



Half-yearly Financial Report 2010/2011
Fiscal Year 1 April 2010 - 31 March 2011

KEY DATA

Financial Highlights (consolidated, IFRS)

In EUR 'ooo	01/04/2010 to 30/09/2010	01/04/2009 to 30/09/2009
Gains/losses relating to letting	1,641	1,086
Gains/losses relating to the sale of real estate companies	0	0
Gains/losses relating to the sale of real estate	1,356	0
Gains/losses relating to asset management	212	0
Gains/losses relating to companies valued at equity	-5,030	-1,312
Operating result (EBIT)	-2,753	-2,692
Income before taxes (EBT)	-731	-4,455
Group result after third party shares	-1,043	-4,220

In EUR 'ooo	30/09/2010	31/03/2010
Shareholders' equity	111,154	111,567
Total assets	176,799	176,702
Equity ratio	62.9%	63.1%

	01/04/2010 to 30/09/2010	01/04/2009 to 31/03/2010
Cash flow relating to operating activities	-3,898	-5,476
Cash flow relating to investing activities	204	5,866
Cash flow relating to financing activities	1,993	816
Cash and cash equivalents	7,122	8,822

Calculation of Net Asset Value (NAV, in millions)

	NAV	No. of shares	NAV per share (EUR)
NAV as per the financial statements	100.42	13.89	7.23
Effect of exercise of options, convertibles and other equity interests	-	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	100.42	13.89	7.23
Revaluations	0.00		0.00
Development properties held for investment	-		-
Revaluation of other non-current investments	-		-
Fair value of tenant leases held as finance leases	-		-
Fair value of trading properties	-		-
Fair value of financial instruments	0.00		0.00
Deferred tax	0.31		0.02
Goodwill as a result of deferred tax	-		-
Diluted EPRA NAV	100.73		7.25

Stock Exchange Key Data

	30/09/2010	31/03/2010
Number of shares	13,894,651	13,894,651
Price at the end of the reporting period in EUR	2.00	3.60
Market capitalisation in EUR million	27,789,302	50,020,744
P/E ratio	negative	negative
Intrinsic value (NAV) per share in EUR	7.25	7.63
Free float (shareholders < 3%) in per cent	39.53%	34.36%

Other Information

Name	MAGNAT Real Estate AG
ISIN	DE000AoxFSFo
WKN	AoxFSF
Code/Ticker	Code M5R (Bloomberg: M5R RK, Reuters: M5RGK.DE)
Market segment	General Standard (regulated market) Frankfurt Stock Exchange (Frankfurt and Xetra)
Open Market	Berlin, Düsseldorf and Stuttgart
Email	info@magnat-reop.com
Web site	www.magnat.ag

MAGNAT as compared to EPRA Germany Index (12 months)



Source: Reuters

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FOREWORD OF THE BOARD OF MANAGEMENT

Dear Shareholders, Ladies and Gentlemen

After a difficult 2009/2010, we have used the first six months of the current fiscal year for a number of important decisions.

With the change in corporate form to a joint stock corporation, we have strengthened the rights of shareholders and removed the basis for valuation haircuts caused by their limited participation rights. Moreover, we quickly succeeded in fully integrating the hitherto external asset manager, which is already making a positive contribution to earnings and cash flow. And finally, we have pressed ahead with our risk diversification strategy, which has enabled us to successfully overcome the tremors on the financial market and severe economic slump in our target markets.

In view of improving macroeconomic conditions, we have again begun to develop our portfolio of activities and projects. Under the single umbrella brand MAGNAT Real Estate, and with broadly diversified activities and real estate portfolios, we are now far more significant than we were three years ago.

Detailed information about our projects can be found in the management report. Overall, we have found in recent months that an upward trend is again visible, in particular, in those markets which are so important to our operations: Turkey, Germany and Austria. The economic recovery in these countries is broadly based and also supported by internal growth drivers. Therefore, we can expect both our rental income in Germany to develop steadily and continuing attractive prospects for our co-proprietor's building activities in Austria. Against this background, our operations in Turkey are also gaining in appeal. After the foreseeable successful completion of the ongoing large-scale project there, we intend to continue and broaden our efforts in this country in the future.

In contrast, the gradual recovery in Eastern Europe, while also encouraging, still needs to be welcomed with caution. In particular, a significant increase in confidence among foreign investors is required to stimulate the real estate markets there. This is still not to be expected in the short-term – but in perspective, we see much potential for sustained value creation.

Against this background, MAGNAT's result in the 2010/2011 fiscal year has been quite satisfactory thus far. The "healthy" zero in the second quarter shows that we are on the right track in terms of income, but also with regard to costs – even though we remain well aware of the risks. Viewed from a sound financial and liquidity position, the Board of Management remains focused on maintaining adequate liquidity in the short and medium-term. On this basis, in the medium-term we aim to use sustained rental and asset management revenues as a foundation for governing the Group with no movement in profit or loss, so that the influence proceeds relating to disposals has on the annual surplus is immediately positive.



Jürgen Georg Faè

Member of the Board of Management

INTERIM GROUP MANAGEMENT REPORT

for the period 1 April to 30 September 2010

Essentially, the MAGNAT Real Estate Group conducts its business activities – the sale, development, management and exploitation of real estate – in two segments:

In the Investments business segment we mainly collaborate with local partners. Together with these, we acquire real estate, develop it and in doing so enhance its value and then liquidate it. We originally focused predominantly on the countries of Central, Eastern and South-Eastern Europe as well as the Commonwealth of Independent States (CIS). Meanwhile, our business also focuses strongly on Turkey. In the Investments business segment we incur proportional costs relating to acquisition, development, and project management as well as refinancing; cash reflows result mainly from the final liquidation of real estate and also, to some degree, from ongoing leases.

In the Asset Management business segment we acquire, hold and maintain real estate and real estate projects for third parties or construct buildings for subsequent letting or exploitation for co-developers. We mainly operate this business autonomously with our own teams. In this respect, we incur costs for the acquisition, construction and management of real estate as well as for refinancing. Cash reflows result primarily from fees for the provision of asset management and from the exploitation of co-proprietor's building scheme.

1. General economic development

The world economy in general and also the capital markets have, since the beginning of 2010, left behind the doldrums of the financial and economic crisis of the recent past. Industrial production and the gross domestic product of most developed countries have recovered, and many emerging markets are continuing rapidly on their path to growth. In general, share indices from around the world have reacted to developments in the real economy with rising prices.

However, high volatility clearly demonstrates that market participants are taking into consideration the notable risks attached to future developments, for instance, developed countries have stretched their already high level of indebtedness further to combat the crisis in the financial market. The debate on individual countries possibly becoming insolvent has been and will continue to be followed by market participants just as closely as the exchange rate risks, the risks stemming from the low capital adequacy of certain banks, and the possible onset of more overheating, for example, in the case of commodities in markets

such as China. Inflation and deflation scenarios are also being discussed extensively.

Therefore, it is noted that it is very difficult to predict the strength and duration of this recovery reliably. Although the outlook for the European Union, for instance, indicates sustained growth, further development is still at considerable risk.

The European real estate market as a whole was marked by an increase in transactions during the reporting period. With a focus on large-scale transactions, transaction revenue of EUR 23.5 billion was reached during the first quarter of the current fiscal year according to the most recent figures currently available. Although this represents a 70 per cent increase as compared to the same quarter last year, it is still only one third of the quarterly figures for the 2007 calendar year. In the CEE region (Central and Eastern Europe), total investment in real estate rose by 32 per cent in the first quarter of the current fiscal year as compared to the previous quarter.

However, the heterogeneous real estate markets in which MAGNAT operates are each marked by regional and local characteristics. Therefore, local economic influences on the business of the Group are differentiated below and considered in relation to the respective projects.

2. Real estate markets and projects

Turkey

Turkey is well on the way to re-assuming the role of aspiring, fast-growing economic power that it enjoyed before the crisis. The constitutional referendum in September 2010 was seen by many as a sign of the consolidation of democratic structures and rejection of Islamist tendencies. At 75 per cent, capacity utilisation in Turkish industry has already returned to its pre-crisis level. Besides the relatively low national debt, the rapidly declining unemployment rate and strong domestic demand are again supporting the upswing, in which GDP growth by more than 7 per cent for 2010 and around 4 per cent for 2011 is predicted.

We are making use of the very attractive market conditions currently seen in Turkey by systematically developing our YKB portfolio further. We originally invested EUR 12.4 million in equity in this project, which at 31 March 2010 equates to 15.9 per cent of our total invested capital. The second largest

MAGNAT project originally included a total of about 400 individual titles on office and residential real estate. In a consortium with project partners Adama Holding Public Ltd. (consortium leader) and Immo Finanz AG – MAGNAT holds 33.3 per cent – it has been possible to liquidate most of the original portfolio. A number of titles on particularly interesting properties were left over; these should be sold in the coming months. Eight of these properties were still recorded on the balance sheet at 30 September 2010. These are all projects with very interesting development opportunities and we expect further positive effects from their liquidation.

The successful liquidation activities have led to the project company being in possession of a high level of liquid assets. Therefore, towards the end of the reporting period a resolution to distribute much of the liquidity to the shareholders was passed at the shareholders' meeting. Since the book value of the company was already reduced at the reporting date because of that, but the distribution was still to be completed, this transaction is posted on the consolidated balance sheet of MAGNAT as a downward movement in shares in companies valued at equity on the one hand and an increase in financial receivables on the other.

In the first half of the current fiscal year, the Turkish tax authorities imposed an additional demand of approximately EUR 27 million on the Turkish project company. This tax demand was immediately repudiated. Our local experts expect to be able to demonstrate that the claims are not justified. Rather, all taxes due have been paid in full and Turkish law has been complied with at all times. After the close of the reporting period, the Turkish project company received an independent legal opinion, which confirmed its own legal interpretation in full.

With successful liquidation of the YKB portfolio and the number of large-scale transactions in the Turkish real estate market associated with that, the project company has built a vast, resilient network and a very good reputation. We are presently being offered other interesting projects, which we are scrutinising carefully. We intend to continue and broaden our efforts in Turkey.

Ukraine

Ukraine, with her 45 million inhabitants, is generally a very interesting market, which, insofar as the country manages to improve the overall condition for foreign investment and her own economy, has great potential. Economic growth of nearly 5 per cent is expected for Ukraine in the 2010 calendar year; that follows a drop of 15 per cent last year. However, this growth is from a low starting point and largely supported by

foreign trade. Still, the uncertain political, legal and social framework is not conducive to stable business activities and makes the country less attractive for foreign investors. Failure of the planned agreement with the International Monetary Fund also fosters doubt as to the country's stability.

However, the signing of two treaties appears to have alleviated the tension with Russia and there are indications on the domestic market that the banking sector and private demand have begun to stabilise. Therefore, growth in GDP of three to five per cent is also predicted for the following years. As far as such an upturn proves viable and leads to an increase in demand for real estate, MAGNAT projects could also benefit from the positive trend. About 35 per cent of MAGNAT's invested capital is allocated to projects in Ukraine, including our largest single project: Peremogi.

MAGNAT's involvement in the Peremogi project is worth EUR 17.7 million at cost with a 45 per cent stake in a Ukrainian project company, which owns the right to develop an office and retail complex on a property eight kilometres west of the centre of the capital, Kiev. Peremogi is a development project for office use.

In the year of the crisis, 2009, MAGNAT and the co-investor jointly optimised the project planning extensively. We are currently continuing this work and are now in the detailed planning stage. At the same time, we are closely monitoring the development of demand and preparing for marketing opportunities – but will make further investment dependent on the overall conditions. The joint development and marketing of the – with the new planning – clearly enhanced project has been successfully renegotiated with the co-investor in the quarter under review. The contractually fixed partial redemption of a mezzanine loan was completed as planned at the end of September 2010.

In Chmelnitzky, MAGNAT financed completion of phase 1 of the 'Podillja' wholesale centre and acquired entitlements and rights to a total of 600 of the already completed business units. There are currently 4,500 individual shops on an area of about 24 hectares. However, the legal uncertainties described most recently in the annual report for the 2009/2010 fiscal year, which concern this development project for retail use, have yet to be dispelled.

The three remaining Ukrainian projects are allocated to the Land Banking business segment. Koncha Zaspa and Alexander were acquired in 2007. With regard to these projects, the project company connected with the originally chosen transaction structure was sold in the 2008/2009 fiscal year due to corpo-

rate restructuring. The resulting outstanding purchase price receivables were mortgaged in the land registers. A corresponding agreement provides for transfer of the properties to group companies of MAGNAT against the purchase price. The projects have been transferred and are now fully included in our Land Banking portfolio. Due to the persisting weak demand for real estate in the Ukraine, we are still refraining from developing the projects.

With regard to the Vitaly project, a planned housing development, MAGNAT owns 25 per cent of the project company. Although some units are already sold, it was agreed with the other shareholders that this project should be liquidated without further development. There were no new developments during the reporting period or thereafter in this regard.

Germany

Although the growth momentum of Germany's national economy appears to be weakening in the current quarter, the 2010 calendar year will see GDP growing by more than 3 per cent as compared to the previous year. Average growth of 1.5 to 2 per cent is estimated for subsequent years. Unlike before, it appears that the upswing is based increasingly on stable consumer demand, rather than just exports. For an assessment of future developments, limiting factors, such as demographic trends, shortages of skilled manpower and the high national debt, must also be taken in account. While demand in the real estate market has strengthened, for residential real estate in particular, commercial real estate continues to be marked by excess capacity. It has been possible to achieve higher rents in premium locations again; however, outlying areas do not appear to have bottomed out.

MAGNAT manages total usable area of some 95,500 m² in Germany. Of this, its residential portfolio, 85,100 m², corresponds to 1,510 units. For the most part, the residential portfolio, a value-added portfolio with properties in Eberswalde, Saalfeld and Rostock, of which MAGNAT owns 75 per cent, has developed positively during the period under review. The vacancy rate has reduced further and currently more than 90 per cent of the units are let; gross return on rent amounts to 11.5 per cent.

Specifically, we have some 17,000 m² of area available for letting in Saalfeld. During the course of the year, we have incurred higher maintenance costs than originally budgeted for. The extent to which further investment will be necessary or what other options might be available is currently being reviewed. The property in Eberswalde comprises nearly 60,000 m² of area available for letting and Rostock about 8,000 m². From our perspective, both are developed. Due to the reduction

in vacancies and higher returns on rent, they have already experienced a positive appreciation in value and could be liquidated. To this end, we are currently formulating an appropriate marketing strategy together with brokers.

The Commercial portfolio, in which MAGNAT holds a 75 per cent stake, has area available for letting of approximately 10,600 m². This value-added project for office use includes the Delitzsch Medical Centre and three properties at the locations Halle-Peißen, Parchim and Worms. The average gross return on rent from this portfolio remains unchanged at 8.3 per cent. The Halle-Peißen property is still vacant. A new tenancy agreement, which is subject to an amendment to the authorisation of use, was signed in the second quarter of the 2010/2011 fiscal year.

MAGNAT also holds a stake of 16.1 per cent in SQUADRA Immobilien GmbH & Co. KGaA (EUR 4 million). This holding, which consists of both office and residential properties, belongs to our Real Estate Inventory portfolio. These properties are currently developing differently from an operational perspective.

The Residential portfolio in Lüdenscheid has more than 9,000 m² of area available for letting and was acquired at a favourable price in April 2008. With occupancy rates of around 95 per cent, the portfolio was more or less fully let throughout the reporting period. Therefore, it is well developed from the perspective of MAGNAT. It seems that liquidation will be possible in the foreseeable future.

Redevelopment of the Schrödterhaus in Leipzig, which was acquired by SQUADRA at the end of 2008, is now complete. The opening ceremony was held after the reporting period closed at the end of November 2010. The office and commercial building, which is approximately 8,000 m² and consists of a historical building and a new building from the 1990s, is in great demand. In terms of target rent, more than 50 per cent is currently let, meaning the marketing activities are performing better than expected.

The Blue Towers in Frankfurt am Main was acquired by SQUADRA at the beginning of 2008. It has area available for letting of approximately 20,600 m² and 436 parking spaces. Located in the Niederrad district, which was particularly hard hit by the unfavourable developments on the rental market, promising negotiations with prospective tenants could not be brought to a successful conclusion due to the crisis in the 2009/2010 fiscal year. As yet, there are still no signed tenancy agreements. With new, flexible approaches, including new site configurations, SQUADRA is working on promoting the letting of Blue Towers, without making further investments directly in the property.

The main priority in the highly cyclical commercial real estate market, with its typically high vacancy rates, is still a substantial limitation in the interest of rapid and profitable development of the company. In this situation, the MAGNAT Group sets itself the task firstly of reducing the existing vacancy rate long-term through active asset management or promptly allocating different marketing activities to the existing vacant areas; secondly, SQUADRA must be supported in its ongoing liquidation activities; and thirdly the return on investment must be optimised through active investment controlling.

Austria

Austria, too, experienced a recession during the economic crisis of the past few years. However, the decline in economic performance in the case of construction and private consumption was less than in other Member States of the EU. In fact, in 2009 Austria was one of the few countries to succeed in recording a rise in consumer spending. The return to renewed economic growth has now set in; however, according to current forecasts, GDP growth will not exceed 1.5 per cent in 2010 and 2011. The real estate market was very stable during the reporting period. The demand for residential and commercial real estate continues to be on a good level.

In the Investments segment, we are represented in Austria by Project Schwarzenberg. This concerns a stake of 18.8 per cent in an Austrian project company, which owns the right to develop on the 'Hotel Schwarzenberg' property. The associated investment amounted to EUR 3.1 million. We are continuing to develop the project. There were no significant changes during the reporting period or thereafter. MAGNAT possesses a contractually secured hedging mechanism for its stake, which guarantees exit with a corresponding return in the 2011/2012 fiscal year.

MAGNAT Asset Management GmbH, Vienna, has initiated and managed numerous co-proprietor's building schemes over the years and builds on the decades of experience of its executives and their excellent network in the real estate industry.

A co-proprietor's building scheme involves several investors joining together to form a consortium and acquire shares in a property with the aim of renovating an existing building or constructing a new one. The properties are then divided into parcels and let long-term or liquidated.

During the reporting period, MAGNAT Asset Management acquired another property in an attractive location in Vienna for a co-proprietor's building scheme. After successful placement of

the 'Schuhmannngasse' co-proprietor's building scheme (18th District) and the launch of the 'Kastnergasse' co-proprietor's building scheme (17th District), the 'Rennweg' project (3rd District) is the third such scheme to be implemented. We are currently making preparations to place the new project.

Romania

In 2010, with a predicted drop in GDP of slightly less than 2 per cent Romania will suffer another year of recession. Consumer spending and investments have fallen further, not least because with rising inflation of currently more than 7 per cent the government has implemented a tough austerity programme to address the fiscal deficit. It remains to be seen when this will start to bottom out, upon which demand for real estate could gather steam again.

MAGNAT has two projects underway in Romania, both of which are currently classified as land banking. MAGNAT owns a 75 per cent share in both companies. The Vacaresti property is located in an attractive residential area in the southern part of the city centre of Bucharest. The largest shopping mall in Bucharest was opened nearby during the reporting period. The original plan envisages the construction of about 450 apartments with a total area of almost 30,000 m². The building plan was decided on at the end of 2009. Meanwhile, an offer has been made with which acquisition of the planning approval could be financed. Valid planning approval will enhance our ability to attract new co-investors considerably.

The plot of the second Romanian project, Mogosoaia, is also located in an attractive location in a well-connected suburb of Bucharest. Given the current economic situation, this land banking project is currently not prioritised. There were no significant changes during the reporting period or thereafter.

Bulgaria

Bulgaria, too, will not overcome the recession in 2010 with modest growth being expected only in 2011. The reform policy has stalled and the government deficit and high level of unemployment are obstructing economic recovery. Nevertheless, pent-up demand for residential properties is high and stable demand exists for new housing.

The Pancharevo development project is located in the southern part of the capital, Sofia. Numerous housing projects have been carried out in the immediate vicinity and have been very well received by the local population. MAGNAT owns a 75 per cent

stake in the project company. A project for development of 6 apartment blocks with a total of 112 residential units has been planned and approved. Due to its good location, which will be enhanced further by new environmental measures, we expect there to be good development opportunities in the future. The project is classified as land banking until acceptable funding for the next steps is in place.

Poland

Poland was the only country in Central and Eastern Europe to not sustain a decline in GDP in 2009. Furthermore, her development continues to improve under the conditions of the prevailing upswing. Growth of more than 3 per cent is predicted for 2010 and 2011 respectively. In particular, demand for commercial real estate will benefit from this trend. Accordingly, a general increase in the volume of transactions is expected in the real estate market.

In the Nasze Katy development project, construction of about 1,000 apartments in several phases with a total effective residential area of about 66,000 m² is planned. MAGNAT owns a 50 per cent stake in the Polish project company and in addition to the investment has contributed a shareholder loan. Two of the three phases have already been completed. The sale of the apartments is progressing. However, this project is still in deficit due to the replacement of the former general contractor and the high costs associated with resuming the project. We restructured its corporate form during the first half of the current fiscal year in order to place it on a sound footing for the future stages of development. We expect to repay outstanding loans in full in the foreseeable future and begin with the commissioning of the third phase of construction. The positive overall success of the project is still possible upon completion of all phases.

Russia

In particular, due to her high level of exports (oil and gas) Russia anticipates GDP growth of 4.7 per cent in 2010 with hardly any weakening in 2011. Market observers expect Russia's real estate market to be robust for the medium to long-term and a rising volume of transactions, albeit of a low standard.

With a capital investment of EUR 2.5 million, MAGNAT owns 40.3 per cent of Russian Land AG, which concentrates on land banking within a radius of 80 to 150 km from Moscow. Policy makers are currently making efforts to reorganise the zoning of land, for example, for future development. In addition, changes in tax legislation could be detrimental to the future success of Russian Land AG. We are monitoring the situation closely and considering how to react to any changes.

Georgia

The Georgian government is working on strengthening the country's role as a transit hub between Europe and Asia and has invested in upgrading her infrastructure in recent years. Despite the budget deficit and continuing high unemployment, GDP growth of 5.5 per cent is expected this year and 4.0 per cent in the coming year. In this regard, the far reaching administrative reforms made since the present government took office, in particular, have had a positive impact on the economic climate and volume of investment.

In the Vake 28 development project, in which MAGNAT owns a 37.5 per cent share, a residential building with total marketable area of 11,352 m² (apartments, penthouse and commercial areas) has been constructed. The property was completed during the reporting period. The project company has repaid almost all of the shareholder loan. Further liquidation of the units will gradually enhance the overall success of the project.

In the Dighomi land banking project, MAGNAT holds 56.3 per cent of the project company. After there was very little interest displayed in the 20,000 m² plot during the year of the crisis, 2009, new opportunities for liquidation or development have now emerged. Amongst other things, the influx of commercial enterprises in the surrounding area promises an increase in the value of the plot.

Overall, due to continuing the Georgian projects during the crisis, MAGNAT has established a resilient network and a good reputation in the Georgian real estate sector as well as with the authorities there. We intend to continue to benefit from and expand these advantages in the future.

3. Net assets, financial position and result of operations

Development of revenue and earnings

In the first half of the 2010/2011 fiscal year, the MAGNAT Group generated income before taxes (EBT) of EUR -0.7 million. That compares to EUR -4.5 million in the same period last year. In the second quarter of 2010/2011, income before taxes was positive at EUR 0.3 million.

Material components of gains and losses were

- the significantly improved result from letting real estate inventory
- the successful liquidation of real estate in the Asset Management business segment
- rising earnings from Asset Management
- losses from companies valued at equity

Revenues relating to the letting of real estate inventory rose in the first half to EUR 3.4 million, an increase of 6.9 per cent compared to that of the same period last year (EUR 3.2 million). Here, the further reduction of the vacancy rate became apparent. In the second quarter, earnings relating to letting rose as compared to the same quarter last year by as much as 27.2 per cent. On the other hand, it has been possible to significantly reduce operating expenses for the generation of rental income in spite of continuing the reorganisation measures in both reporting periods. This led to an increase in gains relating to letting of more than 50 per cent, which amounted to EUR 1.6 million as compared to the first half of 2009/2010 (EUR 1.1 million).

Unlike the first half of 2009/2010, we have already succeeded in concluding several successful liquidations in the newly acquired Asset Management business segment in the second quarter of this fiscal year. This resulted in earnings of EUR 3.8 million. That is offset by the disposal of real estate assets worth EUR 2.4 million being charged to the statement of income, meaning that the result from these disposals amounts to EUR 1.4 million.

The proceeds from the two reporting periods of the previous year from the then non-consolidated Asset Management amounted to EUR 0.7 million in the half-year under review and EUR 0.4 million in the quarter under review. After the deduction of related expenses amounting to EUR 0.5 million resp. EUR 0.2 million, the result from this business was EUR 0.2 million for the half-year and EUR 0.1 million for the second quarter.

We again sustained a significantly negative result from companies valued at equity. In the first half, this amounted to EUR -5.0 million as compared to EUR -1.3 million in the same period last year. This mainly includes the losses from YKB from the first quarter of 2010/2011 amounting to EUR 1.5 million and the losses from the project in Poland amounting to EUR 2.5 million. The loss is offset by a correspondingly positive change in the valuation of the loan to R-QUADRAT Polska Alpha Sp.z o.o. in the amount of EUR 2.9 million, which is recognised as financial income.

In the first half of 2010/2011, other operating income of EUR 3.2 million was accrued. This includes the release of unused provisions in connection with historical liquidations, which we allocated in the past due to our very conservative financial planning. General and administrative expenses increased significantly as compared to the same period last year. This is essentially due to integration of the asset manager, in whose area administrative expenditure amounting to EUR 1.7 million was incurred. Personnel costs and compensation totalling EUR 0.4 million was spent on managing the company, 20 per cent less than in the same period last year. This is offset by an in-

crease in legal and consulting fees from EUR 0.7 million in the first half of 2009/2010 to EUR 0.9 million now due to stepping up our activities again in Ukraine and the corporate changes in the second quarter of the current fiscal year.

Overall, general and administrative expenses for the half-year amounted to EUR 3.4 million after EUR 1.5 million in the same period last year. However, other operating expenses reduced as compared to the first half of 2009/2010 from EUR 1.0 million in the previous year to EUR 0.8 million.

In addition to interest on current shareholder loans to our project companies, financial income also includes the aforementioned revaluation of loans to the Polish project company amounting to EUR 2.9 million. Therefore, at EUR 3.6 million this item is almost four times higher than in the same period last year. Since that is offset by a reduction of almost 50 per cent in financial expenses from EUR 2.7 million in the first half of the previous year to EUR 1.5 million, a positive financial result of EUR 2 million was generated in the first half of 2010/2011. The financial result in the first six months of the previous year amounted to EUR -1.8 million. Income tax of EUR 0.3 million was incurred.

Hence, in the second quarter of this fiscal year the MAGNAT Group generated moderate net profit for the period and a loss amounting to EUR 1.0 million for the half-year period after a loss of EUR 4.5 million last year.

Segments

Our two segments, Investments and Asset Management, each contributed about EUR 1.6 million to the result in the six months under review. The Investments segment achieved this from letting real estate inventory, while the Asset Management segment's result is composed of the sale of real estate and income from asset management activities for third-party mandates.

Distribution of administrative expenses was, after taking central functions into account, also broadly even between the two segments. However, while Asset Management generated a positive pre-tax gain of EUR 0.8 million, the Investments segment reported a pre-tax loss of EUR 1.1 million. Central functions incurred a pre-tax loss amounting to EUR 0.5 million.

Statement of cash flow

Cash outflow from operations amounted to EUR 3.9 million (EUR 4.2 million in the same period last year) for the half-year. This includes, in particular, the movements in financial receivables and other financial assets amounting to EUR -3.0 million. The rise in trade receivables and other assets resulted in a

negative change amounting to EUR 1.6 million. This contrasts with the decline in real estate inventory, which effected a cash inflow of EUR 1.4 million.

With regard to investments, loans of EUR 0.9 million (EUR 3.5 million in the same period last year) were repaid in the first six months of the 2010/2011 fiscal year by the holdings. This is offset by the granting of new loans amounting to EUR 0.6 million (EUR 0.9 million in the same period last year). This resulted in a cash inflow from investing activities of EUR 0.2 million after EUR 1.8 million during the first six months of the previous year.

From the assumption of financial debts, we received inflows of EUR 10.2 million (EUR 13.4 million in the same period last year), while for redemption an outflow of EUR 8.2 million (EUR 14.7 million in the same period last year) was recognised.

Accordingly, the cash position dropped from EUR 8.8 million at 1 April 2010 to EUR 7.1 million at 31 September 2010.

Assets and liabilities

There has been very little movement in total assets on MAGNAT's consolidated balance sheet. After EUR 176.7 million at 31 March 2010, this figure stood at EUR 176.8 million on 30 September 2010.

On the asset side, the drop in shares in companies valued at equity from EUR 49.0 million to EUR 38.4 million at 30 September 2010 is particularly significant. This is mainly due to the agreed capital reduction of the holding in Turkey, which reduced its book value accordingly. The as yet not executed distribution involved in this transaction contributes much to the increase in financial receivables and other financial assets from EUR 4.9 million at 31 March 2010 to EUR 16.5 million. Other loans extended the balance sheet by EUR 0.4 million, while cash and cash equivalents was EUR 1.7 million lower than on 31 March 2010.

Financial position

Refinancing of the mezzanine loan led to a rise from EUR 47.5 million to EUR 50.6 million on 30 September 2010 in long-term debt.

Trade payables and other liabilities were EUR 0.9 million higher than on 31 March 2010. After the release of unused provisions referred to above, this stood at EUR 0.9 million, EUR 1.9 million lower than at the end of the previous fiscal year. Short-term debt fell by EUR 1.4 million to EUR 10.6 million in the course of the half-year under review as a result of the refinancing already discussed.

At 30 September 2010, the shareholders' equity of MAGNAT (including minority interests of EUR 10.7 million) stood at EUR 111.2 million. This represents an equity ratio of 62.9 per cent.

Net asset value

At the balance sheet date of the 2009/2010 fiscal year, the MAGNAT Group's net asset value amounted to EUR 106.0 million, or EUR 7.63 per share. At the time, non-recognised items in the amount of EUR 5.0 million were included in the net asset value. For the sake of a more conservative, commercial calculation of the net asset value, recognition of this item has now been dispensed with.

Therefore, in spite of there being virtually no change in the Group's asset position, the net asset value, which is calculated in accordance with the recommendations of EPRA, dropped slightly and stood at EUR 100.7 million on 30 September 2010, or EUR 7.25 per share.

4. Staff

31 people were employed in the MAGNAT Group at 30 September 2010 (30 September 2009: 1 employee).

5. Subsequent events

On 25 October 2010, the Supervisory Board of MAGNAT Real Estate AG revoked Mr Jan Oliver Rüster's appointment to the Board of Management with immediate effect. As sole executive officer, hitherto CFO Mr Jürgen Faè will conduct all transactions for the company until further notice.

The resolution on granting discharge to the partner liable to unlimited extent of MAGNAT Real Estate Opportunities GmbH & Co. KGaA was adjourned at the annual shareholders' meeting of MAGNAT Real Estate AG on 2 November 2010; however, the draft resolutions concerning management were adopted by a large majority.

Beyond that and the specific projects already discussed, there were no events of material significance to the company between the end of the quarter on 30 September 2010 and the completion of this report on 30 November 2010.

6. Condensed risk report

The annual report for the 2009/2010 fiscal year covered risk policy and the principles of risk and opportunity management extensively. The following notes to the half-year should be read in conjunction with that report.

Market and industry risks

The real estate market is strongly characterised and influenced by cyclical trends, which, in turn, are influenced by a large variety of factors. In particular, the demand by investors for investment in the real estate asset class and its relative attractiveness compared with other asset classes is important.

The country risk in the markets of the CEE/SEE/CIS region in which MAGNAT operates is much higher than in western developed nations. These country risks take various forms, 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.

The company is neither able to eliminate nor fully control many of these risks. These risks are partially offset by avoiding above average asset allocation in specific projects or specific countries and co-investing with well-established local project partners.

In addition, to be in a position to respond to specific country risks quickly and actively, MAGNAT engages experienced teams in the respective countries, which are familiar with the particular characteristics of the country in question. Employees are selected such that due to their knowledge and connections, they are capable of responding to situations – potential risks, but also opportunities – effectively as they arise.

Financial risks

Currency risks

MAGNAT operates predominantly in markets outside the euro area and is therefore exposed 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 on an aggregate basis rather than hedging against risks related to individual projects. The currency hedging strategy is determined in close coordination with the Supervisory Board.

Liquidity risks

Management of the liquidity risk is a priority of the Board of Management. In this regard, aspects of liquidity are, inter alia, also factored into managing the current refinancing activities. In the current economic phase, the liquidity situation is also affected, in particular, by any additional contributions for further project funding, especially in connection with co-investors.

Management of this risk is therefore given special attention at present. MAGNAT seeks to use returns from future sales to keep liquidity available in the form of money placed in a bank account.

Operating risks

Besides the risks that have already been discussed associated with the various real estate markets in which MAGNAT participates, preparations need to be made, in particular, for operating risks arising from project financing. If loan financing cannot be obtained or obtained as planned at project level, there is a risk that the project timetable will be delayed, that more equity capital will be necessary for a project or that the cost of financing with outside capital will be higher than budgeted for.

7. Outlook

Although the trough following the serious global recession now appears to be traversed, and some countries are registering positive growth rates again, the upward trend, especially in parts of Eastern Europe, is still on thin ice and therefore current forecasts are to be treated with great caution. It is also very difficult to make a reliable medium-term forecast for the respective real estate markets. The uncertain overall economic environment is likely to lead to considerable volatility in the foreign exchange markets in the future, too, which may impact the results of MAGNAT, at least temporarily.

We welcome the promising trend in the markets important to our business: Germany, Austria, and especially Turkey. The economic recovery in these countries appears to be robust, broadly based and supported by internal growth drivers.

Therefore, steadily developing rental income in Germany and continuing attractive prospects for our co-proprietor's building activities in Austria may be expected.

MAGNAT has issued a closure warranty for the re-marketing of the co-proprietor's building scheme in Kastnergasse by 31 December 2010. The company is confident that all units will be liquidated by that date. However, if this is not the case, any remaining units will have to be taken on temporarily with a corresponding impact on the statement of income.

The sustained recovery of the real estate markets in Central and Eastern Europe depends on an appreciable increase in confidence from investors, especially foreign investors. This is not to be expected in the short-term. New business opportunities and economically viable liquidation are more likely to materialise in the medium-term in these countries.

In the short and medium-term, maintaining adequate liquidity continues to be at the forefront of our business policy. At the same time, we are stepping up our activities in the Asset Management segment and monitoring the markets with respect to successful liquidation of existing properties as well as seeking promising new properties.

The Board of Management's objective for the medium-term is to use sustained rental and asset management revenues as a foundation for governing the Group with no movement in profit or loss, so that the influence proceeds from disposals has on the annual result is immediately positive.

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 to the actual profit, success and achievements of MAGNAT 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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2010

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Consolidated Balance Sheet at 30 September 2010

In EUR	30/09/2010	31/03/2010
ASSETS		
Non-current assets		
Intangible assets	28,746,002	28,720,482
Fixed assets	99,286	98,574
Shares in companies valued at equity	38,445,130	49,029,820
Other financial assets	162,500	162,500
Loans to companies valued at equity	6,959,502	6,544,724
Other loans	416,909	0
Deferred tax assets	213,870	203,373
Total non-current assets	75,043,199	84,759,473
Current assets		
Real estate inventory	62,257,354	63,666,166
Trade receivables and other assets	15,822,343	14,221,260
Financial receivables and other financial assets	16,474,822	4,901,533
Tax refund claims	78,852	331,993
Cash and cash equivalents	7,122,415	8,821,895
Total current assets	101,755,786	91,942,847
Total assets	176,798,985	176,702,320
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital (previous year: share capital)	13,894,651	13,894,651
Treasury shares	-27,500	-27,500
Reserves	86,549,423	86,934,402
Equity attributable to shareholders of the parent company	100,416,574	100,801,553
Minority interests	10,737,416	10,765,344
Total shareholders' equity	111,153,990	111,566,897
Debt		
Non-current liabilities		
Deferred tax liabilities	523,383	379,742
Long-term financial debt	50,593,121	47,493,698
Total non-current liabilities	51,116,504	47,873,440
Current liabilities		
Provisions	878,784	2,736,099
Trade payables and other liabilities	2,564,733	1,689,305
Tax liabilities	532,967	846,282
Short-term financial debt	10,552,007	11,990,297
Total current liabilities	14,528,491	17,261,983
Total liabilities	65,644,995	65,135,423
Total liabilities and shareholders' equity	176,798,985	176,702,320

Consolidated Statement of Income at 30 September 2010

In EUR	01/04/2010 to 30/09/2010	01/04/2009 to 30/09/2009	01/07/2010 to 30/09/2010	01/07/2009 to 30/09/2009
Rental income	3,443,875	3,220,707	1,864,166	1,465,951
Operating expenses to generate rental income	-1,803,210	-2,134,703	-912,905	-1,247,875
Gains/losses relating to the letting of real estate inventory	1,640,665	1,086,003	951,261	218,076
Proceeds relating to the sale of real estate companies	0	0	0	0
Net assets relating to sold real estate companies	0	0	0	0
Gains/losses relating to the sale of real estate companies	0	0	0	0
Proceeds relating to the sale of real estate	3,750,679	0	3,750,679	0
Expenses relating to the sale of real estate	-2,394,546	0	-2,394,546	0
Gains/losses relating to the sale of real estate	1,356,133	0	1,356,133	0
Proceeds relating to asset management	680,563	0	350,932	0
Expenses relating to asset management	-468,539	0	-223,767	0
Gains/losses relating to asset management	212,024	0	127,165	0
Profit relating to companies valued at equity	147,823	166,556	-110,611	25,998
Loss relating to companies valued at equity	-5,177,530	-1,478,393	-3,731,091	-940,823
Gains/losses relating to companies valued at equity	-5,029,707	-1,311,838	-3,841,703	-914,825
Other operating income	3,245,015	42,454	1,826,745	42,454
General and administrative expenses	-3,379,318	-1,493,013	-2,154,063	-727,406
Other operating expenses	-797,840	-1,015,684	-342,956	-502,735
Income before interest and taxes	-2,753,028	-2,692,077	-2,077,417	-1,884,435
Financial income	3,555,392	923,627	3,235,722	381,553
Financial expenses	-1,533,197	-2,686,284	-866,810	-2,090,150
Financial result	2,022,196	-1,762,657	2,368,913	-1,708,597
Income before taxes	-730,833	-4,454,734	291,496	-3,593,032
Income taxes	-285,862	-73,587	-245,522	-15,836
Total profit/loss	-1,016,695	-4,528,321	45,973	-3,608,869
Of which attributable to:				
minority interests	25,962	-308,189	-13,592	-232,653
Parent company shareholders	-1,042,657	-4,220,132	59,565	-3,376,216
Basic earnings per share	-0.08	-0.80	0.00	-0.64
Diluted earnings per share	-0.08	-0.80	0.00	-0.64

Statement of Comprehensive Income at 30 September 2010

In EUR	01/04/2010 to 30/09/2010	01/04/2009 to 30/09/2009	01/07/2010 to 30/09/2010	01/07/2009 to 30/09/2009
Total profit/loss	-1,016,695	-4,528,321	45,973	-3,608,869
Other gains/losses (recorded in shareholders' equity) relating to				
— Currency difference	558,543	181,683	-755,554	-530,789
— Financial instruments available for sale	61,050	292,994	97,093	292,994
— Other	0	-11,875	0	0
Total other pre-tax gains/losses (recorded in equity)	619,593	462,802	-658,461	-237,795
Net of tax	-15,806	-8,978	-15,806	2,532
Total other gains/losses (recorded in equity) net of tax	603,787	453,823	-674,267	-235,264
Total gains/losses for the period	-412,908	-4,074,498	-628,293	-3,844,132
Of which attributable to:				
minority interests	-27,928	-355,265	52,522	-298,574
Parent company shareholders	-384,980	-3,719,232	-680,816	-3,545,559

Consolidated Statement of Changes in Shareholders' Equity

In EUR '000	Share capital			Reserves				Equity attributable to shareholders of the parent company	Minority interests	Total shareholders' equity
	General Partner	Subscribed capital	Treasury shares	Capital reserve	Retained earnings	Currency translation	Other reserves			
01/04/2010	0	13,895	-28	98,181	-4,456	-7,389	599	100,802	10,765	111,567
Capital increases	0	0	0	0	0	0	0	0	0	0
Capital reductions	0	0	0	0	0	0	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0
Sundry	0	0	0	0	0	0	-16	-16	0	-16
Proportionate assumption of directly recognised equity changes of companies valued at equity	0	0	0	0	0	885	46	931	19	950
Currency difference	0	0	0	0	0	-258	0	-258	-72	-330
Total gains/losses recorded directly in equity	0	0	0	0	0	628	30	658	-54	604
Gains/losses for the period	0	0	0	0	-1,043	0	0	-1,043	26	-1,017
Total gains/losses for the period	0	0	0	0	-1,043	628	30	-385	-28	-413
30/09/2010	0	13,895	-28	98,181	-5,499	-6,761	629	100,417	10,737	111,154
01/04/2009	50	52,900	0	33,545	2,790	-9,559	384	80,110	14,526	94,636
Capital increases	0	0	0	0	0	0	0	0	0	0
Capital reductions	0	-47,610	0	43,640	3,970	0	0	0	0	0
Changes in the scope of consolidation	0	0	0	0	0	0	0	0	0	0
Sundry	0	0	0	0	0	0	-9	-9	0	-9
Proportionate assumption of directly recognised equity changes of companies valued at equity	0	0	0	0	0	105	281	386	0	386
Currency difference	0	0	0	0	0	124	0	124	-47	77
Total gains/losses recorded directly in equity	0	0	0	0	0	229	272	501	-47	454
Gains/losses for the period	0	0	0	0	-4,220	0	0	-4,220	-308	-4,528
Total gains/losses for the period	0	0	0	0	-4,220	229	272	-3,719	-355	-4,074
30/09/2009	50	5,290	0	77,185	2,540	-9,330	656	76,391	14,172	90,563

Consolidated Statement of Cash Flow at 30 September 2010

In EUR 'ooo	01/04/2010 to 30/09/2010	01/04/2009 to 30/09/2009
Group result before taxes	(731)	(4,455)
Movement in real estate inventory	1,437	42
Movement in trade receivables and other receivables	(1,612)	(266)
Movement in income tax receivables	253	24
Movement in financial receivables and other financial assets	(3,004)	(594)
Movement in intangible assets	(35)	0
Movement in provisions	(227)	(26)
Movement in trade payables and other liabilities	(329)	(1,773)
Other non-cash items	350	2,810
Cash flow relating to operating activities	(3,898)	(4,236)
Payments-out for investment in fixed assets	(22)	(9)
Payments-out to acquire shares and to increase the capital reserve for companies valued at equity and other participating interests	(75)	(745)
Payments-out relating to granting loans to companies valued at equity and other participating interests	(565)	(898)
Payments-in relating to loans to companies valued at equity and other participating interests	866	3,500
Cash flow relating to investing activities	204	1,848
Payments-in relating to the assumption of financial debts	10,178	13,364
Payments-out relating to servicing financial debts	(8,185)	(14,742)
Cash flow relating to financing activities	1,993	(1,379)
Movement in cash and cash equivalents affecting liquidity	(1,701)	(3,767)
Movement due to currency translation	1	(1)
Cash and cash equivalents at the beginning of the period	8,822	7,625
Cash and cash equivalents at the end of the period	7,122	3,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period 1 April 2010 to 30 September 2010

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A. General information

MAGNAT Real Estate AG (hereinafter referred to as 'company' or 'MAGNAT') is listed in the commercial register at the address of the company's headquarters in Frankfurt am Main, Germany. Reorganisation from the corporate form of a GmbH & Co. KGaA to the corporate form of a joint stock corporation (Aktiengesellschaft), including listing in the commercial register (HRB 89041), took place on 17 September 2010. Historically, MAGNAT Real Estate Opportunities GmbH & Co. KGaA was formed on 6 April 2006 and listed in the commercial register 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 Lyoner Strasse 32, Frankfurt am Main, Germany. The company's fiscal year ends on 31 March of each year.

MAGNAT is a publicly traded real estate development company in Frankfurt am Main, which focuses on exploiting 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, on 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 AG is the parent company of the MAGNAT Group. To date, the parent has not made investments in real estate or real estate projects itself. Basically, investments are transacted through project companies; the parent owns a direct or indirect (via intermediate holding companies) stake in these project companies. The majority of investments so far have been made jointly with co-investors.

With internalisation of MAGNAT Asset Management GmbH, MAGNAT has evolved into an integrated real estate group. The company covers the entire value chain – from acquisition across development through to the sale of projects and land. In addition, the Group provides services for third parties via its subsidiaries, in particular, real estate asset management and co-proprietor's building schemes.

B. Accounting

The interim report for the Group was prepared in compliance with the International Financial Reporting Standards (IFRS) for interim financial reporting, as applicable in the EU. The interim Group management report was prepared in compliance with the applicable provisions of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The interim report for the Group was subjected to a review.

The interim consolidated financial statements at 30 September 2010 were prepared in compliance with the regulations of International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at 31 March 2010.

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

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

The consolidated financial statements of the MAGNAT Group are prepared for MAGNAT Real Estate AG, as its parent, according to uniform accounting policies. IFRS requirements that were mandatory and adopted by the European Union at the date of the interim report (30 September 2010) have been applied.

The accounting policies and the methods of estimation have not changed since the consolidated financial statements of 31 March 2010. Accordingly, we refer to our annual report of 31 March 2010.

These interim financial statements do not contain all of the disclosures necessary for consolidated financial statements and must be read in conjunction with the consolidated financial statements of 31 March 2010.

These financial statements are not fully comparable with the financial statements of the same period last year since the asset manager was not part of the Group at the time.

The scope of consolidation has widened as follows as compared to the consolidated financial statements of 31 March 2010:

Group company			Share in Group	Date formed/ acquired	Original cost EUR '000
MAGNAT Asset Management GmbH & Co. Rennweg 73 KG, Vienna, Austria	Subsidiary	Formed	100.00%	11/05/2010	1
MAGNAT Asset Management Ukraine LLC, Kiev, Ukraine	Subsidiary	Formed	100.00%	05/05/2010	50

Since being formed, the two aforementioned fully consolidated companies generated the following results in the reporting period: MAGNAT Asset Management GmbH & Co. Rennweg 73 KG, Vienna, Austria, EUR –61 thousand and MAGNAT Asset Management Ukraine LLC, Kiev, Ukraine, EUR –35 thousand. The formation did not give rise to goodwill.

Altira ImmoFinanz GmbH merged into MAGNAT Real Estate AG during the reporting period.

C. Selected notes to the consolidated statement of income

Gains/losses of the Group for the period under review of EUR –1,017 thousand was largely affected by the negative result of the companies valued at equity (EUR –5,030 thousand), gains/losses relating to the sale of real estate (EUR 1,356 thousand) as well as a pro rata reversal of the value adjustment to the loan granted to R-QUADRAT Polska Alpha Sp. z o.o. amounting to EUR 2,899 thousand.

In the period under review, general and administrative costs amounted to EUR 3,379 thousand.

Earnings per share

Basic earnings per share are made up of the share in the gains/losses attributable to the shareholders of the company for the period under review divided by the weighted average of the number of shares outstanding.

	01/04/2010 to 30/09/2010	01/04/2009 to 30/09/2009
Share in loss attributable to shareholders of the parent for the period under review (EUR '000)	–1,043	–4,220
Weighted average of the number of shares outstanding	13,889,651	5,290,000
Basic earnings per share (EUR)	–0.08	–0.80
Diluted earnings per share (EUR)	–0.08	–0.80

D. Selected notes to the consolidated balance sheet and to the consolidated statement of changes in shareholders' equity

During the period under review, the capital of a company valued at equity was reduced (EUR 9,197 thousand). The same company valued at equity granted a loan (EUR 7,666 thousand) to MAGNAT. In addition, the mezzanine loan was proportionally repaid (EUR 4,100 thousand). The negative earnings for the period attributable to the shareholders of the parent amount to EUR 1,043 thousand; a share in the profits amounting to EUR 26 thousand is allocated to the minority interests. Additional changes recognised directly in equity result mainly from a positive foreign currency translation difference amounting to EUR 555 thousand and EUR 46 thousand from the pro rata assumption of other reserves of companies valued at equity.

For the development of shareholders' equity, please refer to the statement on changes in shareholders' equity.

E. Selected notes to the statement of cash flow

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 includes interest received in the amount of EUR 19 thousand and interest paid in the amount of EUR 542 thousand. In addition, cash flow includes paid income tax amounting to EUR 428 thousand.

Cash outflow from operating activities

Cash flow from operating activities totalling EUR –3,898 thousand is mainly influenced by the movement in trade receivables and other assets (EUR –1,612 thousand), the movement in real estate inventory (EUR 1,437 thousand) as well as the financial receivables and other financial assets (EUR –3,004 thousand). Trade payables and other liabilities show a change of EUR –329 thousand. Non-cash-related expenses and income amounted to EUR 350 thousand. A breakdown of the significant items is shown separately in the section 'Non-cash items'.

Cash inflow from investing activities

Cash flow from investing activities of EUR 204 thousand is mainly due to the partial redemption of a loan granted to a company valued at equity amounting to EUR 866 thousand and loans paid out to companies valued at equity amounting to EUR –565 thousand.

Cash inflow from financing activities

Cash inflow from financing activities totalling EUR 1,993 thousand is influenced by the assumption of financial debts of EUR 10,178 thousand and the redemption of financial debts of EUR 8,185 thousand.

Non-cash items

Non-cash items result mainly from the gains/losses relating to companies valued at equity (EUR 5,030 thousand), the reversal of value adjustments (EUR –2,899 thousand) and non-cash movements in provisions (EUR –1,630 thousand).

Cash and cash equivalents

Cash and cash equivalents correspond with the amount shown on the consolidated balance sheet (EUR 7,122 thousand). This item includes cash on hand and current balances with credit institutions.

F. Notes to segment reporting

1 April 2010 to 30 September 2010

	Business segments			
(EUR '000)	Investments	Asset Management	Corporate Functions	Group
Revenue	3,444	4,431	0	7,875
Pre-tax gains/losses for the period	-1,063	815	-483	-731

1 April 2009 to 30 September 2009

	Business segments			
(EUR '000)	Investments	Asset Management	Corporate Functions	Group
Revenue	3,221	0	0	3,221
Pre-tax gains/losses for the period	-2,619	0	-1,836	-4,455

Additional information

Segment assets (EUR '000)	Investments	Asset Management	Corporate Functions	Group
30 September 2010	115,907	40,382	20,510	176,799
31 March 2010	117,423	40,514	18,765	176,702
Segment assets (EUR '000)	Investments	Asset Management	Corporate Functions	Group
30 September 2009	134,388	0	8,785	143,173
31 March 2009	137,896	0	12,490	150,386

Segmentation of the data on the financial statements is based on the internal alignment according to strategic business segments and regional factors as per IFRS 8. The segment information presented in accord with the management approach represents the information to be reported to the Board of Management. The Group is divided into the segments Investments and Asset Management. The Investments segment contains information relating to investment property held as long-term fixed assets as well as the units Revitalisation, Project Development and Land Banking. The Asset Management segment represents the activities of the asset manager.

There were no revenues from inter-segment transactions during the period under review.

Significant movements in the Group's assets and liabilities are discussed in section D.

There has been no change in the assignment of companies in the Group to business segments since the consolidated financial statements of 31 March 2010.

G. Other disclosures

1. Related party disclosures

As in the previous year, a consulting relationship existed between MAGNAT and the enterprise of Supervisory Board member Dr. Carsten Strohdeicher during the fiscal year. This consulting agreement concerns advice relating to and brokering of debt financing for real estate projects in Germany. The fees agreed to therein are significantly less than normal market rates. EUR 6 thousand plus turnover tax was paid during the reporting period for these consulting services.

Consulting services amounting to EUR 44 thousand plus turnover tax were provided to MAGNAT by the law firm of Supervisory Board member Dr. Christoph Jeannée during the reporting period.

Consulting relationships exist with (specifically MAGNAT Asset Management GmbH) the enterprises of Supervisory Board members Friedrich Lind and Dr. Marc-Milo Lube. The amounts paid during the reporting period in connection with the resulting services are EUR 94 thousand and EUR 91 thousand plus turnover tax.

Furthermore, consulting relationships exist between MAGNAT (specifically MAGNAT Asset Management GmbH) and the enterprises of Dr. Falko Müller-Tyl and Sven Erik Rischko. Both have a direct or an indirect interest in MAGNAT. These consulting relationships resulted in payments amounting to EUR 92 thousand and EUR 71 thousand plus turnover tax during the reporting period.

The Supervisory Board has approved all working relationships.

Compensation amounting to EUR 211 thousand was recorded for members of the senior management of MAGNAT Real Estate AG during the reporting period.

The following balances exist in relation to associated companies and joint ventures:

In EUR '000	30/09/2010	30/09/2009
Loans to companies valued at equity	6,960	10,209
Financial receivables and other financial assets	11,624	1,909
Short-term financial debts	88	0

Minority interests

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

At the balance sheet date, MAGNAT held receivables against minority interest R-QUADRAT Capital Beta GmbH, Vienna, Austria, amounting to EUR 4,284 thousand.

2. Subsequent events

On 25 October 2010, the Supervisory Board of MAGNAT Real Estate AG revoked Mr Jan Oliver Rüster's appointment to the Board of Management with immediate effect. As sole executive officer, hitherto CFO Mr Jürgen Faè will conduct all transactions for the company until further notice.

The resolution on granting discharge to the partner liable to unlimited extent of MAGNAT Real Estate Opportunities GmbH & Co. KGaA was adjourned at the annual shareholders' meeting of MAGNAT Real Estate AG on 2 November 2010; however, the draft resolutions concerning management were adopted by a large majority.

Beyond that and the specific projects already discussed, there were no events of material significance to the company between the end of the quarter on 30 September 2010 and the completion of this report on 30 November 2010.

3. Declaration on the Corporate Governance Code

The declaration on the Corporate Governance Code required by section 161 German Stock Corporation Act (Aktiengesetz – AktG) is made available by the company to shareholders once each calendar year. The Declaration of Compliance with the German Corporate Governance Code has been issued and is permanently accessible to shareholders on MAGNAT's Web site under 'Company'.

Frankfurt am Main, 30 November 2010
MAGNAT Real Estate AG



Jürgen Georg Faè
Member of the Board of Management

RESPONSIBILITY STATEMENT

As member of the Board of Management of MAGNAT Real Estate AG, I declare to the best of my knowledge that, under applicable accounting principles for interim reporting, these interim consolidated financial statements present a true and fair view of the net assets, financial position and result of operations and that the interim group management report portrays business developments, including operating results and the situation of the Group, in a true and fair manner and describes the material risks and rewards for the Group's foreseeable development in the remainder of the fiscal year.

Frankfurt am Main, 30 November 2010
MAGNAT Real Estate AG



Jürgen Georg Faè
Member of the Board of Management

REVIEW REPORT

MAGNAT Real Estate AG

We have audited the condensed interim consolidated financial statements, comprising the balance sheet, statement of income, statement of comprehensive income, statement of cash flow, statement of changes in shareholders' equity and selected notes as well as the interim group management report of MAGNAT Real Estate AG (to 16 September 2010: MAGNAT Real Estate Opportunities GmbH & Co. KGaA), Frankfurt am Main, for the period 1 April to 30 September 2010, which are part of the half-yearly financial report pursuant to section 37w German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). Preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the company's Board of Management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with generally accepted standards for the review of financial statements in Germany, promulgated by the IDW (Institut der Wirtschaftsprüfer: German institute of public auditors). Those standards require that we plan and perform the review such that we can preclude, through critical evaluation and with some degree of certainty, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries with company personnel and analytical procedures and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our mandate, we have not performed an audit of financial statements, we cannot issue an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Frankfurt am Main, 30 November 2010

KPMG AG

Wirtschaftsprüfungsgesellschaft

Möller
chartered accountant

Hauk-Urban
chartered accountant

FINANCIAL CALENDAR 2010/2011

Publication	Date
— 2010/2011 Half-yearly report:	30 November 2010
— Q3 Interim report at 31 December 2010:	11 February 2011
— 2010/2011 Annual financial statements:	29 July 2011

MAGNAT fiscal year: 1 April to 31 March respectively

IMPRINT

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NOTES

This financial report is also available in German. The German version of this report is authoritative. More information about the company and the online financial report is available on the Internet at www.magnat.ag. We will be pleased to send you printed information on request: info@magnat-reop.com.