



Half-yearly Financial Report 2011/2012

Fiscal Year 1 April 2011 – 31 March 2012



MAGNAT
REAL ESTATE

KEY DATA

Financial Highlights (consolidated, IFRS)

in EUR'ooo	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010
Profit/loss on rental activity	1,661	1,641
Profit/loss on sales of real estate	0	1,356
Profit/loss from asset management	83	212
Profit/loss from investments accounted for using the equity method	-780	-5,030
Profit/loss before interest and tax (EBIT)	-5,180	-2,753
Profit/loss before tax (EBT)	-5,927	-731
Net profit/loss attributable to parent company shareholders	-5,404	-1,043

in EUR'ooo	30/09/2011	31/03/2011
Cash and cash equivalents	4,279	5,320
Shareholders' equity	86,094	94,428
Total assets	143,923	149,423
Equity ratio	59.8	63.2

	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010
Cash flow from operating activities	-3,032	-3,898
Cash flow from investing activities	-271	204
Cash flow from financing activities	2,257	1,993
Net change in cash and cash equivalents	-1,046	-1,701

Calculation of Net Asset Value (NAV, in millions)

	NAV	No. of shares	NAV per share
NAV per the financial statements	77.71	13.89	5.59
Effect of exercise of options, convertibles and other equity interests	-	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	77.71	13.89	5.59
Revaluations	0.00		0.00
Development of properties held for investments	-		-
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	-0.36		-0.03
Goodwill as result of deferred tax	-		-
Diluted EPRA NAV	77.35		5.57

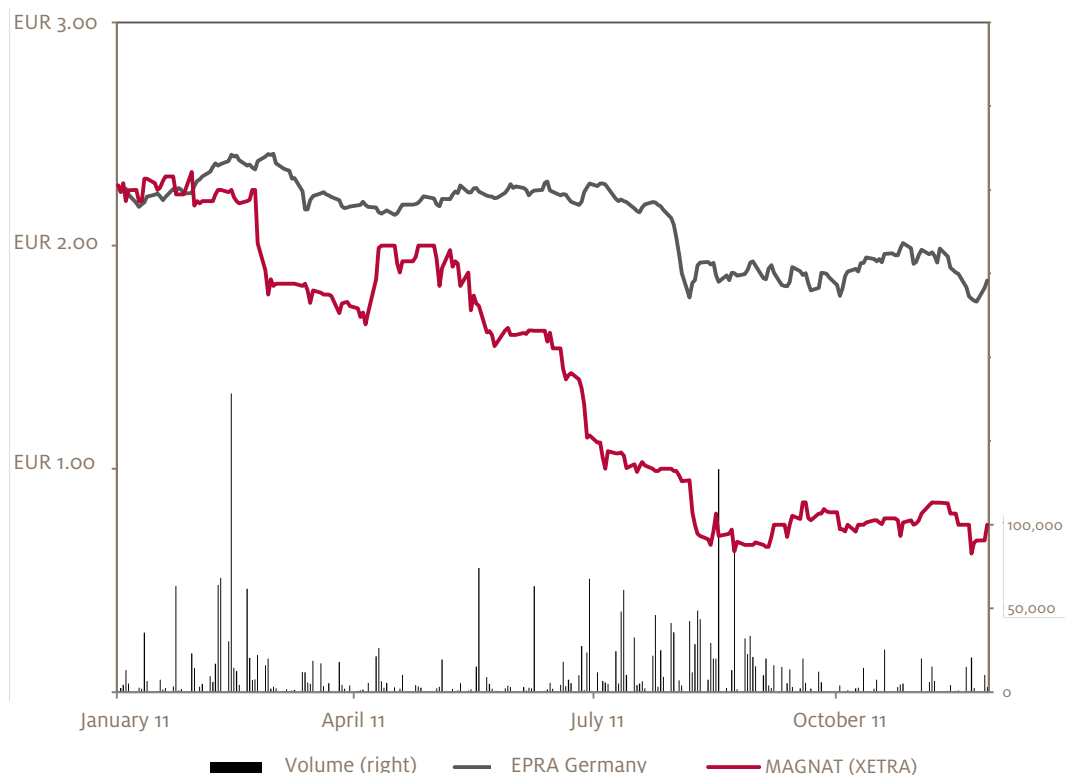
Key stock market data

	30/09/2011	31/03/2011
Number of shares outstanding	13,894,651	13,894,651
Share price at the end of the reporting period in EUR	0.81	1.75
Market capitalisation in EUR million	11.25	24.32
Net asset value (NAV) per share in EUR	5.57	6.17
Free float (shareholders < 3%) in per cent	34.73	38.95

Other information

Name	MAGNAT Real Estate AG
ISIN	DE000A0XFSFo
WKN	A0XFSF
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
E-Mail	info@magnat.ag
Homepage	www.magnat.ag

MAGNAT vs. EPRA Germany Index (12 months)



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FOREWORD OF THE BOARD OF MANAGEMENT

Dear shareholders,

In early 2011, both, the Board of Management and the Supervisory Board decided to undertake a marked refocusing of the investment portfolio. Of the nine countries in which MAGNAT is currently engaged, it was decided that there will be a step-by-step withdrawal from a total of 5 of those countries. This will allow us to fully concentrate on the Black Sea region with countries such as the Ukraine, Turkey, Georgia, and potentially, Romania. With the resale of the projects in the newly-defined non-strategic countries, we plan to raise liquidity which will then be used to expand our asset base in the newly-defined strategic countries.

The successful continuance of the resale programme is necessary in order to secure MAGNAT's future liquidity. This success will strongly depend on exogenous factors related to the individual real estate markets and, last but not least, on the developments in the world economy, particularly the investor's willingness to invest and their ability to refinance.

We are very pleased with the successful resale of our German residential portfolio, which was announced subsequent to the end of the reporting period. However, this should not be misleading. The significant deterioration of the economic parameters, the escalating European sovereign debt crisis, as well as the uncertainties surrounding future development, have led many investors to take a stance of hesitancy.

Futhermore, banks' willingness to provide loans has declined considerably. This is particularly pronounced in real estate financing. Several large European banks have even withdrawn from this business altogether. The drying up of liquidity now threatens many of Europe's real estate markets. In such a scenario, the necessary capital from international investors needed to revive the eastern European real estate markets is not to be expected in the foreseeable future. We have already mentioned this difficult situation in our first quarter interim report. Since then, the situation has continued to deteriorate.

Against this background, the first six months of the fiscal year 2011/2012 proved disappointing. Additionally, the restructuring of a project in the Ukraine led to a temporary burden as per the end of the period. Altogether, in the first half year, this resulted in a decline in pretax income and net profit attributable to the parent company shareholders to EUR -5.9 million and EUR -5.4 million from EUR -0.7 million and EUR -1.0 million, respectively.

However, non-cash items amounting to EUR -4.0 million overstated the trend on the operating level. In the reporting period, cash flow from operating activities improved to EUR -3.0 million as against EUR -3.9 million in the previous year. The net change in cash and cash equivalents in the first half of the year amounted to EUR -1.0 million as against EUR -1.7 million in the previous year as a result of our clear focus on securing the group's liquidity. As at the end of the reporting period, cash and cash equivalents stood at EUR 4.3 million compared to EUR 5.3 million at the beginning of the fiscal year.

In the second half of this fiscal year 2011/2012, MAGNAT will continue to focus on portfolio restructuring with the goal of further resales, despite the challenging environment. However, the success of our resale programme could be endangered if the current market trends persist or even worsen.

Yours sincerely



Dr. Marc-Milo Lube
CEO



Jürgen Georg Faè
CFO

INTERIM GROUP MANAGEMENT REPORT

for the period 1 April to 30 September 2011

1. Company profile

MAGNAT Real Estate AG is the first Frankfurt-listed real estate company with a focus on real estate development in Austria and other selected countries in the emerging Black Sea region.

MAGNAT is an integrated real estate group, addressing the entire value chain and covering the acquisition, development, and disposal of projects and construction land. The group also offers real estate management for third parties.

2. General economic development

At the beginning of 2011, the world economy and capital markets were still experiencing a recovery. However, already in the spring, which was also the beginning of our fiscal year 2011/2012, the outlook had dampened significantly. The Euro-zone in particular, is experiencing a high degree of financial turbulence. Structural problems including high unemployment in the USA continue, and growth countries, particularly China, are experiencing declining growth rates. At the beginning of the fourth quarter 2011, Europe is again on the verge of recession.

As the year progressed, the sovereign debt crisis became a key factor in turning a general mood of widespread uncertainty into a full-fledged confidence crisis. Here also, the confidence of the banks amongst themselves had also vanished which was evident in the sharp rise in inter-banking rates.

Target region: "Black Sea countries"

The slightly positive tendency of the economic recovery in Eastern Europe and in our target markets had stalled once again due to these developments. Only the Turkish economy continued to profit due to its strong domestic economic activity.

The high degree of uncertainty on the capital markets, and that within the Banking industry have led to the lack of capital inflows into the real estate markets in our target regions. This lack of funds prevented these markets from reviving. Sources of financing for real estate developers as well as potential buyers have completely evaporated, regardless of regional or local factors.

Germany and Austria

In comparison to the rest of Europe, and particularly the Euro-zone, Germany and Austria are still two countries which still have relatively robust growth. Nevertheless, in the second half of 2011, they also showed a considerable slowdown. This was particularly visible in the appreciable dampening of future expectations as was reflected in the decline of the German ifo-Business Climate Index. In Austria, there is a growing fear of declining exports not only to Italy, a key export country in crisis, but also to the other important export markets in Eastern Europe.

According to a market survey conducted by the international real estate agency Colliers, in the first nine months of 2011, property with a value of EUR 16.8 billion changed hands in Germany. This is equivalent to an increase of 27 per cent in comparison to the same period in the previous year. Admittedly, the demand for commercial real estate was concentrated in the top-tier properties, whereas the second-tier properties saw hardly any benefit from the trend.

The announcement by several large banks of a withdrawal from real estate financing caused a high level of uncertainty in the German property market, particularly in the commercial property segment. Following the EU-Summit in the first week of November, the fear that a credit tightening could be on its way has increased – particularly in relation to the property market. One of the decisions made at the Summit meeting was that the 70 most important European banks must allocate at least 9 per cent of Tier-1 equity to its risk weighted assets by the middle of next year.

3. Net assets, financial position and results of operations

Revenue and earnings trends

In the first half of fiscal year 2011/2012, the result attributable to the parent company shareholders was EUR –5.4 million. This was a considerably decline compared to EUR –1.0 million in the previous year. This was also the case in the second quarter of fiscal year 2011/2012 for which a loss EUR –4.2 million was reported following EUR 0.1 million for the same period in the previous year.

Key factors which led to these developments were

- The absence of earnings from the sale of real estate in the reporting period
- Impairments on real estate inventory
- The restructuring of a project in the Ukraine which led to a temporary burden as per the end of the period

In the first half of fiscal year 2011/2012, the result of EUR 1.7 million from the rental of real estate inventory, remained at last year's level (EUR 1.6 million). In this reporting period, there was no real estate sold. In the same period of the previous year, the sale of real estate contributed EUR 1.4 million to earnings.

In Asset Management, we reported a profit of EUR 0.1 million in comparison to EUR 0.2 million in the comparable period of the previous year. Following the bankruptcy of co-investors, our third party mandates expired. As already mentioned in our first quarter 2011/2012 report, this led to a decline in business volume in this area and correspondingly to markedly lower revenues and associated expenses.

The result from companies accounted for using the equity method was EUR -0.8 million compared to EUR -5.0 million. In the previous year, the result included one-off charges resulting from the restructuring of our project in Poland. This restructuring burdened the result of companies accounted for using the equity method but had a positive impact on the financial income.

The improvement in the result of companies accounted for using the equity method would have been even more pronounced had the restructuring of a project in the Ukraine and associated charges of EUR -1.9 million not occurred in the period under review. This however, is a temporary charge since the restructuring of the portfolio had not been completed by the end of the quarter. It is expected that the charge will be already largely recovered in the third quarter.

In the first half of fiscal year 2011/2012, other operating income declined to EUR 0.8 million as against EUR 3.2 million in the previous year. This was largely due to the non-recurrence of income from the release of provisions which had favorably impacted the previous year's numbers.

Thanks to our continued cost controlling efforts, general and administrative expenses declined noticeably to EUR 3.0 million from EUR 3.4 million in the previous year.

The increase in other operating expenses to EUR -4.0 million (previous year: EUR -0.8 million) is primarily due to impairments on real estate inventory.

Following the end of the reporting period, we came to an agreement to divest our German residential portfolio. This transaction is another milestone in our strategic refocusing and resale programme. The closing is expected in two steps at the end of December 2011 and the end of February 2012, respectively and is subject to certain conditions.

Both parties have agreed not to disclose the purchase price. The transaction will lead to a direct and/or indirect proceed of a single-digit EUR million amount, net of transaction costs and corresponding loans. The transaction will also result in a charge of EUR -1.6 million due to a revaluation of the residential portfolio. This charge was already recognized in the reporting period.

In the first half of fiscal year 2011/2012, financial income declined to EUR 0.4 million as against EUR 3.6 million due to the aforementioned non-recurrence of the positive effects from the restructuring of a project in Poland in the previous year. Financial expenses developed favorably declining from EUR -1.5 million to EUR -1.1 million. In the second quarter of fiscal year 2011/2012, they almost halved as against the same period of the previous year. This is due to a partial redemption of a bridge loan which was possible as a result of proceeds of EUR 4.0 million from some successful resales of the YKB portfolio at the end of last fiscal year.

In total, the financial result was EUR -0.7 million in the period under review compared to EUR 2.0 million in the previous year. Profit/loss before tax and net profit/loss for the period attributable to the parent company shareholders, amounted to EUR -5.9 million (compared to EUR -0.7 million) and EUR -5.4 million (compared to EUR -1.0 million).

Segment reporting

In the first half of fiscal year 2011/2012, the Investments segment reported revenues of EUR 3.3 million (previous year: EUR 3.4 million), which is equivalent to the rental income posted in the consolidated statement of income. For the period under review, the loss amounted to EUR -1.5 million (previous year: EUR -1.3 million).

In the first half of fiscal year 2011/2012, revenues in the Asset Management segment declined to EUR 0.2 million as compared to EUR 4.4 million in the previous year. This is equivalent to the revenue from asset management posted in the consolidated statement of income. The decline is due to the aforementioned effects and to the absence of revenues from the sale of real estate, which had benefitted the previous year's number. The segment result amounted to EUR -1.9 million as against EUR 0.4 million in the previous year. The previous year's result included

gains from the sale of property and gains from closing warranties ("Co-proprietors' building scheme").

Central functions incurred a loss of EUR -2.3 million as against EUR -0.1 million in the previous year, which had benefited from the release of provisions.

Consolidated Statement of Cash Flow

In the period under review, cash flow from operating activities improved to EUR -3.0 million (as against: EUR -3.9 million) and thus was significantly better than the loss before tax of EUR -5.9 million. This can largely be explained by the fact, that a substantial part of the burden on earnings in the first half of fiscal year 2011/2012 were non-cash items. These totaled EUR -4.0 million and were primarily reflected in the result from companies accounted for using the equity method, impairments and currency translation effects.

Cash flow from investing activities was EUR -0.3 million, which was attributable to a loan to a company accounted for using the equity method. In the previous year, cash flow from investing activities was EUR 0.2 million. The net effect from issuance and redemption of financial debt amounted to EUR 2.3 million as against EUR 2.0 million in the previous year.

In total, the net change in cash and cash equivalents in the first half of fiscal 2010/11 was EUR -1.0 million compared to EUR -1.7 million in the previous year.

Assets and liabilities

Total assets of the MAGNAT group remained virtually unchanged since the end of last fiscal year. At September 30, total assets amounted to EUR 143.9 million as against EUR 149.4 million at March 31, 2011.

The decline was due to two factors. Firstly, shares in companies accounted for using the equity method decreased to EUR 26.5 million from EUR 29.5 million. This was due to the aforementioned restructuring of a project in the Ukraine which led to a temporary burden as per the end of the period, and the proportionate transfer of earnings-neutral equity changes. Secondly, the decline reflects the impact of the aforementioned impairments on real estate inventory.

At September 30, cash and cash equivalents totaled EUR 4.3 million as against EUR 5.3 million at the beginning of the fiscal year.

Financial position

At September 30, 2011, MAGNAT group's shareholders' equity decreased to EUR 86.1 million as against EUR 94.4 million at March 31, 2011. This reflects the loss in the first half of fiscal year 2011/2012, and the aforementioned proportionate transfer of earnings-neutral equity changes from companies accounted for using the equity method. Nevertheless, the group's equity ratio of 59.8 per cent (compared to 63.2 per cent) remains at a high level.

Another material change in the financial position as per the end of the reporting period refers to current and non-current financial debt, which increased to EUR 53.2 million as against EUR 50.4 million at March 31, 2011.

Net asset value

Due to the loss reported for first half of fiscal year 2011/2012, MAGNAT's net asset value calculated according to EPRA requirements declined to EUR 77.35 million as against EUR 85.67 million at March 31, 2011. Based on MAGNAT's number of 13.89 million shares outstanding, this is equivalent to a NAV per share of EUR 5.57 compared to EUR 6.17.

4. Employees

At 30. September 2011, 30 people were employed in the MAGNAT Group (30. September 2010: 31 employees).

5. Events subsequent to the reporting date

At the beginning of November, „SQUADRA Immobilien Gruppe“ successfully sold an object in Leipzig largely due to the corroboration with MAGNAT Asset Management Deutschland GmbH, a company of the MAGNAT Group. MAGNAT holds a 16.1 per cent interest in SQUADRA.

Furthermore, following the end of the reporting period, we came to an agreement to divest our German residential portfolio. The impact of this transaction is discussed in more detail in the section revenue and earnings trends.

6. Condensed report on opportunities and risks

The annual report for the 2010/2011 fiscal year covered MAGNAT's risk policy and the principles of risk and opportunity management extensively. The following notes to the half-year report should be read in conjunction with that report. They apply to the group as well as to its segments.

Market and sector risks

The real estate market is strongly impacted by economic trends, which, in turn, are affected by a large number of factors. Particularly important are the demand by investors for investments in the asset class real estate, and its relative attractiveness compared with other asset classes.

The markets of the Black Sea region and Eastern Europe, in which MAGNAT operates, have a significantly higher country risk compared to western industrial nations. This country risk has various characteristics such as political developments, instability of legal systems and jurisdiction generally, and de facto circumstances and business practices that prevail particularly within the area of property and land register law. MAGNAT can neither eliminate nor fully control many of these risks.

In fiscal year 2010/2011, and the trend has persisted into 2011/12, most of MAGNAT's markets were still impacted by the aftermath of the banking and financial crisis, and in the meantime, also by the sovereign debt crisis. Consequently, there is still no broad-based recovery of real estate prices. Furthermore, due to the lack of sufficient financing possibilities, or only at very expensive rates, transaction volumes remained at very depressed levels. Thus, the number of resales achieved by the group also continues to be low, and the risk for further impairments on the real estate portfolio remains high.

Financial risks

Currency risks

MAGNAT is predominantly active in markets outside the Euro-zone, and is consequently also exposed to corresponding currency exchange risks. Where possible and practicable, projects are processed in the local currency (for example, local currency debt financing of construction costs).

The remaining exchange rate risk, which is ideally restricted to the equity invested and the potential profit, is only partially hedged. Preference is generally given to the hedging of risks on an aggregated basis rather than on an individual project-related risk basis.

The foreign currency hedging strategy is determined in close coordination with the Supervisory Board.

Operating risks

Besides the risks associated with the various real estate markets in which MAGNAT is active, the group is exposed to typical project risks, and in particular, to operating risks arising from project financing. If loan financing at the project level cannot be realized, or cannot be realized as planned, then there is the risk that project time schedules will be delayed, and more equity would be required for a project or the debt financing cost could exceed original budgets.

Liquidity risks

A priority of the Board of Management is the management of the liquidity risk. This includes steering the ongoing refinancing activities, the further execution of the resale programme and the management of the resulting cash flows. Therefore, the successful execution of the resale programme is required in order to secure the group's future liquidity.

Due to the current economic situation, the liquidity position is being significantly impacted by additional contributions for continued project financing, particularly in connection with co-investors.

Therefore, management of the liquidity risk is currently given special attention.

Risks connected with co-investors' insolvency

A co-investors' insolvency may result in a number of risks which were discussed in detail in the annual report 2010/11. This and other such legal proceedings would tie up MAGNAT'S personnel capacity. Currently, negative media reports regarding co-investor insolvencies is detrimental to MAGNAT's operating activities and preventing the company from proceeding with the planned expansion in MAGNAT Asset Management.

7. Forecast

The development of the MAGNAT group in the current fiscal year 2011/12 will largely depend on the outcome of the planned resale programme. The successful execution of the resale programme is required in order to secure the group's future liquidity.

Following a temporary recovery of the world economy, the sovereign debt crisis in Europe and in the USA has resulted in a considerably dampened outlook.

This already shows a significant adverse impact on the availability of financing possibilities for larger real estate transactions. In Eastern Europe, hopes of at least a moderate recovery in prices or transaction volumes have so far proved immature. On the contrary, the outlook has already considerably deteriorated.

For the remainder of the current fiscal year, we expect a positive impact from the vast recovery of the charges resulting from the restructuring of our investment in the Ukraine, which had burdened our results in the first half. In the third quarter, the charge will already be largely recovered.

Furthermore, in November 2011, „SQUADRA Immobilien Gruppe“, in which MAGNAT holds a 16.1 per cent interest,

divested one of its objects at a price clearly above book value. The transaction was managed by MAGNAT Asset Management Deutschland GmbH, a company of the MAGNAT Real Estate AG. MAGNAT will receive a performance fee for the transaction.

However, we believe that risks will continue to prevail for MAGNAT's business development in second half of fiscal year 2011/12.

This interim group management report contains forward-looking statements. Such forward-looking statements are based on expectations that we have today, and on certain assumptions. They harbor a number of risks and uncertainties as a consequence. A large number of factors, many of which lie outside the scope of MAGNAT's influence, affect MAGNAT's business activities, its business strategy and its results. These factors may result in a significant divergence in the actual results, successes and performance achieved by MAGNAT.

Should one or more of these risks or uncertainties be realised, or should it prove that the underlying assumptions were incorrect, the actual results may significantly diverge both positively and negatively from those results that were stated in the forward-looking statements as expected, anticipated, intended, planned, projected or estimated results. MAGNAT accepts no obligation, and does also not intend, to update these forward-looking statements, or to correct them given a development that is other than the one expected.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

at 30 September 2011

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Consolidated Balance Sheet at 30 September 2011

in EUR	30/09/2011	31/03/2011
ASSETS		
Non-current assets		
Intangible assets	28,441,500	28,760,989
Fixed assets	89,876	98,740
Shares in companies accounted for using the equity method	26,487,820	29,471,399
Other financial assets	119,399	119,399
Loans to companies accounted for using the equity method	4,394,910	3,948,203
Other loans	426,264	416,020
Deferred tax assets	603,645	180,571
Total non-current assets	60,563,414	62,995,321
Current assets		
Real estate inventory	63,984,712	66,372,389
Trade receivables and other assets	7,759,245	8,502,354
Financial receivables and other financial assets	6,752,835	5,934,062
Tax refund claims	584,465	299,031
Cash and cash equivalents	4,278,553	5,320,167
Total current assets	83,359,810	86,428,003
Total assets	143,923,224	149,423,324
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	13,894,651	13,894,651
Treasury shares	-27,500	-27,500
Reserves	63,842,943	71,696,174
Equity attributable to shareholders of the parent company	77,710,094	85,563,325
Interest of non-controlling shareholders	8,383,913	8,864,585
Total shareholders' equity	86,094,007	94,427,910
Liabilities		
Non-current liabilities		
Deferred tax liabilities	246,966	289,259
Non-current financial debt	12,962,974	39,248,219
Total non-current liabilities	13,209,940	39,537,478
Current liabilities		
Provisions	1,634,583	1,760,370
Trade payables and other liabilities	2,391,769	2,326,078
Tax liabilities	342,987	225,040
Current financial debt	40,249,938	11,146,448
Total current liabilities	44,619,277	15,457,936
Total liabilities	57,829,217	54,995,414
Total equity and liabilities	143,923,224	149,423,324

Consolidated Statement of Income at 30 September 2011

in EUR	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010	01/07/2011 to 30/09/2011	01/07/2010 to 30/09/2010
Rental income	3,265,726	3,443,875	1,601,836	1,864,166
Operating expenses to generate rental income	-1,604,926	-1,803,210	-848,567	-912,905
Profit/loss on rental of real estate inventory	1,660,800	1,640,665	753,269	951,261
Revenue on sale of real estate	0	3,750,679	0	3,750,679
Expenses on real estate sales	0	-2,394,546	0	-2,394,546
Profit/loss on sales of real estate	0	1,356,133	0	1,356,133
Revenue from asset management	183,526	680,563	106,784	350,932
Expenses for asset management	-100,485	-468,539	-56,844	-223,767
Profit/loss on asset management	83,041	212,024	49,940	127,165
Profits from companies accounted for using the equity method	1,441,968	147,823	1,312,770	-110,611
Losses from companies accounted for using the equity method	-2,222,197	-5,177,530	-1,755,591	-3,731,091
Profit/loss from companies accounted for using the equity method	-780,229	-5,029,707	-442,821	-3,841,703
Other operating income	832,590	3,245,015	-21,914	1,826,745
General and administrative expenses	-2,964,647	-3,379,318	-1,799,904	-2,154,063
Other operating expenses	-4,011,337	-797,840	-3,012,057	-342,956
Profit/loss before interest and tax	-5,179,781	-2,753,028	-4,473,486	-2,077,417
Financial income	398,766	3,555,392	210,699	3,235,722
Financial expenses	-1,145,600	-1,533,197	-471,041	-866,810
Financial result	-746,834	2,022,196	-260,342	2,368,913
Profit/loss before tax	-5,926,615	-730,833	-4,733,828	291,496
Income taxes	291,113	-285,862	288,653	-245,522
Net profit/loss for the period	-5,635,502	-1,016,695	-4,445,175	45,973
Of which, attributable to:				
Non-controlling interests	-231,166	25,962	-286,423	-13,592
Parent company shareholders	-5,404,336	-1,042,657	-4,158,752	59,565
Basic earnings per share	-0.39	-0.08	-0.30	0.00
Diluted earnings per share	-0.39	-0.08	-0.30	0.00

Statement of Comprehensive Income from 1 April to 30 September 2011

in EUR	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010	01/07/2011 to 30/09/2011	01/07/2010 to 30/09/2010
Net profit/loss for the period	-5,635,502	-1,016,695	-4,445,175	45,973
Other profit/loss				
— Currency translation	-539,090	-330,056	-280,537	117,170
— Equity change arising from the equity method recognised financial assets	-2,203,380	949,649	-690,078	-775,631
Other profit/loss before tax	-2,742,470	619,593	-970,615	-658,461
— Tax relating to other comprehensive income	44,082	-15,806	44,082	-15,806
Other profit/loss after tax	-2,698,388	603,787	-926,533	-674,267
Total comprehensive income	-8,333,890	-412,908	-5,371,708	-628,293
Of which, attributable to:				
Non-controlling interests	-480,668	-27,928	-466,272	52,522
Parent company shareholders	-7,853,222	-384,980	-4,905,436	-680,816

Consolidated Statement of Changes in Shareholders' Equity at 30 September 2011

in EUR'000	Share capital		Reserves				Equity attributable to parent company shareholders	Interest of non-controlling shareholders	Total equity
	Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Currency translation	Other reserves			
01/04/2011	13,895	-28	98,181	-17,740	-9,466	721	85,563	8,865	94,428
Capital increases	0	0	0	0	0	0	0	0	0
Capital reduction	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	44	44	0	44
Proportional transfer of earnings-neutral equity changes for companies accounted for using the equity method	0	0	0	0	-1,746	-353	-2,099	-105	-2,203
Currency differences	0	0	0	0	-395	0	-395	-144	-539
Total result reported directly in equity	0	0	0	0	-2,140	-309	-2,449	-250	-2,698
Net profit/loss for the period	0	0	0	-5,404	0	0	-5,404	-231	-5,635
Total profit/loss	0	0	0	-5,404	-2,140	-309	-7,853	-481	-8,334
30/09/2011	13,895	-28	98,181	-23,144	-11,606	412	77,710	8,384	86,094

01/04/2010	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
Capital reduction	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	-16	-16	0	-16
Proportional transfer of earnings-neutral equity changes for companies accounted for using the equity method	0	0	0	0	885	46	931	19	950
Currency differences	0	0	0	0	-258	0	-258	-72	-330
Total result reported directly in equity	0	0	0	0	628	30	658	-54	604
Net profit/loss for the period	0	0	0	-1,043	0	0	-1,043	26	-1,017
Total profit/loss	0	0	0	-1,043	628	30	-385	-28	-413
30/09/2010	13,895	-28	98,181	-5,499	-6,761	629	100,417	10,737	111,154

Consolidated Statement of Cash Flow from 1 April to 30 September 2011

in EUR'ooo	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010
Consolidated profit/loss before tax	-5,927	-731
Change in real estate inventory	-18	1,437
Change in trade receivables and other receivables	70	-1,612
Change in income tax receivables	-285	253
Change in financial receivables and other financial assets	-877	-3,004
Change in intangible assets	-47	-35
Change in provisions	-126	-227
Change in trade payables and other liabilities	141	-329
Other non-cash items	4,037	350
Cash flow from operating activities	-3,032	-3,898
Payments for investments in property, plant and equipment	-11	-22
Payments to acquire shares, and increase the capital reserves of companies accounted for using the equity method, and other holdings	0	-75
Payments for the granting of loans to companies accounted for using the equity method and to other participating interests	-260	-565
Proceeds from the repayment of loans to companies accounted for using the equity method and to other participating interests	0	866
Cash flow from investing activities	-271	204
Proceeds from the increase of financial debt	4,744	10,178
Payments for the redemption of financial debt	-2,487	-8,185
Cash flow from financing activities	2,257	1,993
Net change in cash and cash equivalents	-1,046	-1,701
Change due to currency translation	4	1
Cash and cash equivalents at the start of the period	5,320	8,822
Cash and cash equivalents at the end of the period	4,279	7,122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period 1 April 2011 to 30 September 2011

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A. General information

MAGNAT Real Estate AG (hereinafter also referred to in brief as the “company” or “MAGNAT”) is entered in the commercial register at the location of the company’s headquarters in Frankfurt am Main, Germany. On September 17, 2010, the company’s legal form was changed from that of a GmbH & Co. KGaA to that of a public stock corporation („Aktiengesellschaft” – or „AG”), which was entered in the commercial register (HRB 89041). In terms of its history, MAGNAT Real Estate Opportunities GmbH & Co. KGaA was founded on April 6, 2006, and was entered in the commercial register at the location of the company’s headquarters in Frankfurt am Main, Germany, on May 31, 2006. The company’s headquarters are located at Lyoner Strasse 32 in Frankfurt am Main. All of the company’s fiscal years end on March 31.

Die MAGNAT Real Estate AG is the parent company of the MAGNAT Group. The parent company itself has not yet made investments in real estate or real estate projects. Investments are generally processed through project companies, and the parent company holds interests in these project companies either directly or indirectly (through intermediate holding companies). The predominant number of the investments that have been made to date have been made with co-investors.

MAGNAT has been further developed into an integrated real estate group with the integration of MAGNAT Asset Management GmbH. The company covers the entire value chain addressing acquisitions, development, and the disposal of projects and construction land. Through its subsidiaries, the group also offers, in particular, real estate management for third parties, as well as according to the so-called “Co-proprietors’ building scheme”.

The MAGNAT business model pursues a “develop & sell” and “buy & sell” strategy with respect to the real estate and land that it holds itself, in contrast to conventional real estate management companies that pursue a “buy & hold” strategy.

MAGNAT’s investment portfolio is currently distributed across nine countries. In the medium term, the company plans to concentrate on the Ukraine, Turkey, Georgia, and, potentially, Romania (core markets), i.e. countries around the Black Sea region.

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 not subject to a review.

The interim consolidated financial statements at September 30, 2011, were prepared in compliance with the regulations of International Accounting Standards (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at March 31, 2011.

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 present 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 2011) have been applied.

The accounting policies and the methods of estimation have not changed since the consolidated financial statements of 31 March 2011. Accordingly, we refer to our annual report of 31 March 2011.

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 2011.

The scope of consolidation has widened as follows as compared to the consolidated financial statements of 31 March 2011:

Group company		Group share	Formation/ acquisition date	Original cost EUR'000
IRAO MAGNAT Gudiashvili LLC, Tiflis, Georgia	Joint venture formed	50,00%	04/04/2011	0

Since its formation in the period under review, the aforementioned company generated proportionate results of EUR –6 thousand. The formation did not result in a goodwill.

C. Selected notes to the Consolidated Statement of Income

The net loss for group of EUR –5,636 thousand was largely affected by the negative result of the companies accounted for using the equity method (EUR –780 thousand), impairments on real estate inventory (EUR –2,406 thousand) and an impairment on goodwill (EUR –366 thousand).

In the period under review, general and administrative expenses amounted to EUR 2,965 thousand.

Earnings per share

Basic earnings per share is computed by dividing the loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding.

	01/04/2011 to 30/09/2011	01/04/2010 to 30/09/2010
Share in loss attributable to shareholders of the parent company for the period under review (EUR'000)	–5,404	–1,043
Weighted average number of shares outstanding	13,889,651	13,889,651
Basic earnings per share (EUR)	–0.39	–0.08
Diluted earnings per share (EUR)	–0.39	–0.08

D. Selected notes to the Consolidated Balance Sheet and to the Consolidated Statement of Changes in Shareholders' Equity

In the period under review, a company accounted for using the equity method granted a loan (EUR 4,000 thousand) to MAGNAT. The balance sheet value of shares in companies accounted for using the equity method was reduced by EUR 2,984 thousand. This was due to the loss reported from companies accounted for using the equity method and the proportionate transfer of earnings-neutral equity changes for companies accounted for using the equity method. The change in the value of real estate inventory is impacted by an impairment (EUR 2,406 thousand).

For the reporting period, the net loss attributable to shareholders of the parent company amounts to EUR 5,404 thousand. The net loss attributable to non-controlling interests amounts to EUR 231 thousand.

Further earnings-neutral changes to equity primarily arise from a negative change in the currency translation reserve in an amount of EUR 2,140 thousand and the proportionate change of other reserves from companies accounted for using the equity method in an amount of EUR –353 thousand.

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

E. Selected notes to the Consolidated Statement of Cash Flow

Cash flow from operating activities is calculated using the indirect method. Cash flows from investing and financing activities are calculated on payment-related basis.

Cash flow includes interest received of EUR 43 thousand (in its entirety from operating activities) and interest paid of EUR 574 thousand (from financing activities). Cash flow from income taxes resulted in a cash outflow of EUR 285 thousand in operating activities.

Cash flow from operating activities

Cash flow from operating activities of EUR –3,032 thousand is primarily impacted by the change in trade receivables and other receivables (EUR 70 thousand), the change in income tax receivables (EUR –285 thousand) and the change in financial receivables and other financial assets (EUR –877 thousand). Trade payables and other liabilities reported a change of EUR 141 thousand. Non-cash items stood at EUR 4,037 thousand. A breakdown of the significant items is presented separately in the “Non-cash items” section.

Cash flow from investing activities

Cash flow from investing activities of EUR –271 thousand is predominantly impacted by the granting of loans to companies accounted for using the equity method (EUR –260 thousand).

Cash flow from financing activities

Cash flow from financing activities of EUR 2,257 thousand is characterised by the drawing of financial debt of EUR 4,744 thousand, and the redemption of financial debt of EUR 2,487 thousand.

Non-cash items

The non-cash items result primarily from the profit/loss of companies accounted for using the equity method (EUR 780 thousand), impairments of EUR 3,079 thousand and from currency translation (EUR –246 thousand).

Cash and cash equivalents

Cash and cash equivalents correspond to the amount of EUR 4,279 thousand reported in the consolidated balance sheet. This item of the consolidated balance sheet comprises cash on hand and current bank accounts.

F. Notes to Segment Reporting

1 April 2011 to 30 September 2011

	Segments by business areas			
(EUR'000)	Investments	Asset Management	Corporate Functions	Group
Revenue	3,266	184	0	3,450
Net profit/loss for the period	-1,477	-1,906	-2,253	-5,636

1 April 2010 to 30 September 2010

	Segments by business areas			
(EUR'000)	Investments	Asset Management	Corporate Functions	Group
Revenue	3,444	4,431	0	7,875
Net profit/loss for the period	-1,269	374	-122	-1,017

Additional information

Segment assets (EUR'000)	Investments	Asset Management	Corporate Functions	Group
30 September 2011	98.382	38.362	7.180	143.923
31 March 2011	102.544	39.192	7.686	149.423
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

Segmentation of the data in the financial statements is based on the internal alignment according to strategic business segments and regional factors as per IFRS 8. In accordance with the management approach, the segment information presented represents the information to be reported to the Management Board. The group is divided into the business segments of Investments and Asset Management. The segment Investments comprises information relating to real estate held as non-current assets, and the business areas Revitalisation, Project Development and Land Banking. The segment Asset Management represents the asset manager's activities.

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

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

There has been no change in the assignment of group companies to business segments since the consolidated financial statements of 31 March 2011.

G. Other Disclosures

1. Related party disclosures

In the period under review, the legal practice of Supervisory Board member Dr. Christoph Jeannée rendered consultancy services to MAGNAT in an amount of EUR 99 thousand plus VAT.

A consultancy relationship exists between MAGNAT (particularly MAGNAT Asset Management GmbH) and the company of Supervisory Board member Friedrich Lind. In the period under review, corresponding services were invoiced in an amount of EUR 55 thousand plus VAT.

The Supervisory Board granted its assent to all these consultancy relationships.

A consultancy relationship exists between MAGNAT (particularly MAGNAT Asset Management GmbH) and the company of Dr. Falko Müller-Tyl. Dr. Müller-Tyl holds an indirect interest in MAGNAT. In the period under review, this consulting relationship resulted in payments of EUR 66 thousand plus VAT.

The Supervisory Board granted its assent to this consulting relationship as part of the integration of current MAGNAT Asset Management.

As of September 30, 2011, Management Board member Dr. Marc-Milo Lube held an interest of 4.10% of the issued shares of MAGNAT.

During the reporting period, compensation amounting to EUR 209 thousand was recorded for members of the senior management of MAGNAT Real Estate AG.

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

in EUR'ooo	30/09/2011	30/09/2010
Loans to companies accounted for using the equity method	4,395	6,960
Trade receivables and other receivables	78	0
Financial receivables and other financial assets	6,040	11,624
Short-term financial debt	19	88

Non-controlling interests

MAGNAT also had relationships with non-controlling shareholders. These relationships primarily consist of the financing and purchase of subsidiaries.

2. Subsequent events

At the beginning of November, „SQUADRA Immobilien Gruppe“ successfully sold an object in Leipzig largely due to the corroboration with MAGNAT Asset Management Deutschland GmbH, a company of the MAGNAT Group. MAGNAT holds a 16.1 per cent interest in SQUADRA.

At the end of November, MAGNAT signed a contract for the sale of a residential portfolio in Germany. The closing is expected in two steps at the end of December 2011 and the end of February 2012, respectively and is subject to certain conditions. Both parties agreed not to disclose the purchase price. The divested residential portfolio comprises around 1,500 apartments with around 85,000 m² at locations in Eberswalde, Saalfeld and Rostock. When the portfolio was acquired in 2007, the vacancy rate stood at 30 per cent. In subsequent years, the portfolio was upgraded by partly performing extensive renovation works. Consequently, the vacancy rate declined significantly. At last, the rental ratio reached a level of 90 per cent.

Frankfurt am Main, 30 November, 2011
MAGNAT Real Estate AG



Dr. Marc-Milo Lube
Member of the Board of Management



Jürgen Georg Faè
Member of the Board of Management

RESPONSIBILITY STATEMENT

As the Management Board of MAGNAT Real Estate AG, we assure that, to the best of our knowledge, the consolidated financial statements convey a true and fair view of the Group's net assets, financial position and results of operations pursuant to the applicable accounting principles, and that the course of business, including the financial result and the Group's position, are presented in the Group management report in such a way that they convey a true and fair view of the actual circumstances, and that the significant opportunities and risks pertaining to the Group's prospective developments are described.

Frankfurt am Main, 30 November, 2011
MAGNAT Real Estate AG



Dr. Marc-Milo Lube
Member of the Board of Management



Jürgen Georg Faè
Member of the Board of Management

FINANCIAL CALENDAR 2011/2012

Publication	Date
— Q3 Interim report at 31 December 2011	10 February 2012
— 2011/2012 Annual financial statements	30 July 2012

MAGNAT fiscal year: 1 April to 31 March respectively

IMPRINT

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NOTES

This interim financial report is also available in German. The German version of this report is authoritative. Additional 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.ag