to reduce exposure in CEE/SEE/CIS
- _ protecting the value of the portfolio through reclassification to Land Banking

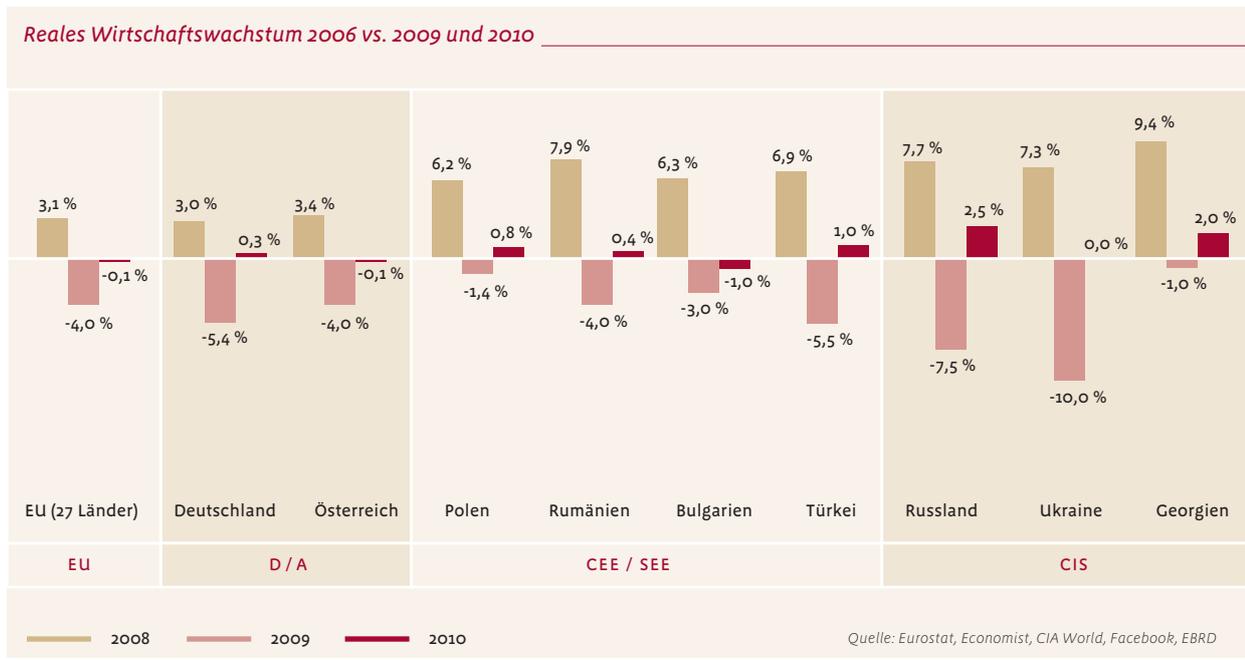
- _ evaluating potential future investments in Germany and Austria on the basis of attractive returns on new purchases and lower exposure
- _ a review and where necessary adjustment of the real net output ratio as part of the cost optimisation measures. Management expects a reflow of funds in Business Segment Portfolio within the next 12 months of at least EUR 2 million due to the positive progress of the YKB portfolio. Likewise, in the wake of the recovery of the German real estate market the investment in Squadra should also develop positively within the next 12-24 months. Due to the decision relating to the strategic withdrawal from Russia, the investment in Russian Land AG should be phased out within the next 12-24 months.

In Segment Development, earnings from the letting of portfolio properties from the German portfolio should

increase significantly within the next 12 months due to the reduction of renovation measures and increase in occupancy rates. The operating expenses of Sub-Segment Land Banking will be largely reduced, in particular, because no financing costs are incurred in this segment.

An important task in this area will be the procurement of funding for Project Peremogi together with the joint venture partner.

The next 12 months will be marked by the challenge of active and consistent implementation of liquidity management for the business model of MAGNAT. On the assumption of a general improvement in the present market situation in the individual countries, the Management of MAGNAT anticipates a stabilisation of the business model, an improvement in earnings performance and thus a speedy return to growth over the next 12-24 months.



This management report contains forward-looking statements and information. Such forward-looking statements are based on our present expectations and certain assumptions. They therefore involve a number of risks and uncertainties. A variety of factors, many of which are outside of MAGNAT's sphere of influence, affect the business activities, success, business strategy and profit of MAGNAT. These factors could lead the actual profit, success and achievements of MAGNAT to being substantially different.

Should one or more of these risks or uncertainties materialise or should it transpire that the underlying assumptions were incorrect, the actual results may differ substantially, either positively or negatively, from those results set out in the forward-looking statement as being expected, anticipated, intended, planned, believed, estimated or projected. MAGNAT assumes no obligation and does not intend to update these forward-looking statements or correct them in the event of another expected development.



Consolidated Income Statement as of 31 March 2009

	Item No.	1 April 2008- 31 March 2009 EUR	1 April 2007- 31 March 2008 EUR
Rental income	D.1	6,575,355	4,457,068
Operating expenses to generate rental income	D.2	-5,028,625	-2,416,161
Earnings from the letting of portfolio properties		1,546,730	2,040,907
Proceeds from the sale of real estate companies		8,570,009	23,955
Net assets from sold real estate companies		-3,830,186	-6,300
Earnings from the sale of real estate companies	D.3	4,739,823	17,655
Profit from companies valued using the equity method		8,197,345	10,975,724
Loss from companies valued using the equity method		-5,459,357	-376,061
Earnings from companies valued using the equity method	D.4	2,737,988	10,599,663
Other operating income	D.5	438,395	76,192
General administrative costs	D.6	-3,709,720	-4,422,988
Other operating expenses	D.7	-3,033,192	-1,187,470
Earnings before interest and taxes		2,720,024	7,123,959
Financial income	D.8	2,309,768	2,280,687
Financial expenses	D.8	-11,481,976	-1,316,528
Financial result		-9,172,208	964,159
Earnings before taxes		-6,452,184	8,088,118
Income taxes	D.9	-48,572	-98,766
Earnings after taxes		-6,500,756	7,989,352
Of which attributed to:			
Minority interests	D.11	-300,870	-665,127
Parent company shareholders		-6,199,886	8,654,479
Basic earnings per share	D.12	-0.12	0.17
Diluted earnings per share	D.12	-0.12	0.17

Consolidated Balance Sheet as of 31 March 2009

		31 March 2009	31 March 2008
	Item No.	EUR	EUR
ASSETS			
Non-current assets			
Intangible assets	E.1.1	380,566	102,840
Tangible assets	E.1.2	38,740	7,256
Shares in companies valued using the equity method	E.1.3	51,747,568	48,802,591
Other financial assets		112,500	0
Loans to companies valued using the equity method	E.1.4	13,772,885	4,583,300
Advance payments on financial assets	E.1.5	0	1,731,404
Deferred tax assets	E.4.1	188,837	30,375
Derivative financial instruments	E.1.6	0	1,260,653
Total non-current assets		66,241,096	56,518,419
Current assets			
Portfolio properties	E.2.1	60,114,554	68,448,501
Trade receivables and other receivables	E.2.2	11,108,910	4,530,786
Financial receivables and other financial assets	E.2.3	4,831,589	6,710,343
Derivative financial instruments	E.2.4	464,971	0
Cash and cash equivalents	E.2.5	7,624,863	4,827,185
Total current assets		84,144,887	84,516,815
Total assets		150,385,983	141,035,234

		31 March 2009	31 March 2008
	Item No.	EUR	EUR
EQUITY AND LIABILITIES			
Equity			
Share capital		52,950,000	52,950,000
Reserve		27,160,289	36,797,183
Equity attributable to shareholders of the parent company		80,110,289	89,747,183
Minority interests		14,526,108	14,461,556
Total equity	E.3	94,636,397	104,208,739
DEBTS			
Non-current liabilities			
Deferred tax liabilities	E.4.1	219,685	52,344
Derivative financial instruments		0	93,367
Non-current financial liabilities	E.4.2	45,782,932	13,759,629
Total non-current liabilities		46,002,617	13,905,340
Current liabilities			
Provisions	E.5.1	2,076,226	613,489
Trade liabilities and other liabilities	E.5.2	3,146,328	3,782,516
Current financial liabilities	E.5.3	3,930,696	18,525,150
Derivative financial instruments	E.5.4	593,718	0
Total current liabilities		9,746,968	22,921,155
Total liabilities		55,749,585	36,826,495
Total liabilities and equity		150,385,983	141,035,234

Consolidated Cash Flow Statement as of 31 March 2009

		1 April 2008– 31 March 2009	1 April 2007– 31 March 2008
	Item No.	EUR '000	EUR '000
Consolidated earnings before taxes		(6,452)	8,088
Movement in portfolio properties		1,210	(46,652)
Movement in trade receivables and other receivables		(6,522)	244
Movement in income tax receivables		(215)	(371)
Movement in financial receivables and other financial assets		2,941	(6,495)
Movement in provisions		1,463	390
Movement in trade liabilities and other liabilities		(469)	(4,302)
Movement in derivative financial instruments		(195)	(155)
Other non-cash items		7,004	(12,971)
Cash flow from operating activities	F	(1,235)	(62,224)
Disbursements for investment in tangible assets		(31)	(7)
Disbursements to acquire shares and to increase the capital reserve for companies valued using the equity method and other equity interests		(21,546)	(41,278)
Payments-in from the sale of shares relating to companies valued using the equity method and other equity interests		16,667	0
Disbursements from granting loans to companies valued using the equity method and to other equity interests		(9,088)	(1,759)
Disbursements to acquire subsidiaries (minus acquired liquid funds)		0	(9,338)
Cash flow from investment activities	F	(13,998)	(52,382)
Payments-in from capital increases		653	57,315
Payments-in from the assumption of financial liabilities		53,013	31,956
Disbursements for the settling of financial liabilities		(35,584)	0
Cash flow from financing activity	F	18,082	89,271
Movement in cash and cash equivalents affecting liquidity		2,849	(25,335)
Movement due to currency translation		(51)	0
Cash and cash equivalents at the start of the period		4,827	30,162
Cash and cash equivalents at the end of the period		7,625	4,827

Statement of Changes in Equity as of 31 March 2009 (in EUR '000)

	Item No.	Share capital		Reserve			Equity attributable to shareholders of the parent company	Minority interests	Total equity
		Capital contributed by General Partner	Subscribed capital	Capital reserve	Retained earnings	Other reserves			
1 April 2008	G	50	52,900	33,546	8,990	-5,738	89,748	14,462	104,209
Capital increases	G	0	0	0	0	0	0	653	653
Equity procurement costs	G	0	0	0	0	0	0	0	0
Other	G	0	0	-1	0	0	-1	0	-1
Proportionate assumption of equity changes not affecting income of companies valued using the equity method	G	0	0	0	0	-3,677	-3,677	0	-3,677
Currency difference	G	0	0	0	0	240	240	-288	-48
Total earnings recorded directly in equity	G	0	0	0	0	-3,437	-3,437	-288	-3,725
Earnings during the period under review	G	0	0	0	-6,200	0	-6,200	-301	-6,501
Total earnings during the period under review	G	0	0	0	-6,200	-3,437	-9,637	-589	-10,226
31 March 2009	G	50	52,900	33,545	2,790	-9,175	80,110	14,526	94,636
1 April 2007	G	50	32,200	10,894	336	0	43,480	1,970	45,450
Capital increases	G	0	20,700	24,840	0	0	45,540	13,963	59,503
Equity procurement costs	G	0	0	-2,188	0	0	-2,188	0	-2,188
Proportionate assumption of equity changes not affecting income of companies valued using the equity method	G	0	0	0	0	-3,691	-3,691	0	-3,691
Currency difference	G	0	0	0	0	-2,048	-2,048	-806	-2,854
Total earnings recorded directly in equity	G	0	0	0	0	-5,738	-5,738	-806	-6,545
Earnings during the period under review	G	0	0	0	8,654	0	8,654	-665	7,989
Total earnings during the period under review	G	0	0	0	8,654	-5,738	2,916	-1,471	1,444
31 March 2008	G	50	52,900	33,546	8,990	-5,738	89,748	14,462	104,209

Notes to the Consolidated Financial Statements

For the Fiscal Year 1 April 2008 to 31 March 2009

Organisation

- A. General Information
- B. Scope of Consolidation and Consolidation Methods
- C. Accounting and Valuation Principles
- D. Notes to the Consolidated Income Statement
- E. Notes to the Consolidated Balance Sheet
- F. Notes to the Consolidated Cash Flow Statement
- G. Notes to the Consolidated Statement of Changes in Equity
- H. Consolidated Segment Reporting
- I. Other Notes

A. General Information

1. Information about the Company

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

The Company was initially listed on the Open Market in July 2006. A stock market segment changeover took place on 30 October 2007. Since then, Company shares have been listed in the General Standard of the Frankfurt Stock Exchange. As a result of the segment changeover, MAGNAT is subject to the strict transparency requirements applying to regulated markets throughout the European Union.

MAGNAT is a publicly traded real estate development company in Frankfurt am Main, which focuses on special business situations in the home market of Germany and in Austria as well as on land banking and real estate development in Eastern and South-Eastern Europe as well as the Commonwealth of Independent States. MAGNAT's business model is based on profiting from exploiting the potential for added value in special business situations, gains from land banking (the purchase and sale of land) and on generating attractive development returns.

This involves MAGNAT concentrating on real estate markets that have attractive development cycles, on special business situations, undervalued markets in the framework of counter-cyclical investments as well as on markets with high macroeconomic growth. MAGNAT generates rental income on an ongoing basis from a residential portfolio and a commercial portfolio in Germany supplemented by an investment in Austria. In Central, Eastern and South-Eastern Europe MAGNAT is investing in Poland, Romania, Bulgaria and Turkey as well as in the

Commonwealth of Independent States in Ukraine, Russia 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 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 the Company's 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 also 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.

2. Adoption of the International Financial Reporting Standards (IFRS)

MAGNAT prepares its Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) pursuant to Article 4 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 for the application of international accounting standards. The Consolidated Financial Statements of the MAGNAT Group prepared for MAGNAT Real Estate Opportunities GmbH & Co. KGaA, as its parent, comply with uniform accounting and valuation principles. All mandatory standards under IFRS for the reporting period ending on 31 March 2009 – including those International Accounting Standards (IAS) still in effect – were applied, as were the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – including those interpretations of the former Standing Interpretations Committee (SIC) – as adopted by the EU. Supplemental provisions of commercial law under Section 315a, Paragraph 1 of the German Commercial Code (HGB) were complied with.

3. New Mandatory Accounting Standards

The accounting policies basically correspond to those applied in the previous year, with the following exceptions:

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have issued standards and interpretations (which have already gone through the EU recognition procedure), which first became mandatory during the reporting period.

In March 2007, the IASB issued revised standard IAS 23, "Borrowing Costs". IAS 23 abolishes the former option to immediately recognise as an expense interest on debt directly attributable to the acquisition or production of so-called qualifying assets. Application of the revised IAS 23 requires capitalisation of these borrowing costs. The revised standard applies to borrowing costs for qualifying assets, the capitalisation of which begins on or after 1 January 2009. The standard was adopted by the EU on 10 December 2008 and published on 17 December 2008. Early application of the standard for assets for which capitalisation started before 1 January 2009 was abstained from. The standard will be applied from 1 January 2009, however, it will not have a quantitative impact on these Consolidated Financial Statements because no such qualifying assets were acquired or produced during the period concerned (January-March 2009).

Initial application of the IFRIC 12 and IFRIC 14 interpretations during the period under review from 1 April 2008 to 31 March 2009 had no material effect on the Company's Consolidated Financial Statements.

4. Future Changes in Accounting Policies

The IASB and IFRIC have adopted standards and interpretations, which were not mandatory during the period under review. In principle, voluntary early adoption presupposes EU recognition, which, in part, has yet to occur. The Group has made no use of the option for voluntary early adoption. Only those standards and interpretations which could possibly have an effect on the Consolidated Financial Statements are described below.

	Adopted by the EU	
	YES	NO
IAS 1 "Presentation of Financial Statements"	x	
IAS 27 "Consolidated and Separate Financial Statements"	x	
IAS 32 – "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements"	x	
IAS 39 – "Financial Instruments: Eligible Hedged Items"		x
IAS 39 and IFRS 7 "Reclassification of Financial Instruments"	x	
IFRIC 9 and IAS 39 "Embedded Derivatives"		x
IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"	x	
IFRS 2 "Share-based Payment"	x	
IFRS 3 "Business Combinations"	x	
Reviewed IFRS 3 "Business Combinations" and Amendments to IAS 27 "Consolidated and Separate Financial Statements"	x	
IFRS 7 – "Financial Instruments: Improved Disclosures on Financial Instruments"		x
IFRS 8 "Operating Segments"	x	
IFRIC 12 "Service Concession Arrangements"	x	
IFRIC 13 "Customer Loyalty Programmes"	x	
IFRIC 14 IAS 109 "Minimum Funding Requirements"	x	
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	x	
IFRIC 15 "Agreements for the Construction of Real Estate"		x
IFRIC 17 "Distributions of Non-cash Assets to Owners"		x
IFRIC 18 "Transfer of Assets from Customers"		x

IAS 1 "Presentation of Financial Statements"

In September 2007, the IASB published a revised version of IAS 1. The revised standard includes significant changes to the presentation and disclosure of financial information in financial statements. Changes include, in particular, the introduction of comprehensive accounting encompassing both the earnings generated during the current period and the as yet unrealised gains and losses previously disclosed as equity, and replace the Income Statement in its prior form. From now on, in addi-

tion to a balance sheet as of the balance sheet date and a balance sheet as of the previous balance sheet date, a balance sheet as of the beginning of the comparative period must also be prepared insofar as the Company applies accounting and valuation methods retroactively, corrects an error or reclassifies a balance sheet item.

The new standard will have an impact on the manner in which consolidated financial information is disclosed, but not, however, on the recognition and the valuation of assets and liabilities on the Consolidated Financial

Statements. The revised standard is to be applied for fiscal years beginning on or after 1 January 2009.

The revised standard was adopted by the EU on 17 December 2008 and published on 18 December 2008. The revised standard was not applied voluntarily in fiscal year 2008/2009.

IAS 27 "Consolidated and Separate Financial Statements"

As part of the "Business Combinations II" project, the IASB published a revised version of IAS 27 "Consolidated and Separate Financial Statements" in January 2008, which contains rules relating to consolidation. Addressed for the first time here, in particular, were transactions in which shares of a (subsidiary) company are bought or sold with no resulting change of control in the company. Compared with the former version, significant changes also arise, in particular, from the recognition and valuation of a retained investment in the event of a loss of control over a former subsidiary and from the recognition of losses incurred by minority interests.

Changes pursuant to the revised standard are to be applied for the fiscal years beginning on or after 1 July 2009. The revised standard was adopted by the EU on 3 June 2009 and published on 12 June 2009. The revised standard was not applied voluntarily in fiscal year 2008/2009. Going forward, only future transactions of this type will be affected.

IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements"

In February 2008, changes to IAS 32 and IAS 1 were published, with initial application intended for fiscal years beginning on or after 1 January 2009. The change relates to the classification of puttable contributions of capital by a shareholder or partner as equity or borrowed capital. According to the former provision, companies were at times forced to disclose shareholders' or partners' capital contributions as a financial liability due to statutorily established termination rights of the shareholder or partner.

In the future, these contributions of capital by a shareholder or partner are generally to be classified as equity to the extent that they are puttable at an agreed fair value amount, and the contributions made represent the most junior claim against the net assets of the business.

Due to the legal structure of the parent and subsidiaries, as well as the relevant statutory and company-law provisions, the revised rule will not have an effect on the classification, valuation and presentation on the Consolidated Financial Statements of capital contributions made by a partner or shareholder. The revised standard was adopted by the EU on 21 January 2009 and published on 22 January 2009. The revised standard was not applied voluntarily in fiscal year 2008/2009.

IAS 39 "Financial Instruments: Eligible Hedged Items"

The amendments to IAS 39 were published in August 2008, with initial application intended for fiscal years beginning on or after 1 July 2009. The amendments to IAS 39 put into explicit form how the principles contained in IAS 39 for the presentation of hedging transactions are to be applied to the designation of a single-valued risk in an underlying transaction and to the designation of inflation risks as underlying transactions. Accordingly, it is also permissible to designate only part of the change in the fair value or the cash flow fluctuations of a financial instrument as the underlying transaction. The Group does not expect the amendment to affect the net assets, financial position and result of operations of the Group because it has not entered into a transaction of this nature. This standard has yet to be accepted by the EU as European law.

IAS 39 and IFRS 7 "Reclassification of Financial Instruments"

The revision of IAS 39 leads to no substantive change to the provision for the reclassification of financial assets as published in October 2008 by the IASB. Due to the current development of the financial markets, in exceptional circumstances certain financial assets may be re-

classified from valuation category "At fair value through profit or loss" to a different valuation category. The amendments were adopted by the EU in October 2008. They may be applied retroactively from 1 July 2008 or at a later date when the reclassification is made. Only the timing of entry into force and transitional provisions are specified in more detail by the new revision.

IFRIC 9 and IAS 39 "Embedded Derivatives"

The IASB published a clarification on the treatment of embedded derivatives in December 2008. The amendments to IAS 39 and IFRIC 9 are intended to close a loophole. It refers to cases in which companies have made use of the reclassification of financial instruments measured at fair value with changes in fair value recognised in profit or loss, which has been permissible in exceptional cases since October 2008. In the future, companies are also required to reassess an embedded derivative and - if necessary - measure it separately from the host contract if a hybrid financial instrument to be measured at fair value, with value changes recognised in profit or loss, is reclassified. If it is necessary to measure a derivative separately from the host contract, the fair value of which cannot be measured reliably, then the entire hybrid instrument may not be reclassified. This does not affect the financial statements of the Group.

IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"

The amendments make it possible to determine the cost of an equity interest either at the fair value or the carrying amount in the separate financial statement according to the previously applied national accounting rules when adopting the International Financial Reporting Standards (IFRS) for the first time. This rule applies to jointly controlled entities, associates, and subsidiaries. Moreover, the obligation to reduce purchase costs when distributing retained earnings formed prior to the acquisition of the shares was removed from IAS 27. Dividends from jointly controlled entities, associates and subsidiaries must in future be recorded on the Income Statement re-

gardless of whether the distribution stems from earnings made before the acquisition date, or not. If the distributions in one year exceed the total income for this year, an impairment test must be carried out. The amendments are to be applied to fiscal years beginning on or after 1 January 2009. This revised standard does not affect the Company. It was adopted by the EU on 23 January 2009 and published on 24 January 2009. Initial application is intended for fiscal years beginning on or after 1 January 2009.

IFRS 2 "Share-based Payment"

In January 2008, the IASB published additions to IFRS 2, "Share-Based Payment", which go into effect on 1 January 2009. The amendments make it clear that payment conditions are to be interpreted as being conditions of exercise. Furthermore, it is clarified that the termination of an agreement for share-based payment either by an employee or another party is to be given the same treatment. The revised standard was adopted by the EU on 16 December 2008 and published on 17 December 2008.

The revised standard was not applied voluntarily in fiscal year 2008/2009. Since no share-based payments have been granted at the present time, the Company does not expect any effects from the amendments to this standard.

IFRS 3 "Business Combinations"

As part of the "Business Combinations II" project, in January 2008 the IASB published a new version of IFRS 3, "Business Combinations". Compared to the old version, significant changes result, in particular, from the recognition and valuation of assets and liabilities acquired in a combination, the valuation of minority interests, the determination of goodwill and the portrayal of transactions with variable purchase prices. The revised standard is to be applied to transactions taking place in fiscal years beginning on or after 1 July 2009. The revised standard was adopted by the EU on 3 June 2009 and published on 12 June 2009. The revised standard was not applied voluntarily in fiscal year 2008/2009.

Effects will only exist for business combinations occurring in the future.

Revised IFRS 3 "Business Combinations" and Amendments to IAS 27 "Consolidated and Separate Financial Statements"

The amendments to IAS 39 were published in August 2008, with initial application intended for fiscal years or business combinations beginning on or after 1 July 2009. Introduction of the "full goodwill method", an alternative to the revaluation method, follows these amendments. This enables the Group to recognise not only its own share, but also 100% of the goodwill of the acquired company. In the future, a revaluation must be carried out with a phased acquisition of shares at the time at which control is assumed.

The purchase of additional shares in an existing subsidiary will in future be dealt with as an equity transaction between owners. The same applies to the sale of shares to a subsidiary while retaining control. If there is a loss of control, the value of the remaining shares must be re-measured at fair value. Incidental acquisition costs or changes relating to contingent considerations must in future be recognised immediately with the exception of debt or equity instruments, which are assessed under IAS 39. Consequential amendments arose to IAS 7 Cash Flow Statements, IAS 12 Income Taxes, IAS 21 Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Investments in Joint Ventures. The amendments under IFRS 3R and IAS 27R will affect future acquisitions, loss of control, and transactions with minority interests. The standards were adopted and published by the EU in June 2009.

IFRS 7 "Financial Instruments: Improved Disclosures on Financial Instruments"

The revised version of IFRS 7 was published by the IASB on 5 March 2009. The amendments to IFRS 7 require advanced disclosure on fair value measurement of financial instruments and on liquidity risks. With respect to the disclosure on determination of the fair value, a tabular

breakdown for each class of financial instrument based on a three-tiered fair value hierarchy was introduced. As regards the disclosure on liquidity risk, the maturity analysis for non-derivative financial liabilities now also includes contracts relating to issued financial guarantees. In the future, disclosure on maturities for non-derivative and derivative financial liabilities is required separately. The new requirements only affect the presentation of financial instruments of the Group. The standard has yet to be accepted by the EU as European law.

IFRS 8 "Operating Segments"

In November 2007, the IASB issued IFRS 8, "Operating Segments", which defines requirements for reporting the financial results of the operating segments of an entity. IFRS 8 replaces IAS 14 "Segment Reporting". It follows the so-called "Management Approach", under which the determination of operating segments is based on the internal reports used regularly by the so-called "Chief Operating Decision Maker" in making decisions regarding the allocation of resources to a segment and evaluating the performance of that segment. IFRS 8 applies to fiscal years beginning on or after 1 January 2009. The revised standard was adopted by the EU on 21 November 2007 and published on 22 November 2007, meaning that voluntary early application is basically possible. For fiscal year 2008/2009, segment reporting was again prepared in accordance with IAS 14. IFRS 8 has not been voluntarily applied.

In 2008 and 2009, the interpretations IFRIC 12 (Service Concession Arrangements), IFRIC 13 (Customer Loyalty Programmes), IFRIC 14 IAS 109 (Minimum Funding Requirements) and IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) were adopted and published by the EU. These interpretations have not been voluntarily applied in fiscal year 2008/2009.

Interpretations IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 17 (Distributions of Non-cash Assets to Owners) and IFRIC 18 (Transfer of Assets from Customers) have been published by IFRIC, but have yet

to be adopted by the EU. The Company does not expect that these interpretations will have a material effect on the Consolidated Financial Statements.

The interpretations have not been voluntarily applied in fiscal year 2008/2009.

Improvements to IFRS 2009

Within the framework of the annual "Improvements Project", the IASB has issued a number of minor material and editorial changes to various standards. Unless stated otherwise in a standard, the rules are to be applied from 1 January 2010. The Group has not applied the amendments on a uniform basis and assumes that, pending further notice, there will be no material impact on the presentation of the net assets, financial position and result of operations of the Group. The changes have yet to be adopted by the EU.

5. Significant Discretionary Decisions and Estimates

Discretionary Decisions

In applying accounting and valuation policies, the Company has made the following discretionary decisions, which have a material effect on the amounts set forth in the Consolidated Financial Statements. These decisions do not include those which include estimates:

Impairment Test on Goodwill

Goodwill was allocated to cash-generating units for the purpose of the impairment test. The impairment requirement of the cash-generating unit is determined by comparing the carrying amount with its recoverable amount. The unit or group of units to which goodwill is allocated for the impairment test represent the lowest level within the entity for which the goodwill is monitored for internal management purposes and, as set forth in IFRS 8 and IAS 14, does not exceed one segment. In forming the cash-generating units, the real estate assets and the goodwill have been combined and compared with the recoverable amount of the unit.

Estimates and Assumptions

In preparing the Consolidated Financial Statements in accordance with IFRS, it is necessary to make assumptions for the future that concern certain items. These estimates may have a material effect on the value of assets and liabilities on the balance sheet date and the extent of expenses and revenues during the fiscal year. The most important assumptions relative to the future as well as other material sources of uncertainty that existed on the balance sheet date, due to which there is a risk that a material adjustment to the carrying amount of assets and liabilities will be required during the next fiscal year, are stated below.

Investment Property

The Company recognised investment property at fair value for the first time in fiscal year 2007/2008. During the reporting period, investment property within the Group was held only by Squadra Immobilien GmbH & Co. KGaA, Frankfurt am Main, a company valued using the equity method, and by companies of subgroup GAIA Real Estate Holding S.A., Luxembourg valued using the equity method. The fair values used were determined by independent experts outside the Company. In calculating the fair values, assumptions were made with respect to changes in rents, vacancy rates, revenue reductions, maintenance costs, and discount rates. Due to their long-term orientation, these predicted valuations are subject to uncertainty, which can result in either positive or negative changes of value in the future.

Portfolio Properties

Estimates of net realisable value for the portfolio property are based on the most reliable, substantive indicators for the realisable value of the portfolio available at the time the estimates are made. These estimates take into account price or cost changes, which are directly related to transactions after the reporting period, insofar as these transactions shed light on circumstances that already existed at the end of the reporting period.

Estimates of net realisable value also take into account the purpose for which the portfolio properties are held.

Deferred Tax Assets on Loss Carry-forwards

Deferred tax assets are recognised for all unused tax loss carry-forwards to the extent that it is probable that taxable income will be available against which the unused tax loss carry-forwards can be offset. Calculation of the amount of the deferred tax assets depends mainly on the estimates of Management based on the amount and timing of future taxable income as well as future tax planning strategies. Reference is made to item D.9 in the Notes to the Consolidated Financial Statements for further explanation.

Operating Lease Commitments – Group as Lessor

The Group has entered into commercial property leasing agreements on its portfolio property. In this respect, it was agreed that the Group is to retain all the significant risks and rewards of ownership of the properties leased thereunder, and, in accordance therewith, the Group will carry them as operating leases on its balance sheet.

B. Scope of Consolidation and Consolidation Methods

1. Scope of Consolidation

The subsidiaries included on the Consolidated Financial Statements as well as the joint ventures and associated companies valued using the equity method (hereinafter also referred to as "MAGNAT Group" or "Group") are listed below.

Group company			Share in the Group	Formation/date of acquisition	Acquisition cost 2) '000
DIRECTLY HELD SHARES					
Germany					
Squadra Immobilien GmbH & Co. KGaA, Frankfurt am Main	Associate	Formed	15.93 %	3 August 2007	4,000
Other countries					
MAGNAT Investment I B.V., Hardinxveld Giessendam, Netherlands	Subsidiary	Acquired	75.00 %	9 November 2006	19
MAGNAT Investment II B.V., Hardinxveld Giessendam, Netherlands	Joint Venture	Acquired	50.00 %	22 January 2007	9
R-QUADRAT Polska Alpha Sp. Z. o.o., Warsaw, Poland	Joint Venture	Acquired	50.00 %	26 March 2007	7
GAIA Real Estate Holding S.A., Luxembourg, Luxembourg	Joint Venture	Acquired	33.33 %	16 August 2007	13,275
Russian Land AG, Vienna, Austria	Associate	Formed	40.34 %	2 October 2007	2,525

Despite a percentage holding of less than 20%, Squadra Immobilien GmbH & Co. KGaA was classified as an associate in the MAGNAT Group since the management bodies as well as the Supervisory Board of MAGNAT Real Estate Opportunities GmbH & Co. KGaA and Squadra Immobilien GmbH & Co. KGaA are made up of the same persons.

GAIA Real Estate Holding S.A. is classified as a joint venture because, in accordance with agreements under the Articles of Association, strategic financial and business policies connected with business activities can only be determined by all three partner companies jointly.

Due to the increase in share capital of associated company Russian Land AG, Vienna, Austria, from TEUR 5,000 to TEUR 6,198, whereby existing shareholders forfeit their

subscription rights, the proportion of MAGNAT's voting rights has decreased from 49.99% as of 31 March 2008 to 40.34% as of 31 March 2009.

<i>Group company</i>			<i>Share in the Group</i>	<i>Formation/date of acquisition</i>	<i>Acquisition cost 2) '000</i>
INDIRECTLY HELD SHARES					
Germany					
Erste MAGNAT Immobilien-gesellschaft mbH, Frankfurt am Main	Subsidiary	Acquired	75.00 % ³⁾	15 November 2006	21
Zweite MAGNAT Immobilien-gesellschaft mbH, Frankfurt am Main	Subsidiary	Acquired	75.00 % ³⁾	10 November 2006	19
Dritte MAGNAT Immobilien-gesellschaft mbH, Frankfurt am Main	Subsidiary	Acquired	75.00 % ³⁾	1 February 2007	21
Vierte MAGNAT Immobilien-gesellschaft mbH, Frankfurt am Main	Subsidiary	Acquired	75.00 % ³⁾	3 April 2007	19
Fünfte MAGNAT Immobilien-gesellschaft mbH, Frankfurt am Main	Subsidiary	Formed	75.00 % ³⁾	2 April 2007	19

Group company			Share in the Group	Formation/date of acquisition	Acquisition cost 2) '000
Other countries					
MAGNAT Real Estate UA III B.V., Hardinxveld Giessendam, Netherlands	Subsidiary	Formed	75.00 % ¹⁾	18 January 2007	14
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH, Vienna, Austria	Associate	Formed	18.75 % ¹⁾	21 August 2007	3,094
MAGNAT Real Estate UA VI B.V., Hardinxveld Giesendam, Netherlands	Subsidiary	Formed	75.00 % ¹⁾	15 May 2007	14
SC TEO Impex s.r.l., Bucharest, Romania	Subsidiary	Acquired	75.00 % ¹⁾	1 June 2007	0
R Quadrat Bulgaria EOOD, Sofia, Bulgaria	Subsidiary	Formed	75.00 % ¹⁾	7 June 2007	2
SC VICTORY International Consulting s.r.l., Bucharest, Romania	Subsidiary	Acquired	75.00 % ¹⁾	1 June 2007	0
OXELTON ENTERPRISES Limited, Limassol, Cyprus	Joint Venture	Acquired	45.00 % ¹⁾	5 July 2007	10,875
Irao MAGNAT Digomi LLC, Tbilisi, Georgia	Subsidiary	Formed	56.25 % ¹⁾	29 June 2007	0
Irao MAGNAT 28/2 LLC, Tbilisi, Georgia	Joint Venture	Acquired	37.50 % ¹⁾	1 April 2008	0

¹⁾ Shares are held indirectly through MAGNAT Investment I B.V., Hardinxveld Giessendam, Netherlands.

²⁾ Acquisition costs are presented as a percentage according to the respective share of the Group held directly or indirectly by the parent company. Total acquisition costs are in each case derived by extrapolating them to 100%.

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 included in the Consolidated Financial Statements as of 31 March 2009 as a joint venture due to commencing business activities.

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 contract for which was drawn up in the past fiscal year.

According to the contract the buyer 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. Moreover, the buyer has given a contractual assurance that it will acquire the remainder upon completion of the "Peremogi 67" project. The Oxelton Enterprises Ltd. joint venture is jointly managed as regards the control and management committee. According to the shareholder agreement, the respective positions will be appointed by both project partners. Oxelton Enterprises Ltd. moved its head office from Ni-

cosia, Cyprus to Limassol, Cyprus during the past fiscal year.

MAGNAT and the co-investor have decided to reverse the sale of the Chmelnitzkij investment due to non-payment of the purchase price by the buyer. The Chmelnitzkij investment is held by subsidiary R-Quadrat Ukraine Delta Ltd., Kiev, Ukraine, which belongs to the scope of consolidation of joint venture Magnat Investment II BV, Hardinxveld Giessendam, Netherlands. R-Quadrat Ukraine Delta Ltd., Kiev, Ukraine, was re-included in the scope of consolidation as of 30 September 2008.

Subsidiaries R-Quadrat Ukraine Alpha Ltd., Kiev, Ukraine and R-Quadrat Ukraine Beta Ltd., Kiev, Ukraine were sold during the fiscal year. The selling prices for R-Quadrat Ukraine Alpha Ltd. and R-Quadrat Ukraine Beta Ltd. were TEUR 3,623 and TEUR 4,918 respectively. The receivables are not yet due and are secured by mortgage. The fair value of the collateral covers the purchase price receivables.

Summarised financial information for sold companies:

	in EUR '000	
	<i>R-Quadrat Ukraine Alpha Ltd.</i>	<i>R-Quadrat Ukraine Beta Ltd.</i>
Aggregate assets	1,870	160
Of which cash and cash equivalents	1	37
Aggregate liabilities	478	230

A complete listing of all affiliated companies, associated companies and joint ventures can be found below the Notes.

2. Consolidation Methods

Consolidation Methods

The Consolidated Financial Statements include the financial statements of MAGNAT and its subsidiaries as of 31 March of each fiscal year. The financial statements and interim financial statements of the subsidiaries are prepared using uniform accounting and valuation policies on the same balance sheet date as those of the parent company.

Capital consolidation was carried out using the purchase method offsetting the cost of the shares with the pro-rated re-valued equity of the subsidiaries at the acquisition date. Any resulting differences are allocated to the subsidiary's assets and liabilities insofar as their fair values differ from the carrying amounts shown on the financial statements. Discovered hidden reserves will be amortised in line with the corresponding assets and liabilities in subsequent consolidations. Intragroup transactions, expenses and income as well as all receivables and liabilities between the consolidated companies were eliminated.

Associated companies and joint ventures were consolidated in the Group at equity.

Currency Translation

The functional currency method is used for the financial statements of consolidated entities prepared in foreign currencies. Under IAS 21 (Effects of Changes in Foreign Exchange Rates), foreign currency assets and liabilities are translated into the reporting currency, EUR, at the rate prevailing on the reporting date, and expenses and income are translated at annual average rates.

The currency used by the Group is the EUR. For subsidiaries or companies valued using the equity method that report in foreign currencies, the functional currency is determined by the primary economic environment in which the respective company operates.

In Ukraine, for example, only transactions in the national currency are permitted. The national currency is that in which the majority of sales revenues and costs are processed. To a large extent, companies operate independently in their local markets.

During the reporting period, the financial statements of certain companies valued using the equity method were not prepared in the reporting currency, EUR. To the extent that these companies were included in the Consolidated Financial Statements at equity, the prorated equity was translated to the reporting currency in accordance with the functional currency method. Translation of the prorated share of the result is carried out using annual average rates.

Currency translation differences are recognised in equity with no impact on earnings (TEUR 10,654 of which TEUR 1,095 in minority interests). These include currency translation differences from monetary items under IAS 21.32 or IAS 21.45, amounting to TEUR 1,403 (of which TEUR 351 going to minority interests).

C. Accounting and Valuation Principles

The Consolidated Financial Statements were prepared on the assumption of a going concern. Assets and liabilities are broken down by maturity (more than/less than one year). Deferred taxes are reported as non-current.

The Income Statement was prepared on a voluntary basis in line with the recommendations of the EPRA (European Public Real Estate Association), last amended May 2008.

The reporting currency is the EUR. If figures have been rounded to the nearest thousand, this has been stated.

These Consolidated Financial Statements have been basically prepared in accordance with the historical cost convention. This does not apply to, inter alia, derivative financial instruments or securities, which are measured at fair value. Investment property is initially measured at cost including incidental expenses. In subsequent valuations, investment property is measured at fair value (IAS 40).

Intangible Assets

Intangible assets include goodwill in the amount of TEUR 381.

An impairment test is carried out at least once a year in accordance with IAS 36, under which the impairment of the value must be proven ("impairment only approach"). This scheduled impairment test is always carried out during the third quarter on the basis of the half-year figures. If indications of impairment exist, new tests are to be performed regardless of the mandatory annual impairment test.

Tangible Assets

Tangible assets are shown at cost, less scheduled straight-line depreciation.

Impairment of Non-financial Assets

Assets within the meaning of IAS 36.1 are to be tested for impairment in the event that factors or changed circumstances indicate that an asset's carrying amount may not be recoverable. As soon as an asset's carrying amount exceeds the amount recoverable, impairment is recognised in the Income Statement. The recoverable amount is either the net selling price or the asset's value in use, whichever is higher. The net selling price is the amount recoverable from the sale of an asset under current market conditions less the cost of sale. Value in use is the expected present value of estimated future cash flows arising from the continuing use of an asset and its disposal at the end of useful life. The recoverable amount is calculated for each asset individually or, in the event that this is not possible, for the cash-generating unit to which the asset belongs.

A write-up of previously impaired assets is mandatory if the reason for the impairment is no longer evident. The only exceptions to this rule are impairments to goodwill, for which a write-up is specifically prohibited.

Financial Assets

When acquired, financial assets and liabilities are classified in accordance with the categories of IAS 39. The Company mainly holds financial instruments of the category loans and receivables, derivatives of financial investments held for trading and financial liabilities at amortised cost.

Shares and loans to companies valued using the equity method, trade receivables and other receivables (excluding receivables from income taxes and turnover tax) and financial receivables are allocated to the category "Loans and receivables" and are recorded at the time of initial evaluation at fair value. Thereafter, these are measured at amortised cost using the effective interest rate method. Default risks are taken into account through value adjustments if they are not covered by insurance. Non-interest-bearing or low-interest receivables are carried at present value.

Shares in affiliated and associated companies, which for reasons of materiality are not fully consolidated or are not consolidated using the equity method, are recognised as financial assets available-for-sale and are basically measured at fair value in accordance with IAS 39.

Derivative financial instruments are classified in their entirety as "Held for trade" and carried at fair value at the time of purchase as well as at the balance sheet date. Recognition occurs on the trading day. 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 cost. Changes to fair value between the time of purchase and the balance sheet date were – to the extent that they do not meet the criteria for reporting as a hedge transaction – recognised in full directly on the Income Statement. Fair values were determined on the basis of recognised valuation methods with option pricing models. The confirmations issued by the contracting parties as of the reporting date are consulted for purposes of comparison.

Inasmuch as the conditions of IAS 39 are not present, hedge accounting is currently not employed.

No use has been made of the option to designate assets or liabilities as being recognised in the Income Statement at fair value at the time added.

The Company removes a financial asset from its accounts when it has expired due to payment or when payments may no longer be expected for the asset.

Impairment of Financial Assets

The Group tests financial assets or groups of financial assets for impairment as of every balance sheet date.

If there is objective evidence that an impairment on loans and receivables carried at amortised cost has occurred, the amount of the loss results from the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding expected future

loan defaults that have not yet occurred) discounted by the financial asset's original effective interest rate (i.e. the effective interest rate determined upon initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The impairment is recognised in the Income Statement.

It is first determined whether an objective indication of individual impairment exists for financial assets which are significant in and of themselves, and of individual or collective impairment for financial assets that are not significant in and of themselves. If the Group determines that no objective indication of impairment exists for an individually tested financial asset, whether significant or not, it assigns the asset to a group of financial assets with similar credit risk characteristics and collectively tests them for impairment. Assets that are tested individually for impairment and for which an impairment loss is recognised are not included in the collective impairment assessment.

If the amount of a value adjustment decreases in a subsequent reporting period and the decrease can be related objectively to a circumstance arising after the impairment was recognised, the previously recognised value adjustment is reversed. The amount of the reversal is limited to the amortised cost at the date of the reversal. The reversal is recognised on the Income Statement. For trade receivables, if there are objective indications (such as likelihood of insolvency or significant financial difficulties of the debtor) that not all amounts due under the original payment terms will be collected, impairment is carried out using an allowance account. The amount of impairment is de-recognised when a receivable is classified as uncollectible. The relevant company is viewed as the cash-generating unit.

Shares in Companies Valued using the Equity Method

Shares in those companies over which MAGNAT is able to exercise significant influence but over which no control is held are recognised using the equity method in accordance with IAS 28. Similarly, shares in joint ventures are

recognised using the equity method in accordance with IAS 31. Shares in companies valued using the equity method are initially recognised at cost. Goodwill is the difference between cost and prorated equity. Subsequently, the carrying amount of the shares will increase or decrease in accordance with the shareholder's proportion of profit of the company valued using the equity method for the period under review (including foreign currency translation). Application of the equity method ends when the significant influence ceases or when the company is no longer classified as a joint venture.

After application of the equity method, the Group makes a determination as to whether it is necessary to recognise an additional impairment for the Group's shares in those companies valued using the equity method. As of each balance sheet date, the Group assesses the extent to which there are objective indications that a share of a company valued using the equity method is impaired. If this is the case, the positive difference between the carrying amount and the recoverable amount (the higher of either value in use and fair value less cost of disposal) is recorded as an impairment loss on the Income Statement.

Investment Property

The Company recognised investment property at fair value in the Group for the first time in fiscal year 2007/2008. During the reporting period, investment property within the Group was held only by Squadra Immobilien GmbH & Co. KGaA, Frankfurt am Main, a company valued using the equity method, and by companies of subgroup GAIA Real Estate Holding S.A., Luxembourg valued using the equity method. The fair values used were determined by independent experts outside the Company. In calculating the fair values, assumptions were made with respect to changes in rents, vacancy rates, revenue reductions, maintenance costs, and discount rates. Due to their long-term orientation, these predicted valuations are subject to uncertainty, which can result in either positive or negative changes of value in the future.

Portfolio Properties

Portfolio properties are recognised in accordance with IAS 2. Portfolio properties are recognised at either cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price obtainable in the ordinary course of business less estimated costs up to completion and estimated selling costs. Besides directly attributable individual costs, cost also includes overhead costs attributable to production. In accordance with IAS 23, borrowing costs are included in cost of production. Net realisable value is recalculated in each subsequent period. When the circumstances that previously led to an impairment of the property's value to a level below its cost no longer exist, or when, due to altered economic circumstances, there is a substantial indication of an increase in net realisable value, the amount of the impairment is reversed insofar as necessary to make the new carrying amount equal to the lower of cost or adjusted net realisable value (i.e. the reversal is limited to the amount of the original impairment). This is the case, for example, when properties, which due to a decline in their selling price are reported at net realisable value, are still in the portfolio in a subsequent period and their selling price has increased again.

Taxation

Current tax assets and liabilities for prior periods are measured as the amount expected to be recovered from or paid to the tax authorities. They are calculated on the basis of the tax rates and tax laws applicable on the balance sheet date.

Deferred Taxes

Accumulation of deferred taxes is performed using the liability method for temporary differences existing as of the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences except for deferred tax liabilities from taxable temporary differences in con-

nection with holdings in subsidiaries, associated companies and joint ventures if the timing for reversing the temporary differences can be controlled, and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, tax loss carry-forwards not yet used and unused tax credits to the extent that there is a likelihood that taxable income will be available against which the deductible temporary differences and the unused tax loss carry-forwards and unused tax credits can be offset, except:

_deferred tax assets related to deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the profit for the period under commercial law nor the taxable income, and

_deferred tax assets from taxable temporary differences connected with holdings in subsidiaries, associated companies and joint ventures, where it is probable that the temporary differences will not be reversed in the foreseeable future, and that sufficient taxable income will not be available against which the temporary differences can be applied.

The carrying amount of deferred tax assets is reviewed as of each balance sheet date and reduced insofar as it is no longer probable that sufficient taxable income will be available against which at least part of the deferred tax asset can be offset. Unrecognised deferred tax assets are reviewed as of each balance sheet date and recognised insofar as it has become probable that future taxable income will allow the deferred tax asset to be realised on.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realised on or the liability is satisfied.

They are calculated on the basis of the tax rates (and tax laws) applicable as of the balance sheet date. Subsidiaries' deferred tax assets and liabilities are measured using the tax rates of their respective countries.

Deferred tax relating to items recognised directly in equity is recognised in equity and not on the Income Statement. Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to offset current tax assets against current tax liabilities, and these assets and liabilities relate to income taxes levied by the same tax authority against the same taxable entity.

Turnover Tax

Sales revenues, expenses and assets are recognised net of turnover tax, with the following exceptions:

_ when the turnover tax incurred on a purchase of assets or services is not recoverable from the tax authorities, the turnover tax is recognised as part of the asset's cost or as part of the expense item

_ receivables and liabilities are recognised with turnover tax included

The amount of turnover tax recovered from or paid to the tax authority is included under receivables or liabilities in the Consolidated Balance Sheet.

Cash and Cash Equivalents

Cash and cash equivalents include cash and demand deposits and are recognised at their face amount. Cash in foreign currencies is translated at the rate prevailing on the reporting date.

Trade Liabilities and Other Liabilities

After their initial recognition, liabilities are measured at amortised cost. Gains and losses are recognised in profit or loss for the period when the liabilities are de-recognised.

Financial Liabilities

Financial liabilities are initially recognised at their fair value taking into account all directly incurred and attributable transaction costs and any discounts associated therewith. In subsequent periods, transaction costs and any discounts are carried using the effective interest rate method. Recognition of financial liabilities is subsequently made at amortised cost. A financial liability is de-recognised when it is repaid or ultimately expires.

Provisions

During the fiscal year, corresponding liabilities were recorded for future liabilities to third parties for which an outflow of funds is probable. Liabilities are created in the amount of the present value of the expected outflow of funds for those obligations for which no pecuniary charge is expected as early as in the following year. The value recorded for the liabilities is reviewed at each balance sheet date.

Minority Interests

Other shareholders' shares of net assets were calculated and reported separately from the shareholders of the parent company's share in consolidated equity. Other shareholders' shares of net assets are made up of the amount of minority interests as of the prior year's balance sheet date and of the minority interests' share of the changes to equity during the fiscal year.

Leasing

a) Determination as to whether an Agreement Contains a Lease

The determination as to whether an agreement is or contains a lease takes place initially on the basis of the economic content of the agreement, based on an assessment of whether performance of the agreement depends upon the utilisation of a certain asset, and the agreement conveys a right to use that asset.

After commencement of the lease, a new assessment of whether an agreement contains a lease is to be made only when one of the following conditions is met:

- _there is a change to the terms of the lease, as long as the change does not relate only to a renewal or extension of the agreement
- _a renewal option is exercised or an extension is granted, unless the conditions of renewal or extension were already originally taken into account during the term of the lease agreement
- _there is a change in the determination of whether performance depends upon a specific asset
- _there is a significant change to the asset

b) Group as Lessor

Leases in which substantially all of the risks and rewards associated with ownership are not transferred by the Group to the lessee are classified as operating leases. Initial direct costs incurred in negotiating and entering into an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term corresponding to the lease income. Contingent rents are recognised as income in the period in which earned.

Rental agreements concluded by the Group in connection with residential properties reported under portfolio properties do not represent leases within the meaning of IAS 17 because the lease agreements usually do not cover a fixed term, but are concluded for an indefinite period. Lessees may terminate the agreement by the statutory notice periods. See also the Notes under E.7 and on revenue recognition.

c) Group as Lessee

Lease payments for operating leases are recognised on the Income Statement as a straight-line expense over the term of the lease.

Revenue Recognition

Sales revenues comprise proceeds from the sale of real estate companies, net rent and incidental rental expenses. Net rent and incidental rental expenses were reported on the Consolidated Income Statement as rental income. Sales revenues are recorded on an accruals basis in accordance with the provisions of the underlying contract and when it is probable that the economic benefits from the transaction will flow to the Company. However, if doubts as to the collectability of an amount already recognised as revenue arise, rather than an adjustment being made to the revenue, the doubtful or uncollectible amount is recorded as an expense.

Revenue is recognised from sales transactions when

- _substantially all the risks and rewards connected with ownership are transferred to the buyer
- _the Group retains neither rights of disposition nor effective control over the object of sale
- _the amount of revenue and the costs arising in connection with the sale can be measured reliably
- _it is sufficiently probable that an economic benefit will flow to the Group from the sale
- _expenses incurred or to be incurred in connection with the sale can be measured reliably

D. Notes to the Consolidated Income Statement

1. Rental income

Rental income for the Group is as follows:

	in EUR '000	
	1 April 2008 - 31 March	1 April 2007 - 31 March
Net rent	4,195	3,209
Proceeds from incidental rental expenses	2,380	1,248
	6,575	4,457

Rental income is largely attributable to the leasing of land with commercial and residential buildings.

2. Operating Expenses to Generate Rental Income

Operating expenses for the generation of rental income were TEUR 5,029 for the year under review (previous year: TEUR 2,416). The operating expenses of TEUR 2,380 (previous year: TEUR 1,248) are allocable and can be passed on to tenant. The operating expenses of TEUR 2,649 (previous year: TEUR 1,168) are non-allocable.

3. Earnings from the Sale of Real Estate Companies

In the period under review, the Group sold 100% of the shares in two subsidiary companies for a total purchase price of TEUR 8,541. In addition, shares of two companies previously valued at cost were sold for a purchase price of TEUR 29. Purchase price receivables from the sale of the subsidiaries as of 31 March 2009 are reported under Trade receivables and other assets.

The cost of disposition of the subsidiaries resulted mainly from the outflow of the net assets of the companies in the amount of TEUR 3,780 while the carrying amount of

the companies previously valued at cost is TEUR 50.

4. Earnings from Companies valued using the Equity Method

Earnings from companies valued using the equity method of TEUR 2,738 (previous year: TEUR 10,600) include the earnings from GAIA Real Estate Holding S.A., Luxemburg of TEUR 3,421 (previous year: TEUR 7,776). The income resulted mainly from the valuation of investment property at fair value according to IAS 40. Income of TEUR 4,776 from the partial sale of OXELTON Enterprises Limited, Cyprus, is included in Earnings from companies valued using the equity method. The proportion of profit or loss assumed by MAGNAT in the companies valued using the equity method is shown under E.1.3.

Prorated losses of TEUR 13 and TEUR 176 were not recorded for R-QUADRAT Polska Alpha Sp. Z.o.o. respectively and Irao Magnat 28/2, both companies recognised at equity.

5. Other Operating Income

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
FX results	172	0
Other sales revenues	122	23
Out of period income	65	0
Income from the reversal of provisions	38	2
Insurance compensation	5	17
Other	36	34
	438	76

6. General Administrative Costs

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Management fees	931	2,247
Legal and consulting fees	1,847	1,442
Management fee, MAGNAT Management GmbH	582	505
Advertising and travel expenses	266	133
Supervisory Board compensation	84	96
	3,710	4,423

7. Other Operating Expenses

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Depreciation on portfolio properties	844	0
Non-deductible input tax	695	331
Cost of financing and levies	376	211
Depreciation on goodwill	279	231
Sales fees	108	0
Annual general meeting and share management costs	104	86
FX losses	104	0
Value adjustment on trade receivables	67	103
Other	456	225
	3,033	1,187

8. Financial Result

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Financial income	2,310	2,281
Financial expenses	-11,482	-1,317
	-9,172	964

Financial income stems mainly from loans granted to companies valued using the equity method. The financial income includes TEUR 653 from foreign currency derivatives.

In connection with the Ukrainian investment, value adjustments of TEUR 6,280 were made on financial assets. Financial expenses include the loss from the valuation

of foreign currency derivatives amounting to TEUR 1,491. In addition, the financial expenses include the interest expenditures paid to credit institutions and shareholders owing to the Group's extensive investment activities. Reference is made to item I.1.

9. Income Taxes

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Current income tax expense	-8	90
Deferred income tax expense	57	9
	49	99

Current tax expenses include corporation tax and trade income tax for the domestic companies.

As of the balance sheet date, there are unused tax loss carry-forwards amounting to TEUR 10,385 (previous year: TEUR 7,061) at companies included in the Consolidated Financial Statements. The tax loss carry-forwards result from loss carry-forwards from subgroup Magnat Investment I B.V. (TEUR 4,337) and those from MAGNAT (TEUR 6,048). Deferred tax assets are only recognised based on these loss carry-forwards if it is probable that there will be sufficient profit against which they may be offset in the foreseeable future. Deferred tax assets are only recognised on loss carry-forwards in the amount of any eventual deferred tax liabilities on temporary differences.

Deferred taxes amounting to TEUR 78 (previous year: TEUR 31) were credited directly to equity.

10. Tax Reconciliation

The tax reconciliation between the theoretical and actual (including deferred) tax expense is shown on the basis of a consolidated tax rate of 31.93% (previous year: 29.7%). The consolidated tax rate of 31.93% includes 15% corporation tax, 5.5% solidarity surcharge and 16.1% trade tax.

The income exempt from taxes (tax effects TEUR 4,131) resulted from investment income exempt from taxes of TEUR 13,101. This investment income is recorded on the Income Statement in Earnings from the sale of real estate companies and Profit from companies valued using the equity method. Loss carry-forwards for which no deferred taxes were applied of TEUR 12,340 exist. The tax effects of non-deductible operating expenses in the amount of TEUR 6,767 amounts to TEUR 2,161 and is mainly the result of the loss from companies valued using the equity method.

Distributions of Magnat Real Estate Opportunities GmbH & Co. KGaA to shareholders have no effect on either the corporation tax or the trade tax of the Company. However, the Company basically owes German gains tax plus solidarity surcharge (withholding tax), which must be withheld by the Company from the distribution and paid to the competent German tax office.

Income tax and corporation tax are generally applied to distributions to shareholders if the distributions are not subject to taxation due to the tax status or other circumstances. Withholding tax deducted and paid by the Company is, depending on the tax status of the shareholder, basically chargeable or refundable against her/his/its income tax or corporation tax debt.

	in EUR '000	
	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Earnings before taxes	-6,452	8,088
Expected tax expense	-2,060	2,402
Tax effects from neutralisation of cost of capital procurement	0	-650
Tax effects from non-deductible expenses	2,161	126
Tax effects from foreign currency translations not affecting income	0	-417
Tax effects from income exempt from taxes	-4,131	-3,038
Tax effects from unused tax loss carry-forwards for which no deferred tax assets were recognised	3,940	1,690
Other	139	-14
Effective taxes on income (original + deferred taxes)	49	99
Consolidated tax rate (in %)		1,2

11. Earnings after Taxes Attributable to Minority Interests

The impact of minority interests on earnings after tax amounting to TEUR -301 (previous year: TEUR -665) is attributable mostly to other shareholders' shares of MAGNAT Investment I B.V., Netherlands.

12. Earnings per Share

Basic 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. Corresponding to the division of the share capital amounting to EUR 52,900,000 into 52,900,000 shares (after capital increases in 2007/2008), the General Partner's capital is represented by 50,000 shares.

	1 April 2008 - 31 March 2009	1 April 2007 - 31 March 2008
Share in profit or loss attributable to shareholders of the parent (EUR '000) during the period under review	-6,200	8,654
Weighted average of theoretical number of shares outstanding	52,900,000	51,915,500
Basic earnings per share (EUR)	-0.12	0.17
Diluted earnings per share (EUR)	-0.12	0.17

The basic earnings are equal to the diluted earnings because no dilution is present.

E. Notes to the Consolidated Balance Sheet

1. Non-current Assets

1.1. Intangible Assets

Intangible assets include goodwill of the subsidiaries of MAGNAT Investment I B.V. determined in connection with the capital consolidation. Additions in the current fiscal year are mainly related to the recognition of incidental acquisition costs.

	in EUR '000	
	2008/2009	2007/2008
Cost values as of 01/04 of the fiscal year	334	0
Additions	700	334
Disposals	143	0
Cost values as of 31/03 of the fiscal year	891	334
Accumulated depreciation	510	231
Carrying amounts as of 31/03 of the fiscal year	381	103

	in EUR '000	
	31 March 2009	31 March 2008
Accumulated depreciation	510	231
Of which impairment	510	231

1.2 Tangible Assets

Tangible assets include operating and office equipment. For depreciation, useful life of 5-15 years has been applied. The amounts of depreciation are shown on the Income Statement under Other operating expenses.

	in EUR '000 2008/2009
Cost values as of 31 March 2008	7
Accumulated depreciation as of 31 March 2008	0
Carrying amounts as of 31 March 2008	7
Currency translation	0
Additions	37
Disposals	0
Depreciations	5
Carrying amounts as of 31 March 2009	39
Cost values as of 31 March 2009	44
Accumulated depreciation as of 31 March 2009	5
Carrying amounts as of 31 March 2009	39

1.3 Investments in Companies Valued Using the Equity Method

Shares in companies valued using the equity method of TEUR 51,748 (previous year: TEUR 48,803) include the shares in associated companies of TEUR 10,037 (previous year: TEUR 10,595) and in joint ventures of TEUR 41,711 (previous year: TEUR 38,208).

1.3.1 Investments in Associated Companies

Company	Book value as of 31 March 2009 (in EUR '000)	Book value as of 31 March 2008 (in EUR '000)
Squadra Immobilien GmbH & Co. KGaA	4,188	4,339
Russian Land AG	2,431	2,494
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH	3,418	3,762
Total	10,037	10,595

The proportion of profit or loss assumed by MAGNAT according to the annual or interim financial statements of the associated companies follows:

Company	Profit (loss) as of 31 March 2009 (in EUR '000)	Profit (loss) as of 31 March 2008 (in EUR '000)
Squadra Immobilien GmbH & Co. KGaA	-151	339
Russian Land AG	-124	-32
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH	-440	-263
Total	-715	44

A summary of the complete assets, liabilities, income and profit and loss for the period of the associated companies is shown in the following table.

Summarised financial information on associated companies:

	in EUR '000	
	31 March 2009	31 March 2008
Aggregate assets	52,114	46,039
Aggregate liabilities	11,402	3,171
Aggregate income	1,434	612
Aggregate profit/loss for the period	-3,010	1,418

The following associated companies and subgroups have a balance sheet date differing from the consolidated balance sheet date: JJW Palais Schwarzenberg Betriebsgesellschaft mbH, Russian Land AG. MAGNAT exercises significant influence over the associated companies jointly with other equity holders and, hence, the fiscal year of MAGNAT Real Estate Opportunities KGaA cannot serve as a basis. In connection with the preparation of the Consolidated Financial Statements, interim financial statements are prepared for the companies.

1.3.2 Investments in Joint Ventures

Company	Book value as of 31 March 2009 (in EUR '000)	Book value as of 31 March 2008 (in EUR '000)
R-QUADRAT Polska Alpha Sp. Z.o.o.	0	0
Irao Magnat 28/2 LLC	0	0
MAGNAT Investment II B.V.	2,386	5,489
GAIA Real Estate Holding S.A.	20,018	17,824
OXELTON ENTERPRISES Limited	19,307	14,895
Total	41,711	38,208

The proportion of profit or loss assumed by MAGNAT according to the annual or interim financial statements of the joint ventures follows:

Company	Profit (loss) as of 31 March 2009 (in EUR '000)	Profit (loss) as of 31 March 2008 (in EUR '000)
R-QUADRAT Polska Alpha Sp. Z.o.o.	-365	-9
Irao Magnat 28/2 LLC	-55	0
MAGNAT Investment II B.V.	-4,056	2,861
GAIA Real Estate Holding S.A.	3,864	9,385
OXELTON ENTERPRISES Limited	-285	-72
Total	-897	12,165

Summarised financial information on joint ventures in accordance with IAS 31.56 (subgroups' proportional interests):

	in EUR '000	
	31 March 2009	31 March 2008
Aggregate non-current assets	43,885	37,403
Aggregate current assets	31,243	68,995
Aggregate non-current liabilities	38,511	3,108
Aggregate current liabilities	40,787	77,081
Aggregate income	22,943	31,669
Aggregate expenses	23,899	19,610

The following joint ventures and subgroups have a balance sheet date differing from the consolidated balance sheet date: R-QUADRAT Polska Alpha Sp. Z.o.o., Irao Magnat 28/2 LLC, GAIA Real Estate Holding S.A., and OXELTON ENTERPRISES Limited. In connection with the preparation of the Consolidated Financial Statements, interim financial statements are prepared for the companies.

1.4 Loans to Companies Valued Using the Equity Method

Loans to companies valued using the equity method amounting to TEUR 13,773 (previous year: TEUR 4,583) are mainly related to a loan to Hekuba SA, Luxembourg, (TEUR 7,240), a loan to R-QUADRAT Polska Alpha Sp z oo., Poland, of TEUR 3,584 (previous year: TEUR 2,946) and a loan to OXELTON ENTERPRISES Limited, Cyprus, of TEUR 2,137 (previous year: TEUR 1,000). The loan to R-QUADRAT Polska Alpha Sp. z o.o. was granted for development of the "Katy Wroclawskie" project and bears an interest rate of 11% p.a. The loan has a term of 4 years. The agreement is subject to termination by either party within 3 months. In the past fiscal year, the loan was adjusted proportionately in the amount of TEUR 970 (previous year: TEUR 0). The repayment date of the loan to OXELTON ENTERPRISES Limited is contingent upon the occurrence of certain future conditions and bears an interest rate of 10% p.a. The loan is to be repaid no later than 31 December 2011. The loan to Hekuba S.A. bears an interest rate of 6% p. a. and is to be repaid no later than 5 September 2018.

1.5 Advance Payments for Financial Assets

As of the reporting date there are no advance payments for financial assets outstanding. Advance payments for financial assets in the previous year relate to advance payments for financing the Sadko project.

1.6 Derivative Financial Instruments

No non-current financial instruments are shown for the reporting date. The financial instruments reported in the previous year amounting to TEUR 1,261 relate to MAGNAT's long position (foreign currency options). Refer to item I.1 in this regard.

2. Current Assets

2.1 Portfolio Properties

Reported portfolio properties amounting to TEUR 60,102 (previous year: TEUR 61,764) relate to undeveloped and developed plots scheduled for resale. Furthermore, advance payments amounting to TEUR 13 (previous year: TEUR 6,685) were made for other land and buildings. During the period under review, impairment for an amount of TEUR 844 (previous year: TEUR 0) was carried out. Reversal of an impairment loss did not take place during the period under review.

Portfolio properties are recognised at either cost or fair value (net realisable value), whichever is lower.

The following portfolio properties were pledged as collateral for liabilities:

<i>Company</i>	<i>Carrying amount as at 31 March 2009 (in EUR '000)</i>	<i>Carrying amount as at 31 March 2009 (in EUR '000)</i>	<i>Property</i>
Erste MAGNAT Immobiliengesellschaft mbH	6,258	6,266	Worms Employment Office Parchim Employment Office Schwerin Employment Office Telekom Halle
Zweite MAGNAT Immobiliengesellschaft mbH	24,848	24,857	Eberswalde
Dritte MAGNAT Immobiliengesellschaft mbH	3,059	3,059	Rostock
Vierte MAGNAT Immobiliengesellschaft mbH	7,450	7,899	Saalfeld
Fünfte MAGNAT Immobiliengesellschaft mbH	5,618	5,429	Delitzsch
	47,233	47,510	

2.2 Trade Receivables and Other Receivables

	<i>in EUR '000</i>	
	<i>31 March 2009</i>	<i>31 March 2008</i>
Purchase price receivables	9,241	700
Trade receivables	570	2,366
Income tax receivables	586	371
Administrative accounts	497	144
Other	216	950
	11,109	4,531

All receivables have short-term maturity. Value adjustments amounting to TEUR 170 (previous year: TEUR 103) were accounted for, their development is shown in the following table. Other than those, there are no significant overdue payments. Expenditures from the transfer of the value adjustments are on the Income Statement under item, Other operating expenses.

	in EUR '000	
	2008/2009	2007/2008
Value adjustments	103	0
Value adjustments	67	103
Reversal of value adjustments	0	0
	170	103

2.3 Financial Receivables and Other Financial Assets

Financial receivables and other financial assets mainly include short-term financial receivables against R Quadrat Capital Beta GmbH in the amount of TEUR 2,920 (previous year: TEUR 5,679). There are no items that are significantly past due and, as was the case last year, no value adjustments were recognised.

2.4 Derivative Financial Instruments

Reported financial instruments amounting to TEUR 465 (previous year: TEUR 0) relate to MAGNAT's long positions (foreign currency options). Refer to item I.1 in this regard.

2.5 Cash and Cash Equivalents

Cash and cash equivalents of TEUR 7,625 (previous year: TEUR 4,827) relate to cash in hand and balances with credit institutions.

3. Equity

MAGNAT's share capital is currently EUR 52,900,000.00. This amount is divided into 52,850,000 individual bearer shares with a theoretical par value of EUR 1 and 50,000 individual registered shares with a theoretical value of EUR 1 each. All shares have been fully paid in.

Transfer of the registered shares requires the consent of the shareholders during the Company's Annual General Meeting. Majority approval by 75% of the Company's share capital is required. In the event of a capital increase, the participation in profits of new shares may be defined in a manner deviating from Section 60, Paragraph 2 of the German Stock Corporation Act (AktG).

The share of the capital of the partner liable to unlimited extent amounts to TEUR 50.

Limited shareholders are not entitled to the issuance of individual share certificates for limited partners' shares. The Company can group together individual shares of one class into share certificates representing a majority of shares. Limited partners' shares are represented in several global certificates.

	31 March 2009	31 March 2008
Number of bearer shares issued	52,850,000	52,850,000
Number of registered shares issued	50,000	50,000
	52,900,000	52,900,000
Of which paid in full	52,900,000	52,900,000

The partner liable to unlimited extent is, with the consent of the Supervisory Board, authorised to increase the Company's share capital until 30 June 2012 through the issuance of up to 26,450,000 new ordinary shares in the form of bearer shares against cash or non-cash contributions in partial amounts and on one or more occasions to up to EUR 26,450,000 (2007 Authorised Capital). In principle, limited partner shareholders shall have subscription rights, with exclusion of subscription rights being possible in the particular cases defined in the resolution of the Annual General Meeting of 30 August 2007.

Furthermore, until 30 June 2012, the partner liable to unlimited extent is, with the consent of the Supervisory Board, authorised to issue convertible bonds and/or bonds with warrants attached ("debt securities") in bearer and/or registered form for a total par value of up to EUR 100,000,000 and with or without a limitation on the duration, and to grant the holders and/or creditors of debt securities warrant or conversion rights for new bearer shares of the Company with a prorated amount of share capital of up to EUR 26,450,000 in accordance with the terms relating to warrants and/or convertible bonds described in more detail in the resolution of the Annual General Meeting of 30 August 2007.

In this context, the Company's share capital will be conditionally increased by up to EUR 26,450,000 through the issuance of up to 26,450,000 new bearer shares. The conditional capital increase facilitates the granting of subscription or conversion rights to the holders of warrant and/or convertible bonds issued by the Company or by subordinate companies within the Group pursuant to the above authorisation. The conditional capital increase will only be implemented if the holders or creditors of warrants or conversion rights make use of such rights or the holders under an obligation to convert fulfil such duty and no cash settlement is allowed or no treasury shares or shares created out of authorised capital are employed.

No use was made of these powers in fiscal year 2008/2009.

The amount raised in excess of the par value for the capital increases during previous fiscal years was, in each

case, transferred to the capital reserve. The cost involved in capital procurement was deducted directly from the capital reserve. Profit carried forward and the current period income is shown in the retained earnings. Other reserves essentially include the currency translation reserve.

4. Non-current Liabilities

4.1 Deferred Tax Assets and Tax Liabilities

Deferred tax assets and tax liabilities are composed of temporary differences in the following balance sheet items:

	in EUR '000	
	31 March 2009	31 March 2008
Companies valued using the equity method	189	144
Loss carry-forwards	349	407
Deferred tax assets	538	551
Companies valued using the equity method	111	114
Derivative financial instruments	0	258
Portfolio properties	453	199
Other	5	2
Deferred tax expenses	569	573

TEUR 349 of this amount meets the requirements of IAS 12.74. After netting out deferred tax assets and deferred tax liabilities, the following deferred tax assets and tax liabilities remain:

	in EUR '000	
	31 March 2009	31 March 2008
Companies valued using the equity method	189	30
Deferred tax assets	189	30
Companies valued using the equity method	111	0
Portfolio properties	104	50
Other	5	2
Deferred tax expenses	220	52

4.2 Long-term Financial Liabilities

Long-term financial liabilities solely contain amounts owed to credit institutions with a remaining time to maturity of more than one year of TEUR 35,239, liabilities from a mezzanine loan amounting to TEUR 6,818 with a nominal of TEUR 6,500 and liabilities to partners from loans amounting to TEUR 3,726 (nominal TEUR 3,500). The nominal interest rate is virtually identical to the effective interest rate since only minimal transaction costs were incurred.

<i>Non-current share of loans</i>	<i>Nominal interest rate</i>	<i>Maturity</i>	<i>31 March 2009 (in EUR '000)</i>	<i>31 March 2008 (in EUR '000)</i>
Mezzanine loan	12.00%	30 October 2010	6,818	0
Loan R-Quadrat Capital Gamma GmbH for MAGNAT ReOpKGaA	11.00%	30 June 2010	3,726	0
DKB roll-over credit for 1st MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20%	30 December 2010	3,634	3,782
DKB variable-rate loan for 2nd MAGNAT Immobilienges.mbH	6M-EURIBOR + 1.00%	30 March 2013	19,952	0
DKB roll-over credit for 3rd MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.10%	30 March 2013	2,008	0
DKB roll-over credit for 4th MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20%	30 December 2010	5,676	5,843
DKB roll-over credit for 5th MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20%	30 December 2010	3,969	4,135
			45,783	13,760

5. Current Liabilities

5.1 Provisions

	in EUR '000	
	31 March 2009	31 March 2008
Purchase price adjustment	1.630	0
Financial statement expenses and auditing fees	300	469
Supervisory Board compensation	15	96
Outstanding invoices	131	48
	2,076	613

5.2 Trade Liabilities and Other Liabilities

	in EUR '000	
	31 March 2009	31 March 2008
Liabilities from purchase price overpayment	1,328	0
Liabilities to related parties	538	2,906
Trade liabilities	711	470
Liabilities from deferrals	120	61
Liabilities to administrators	35	230
Income tax liabilities	48	61
Turnover tax liabilities	7	9
Other	359	45
	3,146	3,782

Liabilities to related parties consist of liabilities to R-QUADRAT Immobilien Beratungs GmbH.

Trade liabilities of TEUR 711 (previous year: TEUR 470) are entirely made up of liabilities to third parties and have short-term maturity. They stem primarily from the implementation of investment projects.

Liabilities to administrators consist mainly of remuneration for the administration of leased properties. The liabilities are short-term in nature.

Current income tax liabilities amounting to TEUR 48 (previous year: TEUR 61) relate to trade tax of TEUR 15 (previous year: TEUR 30) and corporation tax of TEUR 33 (previous year: TEUR 31).

5.3 Current Financial Liabilities

Current financial liabilities are composed of amounts owed to credit institutions amounting to TEUR 2,404 (previous year: TEUR 15,342), liabilities to partners and liabilities to companies in which an investment share exists or companies valued using the equity method amounting to TEUR 1,526 (previous year: TEUR 3,183). TEUR 2,404 of the total (TEUR 3,931) is made up of non-current loans.

Amounts owed to credit institutions include TEUR 143 in interest liabilities (previous year: TEUR 207).

Liabilities to companies in which an equity interest is held are current and relate to liabilities to minority interests and the General Partner.

The nominal interest rate is virtually identical to the effective interest rate, as only minimal transaction costs were incurred.

<i>Current proportion of loans</i>	<i>Nominal interest rate</i>	<i>Maturity</i>	<i>31 March 2009 (in EUR '000)</i>	<i>31 March 2008 (in EUR '000)</i>
Line of credit EUR 15,000,000 Hypo Vereinsbank for 2nd and 3rd MAGNAT Immobilienges.mbH	7.25 %	31 August 2008	0	14,770
Loan of R-Quadrat Capital Beta GmbH for MAGNAT Investment IBV	7.40 %	31 December 2008	0	2,944
Loan of R-Quadrat Capital Beta GmbH for 2nd MAGNAT Immobilienges.mbH	7.40 %	31 December 2008	0	239
Interest liabilities for current and non-current loans	n/a	n/a	143	207
Redemption DKB loan for 1st MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20 %	31 July 2009 and 31 January 2010	116	116
Redemption DKB loan for 2nd MAGNAT Immobilienges.mbH	6M-EURIBOR + 1.00 %	31 September 2009 and 30 March 2010	415	0
Redemption DKB loan for 3rd MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.10 %	5 June 2009 and 5 December 2009	41	0
Redemption DKB loan for 4th MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20 %	31 July 2009 and 31 January 2010	118	120
Redemption DKB loan for 5th MAGNAT Immobilienges.mbH	3M-EURIBOR + 1.20 %	31 July 2009 and 31 January 2010	127	124
Current account liability MAGNAT ReopKGaA	3.06 %	n/a	1,444	5
			2,404	18,525

5.4 Derivative Financial Instruments

Derivative financial instruments amounting to TEUR 594 carried as a current liability are made up of the short position of MAGNAT (foreign currency options).

6. Operating Leases – Group as Lessee

Subleases, mainly for German companies in the Group, exist with the managing General Partner, MAGNAT Management GmbH. These contracts had expired as of 30 September 2008.

7. Operating Leases – Group as Lessor

With its acquisition of real estate in the property management companies intended for sale, the Group has entered into commercial property leases. The property held includes office space not used by the Group itself. The remaining lease terms of these non-cancellable leases are between 1.5 and 7 years.

As of the reporting date, the following leases were in existence:

The "Parchim Employment Office" property has a non-cancellable remaining lease term until the end of May 2011. The tenant has two unilateral options to extend the fixed lease term by five years at a time. For the associated property annex, there is a non-cancellable remaining lease term until the end of November 2010. The tenant has one unilateral option to extend the fixed lease term by six years.

The "Worms Employment Office" property has a non-cancellable remaining lease term until the end of March 2011. The tenant has two unilateral options to extend the fixed lease term by five years at a time.

The "Telekom Halle Peissen" property has a non-cancellable remaining lease term until the end of September 2011. The tenant has three unilateral options to extend the fixed lease term by five years at a time. The tenancy was

terminated retroactively as of 31 March 2009 against payment of a penalty by the tenant following an agreement to terminate the lease concluded in April 2009. Also in April 2009, a new lease was concluded with a new tenant. In order to use the premises the new tenant requires a change in the authorisation of use and a building permit for tenant-specific alterations, which must be present before the rented area is handed over. The agreement has a term of 10 years after handover. The tenant has a right to cancel if the permits are not granted by 1 November 2009. The permits were yet to be granted as of the reporting date; therefore, payments expected from this contract are not included in the following table.

The "Delitzsch" property has a non-cancellable remaining lease term until the end of 2010 for one key tenant. The tenant has two unilateral options to extend the fixed lease term by two years at a time. Various non-cancellable remaining lease terms exist for the remaining tenants. A large proportion of the tenancy agreements run until 30 June 2013. The tenants' options to extend are structured in various manners.

As described above, the lease terms agreed to by the Group in connection with residential properties do not represent leases within the meaning of IAS 17.

The following receivables for future minimum lease payments from non-cancellable operating leases are in existence:

	in EUR '000	
	31 March 2009	31 March 2008
Up to 1 year	965	666
1 to 5 years	1,706	1,391
More than 5 years	151	0
	2,822	2,057

F. Notes to the Consolidated 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.

Cash flow contains interest of TEUR 178 (previous year: TEUR 1,723) and paid interest of TEUR 1,927 (previous year: TEUR 1,524).

Cash Outflow from Operating Activities

Cash flow from operating activities totalling TEUR -1,235 is characterised essentially by the purchase price receivables from sold real estate companies, which are included in item, Trade receivables. Trade receivables and other receivables show a change of TEUR -6,522, which includes financial receivables and other financial assets amounting to TEUR 2,941. The movements in trade liabilities and other liabilities and the movements in provisions resulted in a net effect of TEUR 994. Non-cash expenses and income amounted to TEUR 7,004. A breakdown of the significant items is shown separately in the section "Non-cash items".

Cash outflow from operating activities include disbursements amounting to TEUR 215 (previous year: TEUR 371) for income taxes. There were no income tax refunds during the fiscal year.

Cash Outflow from Investment Activities

Cash outflow in relation to the companies valued using the equity method and other holdings amounts to TEUR 21,546. Payments-in for companies valued using the equity method amounted to TEUR 16,667. There were no disbursements for the acquisition of subsidiaries during the period under review. Loans granted to companies valued using the equity method and other holdings resulted in disbursements of TEUR 9,088 and investments for fixed assets accounted for disbursements of TEUR 31.

Cash Inflow from Financing Activities

Cash inflow from financing activities of TEUR 18,082 is mainly due to the assumption of financial liabilities of TEUR 53,013 and the redemption of financial liabilities in the amount of TEUR 35,584.

Non-cash Items

Non-cash items result mainly from value adjustments (TEUR 8,094), the result of companies valued using the equity method (TEUR -2,737), currency translation (TEUR 927), interest receivables (TEUR -1,072) and the result of revaluation of financial derivatives pursuant to IAS 39 (TEUR 1,491).

Cash and Cash Equivalents

Cash and cash equivalents correspond with the amount shown on the Consolidated Balance Sheet of TEUR 7,625 (previous year: TEUR 4,827). This item includes cash on hand and current balances with credit institutions.

G. Notes to the Consolidated Statement of Changes in Equity

1. Notes to the Consolidated Statement of Changes in Equity for the Period 1 April 2008 to 31 March 2009

Capital Transactions with Equity Holders

There were no distributions made to shareholders during the year under review or in the following year through to the time at which the financial statements were prepared.

Additional Equity Changes not affecting the Income Statement

Additional changes to equity that had no effect on the Income Statement result from a negative foreign currency translation difference amounting to TEUR 4,034 of which TEUR 288 was attributable to minority interests, and, in the opposite direction, TEUR 305 from the assumption of other provisions of companies valued using the equity method.

Earnings during the Period under Review

The negative earnings for the period attributable to the shareholders of the parent amount to TEUR 6,200; the minority interests account for a share of losses amounting to TEUR 301.

2. Notes to the Consolidated Statement of Changes in Equity for the Period 1 April 2007 to 31 March 2008

Capital Transactions with Shareholders

The capital increases agreed upon in February 2007 amounting to EUR 4.6 million and EUR 16.1 million (approved capital 2007/I) were recorded in the Commercial Register on 18 April 2007, thereby becoming effective. Following the capital increases, the effects of which were felt during the year under review, share capital increased from EUR 32,200,000 to EUR 52,900,000. In connection with the capital increases, a premium amounting to EUR

24.8 million was achieved; this was deposited into capital reserves.

There were no distributions made to shareholders during the year under review or in the following year through to the time at which the financial statements were prepared.

Transaction Costs

Transaction costs in connection with the issuance of share capital amount to TEUR 2,188 and reduces capital reserves with no effect on the Income Statement.

Additional Equity Changes not affecting the Income Statement

Additional changes to equity that had no effect on the Income Statement result from a negative foreign currency translation difference amounting to TEUR 6,545 of which TEUR 806 is attributable to minority interests.

Earnings during the Period under Review

The earnings for the period attributable to the shareholders of the parent amounted to TEUR 8,654; the minority interests account for a share of losses amounting to TEUR 665.

H. Consolidated Segment Reporting

1. April 2008 – 31. March 2009	Business Segments (in EUR '000)			Group
	Portfolio	Development	Corporate Functions	
Sales revenues	0	15,116	29	15,145
Other income	0	143	295	438
Profit from companies valued using the equity method	3,421	4,776	0	8,197
Segment revenue	3,421	20,035	324	23,780
Net assets from sold real estate companies	0	-3,780	-50	-3,830
Other expenses	0	-8,903	-2,868	-11,771
Loss from companies valued using the equity method	-250	-5,209	0	-5,459
Segment expenses	-250	-17,892	-2,918	-21,060
Segment profit or loss	3,171	2,143	-2,594	2,720
Interest income				2,310
Interest expense				-11,482
Income tax				-49
Earnings during the period under review				-6,501
Significant non-cash expenses	0	9,733	1,491	
ADDITIONAL INFORMATION				
Segment assets	26,636	96,358	8,201	131,195
Of which, shares in companies valued using the equity method	26,636	25,111	0	51,748
Loans to companies valued using the equity method	7,240	6,533	0	13,773
Financial receivables and other financial assets	0	1,076	3,756	4,832
Tax assets	0	52	534	586
Total assets				150,386
Segment liabilities	0	1,012	4,976	5,988
Non-current financial liabilities	0	35,239	10,544	45,783
Current financial liabilities	0	1,712	2,219	3,931
Tax liabilities	0	48	0	48
Total liabilities				55,749

	Geographical segments (in EUR '000)		Group
	Germany	CEE/SEE/CIS ¹⁾	
Sales revenues	6,575	8,570	15,145
Other income	211	227	438
Profit from companies valued using the equity method	0	8,197	8,197
Segment revenue	6,786	16,994	23,780
ADDITIONAL INFORMATION			
Segment assets	57,587	73,608	131,195
Of which, shares in companies valued using the equity method	4,188	47,560	51,748
Loans to companies valued using the equity method	0	13,773	13,773
Financial receivables and other financial assets	4,640	192	4,832
Tax assets	451	135	586
Total assets	62,678	87,708	150,386
Total liabilities	44,917	10,832	55,749
Of which, non-current financial liabilities	38,965	6,818	45,783

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

1. April 2007 – 31. March 2008	Business Segments (in EUR '000)			Group
	Portfolio	Development	Corporate Functions	
Sales revenues	0	4,457	24	4,481
Other income	0	67	1	68
Profit from companies valued using the equity method	8,115	2,861	0	10,976
Segment revenue	8,115	7,385	25	15,525
Other expenses	0	-5,000	-3,025	-8,025
Loss from companies valued using the equity method	0	-376	0	-376
Segment expenses	0	-5,376	-3,025	-8,401
Segment profit or loss	8,115	2,009	-3,000	7,124
Interest income				2,281
Interest expense				-1,317
Income tax				-99
Earnings during the period under review				7,989
Significant non-cash expenses	0	0	0	
ADDITIONAL INFORMATION				
Segment assets	22,164	94,495	12,681	129,340
Of which, shares in companies valued using the equity method	22,164	26,639	0	48,803
Loans to companies valued using the equity method	0	4,583	0	4,583
Financial receivables and other financial assets	0	973	5,737	6,710
Tax assets	0	5	396	401
Total assets				141,035
Segment liabilities	0	1,282	3,198	4,480
Non-current financial liabilities	0	13,760	0	13,760
Current financial liabilities	0	15,576	2,949	18,525
Tax liabilities	0	61	0	61
Total liabilities				36,826

	Geographical segments (in EUR '000)		Group
	Germany	CEE/SEE/CIS ¹⁾	
Sales revenues	4,480	1	4,481
Other income	43	25	68
Profit from companies valued using the equity method	339	10,637	10,976
Segment revenue	4,862	10,663	15,525
ADDITIONAL INFORMATION			
Segment assets	60,723	68,617	129,340
Of which, shares in companies valued using the equity method	4,339	44,464	48,803
Loans to companies valued using the equity method	0	4,583	4,583
Financial receivables and other financial assets	6,559	151	6,710
Tax assets	401	0	401
Total assets	67,683	73,351	141,035
Total liabilities	33,924	2,902	36,826
Of which, non-current financial liabilities	13,760	0	13,760

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

Segmentation of financial statement data is carried out pursuant to IAS 14 according to the internal focus by strategic business area (primary segment) as well as the regional aspects (secondary segment). The Group is divided primarily into the two business segments: Portfolio and Development. The Portfolio segment contains information related to investment property held as non-current fixed assets. The Development segment includes business units: Revitalisation, Project Development and Land Banking. The "Corporate Functions" segment contains the holding companies, which, within the meaning of IAS 14, do not represent independent segments. This includes, inter alia, the activities of MAGNAT as Group holding company. However, this is presented separately in the interest of clarity.

Fiscal year revenues result predominantly from leasing and sale of real estate companies and were generated mainly by the Development segment.

There were no revenues from inter-segment transactions during the fiscal year.

Squadra Immobilien GmbH & Co. KGaA, Frankfurt am Main, the subgroup GAIA Real Estate Holding S.A. Luxembourg, and Russian Land AG, Vienna, which were included in the Consolidated Financial Statements using the equity method, are reported in the Portfolio business segment and primary segment. Since subgroup GAIA mainly contains investment properties, it is allocated in full to the Portfolio segment for reasons of simplicity.

During the reporting period, the remaining indirect Russian commitment (Russian Land AG) was moved from Segment Development to Segment Portfolio.

The activities of the companies in the non-operational segment or the primary segment Corporate Functions are

limited to administration of the subsidiaries and other companies. Revenues from the previous year in this segment amounting to TEUR 24 were generated through the sale of financial assets to outside customers.

The amortised investment carrying amounts in companies valued using the equity method of TEUR 51,748 (previous year: TEUR 48,803) are distributed over the primary segments as follows: Portfolio, TEUR 26,637 (previous year: TEUR 22,164) and Development, TEUR 25,111 (previous year: TEUR 26,639).

The period earnings from companies valued using the equity method amounts to TEUR 2,738 (previous year: TEUR 10,600) and is made up of TEUR 3,171 (previous year: TEUR 8,115) in Segment Portfolio and TEUR -433 (previous year: TEUR 2,485) in Segment Development.

The amortised investment carrying amounts for companies valued using the equity method of TEUR 51,748 (previous year: TEUR 48,803) are distributed over the secondary segments as follows: Germany TEUR 4,188 (previous year: TEUR 4,339) and Region CEE/SEE/CIS TEUR 47,560 (previous year: TEUR 44,464).

I. Other Notes

1. Financial Instruments

MAGNAT, the parent company, concluded two additional foreign currency options (EUR/USD Plain Vanilla OTC currency options) with a bank during the period under review in addition to the two that already exist, which were still open as of 31 March 2009. In addition, a foreign currency option transaction was concluded for a holding company, this was closed as of 31 March 2009. These transactions have the basic character of a hedging instrument, but do not meet the requirements to qualify for recognition as a hedge transaction under IAS 39. Therefore, the currency options are classified as being held for trade and are measured at fair value as of the balance sheet date. The book value is made up of the premium payment made at

the time of purchase amounting to TEUR 400 or TEUR 284 and the change in fair value between the purchase date and the balance sheet date. The negative change during the reporting period amounting to TEUR 1,080 (previous year: TEUR 861) was carried as an expense in the Consolidated Income Statement under the financial result.

Derivative financial instruments amounting to TEUR 594 (previous year: TEUR 93) carried as a liability stem from MAGNAT's position as option writer, valued on the balance sheet date. At the time of purchase, the premium income for the two currency options, then amounting to TEUR 100 and TEUR 89, were recognised at cost as a liability. The change in fair value of TEUR 411 between the date of purchase or previous balance sheet date and the balance sheet date was also recognised as a liability on the Consolidated Income Statement in financial results.

The term of all options was less than one year as of 31 March 2009; therefore, the foreign currency options were shown either under item, Current assets, or under item, Current liabilities.

Interest rate risks in connection with cash flows relate to funds placed in demand deposit accounts and to fixed and variable interest rates on borrowed capital. Interest rate risks are not expected to have any significant negative effects over the long-term, as the liquid funds are only available until the investments are made in the material amount reported as of the balance sheet date and, in accordance with plans, will then be tied up in projects. For the amount deposited as of the balance sheet date amounting to TEUR 7,625 (previous year: TEUR 4,827), a 0.5% p.a. reduction in interest rates would lead to a reduction in annual interest income of TEUR 38 (previous year: TEUR 24), which equates to TEUR 3.

The maximum credit risk from all financial assets corresponds to the carrying amounts of the loans in the other financial investments, advance payments for financial assets, trade receivables and other receivables, financial receivables and other financial assets, thus a total of TEUR 29,713.

The credit risk is met by maintaining close contact with the debtors and thereby identifying unfavourable trends at an early stage.

Financial Risk Management

Group financial assets consist mainly of shares and loans to companies valued using the equity method, trade receivables, financial receivables, other receivables and cash at bank. A considerable portion of trade receivables consists of rents. Potential defaults in connection herewith are taken into account.

The significant financial liabilities utilised by the Group, with the exception of financial derivatives, comprise bank loans and current account facilities, trade liabilities, advance payments received and loans granted. The main purpose of these financial liabilities is the financing of the Group's business activities.

In addition, the Group also has financial derivatives available. This primarily includes currency hedges. The purpose of these financial derivatives is to hedge against the currency risks arising from the Group's business activities, predominantly in countries aligned with the US dollar.

The Group is exposed to various financial risks through its business activities: foreign currency risk, interest rate risk, credit risk and liquidity risk. Overarching risk management focuses on the ongoing identification and active management of risks typical for the business. Within certain boundaries, risks are accepted, being counterbalanced by corresponding opportunities for returns. The goal is to cap peak risks so as to ensure that they do not threaten the continued existence of the Company.

The Management of the General Partner identifies, evaluates and safeguards against financial risks in close cooperation with the asset manager and in coordination with the Group's Supervisory Board.

Foreign Currency Risk

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).

The remaining exchange rate risk, limited in the textbook case to the equity invested and the potential profit, is only partially hedged. In principle, preference is given to hedging individual project-related risks on an aggregate basis, and here, in turn, hedging is considered only when certain ranges of fluctuation are exceeded, only for particular currencies and only for the equity invested (but not for the potential profit). This approach is based on a cost/benefit analysis, but also on the knowledge that currency risk as a whole cannot be entirely isolated, rather that many additional interdependencies outside of pure exchange rate fluctuations play a role. In summary, the management of currency risks is geared toward taking on such risks within a certain range of fluctuation.

Hedging is merely sought to cap peak risk at the aggregate level and with certain currencies in order to counteract developments that could threaten the existence of the Company. The currency hedging strategy is determined in close coordination with the Supervisory Board.

To hedge USD exposure a EUR call/USD put option over USD 25 million at a strike price of 1.47 existed as of the balance sheet date, 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 caters for the Company's investments, but not the expected gains from the various projects; a partial close-out of both options over USD 8 million took place in October 2008.

The following table shows a breakdown of assets and liabilities by currency.

<i>in EUR '000</i>	<i>EUR</i>	<i>USD</i>	<i>Other</i>	<i>Total</i>
Shares in companies valued using the equity method	51,748	0	0	51,748
Loans to companies valued using the equity method	12,962	811	0	13,773
Trade receivables and other receivables	11,047	0	62	11,109
Financial receivables and other financial assets	4,832	0	0	4,832
Derivative financial instruments	0	465	0	465
Cash and cash equivalents	7,231	0	394	7,625
Other financial assets	49,768	0	11,067	60,835
	137,588	1,276	11,523	150,386
Non-current financial liabilities	45,783	0	0	45,783
Current financial liabilities	3,765	0	166	3,931
Derivative financial instruments	0	594	0	594
Other liabilities	5,195	0	247	5,442
	54,743	594	413	55,749

Interest Rate Risk

The MAGNAT Group uses outside capital to finance real estate projects, in part with floating interest rates. This exposes the MAGNAT Group to the risk of changing interest rates, as rises in interest rates increase financing costs.

Hedging of interest rate risk will take place only in particular cases. Management considers the assumption of this risk justifiable in view of cost/benefit considerations, particularly given the background that investments and the financing pertaining to them are not long-term. An evaluation of this policy is made at regular intervals - at least every six months and in close coordination with the Supervisory Board.

Credit Risk

There are no significant concentrations of credit risk within the group.

Liquidity Risk

Careful liquidity management includes holding sufficient reserves of liquid funds. By means of short and medium-term liquidity planning, the Group constantly monitors the risk of funding shortages. This planning considers the times to maturity of financial investments and the financial cash flow from business activities. Incoming liquid funds from sales of real estate serve to further secure liquidity. Entering into long-term real estate loans, securing lines of credit and equity measures serve as additional instruments to secure liquidity.

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.

Further particulars on risk management and financial risks are disclosed in the Risk Report of the Management Report.

Capital Management

The overriding objective of the Group's capital management is to secure future debt repayment capability and preserve the Group's financial assets.

The Group monitors its capital through the equity ratio. MAGNAT intends to utilise available equity as a means for improved leverage, but will continue to maintain an equity base higher than the industry average. As of 31 March 2009, the equity ratio stood at 62.9% (previous year: 73.9%).

Additional Information regarding Financial Instruments as of 31 March 2009 (in '000)

	Valuation in accordance with IAS 39					Value	
	Valuation category	Carrying amount	Fair value (recorded on I.S.)	Fair value (not recorded on I.S.)	Amortised cost	at equity	Fair value
Shares in companies valued using the equity method	L&R	51,748				51,748	
Other financial assets	AfS	113		113			113
Loans to companies valued using the equity method	L&R	13,773			13,773		13,773
Trade receivables and other receivables	L&R	10,433			10,433		10,433
Trade receivables and other receivables	n.a.	676					
		11,109					
Financial receivables	L&R	4,832			4,832		4,832
Derivative financial instruments	AtFVtPL	465	465				465
Cash and cash equivalents	L&R	7,625			7,625		7,625
Non-current financial liabilities	o.L., n.a.	45,783			45,783		45,783
Trade liabilities	o.L., n.a.	3,091			3,091		3,091
Trade liabilities	n.a.	55					
		3,146					
Current financial liabilities	o.L., n.a.	3,931			3,931		3,931
Derivative financial instruments	AtFVtPL	594	594				594
Value by valuation category	L&R				36,663		
	AfS			113			
	AtFVtPL		465				
	AtFVtPL		-594				
	o.L.				-52,805		

Additional Information regarding Financial Instruments as of 31 March 2008 (in '000)

	Valuation in accordance with IAS 39					Value	
	Valuation category	Carrying amount	Fair value (recorded on I.S.)	Fair value (not recorded on I.S.)	Amortised cost	at equity	Fair value
Shares in companies valued using the equity method	L&R	48,803				48,803	
Loans to companies valued using the equity method	L&R	4,583			4,583		4,583
Advance payments on financial assets	L&R	1,731			1,731		1,731
Derivative financial instruments	AtFVtPL	1,261	1,261				1,261
Services and other receivables	L&R	4,160			4,160		4,160
Trade receivables and other receivables	n.a.	371					
		4,531					
Financial receivables	L&R	6,710			6,710		6,710
Cash and cash equivalents	L&R	4,827			4,827		4,827
Derivative financial instruments	AtFVtPL, n.a.	93	93				93
Non-current financial liabilities	o.L., n.a.	13,760			13,760		13,760
Trade liabilities	o.L., n.a.	3,713			3,713		3,713
Trade liabilities	n.a.	70					
		3,783					
Current financial liabilities	o.L., n.a.	18,525			18,525		18,525
Value by valuation category	L&R				22,011		
	AtFVtPL		1,261				
	AtFVtPL		-93				
	o.L.				-35,998		

Abbreviations:

AtFVtPL: At fair value through P&L

AFS: Available-for-sale

n.a.: Not applicable

o.L.: Other liabilities

Net Profit/Loss from 1 April 2008 to 31 March 2009 (in '000)

	<i>From interest or from derivates</i>	From Revaluation			<i>Reversal</i>	<i>Net profit/ loss</i>
		<i>At fair value</i>	<i>Currency difference</i>	<i>Value adjustment</i>		
Loans and Receivables	2,310		172	-1,037		1,445
Derivate	653	-1,491				-838
Other Liabilities	-2,739					-2,739
Total	224	-1,491	172	-1,037	0	-2,132

Net Profit/Loss from 1 April 2007 to 31 March 2008 (in '000)

	<i>From interest</i>	From Revaluation			<i>Reversal</i>	<i>Net profit/ loss</i>
		<i>At fair value</i>	<i>Currency difference</i>	<i>Value adjustment</i>		
Loans and Receivables	1,414			-103		1,311
Derivate		867				867
Other Liabilities	-1,317		42			-1,275
Total	97	867	42	-103	0	903

Payment flows EUR '000	2009/2010 in '000	2010/2011 in '000	2011/2012 in '000	2012/2013 in '000
Loans				
DKB - Magnat 1				
Interest	109	108		
Redemption	116	3,634		
DKB - Magnat 2				
Interest	602	814	797	780
Redemption	416	416	416	19,121
DKB - Magnat 3				
Interest	56	76	76	74
Redemption	41	41	41	1,926
DKB - Magnat 4				
Interest	169	169		
Redemption	118	5,676		
DKB - Magnat 5				
Interest	119	118		
Redemption	127	3,969		
Mezzanin Loan				
Interest		1,641		
Redemption		6,500		
Loan R-Quadrat Capital Gamma				
Interest		753		
Redemption		3,500		
Current account	1,505			
Sub total	3,378	27,415	1,330	21,901
Derivatives	594			
Liabilities to holding companies	1,343			
Liabilities to partners	157			
Trade liabilities and other liabilities	3,146			
Total	8,618	27,415	1,330	21,901

2. Other Financial Obligations

The management function of the parent is exercised by its General Partner. Pursuant to the Articles of Association of the parent, it receives a reimbursement of expenses in this regard, which is limited, however, based on the Company's balance sheet equity as per the IFRS Consolidated Financial Statements for the respective fiscal year. This reimbursement of expenses amounts to a maximum of 0.5% of equity reported on the balance sheet. In addition, the General Partner receives a liability compensation amounting to 5% of its own share capital, which under current circumstances amounts to TEUR 5 p.a. All amounts are exclusive of any statutory turnover tax that might apply.

The founding limited shareholder, R-QUADRAT Immobilien Beratungs GmbH, Vienna, as owner of the registered shares subject to transfer restrictions, is obligated under the parent company's Articles of Association to render special advisory services to the parent in connection with the acquisition, implementation and sale of projects. The fee is calculated as a percentage of the volume of investments acquired, developed or sold, as the case may be. The parent company, for its part, charges the amounts billed to it by R-QUADRAT Immobilien Beratungs GmbH to the relevant project company according to the costs-by-cause principle; however, this may also take place directly for reasons of simplicity.

3. Contingent Claims and Contingent Liabilities

Contingent liabilities amounting to TEUR 2,082 originated primarily in the form of letters of comfort. In addition, a variable purchase price increase was agreed to as part of the purchase of a property, depending upon the future occupancy rate.

4. 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 partner liable to unlimited extent (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 direct and indirect 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 premises of the General Partner, especially personnel and material expenses, plus 3% on this total amount plus any statutory turnover tax that may be applicable, but limited to a maximum of 0.5% of the Company's equity reported on the balance sheet as per the consolidated balance sheet for the fiscal year under review (on the basis of the International Financial Reporting Standards).
2. For the assumption of general liability: compensation of 5% of the General Partner's share capital plus any applicable statutory turnover tax. This compensation is payable annually after the close of the fiscal year.

In the past fiscal year, MAGNAT Management GmbH rendered services to the parent amounting to TEUR 582 plus any statutory turnover tax that may be applicable. TEUR 157 of this amount has yet to be settled as of the balance sheet date.

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 cost involved in direct or indirect real estate investments of the Company pursuant to the International Financial Reporting Standards. 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 cost as per the Consolidated Balance Sheet prepared in accordance with the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of 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 cost calculated pursuant to the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of the Company.

This compensation is in addition to any statutory turnover tax that may be applicable 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. In the past fiscal year, services amounting to TEUR 2,170 (previous year: TEUR 2,139) were rendered for this compensation.

2. A one-off 1.0% of the acquisition costs, including incidental acquisition costs pursuant to the International Financial Reporting Standards 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 the International Financial Reporting Standards, in each case

multiplied by the proportion of ownership interest of 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 the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of 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, drafting 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 turnover tax that may be applicable and is payable after the legally binding conclusion of the acquisition process. During the period under review, services were rendered in connection with the acquisition of real estate investments in the amount of TEUR 184 (previous year: TEUR 2,019).

3. A one-off 2.5% of the production costs, including incidental production costs pursuant to the International Financial Reporting Standards in the case of indirect or direct real estate investments. The assessment base in the case of 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 as per the Consolidated Balance Sheet pursuant to the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of the Company. The assessment base in the case

of 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 the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of the Company, as a lump sum compensation for the increased expense in connection with support and coordination of all activities relating to the development of real estate in which the Company holds investments directly or indirectly as well as the review and preparation of development opportunities in advance.

This compensation is in addition to any statutory turnover tax that may be applicable 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 invoice will be raised following completion. During the period under review, services were rendered in connection with the development of real estate investments in the amount of TEUR 955 (previous year: TEUR 360).

4. A one-off 2.5% of sales proceeds pursuant to the International Financial Reporting Standards 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 Consolidated Balance Sheet pursuant to the International Financial Reporting Standards, in each case multiplied by the proportion of ownership interest of 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 the International Financial Reporting Standards, in each case multiplied

by the proportion of ownership interest of 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, drafting 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 turnover tax that may be applicable and is payable after the legally binding conclusion of the sales transaction. During the past fiscal year, services were rendered in connection with the sale of real estate investments in the amount of TEUR 770 (previous year: TEUR 171).

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 the case of indirect real estate investments - in turn charged by the Company to the relevant project company according to the costs-by-cause principle. After prior consultation with the General Partner, services and billing may, in individual cases, 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 period income of the fiscal year (based on the Consolidated Financial Statements according to the 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 the International Financial Reporting Standards) 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 turnover tax that may be applicable 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:

	1 April 2008 to 31 March 2009 (in EUR '000)	1 April 2009 to 31 March 2008 (in EUR '000)
Parent	901	2,432
Subsidiaries	2,148	1,709
Companies valued using the equity method	1,029	549
	4,078	4,690

Liabilities for services provided by R-QUADRAT Immobilien Beratungs GmbH to companies in the Group as of the balance sheet date amount to TEUR 538 (previous year: TEUR 2,906).

As in the previous year, a consulting relationship existed between MAGNAT and the company of Supervisory Board member Dr Carsten Strohdeicher during the fiscal year. The consulting agreement includes consulting and brokering of financing with outside capital for real estate projects in Germany. The fees provided for therein are significantly lower than normal market rates. 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. TEUR 114 was paid for the consulting services provided during the fiscal year (previous year: TEUR 70) plus turnover tax.

In addition, consulting services, approved by the Supervisory Board, to the value of TEUR 53, were provided to MAGNAT by the law firm of Supervisory Board member Dr Christoph Jeannée during the fiscal year. The consulting services involved contractual consulting in connection with the "Peremogi" investment. Due to the use of Austrian law and the specific knowledge of the law firm, its involvement was favourable because this prevented a

long and costly period of adjustment for another law firm. The fee was charged at hourly rates, which in view of the transaction volume and complexity was very favourable compared to the fees charged by competitors.

c. Auditor

In the year under review, costs for the auditor incurred within the MAGNAT Group amounted to TEUR 246 including turnover tax (previous year: TEUR 351) for expenses related to the audit of the Annual Financial Statements.

d. 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 date, MAGNAT Real Estate Opportunities GmbH & Co. KGaA had receivables against minority interest R-QUADRAT Capital Beta GmbH, Vienna, amounting to TEUR 1,844 (previous year: TEUR 6,295) and liabilities of TEUR 0 (previous year: TEUR 209).

5. Post Balance Sheet Events

The 10:1 ordinary capital reduction, which was decided during the Extraordinary Meeting of Shareholders and came into effect through registration in the Commercial Register on 20 April 2009, was executed on 29/30 April 2009. MAGNAT shareholders received one new converted share with a proportionate amount of share capital of EUR 1.00 for 10 shares with a proportionate amount of share capital of EUR 1.00.

At the start of trading on 30 April 2009, the shares were listed with the new ISIN, the reduced share capital and the new share price.

Due to the fact that alignment of the eastern currencies with the USD has no longer existed since the middle of 2008 and thus the basic assumption of a USD hedge also no longer exists, a partial close-out of both options over

USD 8 million was executed in October 2008. After the balance sheet date, in May 2009, the remainder of the outstanding options in the amount of USD 17 million were closed out.

6. Management, Supervisory Board and Employees

a. Management

Pursuant to the Articles of Association, management of the parent is performed by the General Partner, MAG-NAT Management GmbH, Frankfurt am Main. The General Partner's executive officers are Mr Jürgen Georg Faè and Mr Jan Oliver Rüster.

Compensation is discussed in Sections D.6 and I.4.

b. Supervisory Board and Employees

The members of the Company's Supervisory Board, their names, activities performed and positions as well as positions held on other oversight bodies are presented below. Total remuneration of the Supervisory Board in accordance with the resolution of the Annual General Meeting amounted to TEUR 75 for fiscal year 2008/2009. In addition, the travel costs of Supervisory Board members in the amount of TEUR 9 were reimbursed.

The companies in the Group had one employee (office staff) as of 31 March 2009. Personnel costs during the fiscal year amounted to TEUR 28 (previous year: TEUR 7). They comprise the salary amounting to TEUR 23 (previous year: TEUR 6) and statutory social security contributions amounting to TEUR 5 (previous year: TEUR 1).

<i>Name</i>	<i>Function</i>	<i>Occupation</i>	<i>Period</i>
Prof. Dr. Werner Schaffer, Urbar	Chairman	Fiscal consultant	since 7 July 2006
Dr. Carsten Strohdeicher, Frankfurt am Main	Vice Chairman	Independent management consultant	since 7 July 2006
Dr. Christoph Jeannée, Vienna, Austria		Solicitor	since 31 July 2006

c. Notes to the German Corporate Governance Code

The statements regarding the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) are made available by the Company to shareholders once each calendar year. The Statement of Compliance with the Corporate Governance Code has been completed and is permanently available to shareholders on the website of MAGNAT under "Company".

7. Approval for Publication

These Consolidated Financial Statements were approved for publication on 30 July 2009 by MAGNAT Management GmbH, Management of the Company.

Frankfurt am Main, 30 June 2009
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster

Jürgen Georg Faè

(Executive officers of MAGNAT Management GmbH, Management of the Company)

Affiliated Companies, Associated Companies and Joint Ventures

Company	Type	Seat	Equity (in EUR '000)	Share of voting rights (in %)
MAGNAT Real Estate Opportunities GmbH & Co. KGaA	Parent company of the Group			
Germany				
Erste MAGNAT Immobiliengesellschaft mbH	Subsidiary	Frankfurt am Main	6,443	100.00
Zweite MAGNAT Immobiliengesellschaft mbH	Subsidiary	Frankfurt am Main	2,702	100.00
Dritte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Frankfurt am Main	185	100.00
Vierte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Frankfurt am Main	1,453	100.00
Fünfte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Frankfurt am Main	943	100.00
SQUADRA Immobilien GmbH & Co. KGaA	Associate	Frankfurt am Main	26,330	15.93
Other countries				
MAGNAT Investment I BV	Subsidiary	Netherlands. Hardinx- veld Giessendam	67,872	75.00
MAGNAT Investment II BV	Joint venture	Netherlands. Hardinx- veld Giessendam	5,627	50.00
MAGNAT Real Estate UA III BV	Subsidiary	Netherlands. Hardinx- veld Giessendam	3,638	100.00
MAGNAT Real Estate UA VI BV	Subsidiary	Netherlands. Hardinx- veld Giessendam	4,920	100.00
MAGNAT Real Estate UA VII BV	2)	Netherlands. Hardinx- veld Giessendam	15	100.00
MAGNAT Real Estate UA VIII BV	2)	Netherlands. Hardinx- veld Giessendam	15	100.00
MAGNAT Real Estate UA IX BV	2)	Netherlands. Hardinx- veld Giessendam	15	100.00
MAGNAT Real Estate UA X BV	2)	Netherlands. Hardinx- veld Giessendam	15	100.00
MAGNAT Real Estate UA XI BV	2)	Netherlands. Hardinx- veld Giessendam	15	100.00
MAGNAT Investment III BV	3)	Netherlands. Hardinx- veld Giessendam	11	50.00
MAGNAT Investment IV BV	2)	Netherlands. Hardinx- veld Giessendam	12	75.00
SC Teo Impexs.r.l.	Subsidiary	Romania. Bucharest	2,745	100.00
SC VICTORY Consulting International s.r.l.	Subsidiary	Romania. Bucharest	6,208	100.00
R Quadrat Bulgaria EOOD	Subsidiary	Bulgaria. Sofia	1,866	100.00
Irao MAGNAT Digomi LLC	Subsidiary	Georgia. Tbilisi	-334	75.00
Irao MAGNAT 28/2 LLC	Joint venture	Georgia. Tbilisi	-456	50.00
MAGNAT Tbilisi Office 1 LLC	2)	Georgia. Tbilisi	0	100.00
MAGNAT Tbilisi Residential 1 LLC	2)	Georgia. Tiflis	0	100.00
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH	Associate	Austria. Vienna	8,498	25.10
Russian Land AG	Associate	Austria. Vienna	5,885	40.34
R-Quadrat Ukraine VII Ltd.	2)	Ukraine. Kiev	6	100.00
R-Quadrat Ukraine VIII Ltd.	2)	Ukraine. Kiev	6	100.00
R-Quadrat Ukraine X Ltd.	2)	Ukraine. Kiev	6	100.00
R-Quadrat Ukraine XI Ltd.	2)	Ukraine. Kiev	6	100.00
OXELTON ENTERPRISES Limited	Joint venture 4)	Cyprus. Limassol	2,987	60.00
GAIA Real Estate Holding	Joint venture 4)	Luxembourg. Luxembourg	60,112	33.33
R-Quadrat Polska Alpha Sp.Z.o.o.	Joint venture	Poland. Warsaw	-9	50.00

1) The share in equity equals the share in control before any minorities;
the voting power equals the share in the capital.

2) Subsidiaries, non-consolidated company

3) Joint ventures, company not valued using the equity method

4) Based on the internal subgroup financial statements on which these Consolidated Financial Statements are based.

Responsibility Statement

As executive officers of MAGNAT Management GmbH (Managing General Partner of MAGNAT Real Estate Opportunities GmbH & Co. KGaA), we declare to the best of our knowledge that, under applicable accounting principles, these Consolidated Financial Statements present a true and fair image of the net assets, financial position and result of operations and that the Group Management Report portrays business developments, including operating results and the situation of the Group, in a true and fair manner and describes the significant risks and rewards of the Group's foreseeable development.

Frankfurt am Main, 30 June 2009

MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster

Jürgen Georg Faè

Auditor's Report

We have audited the Consolidated Financial Statements, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements as well as the Group Management Report drawn up by MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main, for the fiscal year from 1 April 2008 to 31 March 2009. Preparation of the Consolidated Financial Statements and Group Management Report in accordance with the IFRS, as adopted by the EU, and the supplementary provisions applicable under Section 315a, Paragraph 1 of the German Commercial Code (HGB) is the responsibility of the Management of the Company. Our task is to express an opinion on the Consolidated Financial Statements and the Group Management Report on the basis of our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with Section 317 of the HGB and the generally accepted German principles for the auditing of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – German Institute of Auditors). Those standards require that we plan and perform the audit in such a way that misstatements materially affecting the presentation of the net assets, financial position and result of operations in the Consolidated Financial Statements and the Group Management Report in accordance with German principles of proper accounting be detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system for accounting and the evidence supporting the disclosures in the Consolidated Financial Statements and Group Management Report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the Annual Financial Statements of the companies included in consolidation, the determination of the companies to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by Management as well as evaluating the overall presentation of the Consolidated Financial Statements and Group Management

Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any qualifications.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements are in accord with the IFRS, as adopted by the EU, as well as the supplemental provisions applicable under Section 315a, Paragraph 1 of the HGB and provide a true and fair image of the net assets, financial position and result of operations of the Group. Viewed as a whole, the Group Management Report is in accord with the Consolidated Financial Statements, provides a true and fair image of the Group's position and appropriately presents the rewards and risks of future development.

Frankfurt am Main, 16 July 2009

KPMG AG

Wirtschaftsprüfungsgesellschaft

Möller

Auditor

Hauk-Urban

Auditor

Financial Calendar 2009/2010

Publication of the 2008/2009 financial statements	31 July 2009
Q1 interim report for period ending 30 June 2009	11 August 2009
Regular Annual General Meeting, Frankfurt/Main	29 October 2009
Half-year report 2008/2009	30 November 2009
Q3 interim report for period ending 31 December 2009	11 February 2010
Publication of the 2008/2009 financial statements	31 July 2010

MAGNAT fiscal year: 1 April to 31 March respectively



**Magnat Real Estate Opportunities
GmbH & Co. KGaA**

Grüneburgweg 18
60322 Frankfurt / Main

Tel. +49 (0)69 - 719 189 79 0
Fax +49 (0)69 - 719 189 79 11

E-Mail investor-relations@magnat-reop.com