ANNUAL REPORT 2011/2012

APRIL 1, 2011 TO MARCH 31, 2012

MAGNAT
REAL ESTATE

Key data at a glance

	2011/2012	2010/2011*
Key Group figures in EUR '000		
Profit/loss on rental of real estate inventory	2,372	3,036
Profit/loss on sale of real estate companies	439	0
Profit/loss on sale of real estate	15,724	2,304
Profit/loss on asset management	516	479
Profit/loss from investments accounted for using the equity method	3,678	-7,490
Other operating income and other effects	-816	921
Profit/loss before interest and taxes	14,788	-9,407
Profit/loss before taxes	13,032	-10,640
Net profit/loss attributable to parent company shareholders	12,933	-10,290
Shareholders' equity	20,229	12,575
Total assets	44,267	67,570
Equity ratio	45.7%	18.6%
Cash flow from operating activities	24,885	-3,497
Cash flow from investing activities	-1,205	14
Cash flow from financing activities	-25,416	-15
Cash and cash equivalents at the end of the period	3,589	5,320
Key stock market data as of March 31		
Number of shares	13,894,651	13,894,651
Share price at fiscal year-end	0.65	1.75
Market capitalisation in EUR	9,031,523	24,315,639
Earnings per share **	0.93	-0.74
Net asset value (NAV) per share in EUR	1.44	0.92
Free float according to the definition given by Deutsche Börse AG	55.3%	54.3%

* adjusted; see Notes to the Consolidated Financial Statements A.5
** weighted average of number of shares outstanding

Other information

Name	**MAGNAT Real Estate AG**
ISIN	DE000A0XFSF0 / DE000A1CRPG1
WKN	A0XFSF / A1CRPGF
Ticker symbol	Bloomberg: M5RK, Reuters: M5RGk.DE
Market segment	General Standard
Open market	Berlin, Düsseldorf and Stuttgart
General Standard (regulated market)	Frankfurt Stock Exchange (Frankfurt and Xetra)

Contents

from left to right

DR. MARC-MILO LUBE
Chief Executive Officer

JÜRGEN GEORG FAÈ
Chief Financial Officer

FOREWORD OF THE EXECUTIVE BOARD

Dear Shareholders,
Ladies and Gentlemen,

The 2011/2012 financial statements of MAGNAT Real Estate AG have features which are of significance. These result from an examination of our Company in the past fiscal year by the German Financial Reporting Enforcement Panel (DPR) which had led to a correction of our 2009/2010 financial statements which in turn had a direct impact on the current financial statements. Following a retrospective correction of shareholders' equity in the amount of EUR -76.1 million for the 2009/2010 fiscal year, our Company is reporting a Group net income of EUR 12.9 million or EUR 0.93 per share for the past fiscal year. This is the first time since the outbreak of the financial and economic crises that MAGNAT has reported a profit. In the continued difficult markets, we are seeing the first positive results from our restructuring and from portfolio disposals. Nevertheless, the current positive results are being driven by accounting factors.

This is based on the view of the DPR, with which MAGNAT agrees, that the acquisition of our asset manager, R-QUADRAT Immobilien GmbH in 2009, ultimately constitutes a reverse acquisition in accordance with International Financial Reporting Standards (IFRS). Accordingly and pursuant to IFRS, R-QUADRAT had acquired MAGNAT, which resulted in MAGNAT's carrying amounts to be adjusted retrospectively for the purchase price. As a result of the DPR measures, MAGNAT has been required to show a dramatic reduction in carrying amounts on its balance sheet so that, for example, the disposals in the past fiscal year have led to a significantly positive impact on earnings. At a Group equity ratio which has again risen to 46 percent, the adjustment to the carrying amounts has led to a permanent reduction in the burdens on the balance sheet from existing investments. The sales in the past fiscal year which were made in the context of focusing investments in the Black Sea region will also reduce the risks of the investment portfolio. We have, for example, sold our entire German residential portfolio. As a result, this brought not only a positive contribution to earnings but also a significant inflow of cash.

From the sales of the Turkish YKB portfolio, the Company received a further EUR 4.0 million of liquidity as well as an earnings contribution in the amount of EUR 6.0 million. So far, we have received around EUR 21 million from this portfolio thus recouping our entire original equity investment. The disposal of the remaining assets has also been initiated. The SQUADRA Immobilien Group, in which MAGNAT holds a 16.1 percent stake, sold the Schrödterhaus in Leipzig in November 2011. MAGNAT Asset Management carried out the purchase, renovation, rental, and sale of the property and benefitted from a transaction-out fee. Since the selling price was well above book value and thus a substantial cash inflow was achieved, the shareholders of SQUADRA decided to distribute EUR 3.5 million in October 2012. MAGNAT will participate from this in line with its involvement.

Also in the year under review, the "co-proprietors' building scheme" in the Viennese Rennweg which is still in development and is 100 percent owned by one of MAGNAT's real estate companies, was sold for a price significantly higher than its net assets so that a profit of EUR 0.4 million resulted. An ensuing project was begun on Brünner Straße. This project company is also 100 percent owned by MAGNAT.

A further contribution to the reduction of risk was the elimination of latent legal risks in connection with the bankruptcy of the co-investor RQCB and the purchase and integration of its assets by MAGNAT. MAGNAT has acquired the full control of the previously jointly supervised projects, has settled all mutual claims and liabilities, and has ended all business relationships. In this context, the conclusion of the legal dispute in connection with the Schwarzenberg project should be mentioned. This led to a settlement payment to MAGNAT of EUR 2.7 million and a positive contribution to earnings in the same amount.

Despite the absence of accounting-related charges due to the adjustments to MAGNAT's carrying amounts, the market situation remains difficult, especially in Eastern Europe. The recovery that was initially expected by experts a year ago has still not materialised and is not currently foreseeable. On the contrary, the economic crisis in the region has even worsened in recent months. This development is particularly visible in the real estate markets of our target region. Accordingly, a commercially reasonable streamlining of our investment portfolio in Eastern Europe was not possible in fiscal year 2011/2012. Therefore, in the independent reviews of our investments, significant corrections of the relevant market values were necessary. These amounted to a total of EUR 6.5 million and had a correspondingly negative impact on our financial statements for fiscal year 2011/2012.

For the near future we expect to see a further worsening of the market situation in Eastern Europe in the wake of the escalating European debt crisis. This worsening is characterised on the one hand by the extreme reluctance of both investors and banks to finance new projects. On the other hand, numerous fire sales in MAGNAT's target region cause massive price pressure in MAGANT's relevant market segments.

Against this background, the securing of liquidity will remain a focal point in MAGNAT's financial planning. We will continue our efforts at rigorous cost containment, especially with regards to general administrative expenses and other operating expenses. In light of the difficult market conditions, it may be necessary to sell parts of the real estate portfolio at prices below their stated book values in order to ensure liquidity.

On a positive note, MAGNAT continues to be one of the few remaining developers in its target markets and has even strengthened its position for the longer term. We continue to believe that the entire Black Sea region will be rediscovered as an attractive investment by international capital. Numerous countries in the region are much better positioned economically than the southern peripheral states of the eurozone. This has been impressively highlighted by the latest developments in the wake of the euro crisis. As soon as the European debt crisis has been overcome, we expect this region to become significantly more attractive for foreign investors.

Unfortunately, for the MAGNAT Group and its shareholders, the disappointing development of the previous year continued in fiscal year 2011/2012. In the course of the fiscal year, MAGNAT's share price declined from EUR 1.73 to EUR 0.65. Even after the close of the fiscal year, the share price has continued to decline. We hope that this negative trend can be broken as further progress in the restructuring of our portfolio becomes more visible.

Yours Sincerely

Dr. Marc-Milo Lube (CEO) **Jürgen Georg Faè (CFO)**

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

In the 2011/2012 fiscal year, the Supervisory Board performed the tasks and exercised the responsibilities incumbent upon it, pursuant to the law, MAGNAT Real Estate AG's articles of association, and its internal rules and business procedures.

The Supervisory Board and Executive Board engaged in continuous cooperation and intense dialogue. Along with the explicit topics mentioned in this report, this included all further significant questions relating to the Company and the Group. The Supervisory Board consulted regularly with the Executive Board. It supervised the carrying out of business on the basis of legality, effectiveness, and economic efficiency. The Executive Board directly involved the Supervisory Board in decisions of fundamental significance for the Company or the Group. Particularly the strategic realignment of the Group within the target regions around the Black Sea were made in close consultation with the Supervisory Board, as were the changes in accounting applied to the current financial statements. These changes were a result of an audit of the financial statements ended March 31, 2010 by the German Financial Reporting Enforcement Panel (DPR).

The Executive Board informed the Supervisory Board by means of detailed and comprehensive written and verbal reports which were submitted on a timely basis. This included a detailed discussion of all significant questions relating to the development of the Company and the Group's relevant markets, short- and long-term corporate planning, and current business progress. The current state of the Company and the Group, the liquidity and risk positions, the group-wide risk management system, as well as current development projects and the further strategic development of the Group were also part of these discussions. The information provided by the Executive Board was critically reviewed by the Supervisory Board for plausibility. Here, the items and the scope of the Executive Board's reporting were fully in accordance with the requirements of the Supervisory Board at all times.

The Executive Board submitted detailed clarifications, which were reviewed by the Supervisory Board, when the course of business diverged from previously approved plans and targets, and on the appropriate measures to counter these divergences. Following thorough examination and consultation, the Supervisory Board gave its approval to the reports and proposed resolutions submitted by the Executive Board according to provisions of the law or the articles of association, where required.

Between meetings, the Executive Board comprehensively informed the Supervisory Board Chairman in a timely manner by way of written and verbal reports about particular business transactions which were of key significance in the assessment of the situation and the development and management of the Company and the Group. Matters which required approval were presented to the Supervisory Board in a timely manner for approval.

Of particular importance in the reporting period were the aforementioned audit of the consolidated financial statements ended March 31, 2010 of MAGNAT Real Estate AG and accordingly its predecessor, MAGNAT Real Estate Opportunities GmbH & Co. KGaA by the German Financial Reporting Enforcement Panel (DPR) and the restructuring and bankruptcy procedures of MAGNAT's co-investors RQCA and RQCB. The Supervisory Board dealt intensively with both procedures. The DPR's examination of the reverse acquisition and the resulting accounting changes were evaluated and finally implemented following a close and careful consultation of the Executive Board, the Supervisory Board Chairman, the auditor, and further external experts.

There were no further events in fiscal 2011/2012 which could be classified as extraordinary.

The Supervisory Board Chairman was in regular and intensive contact with the Executive Board and was informed regularly of current business progress and significant business transactions. He also informed the other Supervisory Board members outside of meetings and discussed developments with them.

In the year under review, there were no conflicts of interest on the part of the Executive and Supervisory Board members which would require immediate disclosure to the Supervisory Board or at the Annual General Meeting.

Supervisory Board Members in fiscal year 2011/2012

- Prof. Dr. Werner Schaffer, Urbar (Chairman)
- Dr. Carsten Strohdeicher, Frankfurt am Main (Deputy Chairman)
- Dr. Christoph Jeannée, Vienna, Austria
- Friedrich Lind, Vienna, Austria
- Stefan Schütze, Frankfurt am Main (since April 2011)
- Wolfgang Quirchmayr, Vienna, Austria (since Oktober 2011)
- Andreas Lange, Frankfurt am Main (until August 2011)

PROF. DR. WERNER SCHAFFER
Chairman of the Supervisory Board

The election of the new Supervisory Board was pending at the Annual General Meeting on October 27, 2011. Messrs. Schaffer, Strohdeicher, Jeannée, Lind and Schütze were re-elected. Mr. Quirchmayr was newly elected. Mr. Lange retired from the Board on August 5, 2011. The Supervisory Board thanks Mr. Lange for his commitment to the Company and wishes him well in his future endeavours.

Work conducted by the plenary session

The Supervisory Board was again intensely active in fiscal year 2011/2012 and met on five occasions, one of those by telephone. The meetings were held on June 9, 2011, July 28, 2011, October 28, 2011 and March 27, 2012 and the telephone conference was held on September 29, 2011. With 2 exceptions, the Supervisory Board members were present in full at all meetings.

At all of its meetings, the Supervisory Board concerned itself with the reports of the Executive Board on the current economic and operational situation of the Company and the Group. The Supervisory Board also dealt with the Group's situation in the relevant markets and the status of developments projects and investments. In all meetings of the Supervisory Board the relevant current financial situation and liquidity position of the Group and the progress in the restructuring and bankruptcy procedures of the co-investors were also on the agenda. Furthermore, the Supervisory Board discussed the budget for fiscal year 2011/2012, the development of the co-proprietors' building schemes, and dealt with questions regarding risk management.

In July 2011 (for fiscal year 2011/2012) and in June 2012 (for fiscal year 2012/2013), together with the Executive Board, the Supervisory Board discussed and submitted MAGNAT Real Estate AG's Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act relating to the recommendations of the "German Corporate Governance Government Commission" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette in the version of May 26, 2010 as well as any divergences from these recommendations and published it on its website (www.magnat.ag). The Corporate Governance Report reproduced in the 2011/2012 annual report of MAGNAT Real Estate AG contains further comments about corporate governance, and the Corporate Governance Statement pursuant to Section 289a of the German Commercial Code.

The Supervisory Board discussed the financial statements, the management report, the consolidated financial statements and the Group management report for fiscal year 2011/2012 as well as the results of the audit by the auditor and approved, after its own review, the financial statements and the management report and accordingly the consolidated financial statements and the Group management report.

The Supervisory Board, which was newly elected at the Annual General Meeting on October 27, 2011, assembled itself at its first meeting on October 28, 2011. The Supervisory Board re-elected Prof. Dr. Werner Schaffer as Chairman and Dr. Carsten Strohdeicher was re-elected as Deputy Chairman.

Financial statements and consolidated financial statements as of March 31, 2012

The Supervisory Board thoroughly reviewed the financial statements and consolidated financial statements for fiscal year 2011/2012 including the management report for the Company and the Group on July 24, 2012, July 26, 2012, and on August 23, 2012. They were approved on August 23, 2012. The financial statements and the management report of MAGNAT Real Estate AG were prepared in accordance with the German Commercial Code (HGB). The consolidated financial statement and the Group management report were prepared according to International Financial Reporting Standards (IFRS) as applicable in the EU and the associated supplementary regulations according to Section 315a (1) of the German Commercial Code (HGB).

The auditor took part in the discussions on August 23, 2012 and presented the key results of his audit, particularly the changes in accounting based on the DPR audit which were associated with the reverse acquisition and were retroactively applied to fiscal year 2009/2010.

KPMG Deutsche Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, Frankfurt am Main branch was chosen as auditor by the Annual General Meeting and was mandated by the Supervisory Board. The auditor audited the financial statements and the management report of MAGNAT Real Estate AG, and the consolidated financial statements and management report of the Group and issued them with unqualified audit opinions.

The Supervisory Board subjected the financial statements and the consolidated financial statements and the management reports for both the Company and the Group to its own review, and approved the results of the audit conducted by the auditor. No objections were raised following issuance of the final audit report on the financial statements and the consolidated financial statements, the management report for the Company and the Group, and the auditors audit reports. The Supervisory Board approved the financial statements, the management report, the consolidated financial statements, and the Group management report, so that the financial statements have been adopted.

Supervisory Board committees

The Supervisory Board is composed of six members and forms no committees. Were an even smaller committee to be formed from this body, the Supervisory Board believes that the risk would exist that, in the case of particularly important or complex matters, the expertise of all Supervisory Board members would not be available. Therefore, the handling of matters by the Supervisory Board as a whole appears to be preferable.

A Word of Thanks from the Supervisory Board

The Supervisory Board would like to thank all of the Group's staff and both Executive Board members, Dr. Lube and Mr. Faè, for their commitment and constructive cooperation in fiscal year 2011/2012.

This report was discussed in detail and approved by the Supervisory Board on August 23, 2012.

Frankfurt am Main, August 2012

Prof. Dr. Werner Schaffer
(Chairman)

CORPORATE GOVERNANCE

MAGNAT Real Estate AG is committed to managing and supervising the Group in a manner that is responsible and creates value. The transparency of the Group's management principles and the traceability of its development should be maintained in order to build, maintain and strengthen the trust of the shareholders, business partners, customers, capital market participants and employees. The Executive Board and Supervisory Board work closely together for the benefit of the Company in order to ensure that the Company is responsibly managed and controlled through good corporate governance.

Steering and organisation

The parent Company, MAGNAT Real Estate AG, is headquartered in Germany. The headquarters of the subsidiaries, associated companies and joint ventures are located in the countries in which they are predominantly active.

The Group is split into two segments which are in line with its two core business activities. The "Investments" segment carries out real estate development in nine selected countries, that comprise the CEE/SEE and CIS regions along with Germany. In the medium term, MAGNAT plans to restructure its investment portfolio and to concentrate on the Ukraine, Turkey, Georgia and potentially Romania (core markets), or in other words, countries surrounding the Black Sea (Black Sea Region). In its "Asset Management" segment, MAGNAT provides real estate and property management services, particularly in the areas of analysis, purchasing, financing, development, and sale of real estate. In this segment, MAGNAT provides services for its own Investment segment (internal asset management) as well as for third parties (external asset management).

The Executive Board steers the Group and the segments according to cash flow and in the realm of clearly defined individual budgets. The segments' development and the corresponding individual budgets based on budgeted targets are part of regular strategy and reporting discussions of the Executive Board and the respective individuals responsible for the operations.

Shareholders and Annual General Meeting

The shareholders of MAGNAT Real Estate AG exercise their management and control rights at the Annual General Meeting. The ordinary Annual General Meeting exercises all of the tasks and responsibilities that are incumbent upon it according to the law. It is held within the first eight months of every fiscal year. MAGNAT Real Estate AG's fiscal year end is March 31. The Chairman of the Supervisory Board chairs the Annual General Meeting. Every shareholder has the right to take part in the Annual General Meeting, to speak about the respective agenda items, and to demand information about Company matters when such information is necessary in order to make an objective assessment of the shareholders' meeting agenda.

All of the issued shares of MAGNAT Real Estate AG are ordinary bearer shares with identical rights and obligations. Each share carries one vote and there is no maximum limit to the shareholder's voting rights and no special voting rights. Resolutions generally require a simple majority. A three-quarters majority of the capital represented is required in certain statutorily regulated instances (including for proposed resolutions relating to capital changes and amendments to the articles of association).

Shares of MAGNAT Real Estate AG held by board members and major shareholders

Shares held by board members at the close of fiscal year 2011/2012: Dr. Marc-Milo Lube held 570,856 shares, representing 4.10 percent of the total of the Company's shares outstanding. The Chairman of the Supervisory Board, Prof. Dr. rer. pol. Werner Schaffer, held 1,642 shares, representing 0.0118 percent of the shares outstanding. Supervisory Board member Friedrich Lind held 20,000 of the Company's shares, representing 0.1439 percent of the shares outstanding. Supervisory Board member Dr. Christoph Jeannée held 13,860 of the Company's shares which represents 0.0998 percent of the shares outstanding. Supervisory Board member Mag. Wolfgang Quirchmayr held 26,000 shares of the Company, which represents 0.1871 percent of the shares outstanding.

Shares held by major shareholders at the close of fiscal year 2011/2012: The Tisca Stiftung held 2,383,419 shares or 17.15 percent of the Company's outstanding shares. The FDM Privatstiftung held 1,943,732 shares which represent 13.99 percent of the Company's shares outstanding. Altira AG held 1,833,735 shares representing 13.56 percent of the Company's shares outstanding. The remaining 55.30 percent of shares are held by institutional and private investors.

This information is based on voting right notifications made by shareholders pursuant to the German Securities Trading Act (WpHG), and information submitted by the Supervisory Board members of the Company.

Accounting and auditing

The consolidated financial statements are prepared according to International Financial Reporting Standards (IFRS).

The Executive Board is required to prepare the annual financial statements (the balance sheet, income statement, and notes to the financial statement) and the Company's management report within the first three months of the fiscal year. It should be presented to the Supervisory Board immediately following the auditor's audit and include the auditor's report and the Board's proposal for the use of the unappropriated retained earnings. The Supervisory Board reviews the financial statements, the management report, and the Executive Board's proposal for the use of unappropriated retained earnings. The Supervisory Board then forwards its related report to the Executive Board within one month from having received the Executive Board's drafts and the auditor's report about the audit of the annual financial statements.

The following agreements with the auditor exist:

1. The Supervisory Board Chairman is to be informed immediately if potential reasons arise for exclusion or disqualification during the audit that cannot be immediately excluded.

2. The auditor is to report on all findings and events that arise during the audit that are of significance to the tasks of the Supervisory Board.

3. If the auditor establishes facts during the audit that contradict the statement of compliance according to the German Corporate Governance Code that is issued by the Management and Supervisory boards, the auditor is required to note this in its audit report and to notify the Supervisory Board Chairperson immediately.

Transparency

MAGNAT places a high priority on information being timely, consistent and comprehensive. Reporting on the Group's situation and development and especially the business results occur in the annual report and the interim reports for the three and nine month periods and in the half year financial report. The Group also provides information to the public through press releases and ad hoc announcements pursuant to Section 15 of the German Securities Trading Act (WpHG). Additionally, the Executive Board communicates with the relevant participants in the capital markets domestically and internationally. All financial publications, announcements and presentations that are prepared for financial communication are available on the Company's website (www.magnat.ag). The financial calendar is also available on the website and provides early information on regular reporting dates.

MAGNAT Real Estate AG has set up an insider list pursuant to Section 15b of the German Securities Trading Act (WpHG). The individuals concerned are informed of statutory duties and sanctions.

Corporate Governance Statement pursuant to Section 289a of the German Commercial Code (HGB)

MAGNAT Real Estate AG issues a corporate governance statement pursuant to item 3.10 of the German Corporate Governance Code and pursuant to Section 289a of the German Commercial Code (HGB). The statement of compliance in accordance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) that this statement contains is also available on the Company's website (www.magnat.ag).

Composition and work methodology of the Executive and Supervisory Board

As a listed German public stock corporation, the management of the Company is determined by the German Stock Corporation Act, the further statutory provisions of commercial and corporate law, and the requirements of the German Corporate Governance Code in its respective current version. German law requires that public stock corporations operate a dual management system. In other words, there is a strict separation of personnel between the Executive Board as the management body and the Supervisory Board as a supervisory body, whereby the Executive and Supervisory boards work closely together in the Company's interest.

The **Executive Board** manages the Company under its own responsibility and represents the Company when entering into transactions with third parties. It determines the strategy in coordination with the Supervisory Board and implements this strategy with the aim of creating sustainable value. The members of the Executive Board are responsible for individual areas independently of their joint responsibility for the Group. The members work congenially and keep each other continually informed of important events and measures within their areas of responsibility. In legally-specified instances, the Executive Board is required to obtain the approval of the Supervisory Board. In addition, MAGNAT's articles of association also list extraordinary transactions which require the agreement of the Supervisory Board. The Executive Board has set out no rules of business procedure for itself, nor has the Supervisory Board issued the Executive Board with such rules of business procedure..

The Executive Board informs and reports to the Supervisory Board regularly, timely, and comprehensively on all company-relevant planning, business development, and questions of risk. The Executive Board is required to report other important matters to the Supervisory Board Chairperson. The Supervisory Board Chairperson is also informed regularly and continually of business progress. In the context of this reporting, the Executive Board refers back to the valid risk management system found throughout the entire MAGNAT Group.

The Executive Board is comprised of two members who are entitled equally and has a chairperson. The Executive Board has formed no committees.

The **Supervisory Board** appoints Executive Board members, determines their respective overall compensation, and supervises it in its management of the Company. The Supervisory Board also consults with the Executive Board concerning the management of the Company. The Supervisory Board adopts the financial statements and approves the consolidated financial statements. Important Executive Board decisions require the agreement of the Supervisory Board. Additionally, the Supervisory Board has issued itself rules of business procedure.

The Supervisory Board currently consists of 6 members who were elected at MAGNAT Real Estate AG's Annual General Meeting. The Supervisory Board Chairperson coordinates the work of the Supervisory Board. The Supervisory Board has formed no committees.

Further details on the specific work of the Supervisory Board can be found in the Supervisory Board Report that forms part of this annual report.

Wording of the last Statement of Compliance according to the German Commercial Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Executive Board and Supervisory Board of MAGNAT Real Estate AG (hereinafter referred to as "the Company") oversee the compliance with the German Corporate Governance Code. They hereby declare that they have complied and will comply with the recommendations of the "German Corporate Governance Code Government Commission" as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette dated May 26, 2010 with the following exceptions:

- Items 2.3.1 and 2.3.3: The Company's articles of association in its current valid version include the option of a shareholder vote by mail or a corresponding authorisation of the Executive Board. However, at this time, there is no intention to introduce such a shareholder vote by mail.

- Item 3.8: A deductible for D&O insurance has been agreed for the Executive Board as of April 1, 2010 however, there is no such deductible for the Supervisory Board. It is the Company's opinion that such a deductible for the Supervisory Board would significantly reduce the attractiveness of Supervisory Board duties at the Company and therefore have a detrimental effect on the chances of recruiting appropriate candidates for a position as a member of the Supervisory Board.

- Item 4.2.1: The Executive Board has drawn up no rules of business procedure for itself since it consists of two individuals and, in the view of the Company, business procedures are not necessary.

- Item 4.2.3: The Executive Board's compensation generally corresponds to their tasks, whereby variable components are granted as short-term incentive components.

- Item 5.1.2: No age limit has been set for Executive Board members. The Company is of the opinion that age is not an appropriate criterion for appointing Executive Board members. Furthermore, there is currently no woman in the Executive Board. Should the Board be expanded, even more intense efforts will be made to seek women as candidates. Moreover, the key position of "General Counsel" in the Company is occupied by a woman.

- Item 5.3: The Supervisory Board forms no committees. It is comprised of six members. Were an even smaller committee to be formed from his body, the Supervisory Board believes that there would be a risk that the expertise of all Supervisory Board members would not be available; therefore, the handling of matters by the Supervisory Board as a whole appears to be preferable.

- Item 5.4.1: No age limit has been set for Supervisory Board members. The Company is of the opinion that age is not an appropriate criterion for appointing Supervisory Board members. In composing the Supervisory Board, particular consideration is currently being given to diversity. At the time of new elections, a more intense search will be made for female Supervisory Board candidates than in the past.

- Item 5.4.6: The members of the Supervisory Board receive no performance-based compensation, thereby strengthening their independence.

- Item 7.1.2: Until further notice, the Company aims to publish information according to the statutory publication deadlines. Nevertheless, through its aim to make constant improvements in processes and reporting it will strive to meet the shorter deadlines of the Corporate Governance Code in the future.

This statement is accessible to shareholders by way of a direct republication on the Company’s website at www.magnat.ag.

Frankfurt am Main, June 2012
MAGNAT Real Estate AG

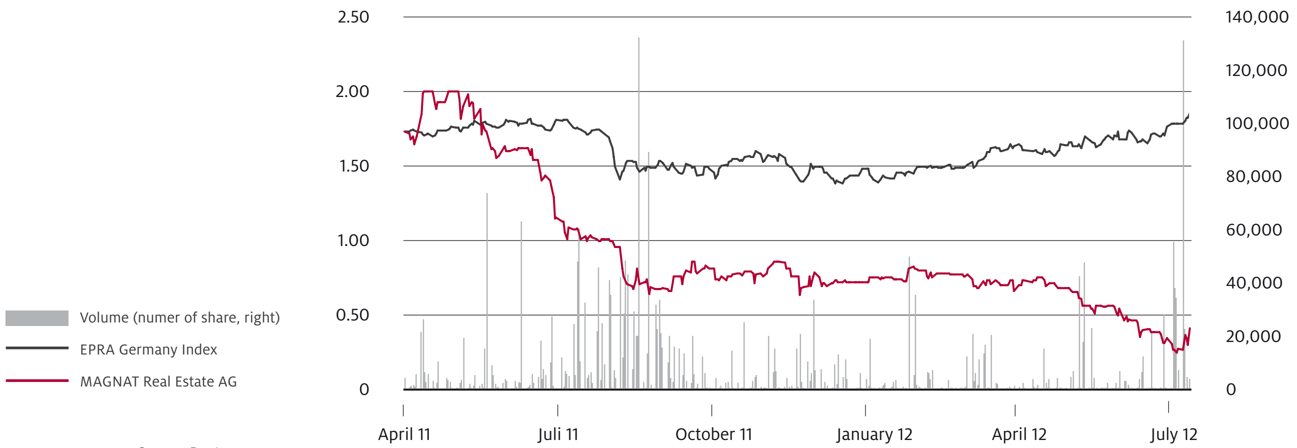
For the Supervisory Board
Prof. Dr. Werner Schaffer

For the Ececutive Board
Dr. Marc-Milo Lube, Jürgen Georg Faè

MAGNAT ON THE CAPITAL MARKET

Shareholders and other interested parties may find the complete information on MAGNAT shares and a current overview of the most important conferences and financial dates under the section titled “Investor Relations” on our website (www.magnat.ag).

MAGNAT‘s share price development



Source: Reuters

Net Asset Value (EPRA)

in EUR '000	31/03/2012	31/03/2011	31/03/2010
NAV per the financial statements	**20,326**	**12,697**	**24,752**
Effect of exercise of options. convertibles and other equity interests	-	-	-
Diluted NAV, after the exercise of options, convertibles and other equity interests	**20,326**	**12,697**	**24,752**
Revaluations	-	-	-
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	-	-	-
Deferred tax	(321)	108	177
Goodwill as result of deferred tax	-	-	-
Diluted EPRA NAV	**20,005**	**12,805**	**24,929**
Shares in million	**13.89**	**13.89**	**13.89**
Diluted EPRA NAV EUR per share *)	**1.44**	**0.92**	**1.79**

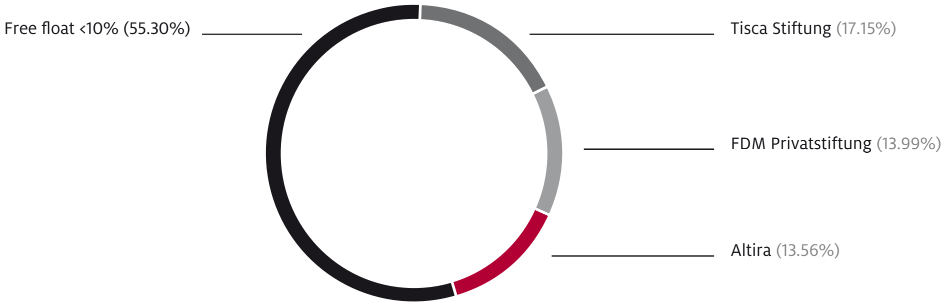
*) The NAV is calculated on the basis of the retrospective adjustments made as a result of the "reverse acquisition". Since the former carrying amounts of MAGNAT's assets exceeded the acquisition costs in this transaction, the assets needed to be measures on the basis of the maximum amount of the total purchase price. (See also the comments in the notes to the consolidated financial statements under A.5 and the Group management report under 4.2.1.).

Name	**MAGNAT Real Estate AG**
Number of shares	13,894,651
Ticker symbol / ISIN / WKN	M5RK / DE000A0XFSF0 / A0XFSF
Bloomberg / Reuters	M5RK / M5RKGk.DE
Level of transparency	General Standard
Market segment	Regulated market
Stock exchanges	**Regulated market** Frankfurt Stock Exchange (Xetra and Frankfurt) **Open market** Berlin, Düsseldorf, Stuttgart
Indices	DIMAX / C-DAX / DAXsector All Financial Services DAXsubsector All Real Estate / General Standard Index
Free Float (definition according to Deutsche Börse AG) *	55.30%

* based on the Company's knowledge, based on voting rights notifications

	2011/2012	2010/2011
Number of shares as of March 31	**13,894,651**	13,894,651
Share price at start of fiscal year (Xetra)	**1.73**	3.60
Share price at end of fiscal year (Xetra)	**0.65**	1.75
Year high	**2.00**	3.60
Year low	**0.65**	1.70
Market capitalisation as of March 31	**9,031,523**	24,315,639
Average daily turnover (number of shares)	**8,208**	6,660
Earnings per share	**0.93**	-0.74

Shareholder structure



OUR PROJECTS

MAGNAT positions itself as an integrated real estate group. The business model comprises the entire value chain from purchase and development to the sale of real estate and construction land. We pursue a "develop & sell" or "buy & sell" strategy when it comes to our own real estate and land. We do not follow the classic strategy of holding property, in other words a "buy & hold" strategy. Typically, the holding period of real estate and land is adapted to the time required until the resale or establishment in the realm of normal business activity.

Our business is structured as two business segments: Investments and Asset Management. The Investments segment is comprised of our own real estate portfolio, in other words the real estate and land belonging to the Company. This includes direct or indirect interests in local project companies that develop the real estate projects locally. We give preference to majority investments where possible. Here, we concentrate on investments in office and residential real estate and on construction land that allows the development of real estate for such purposes.

Currently, the investment portfolio is divided amongst nine countries. In the medium term, we would like to focus our investment portfolio on selected core markets surrounding the Black Sea (Black Sea Region) namely the countries Ukraine, Turkey, Georgia and possibly Romania. We present our current projects below.

Projects in the Black Sea countries

Ukraine

Economic environment

The growth driver in the Ukraine is clearly the domestic economy: In 2011, domestic consumption and investments increased around 10 percent while exports grew only slightly. Overall, GDP grew 5.2 percent, which was faster than in the previous year (4.1 percent). The Ukraine is increasingly suffering from the European debt crisis resulting in significant outflows of capital and significantly widened interest rate spreads. The country risk has risen significantly, since the Ukraine has further isolated itself internationally due to the current politically motivated prosecutions and convictions of form members of government.

The main problem of the Ukrainian real estate market remains the very limited options of financing at commercially acceptable rates. The escalating European debt crisis has exacerbated the situation. Accordingly, construction activity remains unchanged at a very low level and new projects are rarely launched. In addition, many of the credit financed projects of the past are flooding the market due to a lack of follow-on financing.

Peremogi investment	
Use	Office
Land area (in m²)	10,000
Projected area (in m²)	31,873
MAGNAT's interest	59.8%
Balance sheet value (in EUR ´000)	7,949
Purchase date	07/07

MAGNAT holds an interest in a Ukrainian project company that owns the building rights to the corresponding property which has permission to construct office and commercial buildings. The plot of land on which the project shall be developed is nearly rectangular and the area to be developed is 6,150 m².

The property is located around eight kilometres or 10-15 minutes by car west of the city centre of Kiev and is regarded as an up-and-coming office location. The environment is characterised by residential construction. It is anticipated that further office and residential projects will be created along the road. The surrounding area is characterised by high-rise buildings and over the last few years several office parks and hotel and office buildings were added. The new US American embassy is nearby. The location was lent further value through being connected to the underground railway system. Local amenities and shops are good and include a supermarket, social facilities, schools, hospitals, doctors, and pharmacies.

A modern office centre is to be constructed on the property. For this purpose, a building permit has been issued and will be valid for another three years. As part of the initially started construction work, an excavation pit was dug and retaining walls were erected. There has been a delay in implementing the plans as a result of the economic crisis and the corresponding financial constraints in the Ukraine and for development projects. During this current phase of modest market development, the further optimisation of our development plan in close collaboration with our co-investor remains at the forefront. This will enable us to quickly start to develop the property should the market situation improve. At the same time, the option of a sale is being explored with our project partner.

Koncha Zaspa investment	
Use	Residential
Land area (in m²)	33,635
MAGNAT's interest	99.6%
Balance sheet value (in EUR ´000)	2,014
Purchase date	04/07

This property is located in the so-called Koncha Zaspa and is approximately 10 km south-west of the city perimeter and around 20 km from the city centre of the capital of Kiev which has around 2,700,000 inhabitants. Koncha Zaspa is an exclusive suburb of Kiev and is favoured as a residential area by diplomats and wealthy Ukrainians. The Kozin housing area is nearby. The property is characterised by its location right on the banks of the River Dnepr. The immediate area of the property is used for agriculture.

The land is zoned for residential construction and a building permit is not yet available. The initial development plan – the construction of about 20 luxury villas or up to 300 apartments in four-storey buildings is not possible in the current market environment due to a lack of funding options. Alternative development possibilities have been addressed and proposals are being developed for subdivisions at low costs in order to increase the value of the land.

Chmelnitzky investment	
Use	Retail
Land area (in m²)	25,200
MAGNAT's interest	100%
Balance sheet value (in EUR ´000)	1,734
Purchase date	12/06

Chmelnitzky is the most important trading hub for central and northern Ukraine. This is where the country's main east-west and north-south trading routes intersect. MAGNAT has invested in a wholesale market centre on property of around 240,000 m2 with rights to 1,800 shops from a total of 4,500 shops. All stores have a size of about 14 m² and are built in rows adjoining each other. An expansion area with an additional 420,000 m² is located directly adjacent to the existing market.

The market centre is easy to reach as it is located along a main traffic axis in a suburban area and can be accessed via the Kiev-Zhytomyr-Chernovtsy freeway exit. For customers coming from Minsk, it can also be reached by train. The newly developed shops are more modernly equipped than similar markets in the Ukraine. The market's infrastructure and administrative buildings, warehouse areas, cafes and parking spaces for cars, ensures the market's smooth operation at a level of quality that exceeds similar markets.

The Chmelnitzky wholesale centre has all of the necessary regulatory approvals. In the preceding years there have been legal disputes related to the previous owner and the co-investors. These legal uncertainties have not yet been fully settled. After clarifying these uncertainties, a quick sale of the project will be pursued.

Alexander investment	
Use	Land Bank
Land area (in m²)	199,972
MAGNAT's interest	99.6%
Balance sheet value (in EUR ´000)	568
Purchase date	12/06

The property is located south-west of Kiev and around 37 km from the city centre and near the city of Vasylkiv with its approximately 39,000 inhabitants. The land forms part of MAGNAT's real estate inventory. The Company continues to plan to resell the project without further measures for development.

Vitaly investment	
Use	Residential
Land area (in m²)	6,013
MAGNAT's interest	50%
Balance sheet value (in EUR ´000)	270
Purchase date	12/06

The Vitaly project is comprised of a plot of land where the Company intends to build houses. The project had already received building permission at the time MAGNAT made its investment. Sixteen houses were developed. Meanwhile the dissolution of the investor agreement has been initiated. After completion, the ownership of five houses will be transferred to MAGNAT. Thereafter, the disposals of these houses will begin. The preparations for this have already begun.

Turkey

Economic environment

The Turkish economy recorded GDP growth of 8.5 percent in 2011, one of the highest growth rates within the emerging markets. The boom was mainly driven by very strong domestic demand. This was accompanied by high credit growth and a massive increase in the current account deficit, which was supported by foreign short-term capital inflows. The result was a marked depreciation of the Turkish currency and a marked increase in the inflation rate to 10.5 percent by the end of 2011. The reaction from the Turkish government and the central bank was to increase interest rates and undertake measures to support the currency. Consequently, growth of only 2.3 percent is expected in 2012. Nevertheless, the measures showed success: Moody's raised its rating for Turkey.

The real estate market also continued its dynamic uptrend in 2011. The number of transaction rose significantly and in several of the metropolitan areas there were double-digit growth rates. Particularly Istanbul is enjoying great popularity, especially from foreign investors. Here, the prices have reached the level of London or Paris. The real estate market is also benefitting from the continued generous lending by local Turkish banks. Consequently warnings of an overheating of the market are arising and lending by the banks is being criticised as too frivolous.

YKB investment	
Use	Office/Residential
Land area (in m²)	251,652
MAGNAT's interest	32.4%
Balance sheet value (in EUR ´000)	3,536
Purchase date	07/07

MAGNAT was originally in a consortium with its project partners, Adama Holding Public Ltd. (lead manager) and Immoeast AG, and had acquired one of the most extensive real estate portfolios of the Turkish bank Yapi ve Kredı Bankası A.S. ("YKB"). This portfolio consisted of around 400 individual interests in properties having various uses and a regional focus on the greater metropolitan region of Istanbul.

The development and resale of the individual properties went well overall. In fiscal year 2011/2012, the Company received funds of EUR 4.0 million from sales of the Turkish YKB portfolio. Total proceeds amounted to EUR 21 million from this portfolio which covers our initial equity investment. The resale of the remaining assets was initiated in collaboration with the project partners. We are very optimistic with regard to further future inflows that can be achieved from this portfolio when all properties have been resold.

Tbilisi

Georgia

Economic environment

Compared to many other states in the region, Georgia's economy has seen above-average development in recent years. In 2011, GDP grew 7.0 percent after 6.3 percent in the previous year. The liberal market-oriented economic reforms of the government had greatly contributed to this development. As part of preliminary negotiations with the EU for a deep free-trade agreement, Georgia began in 2011 to adapt its legislation on competition and trade to European standards. In addition, the tax law was reformed. Georgia reduced its budget deficit from 9.2 percent of GDP in 2009, to only 3.6 percent in 2011. The inflation rate was reduced significantly. In 2011, Georgia also managed to return to the international capital markets.

In 2011, the Georgian real estate market has continued to recover and has even gained momentum. The number of real estate transactions grew 26 percent after an increase of 16 percent in the prior year. The focus of this activity is the capital Tbilisi. Here the building permits increased 31 percent. Foreign investors are in the market since Georgia has allowed for the free movement of capital and the currency, the Lari, is fully convertible. Restrictions on the repatriation of foreign capital or gains do not exist. The increased number of transactions has not yet been significantly reflected in prices.

Digomi investment	
Use	Commercial
Land area (in m²)	20,136
MAGNAT's interest	74.7%
Balance sheet value (in EUR ´000)	821
Purchase date	08/07

This property is part of a large-scale business park and is located on the outskirts of the capital Tbilisi. One of the main Georgian highways runs along the eastern side of the property and connects Tbilisi with the port cities of the Black Sea. Large western-branded auto dealerships and the largest food market in the region have located in the neighbourhood. Government agencies and the new American embassy are also nearby. Furthermore, just two kilometres away, Georgia's largest shopping centre – the Tbilisi Mall – with over 100,000 m² of retail space and additional office building are currently being constructed. At the beginning of 2012 a first portion of the Tbilisi Mall was opened. The location and size of the property are suitable for the development of many large-scale commercial projects. The type of development is unrestricted. In the past fiscal year, various usage studies were commissioned primarily to demonstrate to potential buyers the types of projects possible. We engage in negotiations on a regular basis with parties interested in the sale of the property.

Vake 28 investment

Use	Residential
Land area (in m²)	2,406
Saleable area (in m²)	11,352
MAGNAT's interest	49.8%
Balance sheet value (in EUR ´000)	11
Purchase date	03/08

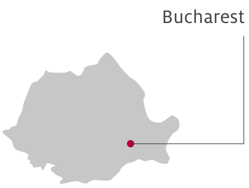
A building with apartments, a penthouse, and commercial units was erected together with a local partner. Meanwhile, all of the units but one have been sold. This remaining unit shall be disposed of when a reasonable offer is presented. The shareholder loans which were made available for the development have already been repaid in full. The closure of the project company following the disposal of the commercial unit is being worked on.

In 2012, the acquisition of the "Gudiashvili Square" project was concluded together with a local partner.

Gudiashvili square investment

Use	Residential / Commerical
Saleable area (in m²)	11,500
MAGNAT's interest	50%
Balance sheet value (in EUR ´000)	926
Purchase date	03/12

The seller was the „Tbilisi Development Fund", which was in charge of the restoration and maintenance of the capital city. The project envisages the development of around 11,500 m² of residential and commercial space in one of the most beautiful places in the capital Tbilisi. The houses which are adjacent to the space are in part under historical protection and will be renovated where possible. The special flair of the square will be largely maintained by preserving the historic facades. In order to meet the particular challenge posed by the technical development, a suitable concept was created by a cooperation of Georgian and Austrian architects. Detailed planning will be concluded in September 2012. Construction has already started and the development period will last from 2012 to 2014.



Romania

Economic environment

In 2011, the Romanian economy had a rather slow recovery. While GDP grew 2.5 percent, the slump of the previous two years was far from being recouped. In addition, the growth in 2011 was overstated due to an extremely good harvest. Still, Romania's development is on rather shaky ground when viewed in terms of its strong dependence on the eurozone. 55 percent of Romanian exports are to the eurozone and 80 percent of direct foreign investment stems from there. There are already first signs of a renewed economic contraction.

In the course of the year, Romania's commercial real estate market was marked by an inconsistent image. While the demand for retail properties experienced a significant increase, the market for office properties saw a significant decline. The residential sector also lacked a visible recovery. As in the past, the real estate market is highly concentrated in prime locations. Industrial properties were able to report a slight upward trend and the continued low construction activity has reduced the excess supply and vacancy rates have fallen. Nevertheless, given the still high inventory overhang and the insufficient development in disposable income, prices and rents have not yet been able to break away from their low levels.

Vacaresti investment	
Use	Residential
Land area (in m²)	6,623
Projected saleable area (in m²)	26,573
MAGNAT's interest	99.6%
Balance sheet value (in EUR ´000)	1,556
Purchase date	06/07

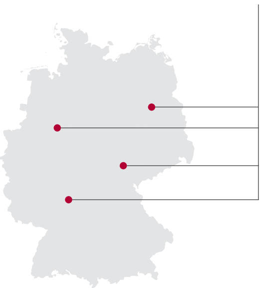
The property is located in Vacaresti, which lies in the southern part of Bucharest's city centre. The piece of property consists of three adjacent level plots and has been zoned for residential construction. Vacaresti is one of the best developed districts of Bucharest and one of the most popular residential areas. In the past, apartment buildings have been successfully developed in the immediate neighbourhood. The infrastructure is excellent: trams, buses, and subways are all within walking distance. The city centre is less than ten minutes away by car. Bucharest's largest shopping mall, Sun Plaza Mall, which was opened in 2010, is less than one kilometre away. At the same time, the largest park in Bucharest, the Parcul Tinertului, also makes Vacaresti very attractive. Next to the property, the city council is planning to create an artificial lake.

The original plan envisages the construction of 450 apartments with a total space of around 30,000 m², including 250 underground parking spaces and about 200 free parking spaces in the front. The PUZ (Plans Urbanistic Zonal) or the approval for general development for the land has already been given. A building permit is not yet available. Currently we are considering both a development of the project as well as the sale of the property.

Mogosoaia investment	
Use	Residential
Land area (in m²)	57,163
MAGNAT's interest	99.6%
Balance sheet value (in EUR ´000)	1,344
Purchase date	12/06

The property is located in Mogosoaia, one of the fastest growing suburbs of Bucharest and close to the city limits. The property's attraction is due in part to the long-range parks and recreation areas such as the Mogosoaia Lake, and due to its proximity to the city – Bucharest's city centre is only 15 kilometres away. The property has already received zoning for residential purposes. Currently the property is undeveloped however all of the electricity, gas, water, and sewer connections are available and can easily brought up to the property due to the development taking place immediately nearby. We are currently planning to sell the property without taking any further steps in its development.

Urban centres



Projects in other countries

Germany

Commercial portfolio investment	A&T investment	Delitzsch investment
Land area (in m²)	6,075	6,180
Saleable / rentable space (in m²)	4,669	5,876
MAGNAT's interest	99.6%	99.6%
Balance sheet value (in EUR ´000)	2,957	2.754
Purchase date	11/06	12/07

The portfolio consists of the commercial portfolio "A&T" and the Delitzsch investment. The acquisition costs amounted to around EUR 1,150 /m². The occupancy rate of the entire commercial portfolio stood at 66 percent in June 2012. We are currently in various negotiations regarding further rental agreements and renewals of existing contracts. Their conclusion should increase the attractiveness of the portfolio and therefore the chance for its sale. Since Germany is no longer one of our strategic target markets, the quick but value-preserving disposal of the German real estate portfolio is in the forefront.

„A&T" commercial portfolio

The commercial portfolio consists of three objects at the Halle-Peißen, Parchim and Worms locations. For the object in Parchim, the next tenant is being sought for the rental agreement expiring in 2013. The object in Worms is being rented in its entirety to the local employment agency and it is being attempted to extend this rental agreement. In 2011, a new rental agreement was concluded object in Halle-Peißen which has since been cancelled. A new tenant is being sought for this property.

Delitzsch Medical Centre

In fiscal year 2011/2012 there were several changes in tenants as a result of the expiration of rental contracts from a public main tenant. Several new smaller tenants were able to be acquired. The vacancy rate was around 55 percent in June 2012. Further rental contract negotiations are being carried out with new potential tenants from the medical industry.

SQUADRA investment	
Use	Office/Residential
Land area (in m²)	23,276
Saleable / rentable space (in m²)	28,522
MAGNAT's interest	16.1%
Balance sheet value (in EUR´000)	1,433
Purchase date	08/07

In August 2007, SQUADRA was established with capital of EUR 25.1 million of which EUR 4 million was assumed by MAGNAT. SQUADRA is focussed on investments in the German real estate market. In fiscal year 2011/2012, the SQUADRA investment “Schrödterhaus” in Leipzig could be successfully sold. MAGNAT Asset Management was the lead in the transaction. This object is located in the centre of the inner city of Leipzig with rentable space of around 8,500 square metres. It was purchased at the end of 2008 and at that time had a vacancy rate of around 95 percent. From mid-2009 until the end of 2010, the property was comprehensively redeveloped using an innovative concept. Following the sale, in March 2012 the investors decided on a partial return of their investment in the amount of EUR 3.5 million by way of a capital reduction.

Breslau

Poland

Nasze Katy investment	
Use	Residential
Land area (in m²)	63,749
Saleable / rentable space (in m²)	50,846
MAGNAT's interest	50%
Balance sheet value (in EUR ´000)	0
Purchase date	11/06

This project lies in the centre of Katy Wroclawskie, a municipality with a population of 18,000 located 18 kilometres southwest of Breslau, one of the oldest and most beautiful cities in Poland. With around 635,000 inhabitants, Breslau is the fourth largest Polish city and one of the most important academic centres. Numerous international companies such as LG Electronics, SCANIA, Buderus, IKEA, SAP, and Bosch have settled here in recent years.

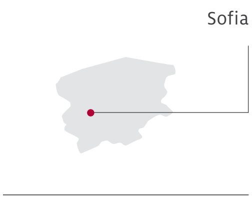
Initially, the construction of apartments and commercial space was planned in three phases with a total of 77,700 m² living space and approximately 5,100 commercial spaces. Two of the three construction phases have been completed. Of the 267 apartments and 6 commercial spaces, 207 of the apartments and three of the commercial spaces were sold by June 2012. The remaining bank loan could be repaid with the cash proceeds from the sale in April 2012. Cash proceeds from sales above and beyond that will be used to repay shareholder loans after meeting the operational costs of the project. The building permit for the third section allows for the construction of a further 931 apartments with an area of nearly 60,000 m² and commercial space with an area of nearly 3,700 m². A general contractor agreement was negotiated for this phase. On this basis, the entire sale of the remaining investments should be executed in fiscal year 2012/2013.

Russia

Russian Land investment	
Use	Land Bank
Land area (in m²)	2,024,141
MAGNAT's interest	40.3%
Balance sheet value (in EUR´000)	369
Purchase date	09/07

Established in August 2007, the Russian Land AG is focussed on the purchase and sale of properties within a radius of 80 km to 150 km from Moscow. The market situation in Russia has remained tense in the reporting year. Few transactions have taken place. In the reporting year, the company pushed further ahead with the situation relating to intended purposes, and with a rearrangement of land registry entries for projects that have either been purchased or for which options exist. Modifications to the intended purpose as well as adjustments to the property tax could have an impact on the Russian Land business model. Therefore the situation is being monitored and reviewed by the company's Board in order to determine appropriate measures if necessary. In the past fiscal year, a far-reaching reduction of the company's structural costs to reflect the changing conditions was decided in consultation with the other investors. Furthermore, the investors appointed the Board to search for a buyer for the entire property portfolio.

Bulgaria



Pancharevo investment	
Use	Residential
Land area (in m²)	7,774
MAGNAT’s interest	99.6%
Balance sheet value (in EUR ´000)	360
Purchase date	06/07

The property is located in Pancharevo in the southern part of Sofia and around 13 km from the city centre and 15 km from the airport. It is easily accessible from the southern part of the ring road and the Samokovsko Schosse Boulevard. Public transportation connection can be expanded. In recent years the neighbourhood experienced active construction. In the immediate surrounding area, numerous residential projects were erected which were very well received. Pancharevo and the surrounding areas are very popular with high recreational and tourism value. This is further contributed to by the Vitosha Mountains nearby, Lake Pancharevo and the Iskar River.

Originally a project was planned which envisaged the development of six apartment blocks with a total of 112 residential units and 115 underground parking places with a further 30 parking spaces outside. This property is to be sold in the course of concentrating our investment strategy on the target regions of the Black Sea.

MAGNAT Real Estate AG, Frankfurt am Main

GROUP MANAGEMENT REPORT

For the fiscal year April 1, 2011 to March 31, 2012

On the following pages, MAGNAT Real Estate AG, Frankfurt am Main, presents its Group Management Report for the fiscal year April 1, 2011 to March 31, 2012. The Group's accounting is in accordance with International Financial Reporting Standards, as applicable in the European Union. The composition of the group of consolidated companies is presented in detail in the notes to the consolidated financial statements.

On August 31, 2009, MAGNAT Real Estate AG's predecessor company, MAGNAT Real Estate Opportunities GmbH & Co. KGaA, acquired 100 percent of R-QUADRAT Immobilien GmbH Vienna, Austria (now MAGNAT Asset Management) by a capital increase through a contribution in kind. In the course of the reporting year, the German Financial Reporting Enforcement Panel (DPR) has reviewed the former accounting. The result of the review was that although the acquisition was accounted for in accordance with the legal contractual relationships, the economic substance of the transaction was not appropriately considered. Accordingly, R-QUADRAT Immobilien GmbH had acquired the ability to exercise control over the MAGNAT Group since QUADRAT Group's fair value determined for the purpose of the capital increase through a contribution in kind was significantly above that of the MAGNAT Group. As a result, R-QUADRAT Immobilien GmbH had received a majority stake in MAGNAT Real Estate AG and could accordingly also appoint a majority of the Supervisory Board members.

Thus, a reverse acquisition had taken place. This meant that R-QUADRAT Immobilien GmbH was to be identified as the acquiring company and correspondingly, the consolidated financial statements of MAGNAT Real Estate AG, after the acquisition and thus also for fiscal 2011/2012, must reflect the fair values at the time of the acquisition of the identified assets, liabilities, and contingent liabilities of the MAGNAT Group and not of the R-QUADRAT Group.

The effects of the correction in accounting are discussed in detail in the notes to the consolidated financial statements and the discussion of the Group management report is already based on the new accounting.

1. Company profile

1.1. Legal form

MAGNAT Real Estate AG is a public stock corporation according to German law with its Group head office in Frankfurt am Main. The Company stems from the MAGNAT Real Estate Opportunities GmbH & Co KGaA established on April 6, 2006. The legal form of this company was changed with an entry in the commercial register on September 17, 2010 and now trades under the name of "MAGNAT Real Estate AG" as a stock corporation. The shares of MAGNAT Real Estate AG are traded on the regulated market (General Standard) on the Frankfurt Stock Exchange and on XETRA.

1.2. Legal Group structure

MAGNAT REAL ESTATE AG OPERATING HOLDING COMPANY OF THE MAGNAT GROUP

Investments	Asset Management
99.6% interest in MAGNAT Investment I B.V., NL This directly or indirectly holds 100% in the following project companies in — Germany (A&T, Delitzsch) — Romania (Mogosoaia, Vacaresti) — Bulgaria (Pancharevo) — Ukraine (Alexander Land, Koncha Zaspa) as well as the following interests in — Georgia (50% in Vake, 75% in Digomi) — Ukraine (60% in Peremogi)	**100% interest in MAGNAT Asset Management GmbH, A** which directly holds 100% in each of the branches in — Germany (MAGNAT Asset Management Deutschland) — Ukraine (MAGNAT Asset Management Ukraine) and in connection with co-proprietors' building schemes and investment models — 100% in 3 project companies (Schumanngasse, Kastnergasse, Brünner Strasse) — 99% in 1 project company (Grazer Strasse) — 100% in MAGNAT Capital Markets GmbH / Vienna
100% interest in MAGNAT Investment II B.V., NL which indirectly holds — 66.7% in Chmelnitzky project / Ukraine and — 50% in the Vitaly investment / Ukraine	**100% interest in MAGNAT Investment IV B.V., NL** which directly holds — 50% in the Gudiashvili Square Project / Georgia
Direct interests MAGNAT Real Estate AG has the following interests in — Turkey (32.4% in the YKB Portfolio) — Ukraine (33.3% in the Chmelnitzky project) — Germany (16.1% in SQUADRA) — Poland (50.0% in Nasze Katy) — Russia (40.3% in Russian Land)	

1.3. Business activity and strategy

MAGNAT is an integrated real estate group. The business model comprises the entire value chain from purchase and development to the sale of real estate and construction land. We pursue a "develop & sell" or "buy & sell" strategy when it comes to our own real estate and land. A portfolio management approach in the form of a "buy and hold" strategy is not pursued in principle. Typically, the holding period of real estate and land is adapted to the time required until the resale or establishment in the realm of normal business activity.

MAGNAT has structured its business in two segments: Investments and Asset Management.

The Investments segment is comprised of our own real estate portfolio, in other words all of the Company's own real estate and land. This includes direct or indirect interests in local project companies that develop the real estate projects locally. We give preference to majority investments where possible. The Company concentrates on investments in office and residential real estate and on construction land that allows the development of real estate for such purposes.

The emergence of the financial crisis in 2008 has led in subsequent years to a sustained impairment of liquidity and a fall in values in the real estate markets, particularly in Eastern Europe but also in Germany. As a result, both the planned holding periods and the development in values of our existing investments significantly fell short of our expectations. Following a short and weak recovery, this situation has significantly deteriorated in fiscal year 2011/2012 following the escalation of the European debt crisis. Particularly in Eastern Europe, real estate markets have virtual dried up. With so little capital looking for investment, mainly on the part of foreign investors, and the lack of funding opportunities for development projects in these countries have brought the further development of real estate projects as well as business transactions to an almost complete standstill.

MAGNAT's real estate portfolio in fiscal year 2011/2012 is distributed among nine countries. Last year the Executive Board decided to restructure the portfolio over the medium term. The portfolio will be focused on the following countries: Ukraine, Turkey, Georgia, and potentially Romania (core markets) or countries surrounding the Black Sea (the Black Sea region). In this reporting year, the first successes of this strategy could be seen through the sale of the residential portfolio in Germany.

Value creation within the Investment segment occurs from the gains on disposals of real estate investments. This is derived from the difference between the disposal value of the developed and ready-to-dispose-of property and all of the development costs leading up to disposal. These production costs consist of the total of the acquisition costs and all-related development and financing costs, as well as asset management and sales expenses. Any net rental profits generated are to be added to the disposal value.

Therefore, significant and one-time cash inflows for MAGNAT in the business segment only occur when a successful disposal of an investment is completed. The disposability of these investments depends to a large extent on the development of the local real estate and financial markets and the stage of the life-cycle the individual projects are in. As a result, cash flows in this business area are difficult to forecast and are dependent on a number of external factors.

Depending on MAGNAT's liquidity reserve, cash flows from the sale of investments from the existing portfolio should be reinvested in order to finance growth in the Company's core markets.

In the Asset Management segment, MAGNAT provides real estate and property management services, particularly in the areas of analysis, purchasing, financing, development, and sale of real estate. In this segment, MAGNAT provides services for its own Investments segment (internal asset management) as well as for third parties (external asset management).

The internal asset management is an essential component of MAGNAT's business model because it possesses the critical business know-how necessary for executing real estate investments and therefore represents an important factor in securing MAGNAT's future. Through MAGNAT's activities in real estate development and its geographical focus on countries having a high risk profile, MAGNAT needs internal asset management in order to be able to directly control and influence the projects. Furthermore, the numerous and geographically broad dispersion of investments makes internal asset management a cost-effective alternative in comparison to outsourcing.

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In addition to internal asset management, MAGNAT is currently providing asset management services to SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main. Beyond this, the asset management segment is planning and operating co-proprietors' building schemes in Vienna/Austria.

The Asset Management segment's results and cash flows are easier to plan and forecast than those of the Investment segment due to the results of this segment being based on contractually agreed commissions for providing asset management services, as well as conception and operating commissions for co-proprietors' building schemes. In contrast, results from income from real estate trade are much more difficult to forecast.

1.4. Corporate management

MAGNAT's corporate management is oriented towards cash flow and takes into account the risks inherent in a business model having sharp cash flow fluctuations. Integrated cash flow planning links the business segments as well as with individual projects with one another.

Both projects and the responsible staff members are managed within the framework of defined project budgets and cash flow plans. These are continually monitored and adapted if necessary.

2. General environment

2.1. Macroeconomic overview

In 2011, the world economy lost significant momentum. According to the International Monetary Fund (IMF), real global growth was 3.9 percent in 2011 after 5.3 percent in the previous year. Again, there were large regional differences. The rate of growth in the industrial countries halved from 3.2 percent to 1.6 percent whereas the emerging countries experienced continued dynamic growth of 6.2 percent.

In the opinion of the IMF, the main cause of the slowdown in the world economy was the escalating European debt crisis. Although at 1.4 percent the eurozone as a whole still had a positive growth rate, this growth was largely due to Germany and several of the other northern European countries. In contrast, numerous southern European countries found themselves at the brink of recession. Last year, Eastern Europe could largely escape this trend. According to the IMF, in 2011 Eastern Europe achieved an increase in economic output of 5.3 percent on average after growth of 4.5 percent in the previous year.

Economic activity also slowed in countries outside of Europe. The United States showed similar low growth at 1.7 percent and Japan even fell into a recession following the natural catastrophe. Only the emerging markets enjoyed largely uninterrupted growth dynamics.

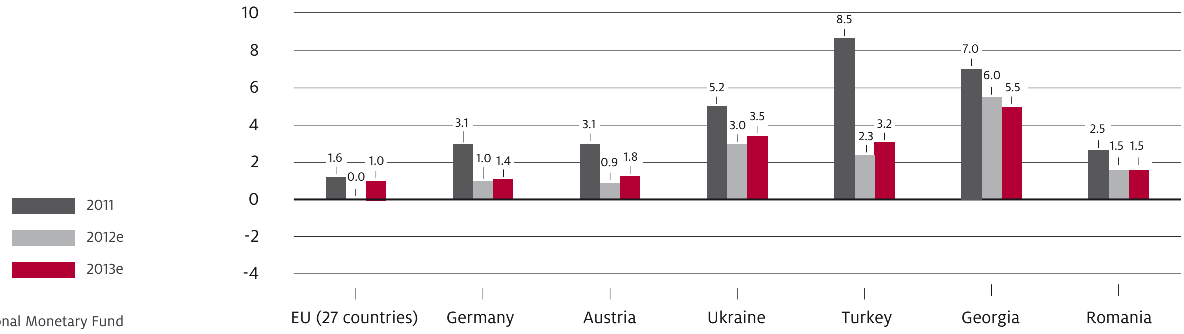
In view of the weak growth and the on-going nervousness on the part of investors, the central banks have continued to pursue a low interest rate policy thus providing the markets with exceptionally high liquidity. This has resulted in historically low and even negative interest rates at short-end maturities in countries such as Germany which investors consider as a “safe haven”. Conversely, this “flight to quality” caused the interest rate spreads between Germany and many of the southern European countries to rise significantly. In some cases, interest rates reached record levels in those countries since the introduction of the euro. The high risk aversion on the part of investors has led to a marked increase in interest rates in several of the eastern European countries. At the same time, the willingness of large international financial institutions to provide financing in Eastern Europe had declined. The severe funding problems that resulted had a very negative effect on the respective property markets.

2.2. Germany / Austria

In the first half of 2011, Germany was able to largely escape the global economic slowdown. However, as the year progressed, Germany also started showing signs of being impacted by the negative economic influences of the debt crisis. In the fourth quarter, the German GDP even contracted 0.2 percent. For the year on average, the German economy could report robust growth of 3.0 percent. Thus, the increase was twice as high as the eurozone average. The impetus came mainly from the domestic economy. Private consumer spending proved to be a support for the German economy. In addition, 2011 was again marked by a strong investment momentum.

A similar development was observed in Austria. According to calculations by the Austrian National Bank, GDP grew 3.0 percent for the full year. Following strong growth in the first half, growth stagnated in the third and fourth quarter. The most important impetus came from exports which profited from the strong momentum of Germany, Austria’s biggest trading partner. Gross fixed capital expenditure also showed disproportionate growth.

Real economic growth 2011 to 2013 (in %)



Source: International Monetary Fund (April / June 2012)

2.3. MAGNAT target region: Black Sea countries

2.3.1. Ukraine

In the Ukraine, the economic recovery of the prior year continued into 2011. According to IMF calculations, GDP grew 5.2 percent which was faster than the previous year (4.1 percent). Growth was largely driven by domestic consumption and investment, both of which rose around 10 percent. However exports grew only 2.2 percent following the economic slowdown in the western sales markets.

At the end of 2011, significant spill-over effects from the European debt crisis on the Ukraine and on most other countries of the former Soviet Union could be observed. As a result of the “flight to quality” there was a significant outflow of capital from the region. This led to a depreciation of most currencies and to a sharp rise in interest rate spreads. In the Ukraine, the uncertainties surrounding the current political trails led to the country’s further isolation from Western Europe and also Russia. Thus, the country risk of the Ukraine has increased significantly.

2.3.2. Turkey

In 2011, the Turkish economy had initially demonstrated very dynamic growth of 8.5 percent – one of the highest growth rates within the emerging markets. Contrary to countries such as China and Brazil, the boom in the Turkish economy in recent years was not due to exports. It was driven by domestic demand. Private consumption grew steadily faster than GDP and the savings rate saw a notable drop. This was accompanied by strong credit growth which was supported by foreign short-term capital inflows. The current account deficit widened to nearly 10 percent of GDP in 2011.

The result came in the course of the year with a considerable depreciation in the Turkish currency and a marked increase in the rate of inflation. In 2011, inflation reached an average for the year of 6.5 percent and by year end was even at 10.5 percent, or significantly above the 5.5 percent target rate set by the central bank. At the end of 2011, the Turkish government and the central bank responded to this development by increasing interest rates and undertaking measures to support the currency. Subsequently, the IMF is expecting considerably weaker growth of 2.3 percent for 2012. Nevertheless, the government’s measures are starting to show results and just recently the rating agency Moody’s had upgraded its rating for Turkey.

2.3.3. Georgia

Compared to many other states in the region, Georgia’s economy has seen above-average development in recent years. According to the IMF, GDP grew 7.0 percent in 2011 after growing 6.3 percent in the prior year. The liberal market-oriented reforms of the government contributed greatly to this development. In 2011, as part of the preliminary negotiations with the EU for a deep free-trade agreement, Georgia began to align its regulations with the European standards in the areas of trade and competition. This included a reform of the tax law. As a result, Georgia was able to reduce its budget deficit from 9.2 percent of GDP in 2009 to only 3.6 percent in 2011. Georgia managed to return to the capital markets in the spring of 2011 with a bond issue.

Significant progress was also achieved on the inflation side. Although the inflation rate was 8.5 percent on average in 2011, by the year end it stood at only 2.0 percent.

2.3.4. Romania

The economic recovery of the Romanian economy in 2011 was again rather sluggish. Even though, according to IMF calculations, GDP grew 2.5 percent, the collapse of the previous two years was far from being recouped. In addition, the growth in 2011 might have been overstated due to an extremely good harvest. In the opinion of the IMF, Romania's development is on shaky ground in view of its strong dependence on the eurozone. 55 percent of Romanian exports go to the eurozone and 80 percent of foreign direct investment stems from there. The first signs of a renewed contraction are already visible as seen in the 4th quarter of 2011 when economic growth had slightly decreased and the investment climate had cooled considerably.

2.3.5. Regional real estate market development

In the past year, the real estate markets in MAGNAT's target countries around the Black Sea were dominated by two opposing effects. On the one hand, the countries reported relatively robust economic growth in 2011. On the other hand, the escalation of the European debt crisis in the course of the year led to increasing risk aversion among investors resulting in an overall increase in interest rate spreads and a substantially deteriorated access to financing. Against this background, the real estate markets in Turkey and Georgia have once again developed positively, while the market in the Ukraine remained unchanged at a standstill. The Romanian market was able to stabilise at a low level.

The Ukrainian real estate market remained depressed. The main problem is still the fact that investor's access to financing at reasonable interest rates continues to be blocked due to the escalating European debt crisis. Consequently most real estate projects are still on hold and subsequently construction activity is unchanged at a very low level. In addition to these factors, numerous investors who had financed their real estate purchases with credit are now forced to throw their properties on the market for sale due to the lack of follow-up financing for these properties.

The property market in Turkey continued its dynamic upward trend in 2011. The number of transactions grew considerably and numerous metropolitan areas reported double-digit growth rates. Especially Istanbul was very popular, especially with foreign investors. In some cases, real estate prices there had reached the levels seen in London or Paris. Growth was supported once again from the generous availability of credit from the Turkish banks. In the meantime, there are many voices warning against an overheating of the market and point to parallels with the US real estate bubble. Particularly the easy lending of the banks is being criticised as frivolous.

In 2011, the Georgian real estate market was not only able to recover but its upward trend even gained momentum and the number of real estate transactions grew 26 percent. In the prior year, growth was still 16 percent. Again the capital, Tbilisi, received the most attention. Here the number of construction permits grew 31 percent. To a large extent, the market's positive development can be explained by the interest of foreign investors in Georgia due to the attractiveness of the market since the free movement of capital has been allowed. In addition, the Georgian Lari is fully convertible and repatriation restrictions do not exist. However, the increased number of transactions has not yet been significantly reflected in prices.

In the reporting, Romania's commercial real estate market was marked by an inconsistent image. While the demand for retail properties sharply increased, the market for commercial properties experienced a marked decline. Industrial property was able to report a slight upward trend. The overhang of supply continued to shrink due to the lack of construction activity and vacancy rates have fallen. This led to a stabilisation in rent prices but at a low level. As in the past, the real estate market is highly concentrated in prime locations. There is also no visible recovery in residential real estate. Although the prices have stabilised at very low levels, the high inventory overhang and insufficient development of disposable income are in the way of a sustained recovery.

The environment we have illustrated has had a material impact on the Company. The risk aversion of investors and financial institutions has led to a very limited market for transactions and the focus of buyers was exclusively on western European real estate markets and on prime locations. Sources of financing were very limited. This greatly limits the search for potential buyers – especially in Eastern Europe. The lack of a market for real estate transactions has generally led to property write-downs, especially in Eastern Europe, which MAGNAT was unable to avoid.

3. Summary of the 2011/2012 fiscal year

Given the adverse economic conditions in the reporting year, MAGNAT's highest priority was to make further progress in the strategic realignment of MAGNAT toward the core markets of the Black Sea area. In addition, fiscal year 2011/2012 saw an ambitious disposal programme in order to secure liquidity. The restructuring of the portfolio also led to a reduction of risk positions.

The sale of the German residential portfolio marked one of the successful disposals. The annual results were largely impacted by this sale. MAGNAT received a single-digit million amount following this transaction net of costs and net of the corresponding liabilities.

A further milestone was the conclusion of the legal dispute in connection with the Schwarzenberg Project (Austria). MAGNAT received a settlement payment of EUR 2.7 million. Since this project was completely written off in fiscal year 2010/2011, the conclusion of the legal dispute resulted in an earnings contribution in the same amount.

Further proceeds of EUR 4.0 million stemmed from disposals from the Turkish YKB Portfolio, in which MAGNAT has a 32.4 percent interest. In addition, a pro-rata earnings contribution of EUR 6.0 million was booked in fiscal year 2011/2012. Thus, since the start of this investment, MAGNAT has received a total of EUR 21 million which is the entire amount originally used for this investment. The sale of the remaining assets will be initiated in collaboration with the project partner.

The “SQUADRA Immobilien Group”, in which MAGNAT hold a 16.1 percent interest, sold the Schrödterhaus in Leipzig in November 2011. This property, which lies in the centre of Leipzig’s inner city, had a vacancy rate of 95 percent at the time of purchase at the end of 2008 and was completely refurbished. Thereafter, the occupancy rate could be increased to 80 percent. Under an asset management mandate, MAGNAT Asset Management carried out the purchase, renovation, rental, and sale of the property. In the reporting period, MAGNAT Asset Management benefitted from the disposal through a transaction-out fee.

The sale price which was achieved following the refurbishment was significantly above the property’s book value and led to a substantial capital inflow for SQUADRA Immobilien Group. In March of 2012, the shareholders of SQUADRA decided for a capital reduction in the amount of EUR 3.5 million. The execution of the capital reduction and the payment of this amount will take place in October 2012.

In the reporting year, the co-proprietors’ building scheme in the Viennese Rennweg, which is still in development and was 100 percent owned by a MAGNAT real estate company, was sold at a price significantly above the value of its net assets. In Brünner Straße, a follow-on project has begun. This project is also 100 percent owned by MAGNAT.

In early 2012, MAGNAT announced an agreement to acquire all of the assets of R-QUADRAT Capital Beta GmbH („RQCB“), Vienna, Austria. This was related to several interests that RQCB held in some of MAGNAT’s projects. This agreement also included a settlement of all mutual claims and liabilities and ended all business relationships between MAGNAT and RQCB.

In fiscal year 2011/2012, MAGNAT Group’s key markets continued to be impacted by the effects of the European sovereign debt crisis and the loss of investor confidence with regard to high risk asset classes. Subsequently, financing opportunities in these markets have been severely limited or are far more expensive. Neither real estate prices nor transaction volumes have shown a sustainable improvement. The value of the real estate portfolio was adjusted following a review by an independent expert and given the continuation of the challenging market environment.

4. Net assets, financial position, and results of operations

4.1. Results of operations

The following statements to the net assets, financial position, and results of operations of MAGNAT Real Estate AG refer to the change in accounting of the acquisition of the R-Quadrat Group. Accordingly, R-QUADRAT Immobilien GmbH was to be identified as the acquiring company and not MAGNAT. This change was applied retroactively to fiscal year 2009/2010. The results of the prior year were adjusted correspondingly. Further information on these adjustments can be found in the appendix under A.5 and G.2.

in EUR '000	2011/2012	2010/2011 adjusted
Profit/loss on rental of real estate inventory	2,372	3,036
Profit/loss on sale of real estate companies	439	0
Profit/loss on sale of real estate	15,724	2,304
Profit/loss on asset management	516	479
Profit/loss from investments accounted for using the equity method	3,678	-7,490
Other operating income and other effects	-816	921
General and administrative expenses	-5,656	-7,367
Other operating expenses	-1,469	-1,289
Profit/loss before interest and taxes	**14,788**	**-9,407**
Financial result	-1,757	-1,233
Profit/loss before taxes	**13,032**	**-10,640**
Net profit/loss for the period	**12,964**	**-10,773**
of which, attributable to parent company shareholders	**12,933**	**-10,290**
Basic and diluted earnings per share (EUR)	0.93	-0.74

Group earnings in fiscal year 2011/2012 were largely determined by the following factors:

- the disposal activities, particularly the sale of the residential portfolio in Germany,
- the positive development of the Turkish portfolio,
- the non-cash impairment charges on the investment portfolio as a result of the independent expert's valuation report, and
- the marked reduction of the cost basis.

The **profit/loss on rental of real estate inventory** fell from EUR 3.0 million to EUR 2.4 million in the reporting year. This was due to a 20.8 percent decline in rental income to EUR 5.5 million which could not be compensated for due to an equally sharp decline in the corresponding operating expenses to EUR 3.1 million. Both of these developments resulted from the sale of the German residential portfolios in Eberswalde, Saalfeld, and Rostock. The corresponding income and expenses are excluded as of the fourth quarter of 2011/2012.

The **profit/loss on the sale of real estate companies** reached EUR 0.4 million in the reporting year. This resulted from the positive sale of a co-proprietors' building scheme in the Viennese Rennweg. In the previous year, there were no proceeds from the sale of real estate companies.

The **profit/loss on the sale of real estate** accounted for profits of EUR 15.7 million after a profit of EUR 2.3 million in the previous year. The profit in the reporting year mainly reflects the aforementioned disposal of the German residential portfolio. Last year's profit represents the successful sale of real estate from the Asset Management segment.

The **profit/loss on asset management** only includes the revenues and expenses stemming from services to third parties. Asset Management activities beyond this, particularly those related to the Austrian co-proprietors' building schemes, are discussed in more detail in the segment report. As is defined in the Group's statement of income, the profit/loss on asset management in the reporting year was nearly unchanged at EUR 0.5 million whereas both revenues as well as expenses from Asset Management declined by close to EUR 0.6 million each. This was due to the lower volume of assets under management.

Profit/loss from investments accounted for using the equity method amounted to EUR 3.7 million in the reporting year following EUR -7.5 million in the same period of the prior year.

in EUR '000	2011/2012	2010/2011 adjusted
Profits from investments accounted for using the equity method	8,896	0
Losses from investments accounted for using the equity method	-2,277	-5,364
Unrealised fair value adjustments in equity investments	-2,940	-2,126
Profit/loss from investments accounted for using the equity method	**3,678**	**-7,490**

The profits results mainly from MAGNAT's EUR 6.0 million portion of results from the Turkish YKB project. The conclusion of the legal dispute in connection with the Schwarzenberg project had an additional positive impact on profits. This led to a settlement payment to MAGNAT in the amount of EUR 2.7 million and to a corresponding profit.

A further positive contribution to earning stemmed from consolidation effects. These relate to the agreement reached with the co-investor RQCB regarding the acquisition of all interests by MAGNAT from the previously co-owned real estate projects. A profit of EUR 0.8 million resulted from the transition in the consolidation method to the full consolidation of these companies.

This was partly offset by losses from various sources: an amount of EUR -2.9 million from unrealised fair value adjustments in equity investments resulting from valuation adjustments in the Peremogi project (Ukraine) of EUR -2.5 million and in SQUADRA of EUR -0.4 million. In addition, on-going operating losses of EUR -2.3 million occurred primarily at Polish and Ukrainian companies.

In the reporting year, the balance of other **operating income and other effects** amounted to EUR -0.8 million following EUR 0.9 million in the prior year.

in EUR '000	2011/2012	2010/2011 adjusted
Unrealised fair value adjustments in real estate inventory	-3,517	9
Impairment of goodwill and receivables	-975	-4,344
Other operating income	3,676	5,255
Other operating income and other effects	**-816**	**921**

The aforementioned reduction in the value of the real estate portfolio determined by expert's valuation reports, led to a negative unrealised fair value adjustments in real estate inventory in an amount of EUR -3.5 million. The necessary impairments were mainly related to the Alexander Land project (Ukraine) with EUR -1.3 million and the Vacaresti project with EUR -1.5 million. The impairment of goodwill and receivables amounted to EUR -1.0 million in the reporting year after EUR -4.3 million in the prior year and were in connection with allowances for doubtful accounts related to the insolvency of co-investors in the prior year.

The decrease in other operating income from EUR 5.3 million last year to EUR 3.7 million in the reporting year, can be explained by the absence of the following factors: In the previous year, EUR 1.6 million in income resulted from the release of provisions and income of EUR 1.4 million resulted from closing warranties. Other operating income amounts included in the reporting year stemmed mainly from the reversal of bad debt allowances and the realisation of currency exchange rate differences which had been previously directly recognised in equity.

General and administrative expenses in the reporting year declined 22 percent to EUR 5.7 million after EUR 7.4 million in the prior year. This favourable development was due to our continued efforts at cost control.

Other operating expenses in the reporting year rose to EUR 1.5 million after EUR 1.3 million in the prior year. However, if adjusted for one-off effects in the prior year, they remained flat. The item consist primarily of non-deductible input taxes.

On balance, the **earnings before interest and taxes** (EBIT) amounted to EUR 14.8 million after EUR -9.4 million in the prior year.

The **financial result** for the reporting year was EUR -1.8 million after EUR 1.2 million in the prior year.

The **profit/loss before tax** was EUR 13.0 million in the reporting year following EUR -10.8 million in the prior year. After taxes, the Group's net profit for the period amounted to EUR 13.0 million after EUR -10.8 million. After taking into account non-controlling interests (EUR 0.0 million after EUR -0.5 million in the prior year), the profit for the period attributable to the parent company shareholders was EUR 12.9 million after EUR -10.3 million in the prior year.

Based on the average number of shares outstanding of 13,889,651 (previous year: 13.889.651) basic and diluted earnings per share were EUR 0.93 in the reporting year as opposed to EUR -0.74 in the previous year.

4.2. Segment reporting

In accordance with the management approach and reporting lines, the Group is divided into the business segments of Investments, Asset management and Corporate Functions. The Investments segment comprises the business activities related to the real estate which are part of non-current tangible assets and those which are part of the real estate inventory forming part of current assets. The Asset Management segment includes asset management services for third parties and co-proprietors' building scheme. The Corporate Functions segments contains Group services provided by MAGNAT Real Estate AG under its function as the Group holding company, as well as operating holding companies that do not comprise a separate segment.

4.2.1 Investments

in EUR '000	2011/2012	2010/2011 adjusted	Change
Segment revenue	48,608	7,535	41,073
Segment expenses	-30,496	-13,348	-17,148
Segment profit/loss before interest and taxes	**18,112**	**-5,812**	**23,924**
Total assets	**32,302**	**51,604**	**-19,302**
As a percentage of the Group	73%	76%	
Total liabilities	**8,520**	**36,461**	**-27,941**
As a percentage of the Group	35%	66%	

An overview of MAGNAT's portfolio

In this past reporting year, new experts were commissioned by the Company and the relevant subsidiaries to assess the market value of the bulk of MAGNAT's Eastern European portfolio. A recovery of the Eastern European markets, which was initially expected by experts at the beginning of 2011, did not materialise and was not foreseeable at the time the expert's reports were carried out. On the contrary, the economic crisis in the region had even intensified at the beginning of 2012 due to the European debt crisis. Against this background, the assessed values of MAGNAT's investment portfolio declined significantly. Aside from the adjustments in market values carried out in the income statement, the values determined by the experts cover the carrying amounts of the single projects and investments due to the significant adjustments that were implemented as a result of required change in accounting for 2009.

Projekt	Land	Net usable area / saleable area (in m²⁾	Expert 2012	Valuation Method	Market value 2011 (in EUR '000)	Market value 2012 (in EUR '000)	MAGNAT's interest	Carrying amount 2012 (in EUR '000)
A&T	Germany	4,669	TÜV	Discounted earnings method	6,160	5,850	99.6%	2,957
Delitzsch	Germany	5,876	TÜV	Discounted earnings method	5,980	5,800	99.6%	2,754
Nasze Katy	Poland	4,987 developed 45,859 undev.	Colliers Int.	Comparative value method. Discounted earnings method	13,505	6,082	50.0%	0
Peremogi	Ukraine	31,873	Reinberg	Residualwertverfahren	17,350	13,000	59.8%	6,272
Chmelnitzkij	Ukraine	25,200	Colliers Int.	Discounted earnings method	14,760	9,610	100.0%	1,734
Koncha Zaspa	Ukraine	33,635	Colliers Int.	Comparative value method	3,026	2,014	99.6%	2,014
Alexanderland	Ukraine	199,972	Colliers Int.	Comparative value method	2,240	568	99.6%	568
Vitaly	Ukraine	986	Colliers Int.	Comparative value method	-	388	100.0%	270
Vacaresti	Romania	26,573	Colliers Int.	Comparative value method	8,544	1,556	99.6%	1,556
Mogosoia	Romania	57,163	Colliers Int.	Comparative value method	4,344	2,858	99.6%	1,344
Pancharevo	Bulgaria	7,774	Colliers Int.	Comparative value method	1,002	438	99.6%	360
Digomi	Georgia	20,136	Colliers Int.	Comparative value method	1,275	2,743	74.7%	821
Gudiashvili	Georgia	11,500	Purchase	Transaction	-	4,800	50.0%	0
YKB	Turkey	251,652	SOM	Comparative value method	23,795	21,072	32.4%	3,536
Russian Land	Russia	2,024,141	Local expert	Comparative value method	3,621	3,389	40.3%	369
SQUADRA	Germany	28,522	TÜV	Discounted earnings method	21,630	17,500	16.1%	1,433

The segment revenue of the Investments segment amounted to EUR 48.6 million after EUR 7.5 million in the prior year. This represented around 93 percent of the Group's revenues. Along with rental income (EUR 5.5 million) the amount mainly reflects the income of EUR 32.9 million (previous year: EUR 0.0 million) from the sale of the residential portfolio in Germany. Additional income of EUR 9.7 million came from investments accounted for using the equity method. In the previous year, no such income was achieved.

Segment expenses rose from EUR 13.3 million to EUR 30.5 million. This increase was also largely impacted by the disposal of the residential portfolio in Germany and the operating expenses associated with the generation of rental income. The total expenses resulting from the disposal of real estate amounted to EUR 17.1 million. Beyond this, losses amounting to EUR 5.2 (previous year's loss: EUR 7.5 million) were incurred from investments accounted for using the equity method. Other segment expenses consisting of related administrative and other operating expenses rose from EUR 5.9 million to EUR 8.2 million.

For the reporting year, the segment result (EBIT) was EUR 18.1 million following EUR -5.8 million. The impairment charges in the segment were EUR -6.3 million. These were partially offset by a reversal of impairment losses of EUR 0.1 million. In the previous year, impairments amounted to EUR -1.7 million and reversal were EUR 0.0 million.

The interest income of the Investments segment was EUR -0.7 million after EUR -0.4 million. The segment's net income for the period in the reporting year was EUR 17.4 million after EUR -6.2 million.

4.2.2. Asset Management

in EUR '000	2011/2012	2010/2011 adjusted	Change
Segment revenue	3,765	12,190	-8,425
Segment expenses	-4,389	-9,489	5,100
Segment profit/loss before interest and taxes	**-624**	**2,701**	**-3,325**
Total assets	**6,475**	**8,995**	**-2,520**
As a percentage of the Group	15%	13%	
Total liabilities	**5,082**	**5,810**	**-728**
As a percentage of the Group	21%	11%	

The segment revenues of the Asset Management segment were EUR 3.8 million in the reporting year after EUR 12.2 million in the previous year. This represents around 7 percent of the Group's revenues. The previous year's figure had included revenues from the Grazer Straße Project 59-61 as well as from co-proprietors' building schemes at Kastnergasse 16 and Schumanngasse 16.

In line with revenues, there was a marked decline in the segment's expenses from EUR 9.5 million in the previous year to EUR 4.4 million in reporting year. Besides lower expenses from the disposal of real estate and real estate companies, other operating expenses also fell noticeably from EUR 5.7 million to EUR 4.1 million. This was as a result of our on-going efforts in cost reduction.

The segment's result (EBIT) for the reporting year amounted to EUR -0.6 million following EUR 2.7 million. In the reporting year, the impact from impairments was EUR 0.6 million (previous year: EUR -1.0 million). As in the prior year, reversals of impairment losses did not occur.

The net income for the period declined to EUR -0.8 million after EUR 1.9 million.

4.2.3. Corporate functions

in EUR '000	2011/2012	2010/2011 adjusted	Change
Segment revenue	2,799	2,804	-5
Segment expenses	-5,299	-8,721	3,422
Segment profit/loss before interest and taxes	**-2,500**	**-5,917**	**3,417**
Total assets	**5,490**	**6,970**	**-1,480**
As a percentage of the Group	12%	10%	
Total liabilities	**10,437**	**12,724**	**-2,287**
As a percentage of the Group	43%	23%	

The Corporate Functions segments only contains Group services provided by MAGNAT Real Estate AG under its function as the Group holding company, as well as operating holding companies that do not comprise a separate segment. Accordingly, the segment generates very limited revenues, which primarily consist of other income. In the reporting year, segment revenue remained unchanged from the previous year at EUR 2.8 million.

The segment expenses dropped to EUR 5.3 million in the reporting year after EUR 8.7 million in the prior year. In both periods, they had related entirely to other expenses. In total, the segment income (EBIT) for the reporting year amounted to EUR -2.5 million after EUR -5.9 million in the previous year. Reversals of impairment losses totalling EUR 0.7 million (previous year: EUR 0.0) are included in segment income. Impairment charges were EUR 0.3 million after EUR 2.9 million in the previous year.

The net income for the period for the segment was EUR -3.4 million after EUR -6.1 million in the previous year.

4.3. Financial position

Cash flow from operating activities increased strongly from EUR -3.5 million in the previous year to EUR 24.9 million in the reporting year. This resulted from the high cash inflow from the sale of the German residential portfolio.

The cash flow from investing activities was EUR -1.2 million given the low level of investment in the reporting period. Proceeds from the sale of interests in investments accounted for using the equity method and subsidiaries amounted to a total of EUR 3.4 million. This was offset by investments totalling EUR 3.6 million for the purchase of subsidiaries in connection with the acquisition of the RQCB assets and the granting of loans in an amount of EUR 1.0 million to investments accounted for using the equity method.

Cash flow from financing activities was EUR -25.4 million in the reporting year (previous year: EUR 0.0 million). This stems from the extensive repayment of debt which amounted to EUR 32.8 million in connection with the sale of the German residential portfolio whereas borrowings were only EUR 7.4 million.

With a cash position of EUR 3.6 million at the end of the reporting year versus EUR 5.3 million at the start of the reporting year, the change in cash and cash equivalents amounted to EUR -1.7 million.

4.4. Net assets

in EUR '000	2011/2012	2010/2011 adjusted
Total non-current assets	10,358	17,000
Total current assets	30,103	50,570
Assets available for sales in investments accounted for using the equity method	3,806	0
Total assets	**44,267**	**67,570**
Equity attributable to parent company shareholders	**20,326**	**12,697**
Non-controlling interests	-98	-122
Total shareholders' equity	**20,229**	**12,575**
Group equity ratio	45.7%	18.6%
Total non-current liabilities	15,094	39,537
Total current liabilities	8,945	15,458
Total liabilities	**24,039**	**54,995**
Total equity and liabilities	**44,267**	**67,570**

Total assets as at March 31, 2012 fell considerably compared to last year from EUR 67.6 million to EUR 44.3 million due to the sale of the German residential portfolio. Investments accounted for using the equity method declined from EUR 15.8 million to EUR 8.1 million as a result of the reclassification of the interest in Hecuba into "assets available for sales in investments accounted for using the equity method" and an impairment charge. The total value of the real estate inventory dropped from EUR 34.8 million to EUR 16.1 million as a result of disposals.

Loans to investments accounted for using the equity method of EUR 1.0 million concern a loan to a project company in Georgia. In total, the carrying amount of non-current assets has fallen from EUR 17.0 million to EUR 10.4 million in the reporting year.

In the reporting year, current assets declined from EUR 50.6 million to EUR 30.1 million. This is mainly due to the development in real estate inventory which dropped from a level of EUR 34.8 million to EUR 16.1 million. On the one hand, this reflects the sale of the German residential portfolio. On a group level, disposals totalled EUR 18.1 million. On the other hand, EUR -3.5 million in unrealised fair value adjustments of real estate inventory is also taken into consideration. This effect was largely compensated for by consolidation effects, i.e. the reclassification of former investments accounted for using the equity method into real estate inventory.

Cash and cash equivalents at the balance sheet date in fiscal year 2011/2012 amounted to EUR 3.6 million after EUR 5.3 million. Therefore, cash and cash equivalents were at a sufficient level as of the balance sheet date.

Net income for the period was reflected accordingly in shareholders' equity. It rose from EUR 12.6 million to EUR 20.2 million. The equity ratio rose accordingly from 18.6 percent in the previous year to 45.7 percent at the balance sheet date of the reporting year.

The sound equity position is primarily due to the significant reduction in liabilities in connection with the disposal of the residential portfolio in Germany. Overall, total liabilities declined EUR 31.0 million from EUR 55.0 million to EUR 24.0 million at the balance sheet date. Particularly noteworthy is the drop in financial debt of EUR 30.1 million. Non-current financial debt declined by EUR 24.4 million to EUR 14.8 million and current financial debt fell EUR 5.7 million to EUR 5.4 million. The decline is primarily due to the sale of the German residential portfolio and the repayment of the corresponding liabilities.

Non-current liabilities, including deferred taxes, declined 63 percent to EUR 15.1 million. Current liabilities also fell significantly by 42.1 percent to EUR 8.9 million. This included a reduction in trade accounts payable and other liabilities by EUR 0.8 million to EUR 1.5 million.

Net debt (financial debt less cash and cash equivalents) amounted to EUR 16.6 million in the reporting year after EUR 45.0 million in the prior year.

5. Employees

The MAGNAT Group employed a total of 27 staff in the reporting year (previous year: 29).

6. Further information

6.1. Research and development

MAGNAT does not engage in any of its own research and development activities.

6.2. Compensation report

The following compensation report summarises the basic principles of the compensation system of the Executive Board and Supervisory Board:

6.2.1. Compensation of the Executive Board

The Supervisory Board determines the appropriate compensation for the Executive Board members. The criterion for the appropriateness of the total remuneration is based on the responsibilities and performance of the Executive Board member as well as the Company's situation. Overall compensation may not exceed the usual compensation without specific reasons. The total compensation of members of the Executive Board consists primarily of a fixed level of compensation as well as a variable compensation component with a short-term incentive component (performance bonus).

The fixed component is paid as a monthly base salary. The members of the Executive Board have fixed-term employment contracts. Executive Board members are also entitled to the usual contractual (tangible) benefits. These include the provision of a company car, the conclusion of a liability insurance policy (D&O insurance), accident insurance as well as grants and contributions to health and long-term care insurance. If the employment contract with an Executive Board member ends prematurely through a proper cancellation by MAGNAT Real Estate AG, the Executive Board member is entitled to a severance payment in monthly instalments equal to 50 % of the sum of his outstanding contract until the end of the actual term of the employment contract. The amount of the payment is based on his fixed salary.

6.2.2. Compensation of the Supervisory Board

The compensation of the Supervisory Board is determined at the Annual General Meeting and is governed by Section 16 („Compensation“) of the Articles of Association. The most recently agreed compensation remains valid until the Annual General Meeting decides on a change in compensation. Each member of the Supervisory board receives a fixed remuneration payable annually. The Chairman of the Supervisory Board receives three times the level of the base salary and the Deputy Chairman receives twice the amount of the base salary. Supervisory Board members which were not active during a full business year receive compensation in accordance with the duration of their membership in the Supervisory Board. In addition, the Company reimburses the Board members for expenses related to the exercise of their supervisory board duties as well as the value added taxes on their compensation and expenses, so far as they are charged separately.

At this point, reference is made to the relevant passages in the notes.

6.3. Statement on corporate governance

According to Item 3.10 of the German Corporate Governance Code and in accordance with Section 289a HGB (German Commercial Code) MAGNAT Real Estate AG is issuing a statement on corporate governance. The statement of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) that this statement contains is available to shareholders on the Company's website (www.magnat.ag) under the title „Company“.

6.4. Disclosures pursuant to Section 289 (4) HGB and Section 315 (4) HGB

6.4.1. Structure of subscribed capital

The shares of MAGNAT Real Estate AG are admitted to trading on the Regulated Market (General Standard) of the Frankfurt Stock Exchange. As of March 31, 2012, the Company had fully paid in subscribed capital of EUR 13,894,651.00 which was divided among 13,894,651 bearer shares each with a nominal value of EUR 1.00; of these, 5,000 shares were held by Group companies.

6.4.2. Restrictions related to voting rights or the transfer of shares

There are no restrictions related to voting rights or the transfer of shares.

6.4.3. Direct or indirect interests in capital exceeding 10 percent of the voting rights

As of March 31, 2012, the following shareholders of MAGNAT Real Estate AG held interests in the Company with voting rights exceeding 10 percent:

- Tisca Stiftung, Vaduz, Liechtenstein 17.15 Percent
- FDM Privatstiftung, Wien, Austria 13.99 Percent
- Altira AG, Frankfurt am Main 13.56 Percent

As at March 31, 2012, the Company had not received notification of any further direct or indirect interests exceeding 10 percent of the voting rights.

6.4.4. Holders of shares with special rights lending control authority

No such shares have been issued.

6.4.5. Type of voting right control when employees participate in the capital and do not directly exercise their controlling rights

No such interests exist.

6.4.6. Statutory provisions and provisions of the Articles of Association concerning the appointment and removal from the office of the Executive Board, and amendments to the Articles of Association

6.4.6.1. APPOINTMENT AND REMOVAL FROM OFFICE OF THE EXECUTIVE BOARD

Pursuant to Section 84 AktG, the Supervisory Board is to appoint members of the Executive Board for a maximum period of five years. Repeated appointments are permissible. The Executive Board of MAGNAT Real Estate AG consists of one or more persons. The number of Executive Board members is determined by the Supervisory Board. It decides matters concerning their appointment, the revocation of their appointment as well as the conclusion, modification and termination of employment contracts concluded with them. The Supervisory Board can appoint an Executive Board Chairperson and a Deputy Executive Board Chairperson as well as deputy Executive Board members.

6.4.6.2. CHANGES TO THE ARTICLES OF ASSOCIATION

Pursuant to Section 179 (1) AktG, amendments to the Articles of Association require a resolution by the Annual General Meeting which pursuant to Section 179 (2) AktG requires a three quarters majority of the share capital represented at the vote unless the Articles of Association do not require another majority. However, to the extent that this concerns a modification to the Company's purpose, the Articles of Association may only provide for a larger majority. In Section 20 (1), MAGNAT Real Estate AG's Articles of Association utilise the divergent option pursuant to Section 179 (2) AktG and allow for resolutions to be generally passed with simple voting majorities, and, to the extent that a capital majority is required, with a simple capital majority. The Supervisory Board is authorised to pass resolutions that amend the Articles of Association that relate only to wording. Furthermore, the Supervisory Board was also authorised to adapt wording of Section 5 of the Articles of Association, in which, among other matters, the level and division of share capital is determined, in line with the scope of capital increases from authorised capital.

6.4.7. Executive Board's authorisation to issue and repurchase shares

6.4.7.1. GAUTHORISED CAPITAL

The Executive Board is authorised, with the assent of the Supervisory Board, to increase the share capital by October 28, 2014 through the issuance of up to 6,947,325 new ordinary bearer shares, each with an arithmetical nominal value of EUR 1.00 per share against cash or non-cash contributions, once or on several occasions in partial amounts up to EUR 6,947,325 (Authorised Capital 2009). Shareholders are generally entitled to subscription rights. Nevertheless, the Executive Board is authorised, with the assent of the Supervisory Board, to exclude shareholder subscription rights in the following instances:

- for residual amounts,

- if the capital increase is against cash and the proportional amount of the share capital attributed to the new shares for which the subscription right is excluded does not exceed 10 percent of the share capital existing at the time the new shares are issued, and the issue price of the new shares is not significantly less than the stock market prices of the shares already listed of the same class and entitlements at the time of the final determination by the Executive Board according to Section 203 (1) and (2) and Section 186 (3) Sentence 4 AktG,

- in the case of capital increases against contribution in kind.

6.4.7.2. CONTINGENT CAPITAL

The Company's share capital is conditionally increased up to EUR 6,947,325 and divided into up to 6,947,325 ordinary bearer shares each with an arithmetical nominal value of EUR 1.00 per share. The conditional capital increase serves to grant subscription and/or conversion rights to the holders of bonds with warrants and/or convertible bonds that are issued according to the respective resolutions of the Annual General Meeting of August 30, 2007.

6.4.7.3. AUTHORISATION TO REPURCHASE SHARES

On the basis of the resolution of the Annual General Meeting of October 29, 2009, the Company is authorised until October 28, 2014 to acquire up to a total of 10 percent of the share capital existing at the time of the passing of the resolution. In this context, the shares acquired on the basis of this authorisation and any other treasury shares that the Company has already acquired, or already owns, may not comprise more than 10 percent of the Company's existing share capital. This authorisation can be exercised entirely or in partial amounts on either one or several occasions.

Purchases are to be executed on the stock market or as part of a public share repurchase offer, or in the form of a public solicitation addressed to Company's shareholders to issue selling offers.

If the purchase is executed on the stock market, the consideration paid by the Company (in each case excluding ancillary purchase costs) may neither be 10 percent more or 10 percent less than the average closing price of the Company's shares in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last three stock exchange trading days before the purchase. If the Company is listed on several stock exchanges, the respective last three closing prices of the Company's shares on the Frankfurt Stock Exchange before the publication of the offer are decisive.

If the purchase is performed by way of a public purchase offer to the Company shareholders, or by way of a solicitation addressed to the Company's shareholders to issue selling offers, the offered purchase or selling price or the limits of the offered purchase or selling price range per share, excluding ancillary purchase costs, may be neither 10 percent more nor 10 percent less than the average closing price of the Company's share in XETRA trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five stock exchange trading days before the date the offer is published, or the solicitation to issue selling offers is published. If the Company is listed on several stock exchanges, the respective last five closing prices of the Company's shares on the Frankfurt Stock Exchange before the publication of the offer are decisive.

If, after the publication of a purchase offer, or the publication of a solicitation to issue selling offers, there are significant price deviations from the offered purchase or sale price, or the limits of the offered purchase or selling price range, the offer or solicitation to issue selling offers can be adjusted. In such instances, the relevant amount is determined according to the corresponding price before the publication of the adjustment; the 10 percent limit for exceeding or falling below is applied to this amount.

The volume of the offer can be restricted. If the total subscription for the offering exceeds this volume, acceptance must be according to quotas. Provision may be made for preferential acceptance of unit numbers of tendered shares of less than up to 100 shares.

Besides disposal through the stock market, the Executive Board is authorised to utilise the shares that are acquired on the basis of this authorisation as follows:

With the assent of the Supervisory Board, the Executive Board may cancel the shares while at the same time reducing the share capital, without such cancellation, or its performance, requiring a further resolution of the Annual General Meeting, and it can correspondingly adjust the stated number of shares in the Articles of Association. The Executive Board may diverge from the above stipulations and determine that the share capital is not reduced, but that the share of the remaining shares in the share capital be increased pursuant to Section 8 (3) AktG. In such an instance, the Executive Board is authorised to adjust the stated number of shares in the Articles of Association.

The Executive Board may offer and transfer shares to third parties as consideration as part of business combinations, or when purchasing companies, or interest in companies, or parts of companies; Shareholders' subscription rights to the Company's shares are excluded to such an extent.

The Executive Board may offer shares for purchase or transfer to Company staff or employees of associated companies in accordance with Section 15 ff. AktG. Shareholders' subscription rights for the Company's shares are excluded to such an extent.

The Executive Board may utilise shares to service bonds with options or conversion rights issued by the Company or dependent companies associated with it. Shareholders' subscription rights for the Company's shares are excluded to such an extent.

With the assent of the Supervisory Board, the Executive Board may sell shares in a manner other than through the stock market or through the unofficial market, or through an offer to all shareholders, if these shares are sold at a price, or transferred for consideration, that is not significantly less than the stock market price of the Company's shares. This authorisation is valid to the extent that the number of shares to be sold, together with the new shares which have been issued since the issuing of this authorisation under the exclusion of subscription rights pursuant to Section 186 (3) Sentence 4 AktG, is in total not more than 10 percent of the share capital existing at the time of the resolution of the Annual General Meeting concerning this authorisation, or at the time when this authorisation is exercised, if the latter is lower. Shareholders' subscription rights for the Company's shares are excluded to such an extent.

The authorisation relating to the resale of the Company's repurchased shares can be exercised once or on several occasions either wholly or in partial amounts and in the pursuit of one or several purposes.

No utilisation was made of this authorisation in the past fiscal year.

6.4.8. Material Company agreements conditional to a change in control following a takeover offer, and resultant effects

The Company has refrained from making these disclosures since the respective disclosures may result in considerable disadvantages to the Company.

6.4.9. Company compensation agreements that have been made with the Executive Board or employees in the case of a takeover offer

In accordance with the employment agreements concluded with Executive Board members, in the instance of a termination of employment as part of a change in control, Executive Board members are to receive 100 percent of the total monthly compensation outstanding until the end of the actual term of the employment contract. The level of monthly compensation is determined according to the fixed salary excluding the performance bonus, benefits, and other ancillary payments.

7. General statement concerning the Group's economic position

The MAGNAT Group is adequately positioned at the time of the completion of this annual financial report and in consideration of the risks and opportunities listed as well as the current economic conditions in the target region. Particularly the Group's financing structure with its high equity ratio has proven to be a stabilising factor, especially with regard to Eastern European project companies.

The profitability of the Group improved significantly in the year under review due to disposals. As a result of the continuation of extremely difficult economic conditions, not only in Eastern Europe, further impairments were necessary in the past fiscal year.

In order to adapt MAGNAT to the continued difficult environment in Eastern Europe, the Executive Board, in close consultation with the Supervisory Board, has initiated several measures: First, the further reduction in the overall risk of the real estate portfolio, secondly the initiation of wide-reaching savings in the cost structure, and thirdly the systematic and consequent concentration of the portfolio on the future growth markets of the Black Sea region which have been defined as core markets. The necessary disposal of parts of the portfolio should ensure the mid-term strengthening of our liquidity and allow for selective new investments.

8 . Changes in the governing bodies

Effective August 5, 2011, Mr. Andreas Lange has resigned from the Supervisory Board. Since with the completion of the Annual General Meeting on October 27, 2011 the terms of office of the Supervisory Board members had expired, all current Supervisory Board members were re-elected in the Annual General Meeting on October 27, 2011 as well as Mr. Wolfgang Quirchmayr. Their term of office as Supervisory Board members lasts until the Annual General Meeting which shall decide on the discharge for the fiscal year ending on March 31, 2016.

9. Events subsequent to the reporting date

At the end of July 2012, MAGNAT Asset Management GmbH, Vienna, Austria, was able to profitably dispose of the Brünnerstraße project in Vienna which had been acquired in November 2011. Net of the related debt, MAGNAT will receive cash proceeds of EUR 0.5 million as a result of this transaction.

10. Report on opportunities and risks

10.1. Introduction

MAGNAT has structured its business into two segments: Investments and Asset Management. The Company's own real estate portfolio is contained within the Investments segment. This concerns direct and indirect interests in local project companies that locally develop real estate projects. Where possible, the Company prefers to invest in majority interests. MAGNAT's investment portfolio is currently split among nine countries. MAGNAT plans to restructure its investment portfolio over the medium term and to concentrate on the countries of the Black Sea region.

The Investments segment creates value by generating profits on disposal of real estate investments. Where possible, the potential net rental income is added to the disposal proceeds. Therefore, significant and one-time cash inflows for MAGNAT in the business segment only occur when a successful disposal of an investment is completed. The disposability of these investments depends to a large extent on the development of the local real estate and financial markets and the stage of the life-cycle the individual projects are in. As a result, cash flows in this business area are difficult to forecast and are dependent on a number of external factors.

Cash inflows from the sale of investments from the existing real estate portfolio should be reinvested, taking MAGNAT's liquidity reserve into account, in order to finance the Company's growth in its core markets.

10.2. Principles and structure of risk and opportunity management

In view of MAGNAT's business activities, the risk policy of the Company cannot be directed at the entire or high avoidance of risks. Risk management concentrates on the on-going identification of typical business risks and their active management. Risk management is intended to reduce potential threats, safeguard the portfolio, and support successful further development. Through the conscious handling of risks, the opportunities involved can also be exploited with greater certainty.

Risks within a certain range are acceptable when coupled with corresponding return opportunities. The aim is to recognise and limit peak risks in order not to jeopardise the Company as a going concern.

The identification of risks is an on-going management responsibility due to the constant change in external conditions and demands. Regular fixed-date meetings controlling meetings, project discussions, and individual meetings take place at regular intervals in order to identify risks. The complete risk management process is documented in a risk management manual. Risk management is practiced in the entire MAGNAT Group. It is subject to an annual critical review, and, where required, revision.

Due to the MAGNAT Group's flat organisational structure, management is directly involved in all material decisions. This flat hierarchy enables the risk management system to have a comparably simple and less complex structure.

The Supervisory Board is regularly informed on business development, the development of the projects/investments, and the status of the risk management system and its further development. The Supervisory Board controlling activities form an essential of MAGNAT's risk management system. The Supervisory Board also reviews individual objects on-site.

10.3. Description and explanation of the key characteristics of the internal controlling and risk management system relating to the accounting and Group accounting process

As the parent company, MAGNAT Real Estate AG prepares the consolidated financial statements. In advance of this process, the financial accounting and the preparation of the annual financial statements of Group companies included in the consolidated financial statements is performed by specialised external service providers.

The required monthly assessments as well as the annual financial statements which are prepared are completely and timely forwarded and internally monitored. As part of the risk management, the plausibility, accuracy, and completeness of the entries are monitored and reviewed by own employees of the Company.

The key instruments for this purpose are:

- Standard accounting principles through the selection of an external service provider for most of the Group companies.
- A clear separation of tasks and allocation of responsibilities among those in the internal and external areas concerned with the accounting process.
- Involvement of external specialists where required, for example in the valuation of properties.

The Group's internal revision is implemented within the legal department of a Group company. The Executive Board determines whether and which structures and processes are subjected to auditing.

10.4. Risks

10.4.1. Macroeconomic risks

Macroeconomic risks have risen again in many of the Western European countries as a result of the intensification of the European debt crisis. This is particularly true for unemployment which has experienced a sharp rise coupled with the corresponding negative repercussions on the propensity to invest and consume. A relapse into a far-reaching European recession is becoming more likely especially in view of the considerably weaker development in Germany since the beginning of 2012, which so far had supported the EU area.

Although the Turkish economy is expected to cool off, which is welcomed by the government and the central bank in their fight against inflation, the Turkish economy will continue to have noticeable growth in comparison to the other European countries. This is especially true when compared to the southern European countries. Should civil war-like conditions in Syria lead to Turkey as a local leading power being drawn into a military conflict, this could change the current situation and lead to an abrupt and sharp increase in Turkey's country risk.

Should the overall European growth risks materialise, the countries in the Black Sea region and the underdeveloped south-eastern European countries, in which MAGNAT Group's equity is invested, may be over proportionally impacted causing transaction on those real estate markets continue to be hampered. Therefore, the macroeconomic risks to MAGNAT Group's business should continue to be considered as significant.

10.4.2. Market and sector risks

By nature, the real estate market is strongly shaped and influenced by economic developments and investor's propensity to invest. Economic and investment behaviour in turn are influenced by a variety of factors which are hard to predict, especially given the high volatility of the global financial markets in recent years. The key factors of supply and demand, the availability of capital, and the cost of capital (primarily prevailing interest rates) and cost of construction exert their influence within the single economies and real estate markets. On a national or global basis, the most important factor is investor demand for investment in the asset class of real estate and its relative attractiveness when compared with other asset classes.

Following the collapse of real estate markets in many countries over recent years, the markets have fallen back to the crisis level of the recent past in the reporting year. The interim recovery in some areas was short lived and had been mainly concentrated in the top locations of European metropolitan areas. The key reason for this return to crisis levels is the strong increase in risk aversion on the part of investors due to the European debt crisis. Investment capital is almost only available at very high prices if at all so that transactions only take place to a limited extent and at correspondingly unfavourable terms. Furthermore, portfolios continue to be offered at strongly reduced prices in the markets of the target regions from competitors with economic problems. An improvement in these unfavourable market conditions is not expected as long as the European debt crises has not been averted or mitigated.

In the markets of MAGNAT's target regions there is significantly higher country risk than in the western industrialised nations. This country risk becomes apparent in different ways: For example, political developments, the instability of the legal system, and justice in general and particularly factual circumstances and business practices in real estate and land law. Many of these risks cannot be eliminated or completely controlled. A partial neutralisation of risk can be achieved through the avoidance of a high allocation of assets in single projects or in single countries, or through co-investments with well-established local project partners.

10.4.3. Financial risks

10.4.3.1. CURRENCY RISKS

MAGNAT is predominantly active in markets outside of the eurozone and is therefore also exposed to exchange rate risks. Where possible and feasible, projects are carried out in the local currency (e.g. local currency financing of construction costs).

The remaining exchange rate risk, which is mostly limited to invested equity and the potential profit, is only partially hedged due to the lack of appropriate hedging instruments and their availability at commercially reasonable prices. Generally, preference is given to hedging on an aggregated basis rather than individual project-related risks. Hedging is only considered when certain fluctuation ranges are exceeded and only for particular currencies and are limited to the equity invested (and not for the potential profit).

In summary, the management of currency risks is geared toward accepting currency risk within a certain range. The foreign currency hedging strategy is determined in close coordination with the Supervisory Board.

10.4.3.2. INTEREST RATE RISKS

The MAGNAT Group uses debt to finance real estate projects. This is particularly true for projects in Germany and Austria. Financing facilities of around EUR 4.2 million carry a variable interest rate and therefore a change to higher interest rate levels would be a burden on the Company. Fixed interest rate agreements have been concluded for loan agreements totalling around EUR 13.9 million.

In contrast, a large part of MAGNAT's investments in Easter European countries is financed with equity. The assumption of debt plays a lesser role here due to the lack of financing opportunities.

Basically, financing takes place at the project level. However, borrowing has also been taken up in the past at the holding company level in the instance of a mezzanine loan and the financing of the acquisition of RQCB assets in the form of bridge loan and an interest-free deferral of purchase price. The mezzanine loan has a fixed interest rate so that a change in interest rate levels has no impact on the Company. The bridge loan has duration of less than one year. A change in interest rate levels is not expected during this period.

The evaluation of interest rate policy takes place at regular intervals and in close coordination with the Supervisory Board.

10.4.4. Operating risks

Typical project risks may arise with the projects being developed by the Asset Management segment. These risks may include exceeding the budget, time delays, delays due to defective performance and/or the insolvency of service providers. As a result, higher liquidity on the part of project companies may be required.

If loan financing at the project level cannot be realised or cannot be realised as planned, or if changes to the development plans are necessary which require further financing, then may arise the additional risks of the project time line being delayed or that more equity for the project is necessary, or that the costs of financing exceed the original plan. This could result in the obligation to contribute additional capital on the part of the project shareholders, which not all co-investors may be able to fulfil.

10.4.5. Liquidity risks

MAGNAT deploys detailed fine tuning for managing its liquidity in order to ensure that payments can be made at any time. To this end and under conservative assumptions, the funds required for the operational management of the Group are budgeted and dispersed.

Additional liquidity requirements may arise from events outside of the operational influence of MAGNAT especially through the project risks which were previously mentioned. Since the decisions with regard to the adjustment of development measures or modifications and/or optimisations of such measures are always taken in line with the company-law majority relationships, MAGNAT is in a position to limit these arising risks.

The aim is to generate additional liquidity for the financing of the Group as well as for investments in new value creating development projects from an inflow of funds from possible disposals. Such disposals were difficult during the crisis in the financial markets or entailed discounts to the valuation concluded by the expert and were not commercially sensible. Meanwhile, the Group's room for manoeuvre has improved in some areas but has deteriorated again with the escalation of the European debt crisis. In view of the deterioration of the general environment and the re-emergence of a significant limitation in disposal opportunities, the liquidity risks have grown once again.

The transactions undertaken in the reporting year in order to reduce the risks of the real estate portfolio and to secure liquidity, highlight MAGNAT's ability to carry out disposals at economically feasible conditions even in times of economic difficulty.

10.4.6. IT risks

A loss of the database or a long lasting disruption to the systems utilised by MAGNAT may result in interruptions to business operations. For this reason, the Company has implemented the appropriate data security strategies and preventative security measures.

10.4.7. Personnel-related risks

The selection, acquisition, development and resale of real estate projects require experience, local market expertise and extensive partner networks. Entrepreneurial thinking is required as much as creativity in the identification of development opportunities and caution is required in the evaluation of potential risks. For this reason, the MAGNAT Group requires highly qualified staff for the successful development of its projects above and beyond the management level.

In the face of intense competition it is a constant challenge to recruit qualified staff for the Group and to bind them to the Company.

10.4.8. Legal risks

The MAGNAT Group operates predominantly in countries which have less developed and less stable legal systems compared with those of Western Europe. This related to jurisdiction in general as well as de facto circumstances and business practices prevalent in property and land register law in particular. This gives rise to not only risks related to future possible changes in the legal framework, but also in relation to the application and implementation of existing laws and official decisions. These risks are basically unavoidable. On the other hand, these countries offer an above-average profile of opportunities.

MAGNAT's employees and business partners with many years of experience with the local conditions, help to limit the effects of these risks. The continued regional focus of the MAGNAT Group will also result in a further bundling of our resources and capacities in this area.

10.4.9. MAGNAT's risk related to insolvency of co-investors

Reorganisation proceedings were initiated according to the Austrian insolvency directive and amended in December 2011 into a bankruptcy proceeding regarding the assets of the co-investor R-QUADRAT Capital Alpha GmbH ("RQCA"). This give rise to the following risks, among others, for the MAGNAT Group:

10.4.9.1. RRISKS ARISING FROM INTERESTS IN JOINT REAL ESTATE PROJECTS

MAGNAT Real Estate AG and R-QUADRAT Capital Alpha GmbH hold interests in joint real estate projects.

- The operational processing of measures for which the project companies require the approval of their shareholders could become more difficult or delayed.

- The securing of liquidity for the project companies could be jeopardised since financing institutions are concerned by the insolvency.

MAGNAT does not hold a majority in its joint projects with RQCA. Therefore, decisions concerning strategic orientation could become more difficult or impeded.

10.4.9.2. RISKS ARISING FROM CONTRACTUAL OR OTHER RECEIVABLES RELATIONSHIPS

A partial or complete default on the MAGNAT receivables owed by RQCA could result. The MAGNAT Group has already accounted for this in the 2010/2011 balance sheet in the form of impairments.

The project companies could also be jeopardised at the current time if RQCA were to demand the payment of existing receivables in joint project companies. Due to the common interest of RQCA and MAGNAT in an optimisation of short-term project returns, the risk of endangerment of the project companies is assessed as low.

The management as well as employees may need to take out significant time in the case of lengthy procedures associated with the enforcement or defence of claims. MAGNAT counters this risk to the extent that operating business is given priority over such litigations.

10.4.9.3. RISKS ARISING FROM THE INTEGRATION OF THE ASSET MANAGER

The MAGNAT Group has taken over the existing asset management contract with RQCA through the (indirect) acquisition of MAGNAT Asset Management GmbH by way of a capital increase through a contribution in kind in 2009. This asset management contract has been dissolved in the meantime. Following a thorough analysis, MAGNAT was unable to find evidence of MAGNAT Asset Management GmbH not properly carrying out their services. Ultimately however, claims cannot be ruled out which stem from or are in connection with the asset management contract such as the reimbursement of paid management fees.

10.4.10 Image risk

MAGNAT is exposed to risks to its image. In media reports on the insolvency of co-investors, reference is also made to MAGNAT which could potentially damage MAGNAT's reputation. Media reports could therefore also have a negative impact on MAGNAT Asset Management's operating activities. MAGNAT tries to pre-empt this risk by being as transparent as possible to third parties.

11. Opportunities report

We focus our business on the growth markets of the Black Sea region. The high demand for structural development in this region offers MAGNAT above-average opportunities for returns due to MAGNAT's strong local expertise. The required capital for the financing of development projects in this region should be generated from the disposal of non-strategic real estate holdings in other countries in MAGNAT's portfolio.

Opportunities in Asset Management can arise in particular from privately financed co-proprietors' building schemes in Vienna as well as through real estate trading. In addition, the mid-term development of a growth platform for distressed/workout projects in the target region of the Black Sea could provide possible further opportunities. Taking advantage of these opportunities will depend upon our own funds available for such activities.

12. Overall assessment of the Group's risk position

In fiscal year 2011/2012, MAGNAT's Executive Board and Supervisory Board have carried out a thorough analysis of the Company's strategy and the inherent risks of this strategy, particularly financing risk. The resulting measures were intensely discussed. Similar to the effects of the financial market and economic crisis, the escalation of the European debt crisis has led to a renewed tightening of credit and an almost a complete absence of investment-seeking risk capital. In the current phase of high uncertainty in terms of future inflation expectations and evident currency concerns, real estate has been rediscovered as an investment alternative, investors are concentrating on the real estate sector albeit exclusively on the absolute prime locations in the developed metropolitan regions in the core of Europe. However, for other projects, access to capital through financing, refinancing, or capital measures remains extremely difficult. A reorientation of investor's interest is yet to be seen.

In line with this tense market situation the financial planning of the MAGNAT Group continues to be focused on the disposal of real estate and cash flows from the repayment of shareholder loans by subsidiaries in order to finance current operations. The current liquidity planning assumes that MAGNAT's ability to render payments at all times over the next 12 months is secured.

13. Outlook

13.1. Group orientation in the next two fiscal years

MAGNAT will continue to carry out its clear "Develop & Sell" and "Buy and Sell" strategy in terms of real estate and land held. The business model's inherent risk of highly volatile cash flows dependent on successful disposals will remain a material aspect in the development of the Group in the next two years. Despite potential contributions that a recovery and normalisation to the real estate markets in Eastern Europe can make to MAGNAT's economic recovery, but which are not adequately predictable from today's point in time, will not prevent the Executive Board from remaining by its clear priority of securing liquidity. This will take a clear precedence to new investments. The continuation of the Company's cash-flow oriented management proves this fact.

Furthermore, diverse measures were undertaken in fiscal year 2011/2012 in order to sustainably improve the profitability of the Group in the medium term. Here three aspects have taken priority: First, to reduce the overall risk of the property portfolio; secondly the initiation of comprehensive savings in the cost structure; and thirdly, the systematic and consequent concentration of the portfolio on the growth markets in the Black Sea region which have been defined as core markets for MAGNAT. The respective countries are the Ukraine, Turkey, Georgia, and possibly Romania.

As was the case in the reporting year, the strengthening of liquidity will result from further disposals of portions of the portfolio in countries such as Bulgaria, Germany, Austria, Poland, and Russia. MAGNAT's Investments segment will successively withdraw from these countries.

Within the Asset Management segment, only limited activity can be carried out in the current market environment in the context of co-proprietors' building schemes in Austria. These will be supplemented with the build-up and expansion of trading activities in Austrian real estate. Opportunities related to privately financed co-proprietors' building schemes are being reviewed. Services for third parties in order to consolidate and increase the revenue of this segment should continue to be expanded where possible. Here the cost-benefit evaluation is particularly important in deciding for further expansion. The aim remains to contribute to securing liquidity in this way.

13.2. Economic environment

The global economy continues to be characterised by an extremely high degree of uncertainty. The focus here is the concern for the future development of the eurozone and the European common currency. The situation in Greece continues to be problematic and the situation in Spain has just recently deteriorated significantly due to the problems in the banking sector. In addition, investors are losing confidence in politicians being able to solve the problems. Fears that the whole global economy could slip into a renewed recession are rising accordingly. This is clearly demonstrated by the current sentiment indicators worldwide such as the purchasing manager indices.

There are however more optimistic opinions. In its outlook in April 2012, the IMF lifted its expectations for global growth slightly from 3.3 percent to 3.5 percent and maintained this opinion in its update published in July 2012. The IMF expects that the low-point in economic momentum will have been reached in the first quarter of 2012 and that it will gradually improve in the course of the year. Nevertheless, the IMF emphasises the enormous risk to the global economy, and particularly the development in Europe. Thus, the IMF's more positive assessment stems from favourable assumption for growth in the U.S. and Japan and a sustained positive assessment of the development of the emerging markets.

For the eurozone, the IMF continues to expect a recession, even if the extent of which is only projected at -0.3 percent after -0.5 percent prior. For countries such as Germany and France, the IMF calculated in its update in July 2012 with a significantly reduced but nevertheless positive growth rate of 0.6 percent and 0.5 percent respectively. For Austria, the IMF is forecasting growth of 0.9 percent. In contrast, the growth rates of the southern European countries are expected to be negative: -1.8 percent for Spain up to -4.7 percent for Greece. For these countries, the IMF expects a muted recovery in 2013 at the earliest while the eurozone as a whole is expected to overcome the recession already in the second half of 2012.

In contrast to the development in 2011, the IMF expects the crisis in the eurozone to adversely impact the growth in Eastern Europe in 2012. The IMF predicts a flattening of the growth rate to only 1.9 percent for the region due to the strong dependence of Eastern Europe from the eurozone through exports and an increase in the interest rate spreads. This compares to growth of 5.3 percent in 2011.

In the opinion of the IMF, growth will slow noticeably in Turkey in 2012 to just 2.3 percent after 8.5 percent in the prior year. The IMF's main concern is the high current account deficit of the country which last year was almost 10 percent of GDP. This deficit was mainly financed by short-term inflows of foreign capital which makes Turkey vulnerable to turbulence on the capital markets. In addition, the inflation rate in 2012 is expected to reach 10.6 percent according to estimates of the IMF. This is expected to steer the central banks back towards further tightening.

Already by the end of 2011, the Ukraine was witnessing the effects of the spilling over of the debt crisis. On the one hand, interest rate spreads had significantly widened and on the other hand, export growth had slowed. Given the current account deficit of around 6 percent of GDP, the Ukraine, like Turkey, is strongly dependent by foreign capital inflows and the appetite for risk of investors. The IMF expects GDP growth of 3.0 percent in 2012 which compares with 5.2 percent growth in 2011.

However, for Georgia the IMF is forecasting relatively little effects from the eurozone crisis. Growth in the current year should reach 6.0 percent and therefore weaken only gradually as compared to 7.0 percent of the prior year. Even though Georgia also had a significant current account deficit of 12.7 percent of GDP in 2011, this was more than offset by foreign inflows of funds. This reflects the greater confidence of international investors regained by Georgia due to the initiation of economic reforms.

Romania's dependence on the eurozone is particularly strong since more than half of the country's exports are to the eurozone. Accordingly, the IMF estimates that the spill-over effects of the European debt crisis will dampen Romania's growth with a growth rate of 1.5 percent in 2012. Furthermore, the IMF expects the boom in the agricultural sector to end after it had contributed significantly to GDP in 2011. Nevertheless, the IMF believes Romania is on the right track to implement the political reforms necessary. This should lead to much stronger growth of 3.0 percent in 2013.

13.3. Expected earnings situation

Due to the disposal of the German residential portfolio, the income from rental of real estate inventory will decline markedly.

Our activities at rigorous cost containment, which can also be seen in the context of the necessary reductions resulting from the disposals in Germany, will be continued in the same degree in fiscal year 2012/2013. This should have a particularly positive effect on the general and administrative expenses and other operating expenses. The disposal of objects where the current income does not cover the current costs should also lead to cost reductions.

In addition we expect a decline in legal fees since in the reporting year there were unusually high amounts incurred in connection with the insolvency of co-investors. A similar development is expected in the expenses for auditors since in the year under review, one-time costs related to the audit by the DPR had occurred.

13.4. Expected financial position

The situation of the real estate markets in which MAGNAT is active will continue to be challenging also in the current fiscal year. We are not counting on either a significant increase in transactions nor in prices. The securing of liquidity will remain at the center of MAGNAT's financial planning.

Despite adjustments to the carrying amounts in the reporting year, the Group's financial position continues to be characterised by a solid equity base. At the reporting date, the equity ratio was 45.7 percent.

13.5. Overall statement concerning the Group's prospective development

Given the difficult economic environment, the stated goal of the Executive Board and the Supervisory Board remains the further strategic realignment of the MAGNAT Group over the medium term. The increase in the value of our portfolio remains at the center of our business dealings. The Executive Board is confident that in the next two fiscal years, under the assumption of unchanged asset values, the path toward positive results for the MAGNAT Group will continue which should also lead to a stronger orientation of the Company's valuation at the net asset value.

MAGAT remains one of the few remaining project developers in its target markets. This presents a valuable position for the future that we will consistently utilise. We continue to believe that the entire Black Sea region will be rediscovered as an attractive investment by international capital. Numerous countries in the region are economically better positioned than the peripheral countries in the southern eurozone. This has been highlighted by the most recent developments in the midst of the euro crisis. As soon as the European debt crisis has been overcome, we expect the attractiveness of the region to significantly increase for foreign investors.

This management report contains forward-looking statements and information. Such forward-looking statements are based on expectations that we have today and on certain assumptions. As a consequence, they harbour a number of risks and uncertainties. A large number of factors, many of which lie outside the scope of MAGNAT'S influence, affect MAGNAT's business activities, its success, 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 materialise, 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, believed, projected or estimated results. MAGNAT accepts no obligation and does not intend to update these forward-looking statements or to correct them given a development other that the one expected.

Frankfurt am Main, August 22, 2012

MAGNAT Real Estate AG

Dr. Marc-Milo Lube
Member of the Executive Board

Jürgen Georg Faè
Member of the Executive Board

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income

in EUR	Note no.	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted *)
Rental income	D.1	5,505,915	6,952,149
Operating expenses to generate rental income	D.2	-3,133,619	-3,916,567
Profit/loss on rental of real estate inventory		**2,372,296**	**3,035,582**
Revenue on sale of real estate companies		849,698	0
Net assets from sold real estate companies		-410,555	0
Profit/loss on sale of real estate companies	**D.3**	**439,143**	**0**
Revenue on sale of real estate		32,722,778	6,046,976
Expenses on real estate sales		-16,998,663	-3,743,393
Profit/loss on sale of real estate	**D.4**	**15,724,115**	**2,303,583**
Revenue on asset management		715,957	1,255,254
Expenses for asset management		-200,115	-776,060
Profit/loss on asset management	**D.5**	**515,842**	**479,194**
Profits from investments accounted for using the equity method		8,895,763	0
Losses from investments accounted for using the equity method		-2,277,457	-5,364,090
Unrealised fair value adjustments in equity investments		-2,940,362	-2,125,457
Profit/loss from investments accounted for using the equity method	**D.6**	**3,677,944**	**-7,489,547**
Unrealised fair value adjustments in real estate inventory	D.7	-3,516,484	9,227
Impairment of goodwill and receivables	D.8	-975,394	-4,343,711
Other operating income	D.9	3,675,540	5,255,309
Other operating income and other effects		**-816,338**	**920,825**
General and administrative expenses	D.10	-5,655,770	-7,367,487
Other operating expenses	D.11	-1,468,905	-1,288,703
Profit/loss before interest and taxes		**14,788,327**	**-9,406,553**
Financial income	D.12	832,732	1,379,651
Financial expenses	D.12	-2,589,364	-2,612,733
Financial result		**-1,756,632**	**-1,233,082**
Profit/loss before taxes		**13,031,695**	**-10,639,635**
Income taxes	D.13	-67,688	-133,335
Net profit/loss for the period		**12,964,007**	**-10,772,970**
Of which, attributable to:			
Non-controlling interests	**D.15**	**30,714**	**-482,710**
Parent company shareholders		**12,933,293**	**-10,290,260**
Basic and diluted earnings per share	D.16	0.93	-0.74

*) see Notes to the Consolidated Financial Statements A.5

Statement of comprehensive income

in EUR		01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted *)
Net profit/loss for the period		**12,964,007**	**-10,772,970**
Other profit/loss			
Currency translation effects		-605,973	-33,750
Equity change arising from the equity method recognised financial assets		-1,522,664	-1,753,033
Other profit/loss before tax		**-2,128,637**	**-1,786,783**
Tax relating to other comprehensive income		-44,481	29,460
Other profit/loss after tax	G.1 and G.2	**-2,173,118**	**-1,757,323**
Total comprehensive income		**10,790,889**	**-12,530,293**
Of which, attributable to:			
Non-controlling interests		**-57,342**	**-474,835**
Parent company shareholders		**10,848,231**	**-12,055,458**

*) see Notes to the Consolidated Financial Statements A.5

Consolidated Balance Sheet

in EUR	Notes no.	31/03/2012	31/03/2011 adjusted *)	01/04/2010 adjusted *)
Assets				
Non-current assets				
Intangible assets	E.1.1	29,440	402,401	394,605
Property, plant, and equipment	E.1.2	58,340	98,740	98,573
Investments accounted for using the equity method	E.1.3	8,074,182	15,759,665	32,925,780
Other financial assets	E.1.4	49,318	119,399	162,500
Loans to investments accounted for using the equity method	E.1.5	1,020,351	23,300	1,621,039
Other loans	E.1.6	541,309	416,020	0
Deferred tax assets	E.5.1	585,509	180,570	203,372
Total non-current assets		**10,358,449**	**17,000,095**	**35,405,869**
Current assets				
Real estate inventory	E.2.1	16,134,196	34,765,194	33,091,628
Trade accounts receivables and other receivables	E.2.2	5,577,777	6,193,633	9,173,428
Financial receivables and other financial assets	E.2.3	3,995,646	3,992,021	3,415,630
Tax refund claims		806,233	299,031	331,993
Cash and cash equivalents	E.2.4	3,589,108	5,320,167	8,821,895
Total current assets		**30,102,960**	**50,570,046**	**54,834,574**
Assets available for sales in investments accounted for using the equity method	**E.3**	**3,805,981**	**0**	**0**
Total assets		**44,267,390**	**67,570,141**	**90,240,443**

in EUR	Notes no.	31/03/2012	31/03/2011 adjusted *)	01/04/2010 adjusted *)
Shareholders' equity and liabilities				
Shareholders' equity				
Subscribed capital		13,894,651	13,894,651	13,894,651
Reserves		6,431,744	-1,197,777	10,857,612
Equity attributable to parent company shareholders		**20,326,395**	**12,696,874**	**24,752,263**
Interest of non-controlling shareholders		-97,786	-122,148	352,757
Total shareholders' equity	**E.4**	**20,228,609**	**12,574,726**	**25,105,020**
Liabilities				
Non-current liabilities				
Deferred tax liabilities	E.5.1	265,034	289,259	379,742
Non-current financial debt	E.5.2	14,829,263	39,248,220	47,493,698
Total non-current liabilities		**15,094,297**	**39,537,479**	**47,873,440**
Current liabilities				
Provisions	E.6.1	1,760,010	1,760,370	2,736,099
Trade payables and other liabilities	E.6.2	1,512,903	2,326,078	1,689,305
Tax liabilities	E.6.3	283,960	225,040	846,282
Current financial debt	E.6.4	5,387,611	11,146,448	11,990,297
Total current liabilities		**8,944,484**	**15,457,936**	**17,261,983**
Total liabilities		**24,038,781**	**54,995,415**	**65,135,423**
Total equity and liabilities		**44,267,390**	**67,570,141**	**90,240,443**

*) see Notes to the Consolidated Financial Statements A.5

Consolidated Statement of Cash Flows

in EUR '000	Note no.	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted *)
Consolidated profit/loss before tax		**13,032**	**-10,640**
Change in real estate inventory		16,849	2,372
Change in trade accounts receivable and other receivables		1,813	-1,836
Change in income tax receivables		-507	33
Change in financial receivables and other financial assets		-3,715	-2,726
Change in intangible assets		7	-88
Change in provisions		11	654
Change in trade payables and other liabilities		-1,126	-1,018
Other non-cash items		-1,478	9,751
Cash flow from operating activities	F	**24,885**	**-3,497**
Payments for investments in property, plant, and equipment		-11	-47
Proceeds from the disposal of property, plant, and equipment		28	0
Payments to acquire shares, and increase the capital reserves at investments accounted for using the equity method and at other investments		0	-132
Proceeds from the disposal of investments accounted for using the equity method and from other investments		2,650	0
Payments for granting loans to investments accounted for using the equity method and to other investments		-973	-673
Proceeds from the repayment of loans from investments accounted for using the equity method and from other investments		0	866
Payments for the acquisition of subsidiaries and for acquisition of net assets (net of cash acquired)		-3,641	0
Proceeds from the disposal of subsidiaries (net of cash sold)		743	0
Cash flow from investing activities	F	**-1,205**	**14**
Proceeds from the increase of financial debt		7,395	10,199
Repayment of financial debt		-32,812	-10,214
Cash flow from financing activities	F	**-25,416**	**-15**
Net change in cash and cash equivalents		**-1,736**	**-3,498**
Change due to currency translation		**5**	**-4**
Cash and cash equivalents at the start of the period		5,320	8,822
Cash and cash equivalents at the end of the period	F	**3,589**	**5,320**
Supplementary information concerning the cash flow statement			
Income taxes paid		533	135
Interest received		69	117
Interest paid		1,644	1,133

*) see Notes to the Consolidated Financial Statements A.5

Consolidated Statement of Changes in Equity

in EUR '000		Share capital		Reserves							
		Subscribed capital	Treasury shares	Capital reserves	Retained earnings	Reserves for treasury shares	Currency translation	Other reserves	Equity attributable to parent company shareholders	Interests of non-controlling shareholders	Total shareholders' equity
01/04/2011 (adjusted)	**G**	13,895	0	7,455	-8,273	-310	-136	66	12,697	-122	12,575
changes in ownership interests in subsidiaries that do not result in a loss of control	G	0	0	0	0	0	0	-3,219	-3,219	82	-3,137
Change in deferred taxes recognised directly in equity	G	0	0	0	0	0	0	-44	-44	0	-44
Proportional transfer of earnings-neutral changes in equity in investments accounted for using the equity method	G	0	0	0	0	0	-1,499	-3	-1,502	-21	-1,523
Currency translation effects	G	0	0	0	0	0	-539	0	-539	-67	-606
Other profit/loss	**G**	**0**	**0**	**0**	**0**	**0**	**-2,038**	**-47**	**-2,085**	**-88**	**-2,173**
Net income for the period	G	0	0	0	12,933	0	0	0	12,933	31	12,964
Total comprehensive income	G	0	0	0	12,933	0	-2,038	-47	10,848	-57	10,791
31/03/2012	**G**	**13,895**	**0**	**7,455**	**4,660**	**-310**	**-2,174**	**-3,200**	**20,326**	**-98**	**20,228**
01/04/2010 (reported)	**G**	**13,895**	**-28**	**98,181**	**-4,456**	**0**	**-7,389**	**599**	**100,802**	**10,765**	**111,567**
Adjustments according to IAS 8.42	**A.5**	0	28	**-90,726**	6,473	-310	9,140	-656	-76,050	-10,413	-86,462
01/04/2010 (adjusted)		**13,895**	**0**	**7,455**	**2,017**	**-310**	**1,751**	**-57**	**24,752**	**353**	**25,105**
Change in deferred taxes recognised directly in equity	G	0	0	0	0	0	0	29	29	0	29
Proportional transfer of earnings-neutral changes in equity in investments accounted for using the equity method	G	0	0	0	0	0	-1,859	93	-1,766	14	-1,752
Currency translation effects	G	0	0	0	0	0	-28	0	-28	-6	-34
Other profit/loss	**G**	**0**	**0**	**0**	**0**	**0**	**-1,887**	**122**	**-1,765**	**8**	**-1,757**
Net income for the period	G	0	0	0	-10,290	0	0	0	-10,290	-483	-10,773
Total comprehensive income	G	**0**	**0**	**0**	**-10,290**	**0**	**-1,887**	**122**	**-12,055**	**-475**	**-12,530**
31/03/2011 (adjusted)	**G**	**13,895**	**0**	**7,455**	**-8,273**	**-310**	**-136**	**66**	**12,697**	**-122**	**12,575**

MAGNAT Real Estate AG , Frankfurt am Main

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year April 1, 2011 to March 31, 2012

A. General Information

1. Corporate information

MAGNAT Real Estate AG (hereinafter also referred to as the "Company" or "MAGNAT") is recorded in the commercial register in Frankfurt am Main, Germany, which is the location of the Company's headquarters. On September 17, 2010, the Company's legal form was changed from that of a GmbH & Co. to a public stock corporation ("Aktiengesellschaft", or "AG") and was recorded in the commercial register (HRB 89041). MAGNAT Real Estate Opportunities GmbH & Co. KGaA was formed on April 6, 2006 and recorded in the commercial register 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.

The Company was originally listed on the open market in July 2006. On October 30, 2007 the Company switched stock exchange segments. Since this time, the Company's shares have been listed in the General Standard segment of the Frankfurt Stock Exchange. As a result of this change, MAGNAT is subject to the stringent EU-wide transparency requirements of the regulated markets.

To date, MAGNAT Real Estate AG itself has not undertaken any investments in real estate or real estate projects. Generally, investments are processed through project companies. Interests in these project companies are either directly or indirectly held (through intermediate holding companies) by MAGNAT Real Estate AG.

This consolidated financial statement prepared in the name of the legal parent company, MAGNAT Real Estate AG, is to be economically attributed to the economic acquirer identified as MAGNAT Asset Management GmbH, Vienna, Austria (formally: R-QUADRAT Immobilien GmbH), within the context of a reverse acquisition in fiscal year 2009/2010 (see A.5). The total of the consolidated subsidiaries and the joint ventures and associated companies accounted for using the equity method will be referred to as the "MAGNAT Group".

Through the integration of MAGNAT Asset Management GmbH, Vienna, Austria, the MAGNAT Group has further developed itself into an integrated real estate group. As a result, the Company's entire value chain spans from purchase and development to the sale of real estate and construction land. In addition, the Group offers real estate asset management services in particular for third parties as well as co-proprietors' building schemes.

MAGNAT's business model follows a "develop & sell" and "buy & sell" strategy when it comes to real estate and land held. This contrasts with traditional holders who pursue a "buy & hold" strategy.

Today, MAGNAT's investment portfolio is distributed among nine countries. In the medium term, the plan is to focus the investment portfolio on the countries of the Black Sea region: the Ukraine, Turkey, Georgia, and possibly Romania (core markets).

2. Application of International Financial Reporting Standards (IFRS)

MAGNAT prepares its consolidated financial statements according to International Financial Reporting Standards (IFRS) in line with Article 4 of the EC Directive number 1606/2002 of the European Parliament and Council of July 19, 2002. The consolidated financial statements of the MAGNAT Group which are prepared for MAGNAT Real Estate AG as the legal parent company, are prepared according to uniform accounting principles. This takes into account all IFRS standards that require mandatory application as of the reporting period ending on March 31, 2012 – including currently valid International Accounting Standards (IAS) – and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – including the currently valid interpretations of the former Standing Interpretations Committee (SIC) – as applicable in the EU. The consolidated financial statements prepared by MAGNAT Real Estate AG fully comply with the IFRS guidelines in their currently valid version as far as they were adopted by the European Union according to article 6 Paragraph 2 IAS-VO 1606/2002 by comitology procedure in accordance with European Union regulations. They also give consideration to the applicable German commercial law regulations pursuant to Section 315a (1) of the German Commercial Code (HGB).

3. New accounting standards that require mandatory application

The applied accounting methods generally correspond to the methods applied in the previous year with the following exceptions:

The International Accounting Standards Board (IASB) and the International Financial Reporting Standards Committee (IFRIC) have approved standards and interpretations (which have already passed the EU recognition procedure) and require mandatory first-time application in the reporting period.

Amendments to IFRIC 14 “Prepayment as Part of a Minimum Funding Requirement”

The amendment, which was issued on November 26, 2009 by the IASB, is an interpretation of IFRIC 14, which in itself is an interpretation of IAS 19 “Employee Benefits”. The amendment is applicable under certain circumstances under which an entity is subject to a minimum funding requirement and makes a prepayment of contributions that satisfy those requirements. The amendment allows the benefit from such a prepayment to be recognised as an asset. The amendment has been mandatory since January 1, 2011. The amendment was adopted by the EU on July 19, 2010 and published on July 20, 2010. The amendments to IFRIC 14 had no impact on MAGNAT’s present consolidated financial statements.

IAS 24 “Related Party Disclosures”

This amendment to IAS 24 is particularly intended to enhance the comprehensibility and clarity of the standard’s text, in order to thereby ensure, in practice, its uniform interpretation and application. As a consequence, regulations were made more specific in areas where the standard has exhibited clear inconsistencies in the past, or where practical application was made more difficult as a result of the insufficiently precise formulations. One objective of the revision was also the elimination of instances where, to date, only one of the parties participating in a transaction was required to report this transaction since from the other perspective the other party had failed to satisfy the definition of a related party. Along with the amendment to the definition of related parties, there are also adjustments relating to the definition of transactions requiring disclosure. The revised version of this standard requires mandatory application for fiscal years commencing on or after January 1, 2011.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
On November 26, 2009, the IFRIC published IFRIC 19, an interpretation providing information on the accounting treatment of debt for equity swaps. IFRIC 19 clarifies IFRS requirements when a company partially or wholly extinguishes a financial liability through issuing shares or other equity instruments. The interpretation comes into force for fiscal years commencing on or after July 1, 2010. The EU approved IFRIC 19 on July 23, 2010, and published it on July 24, 2010. The interpretation of IFRIC 19 has had no impact on MAGNAT'S consolidated financial statements but could have an impact on the future accounting of such transactions.

Improvements to IFRS 2010
As part of its annual "Improvements Project", the IASB has implemented a large number of minor content-related and editorial amendments to various standards. These include amendments to ten standards and one interpretation:

IFRS 3 Business Combinations
IFRS 7, IAS 32 and IAS 39 in line with the amendments to IFRS 3
IAS 21, IAS 38 and IAS 31 correspondingly IAS 27
IFRS 1 First-Time Adoption of International Financial Reporting Standards
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

Unless a standard explicitly states otherwise, these regulations are applicable either for all fiscal years commencing after June 30, 2010, or for all fiscal years commencing after December 31, 2010. The EU approved the amendments on February 18, 2011, and published them on February 19, 2011. This collection of standards has had no material impact on these consolidated financial statements.

4. Future changes to accounting policies
The IASB and the IFRIC have approved standards and interpretations that do not yet require mandatory application in the reporting period. Voluntary prior application generally presupposes that the current and partially still outstanding recognition by the EU has occurred. The Company has not utilised the option to make voluntary prior application.

IFRS 7 "Amendments: Financial Instruments – Disclosures"
The amendments to IFRS 7 expand the scope of disclosure required in the notes to financial statements when derecognising financial assets. This requires general disclosures relating to financial assets that have been transferred, but which have not (or not yet fully) been derecognised, and concerning their relationship to liabilities that have newly arisen as a consequence. To the extent that the transferred financial assets were also fully derecognised, detailed qualitative and quantitative information must be disclosed in the future relating to any retained rights and obligations, and relating to any rights and obligations that were assumed as part

	Adopted by the EU	
	YES	NO
IFRS 7 “Amendments: Financial Instruments – Disclosures”	x	
IAS 1 “Amendments: Presentation of Other Comprehensive Income“	x	
IAS 12 “Amendments: Deferred Tax – Recovery of Underlying Assets”		x
IAS 19 “Amendments: Employee Benefits”	x	
IAS 27 “Separate Financial Statements”		x
IAS 28 “Investments in Associated Companies and Joint Ventures“		x
IAS 32 “Amendments: Offsetting Financial Assets and Financial Liabilities”		x
IFRS 1 “Amendments: Severe Hyperinflation and Removal of Fixed Dates”		x
IFRS 1 “Amendments: Government Grants”		x
IFRS 7 Amendments: Offsetting Financial Assets and Financial Liabilities”		x
IFRS 9 “Financial Instruments“		x
IFRS 10 “Consolidated Financial Statements“		x
IFRS 11 “ Joint Arrangements“		x
IFRS 12 “ Disclosures of Interests in Other Entities“		x
Transitional Provision (Amendments to IFRS 10, IFRS 11, and IFRS 12)		x
IFRS 13 “Measurement at Fair Value“		x
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine“		x
Improvements to IFRS (2009-2011)		x

of the transaction. The amendments are applicable to fiscal years commencing on or after July 1, 2011. The amendments to IFRS 7 were adopted by the EU on November 22, 2011 and published on November 23, 2011. From today’s perspective, the related amendments will have no effect on the disclosures in the notes to the financial statements of MAGNAT.

IAS 1 “Amendments: Presentation of Other Comprehensive Income“
According to the amendment, companies must present items in other comprehensive income according to two categories dependent upon whether or not a future recognition through profit and loss is expected (known as recycling). Components which are not recycled must be presented separately from the components which will be recycled in the future e.g. differences resulting from currency translations from subsidiaries, joint ventures, and associated companies. If the components which comprise other comprehensive income are shown before tax, then the companies must identify the corresponding tax amount separately and according to the two categories. The amendments are applicable retrospectively for the first time to fiscal years commencing on or after July 1, 2012. Early application is permitted. The amendment to IAS 1 was adopted by the EU on June 5, 2012 and was published on June 6, 2012. The amendment to IAS 1 will lead to a corresponding reclassification in MAGNAT’s consolidated financial statements.

IAS 12 “Amendments: Deferred Tax – Recovery of Underlying Assets”

The amendment includes a partial clarification of the treatment of temporary tax differences in connection with the application of the fair value model of IAS 40. As a result of this amendment, a refutable presumption is introduced that the recovery of the carrying amount of the asset in the case of real estate measured at fair value and held as a financial investment will normally occur through the sale of the asset. With real estate that is held as a financial investment, it is often difficult to judge whether existing differences will reverse through continued use or through sale. The amendment is applicable retrospectively to fiscal years beginning on or after January 1, 2012. The impact of these changes on MAGNAT’s future consolidated financial statements is currently being assessed.

IAS 19 “Amendments: Employee Benefits”

The key amendment is that future unexpected fluctuations in pension obligations and any plan assets – actuarial gains and losses – must be immediately recognised in other comprehensive income. The option of recognising actuarial gains and losses in profit and loss will be abolished and any changes in value of defined benefit obligations are to be recognised in the current reporting period. A further amendment states that the return on plan assets is no longer according to the composition of the asset portfolio but according to the income resulting from the expected return on the plan assets based on the level of the discount rate. The amendment mentioned will lead to more detailed disclosures in the notes. Among other requirements, the average time to maturity of the pension obligations must be specified. The amendments are applicable as of January 1, 2013. The amendment was adopted by the EU on June 5, 2012 and published on June 6, 2012. Since from today’s perspective, MAGNAT does not disclose any pension obligations and has no obligations to do so, the amendments to IAS 19 will not have an impact on future consolidated financial statements.

IAS 27 “Separate Financial Statements”

In the future, the new interpretation of IAS 27 will only govern the accounting of investments in subsidiaries, joint ventures, and associated companies in separate IFRS financial statements. The interpretations are to be applied to fiscal years beginning on or after January 1, 2013.

IAS 28 “Investments in Associated Companies and Joint Ventures“

The objective of IAS 28 (revised in 2011) is to define the accounting of interests in associated companies and to issue provisions as to the application of the equity method when interests in associated companies and joint ventures are to be accounted for. The revised IAS 28 is to be applied for fiscal years beginning on or after January 1, 2013. The impact of IAS 28 (revised 2011) on the future consolidated financial statements of MAGNAT is currently being assessed.

IAS 32 "Amendments: Offsetting Financial Assets and Financial Liabilities"
Offsetting in accordance with IAS 32 is further possible only if a legal right exists at that time which allows the recognised amounts to be offset and the intention to carry out the offsetting on a net basis or to offset the realised financial assets at the same time with the corresponding financial liabilities The amendments relate to the clarification of the terms "current time" and "at the same time". For the assessment of the current time, today's circumstances are to be drawn upon. In order to consider performance and disposal as being at the same time, certain conditions must be met. The clarifications described are to be applied from January 1, 2014. The impact of these amendments on MAGNAT's future consolidated financial statements is currently being assessed.

IFRS 1 "Amendments: Severe Hyperinflation and Removal of Fixed Dates"
This amendment provides application guidelines for procedures when presenting financial statements complying with IFRS in cases where the company was unable to comply with IFRS regulations for a period because its functional currency was exposed to severe hyperinflation. Accordingly, such a company is permitted to measure its assets and liabilities at fair value and to apply these figures as assumed acquisition costs in its opening balance sheet. A further amendment replaces the references to the fixed transition date of "January 1, 2004" with "time of transition to IFRS". The amendments require mandatory application to reporting periods ending on or after July 1, 2011. Earlier application is permissible. The respective amendments have no effect on the consolidated financial statements of MAGNAT.

IFRS 1 "Amendments: Government Grants"
This amendment requires the adaption of the provisions for the first-time adopters to the provisions used by existing IFRS with regard to the application of amendments found in IAS 20 "Accounting for Government Grants and Disclosure of Government Grants" regarding the accounting for government loans. This amendment is applicable to fiscal years beginning on or after January 1, 2013.

IFRS 7 Amendments: Offsetting Financial Assets and Financial Liabilities"
The new information which was incorporated into IFRS 7 should provide a reconciliation of the gross to net exposure of financial instruments. Reconciliation should be used in order to provide information on the effect or potential effect of netting agreements. The gross amount of the financial assets which have not been offset will be compared with the corresponding financial liabilities. This will yield the net amount which is presented on the balance sheet. The information should be presented according to the nature of the financial instruments. The amendments to IFRS 7 are effective for fiscal years beginning on or after January 1, 2013. The application must be made retrospectively. These rules will be applied accordingly in the consolidated financial statements of MAGNAT for any possible future netting agreements.

IFRS 9 “Financial Instruments“

The IASB published IFRS 9 on November 12, 2009. This new standard represents the first of three phases (Classification and Measurement, Impairment, Hedging Relationships) that will completely replace IAS 39 “Financial Instruments: Recognition and Measurement”. As each of the phases is completed, the relevant portions of IAS 39 will be deleted, and the new provisions of IFRS 9 will be inserted. This standard introduces fundamental changes to the existing regulations for the classification and measurement of financial instruments, whereby IFRS 9 limited itself initially and exclusively to financial assets. Originally, the application of IFRS 9 was mandatory for fiscal years beginning on or after January 1, 2013. Effective as of December 16, 2011, the date of the mandatory first application has been postponed until January 1, 2015. Additional disclosures were determined in accordance with IFRS 7 and will also take effect on the same date. Earlier application is permissible. From today’s perspective, the new IFRS 9 standard will have no significant effect on MAGNAT’s consolidated financial statements.

IFRS 10 „Consolidated Financial Statements“

IFRS 10 replaces the existing provisions of IAS 27 for consolidated financial statements and the interpretations of SIC 12 for the consolidation of special purpose entities. IFRS 10 establishes a unified consolidation concept under IAS 27 and SIC 12. IFRS sets out a new definition of the point at which a parent company controls an investee. The term control combines the power to direct the relevant activities of the investee with the right to variable returns from its involvement with the investee; i.e. to be exposed to or to have the right to variable returns from its involvement with the investee and to have the ability to affect those returns through its power over the investee. In addition, IFRS 10 includes provisions relating to potential voting rights, protective rights of third parties, and power without a majority of voting rights („de facto control“). The application of the control definition may change the scope of consolidation, particularly due to the discretion when assessing the parent company’s control over the investee. IFRS 10 should be applied for fiscal years beginning on or after January 1, 2013. MAGNAT is currently assessing the impact of the new standard to its future consolidated financial statements.

IFRS 11 “ Joint Arrangements“

IFRS 11 governs the accounting in situations where several companies control a joint venture or joint operation. The contract partners should account for the respective contractual rights and obligations of the joint arrangement depending upon whether the corresponding agreement is to be considered a joint venture or joint operation. IFRS 11 eliminates the previous option of recognising joint ventures according to proportionate consolidation; application of the equity method is mandatory. The distinction between joint operation and the classification of joint venture is specified. In the case of joint operation, the partners have immediate rights and obligations with respect to the assets, liabilities, expenses, and income. In the case of joint ventures, the partners have rights to the net assets of the joint venture. IFRS 11 is applicable in fiscal years beginning on or after January 1, 2013. The impact of these new standards on MAGNAT’s future consolidated financial statements is currently being assessed.

IFRS 12 " Disclosures of Interests in Other Entities"

IFRS 12 defines the required disclosures for companies which carry out their accounting in accordance with both of the new standards: IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements". In accordance with IFRS 12, companies must disclose information which allows the assessment as to the nature, risk, and financial impact related to investments in subsidiaries, associated companies, joint arrangements, or special purpose entities. Among others, the disclosures particularly include discretionary decisions and assumptions in determining the scope of consolidation. The new standard is to be applied for fiscal years beginning on or after January 1, 2013. The impact of IFRS 12 on MAGNAT's future consolidated financial statements is currently being assessed.

Transitional Provision (Amendments to IFRS 10, IFRS 11, and IFRS 12)

The IASB has issued a supplement to the transitional provisions in IFRS 10, IFRS 11 and IFRS 12. This supplement clarifies the date of the first application of the new standards. It specifies that when there are differing results when consolidating companies according to IFRS 10 and according to IAS 27/SIC 12, the immediately preceding comparable period must be adjusted. In addition, there are provisions as to differences in continuing values, to disclosures in the notes, and to companies which should or should not be consolidated according to IFRS 10 as well as IAS 12/SIC 12.

IFRS 13 "Measurement at Fair Value"

In IFRS 13 the term fair value is defined, a framework for measuring fair value is ascertained, and disclosures for the measurement at fair value are determined. IFRS 13 is applied when another IFRS requires or permits an assessment at fair value or requires disclosures as to the measurement at fair value, whereby exceptions are provided (e.g. IFRS 2 and IFRS 17). Fair value is defined as the price that would be achieved in the course of an orderly transaction between market participants on the day of an asset's sale or of a payment for the transfer of a liability. IFRS 13 standardises a so-called "Fair Value Hierarchy" which states that the input factors used in a valuation process are divided into three levels, describes valuation methods, and also standardises and expands the necessary disclosures in the notes. IFRS 13 is applicable for fiscal years beginning on or after January 1, 2013, whereby earlier adoption is permissible. The standard is to be applied prospectively. The impact of these new standards on MAGNAT's future consolidated financial statements is currently being assessed.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

Through IFRIC 20, the accounting is regulated for stripping disposal costs which occur in the process of opencast mining of ore and minerals. The material won through the stripping activities can contain low concentrations of ore or minerals which are to be considered as generated inventory. In addition, the stripping disposal activities can provide better access to further raw material deposits which can be mined in the future. In any case, inventories or a long term assets are achieved through stripping disposal activities. The classification as a tangible or intangible asset is based on the existing asset to which this new long-term asset will be allocated to. The interpretation takes effect for fiscal years beginning on or after January 1, 2012. Early adoption is permissible. This new interpretation will have no impact on MAGNAT's consolidated financial statements.

Improvements to IFRS (2009-2011)
As part of its annual “Improvements Project”, the IASB will implement a large number of minor content-related and editorial amendments to various standards. Unless a standard explicitly states otherwise, these provisions are applicable for all fiscal years commencing after December 31, 2012.

5. Changes according to IAS 8.41 ff.

Reverse acquisition
On October 29, 2009, the Annual General Meeting of MAGNAT Real Estate AG (at that time MAGNAT Real Estate Opportunities GmbH & Co. KGaA) resolved the contribution of the interest in R-QUADRAT Immobilien GmbH (now known as MAGNAT Asset Management GmbH), Vienna, Austria, and its subsidiaries (to be referred to in future as “R-QUADRAT Group) by way of a capital increase in kind. The first-time consolidation of R-QUADRAT Group in MAGNAT’s consolidated financial statements as of March 31, 2010, became effective on August 31, 2009.

In the consolidated financial statements of 2009/2010, the legal acquirer, MAGNAT Real Estate AG (formerly named MAGNAT Real Estate Opportunities GmbH & Co. KGaA), was also classified as the economic acquirer. However, from an economic standpoint, R-QUADRAT Immobilien GmbH (now named MAGNAT Asset Management GmbH), Vienna, Austria, must be regarded as the economic acquirer according to IFRS 3.21 (2004). Therefore, the consolidated financial statements must be prepared from the standpoint of the economic acquirer (reverse acquisition). In the context of the purchase price allocation, hidden reserves and hidden liabilities must be disclosed at the economically acquired company and not at the legally acquiring company. In fiscal year 2011/2012, the following adjustments according to IAS 8.42 were retroactively made:

- The consolidated financial statements are formally prepared under the name of the legal parent company MAGNAT Real Estate AG but are in fact a continuation of the consolidated financial statements of R-QUADRAT Immobilien GmbH (now named MAGNAT Asset Management GmbH).

- The goodwill of the R-QUADRAT Group, which had arisen from the initial transaction, had to be.

- The initial hidden reserves and liabilities which were disclosed at the level of the R-QUADRAT Group were to be corrected. The assets and liabilities of the R-QUADRAT Group were recognised at their carrying amounts according to IFRS.

- For the interests in MAGNAT AM GmbH, Vienna, Austria, and Altira ImmoFinanz GmbH, Frankfurt am Main, the legal holders of the economic acquirer, which are held by MAGNAT Real Estate AG, an offsetting of capital was carried out. As a result, an amount of EUR 310 thousand was recorded as a reserve for treasury shares.

- The date of the Annual General Meeting (October 29, 2009) was determined as the date of the acquisition. On this date, hidden reserves and liabilities were disclosed at the economically acquired company.

- The stock market price of MAGNAT Real Estate AG on the date of the acquisition was used in order to determine the acquisition costs of the net assets of MAGNAT Real Estate AG. This revealed acquisition costs of EUR 21,160 thousand.

- MAGNAT Real Estate AG's subscribed capital in the amount of EUR 13,895 thousand was unchanged and was reported as such. The capital reserves increased by the difference of MAGNAT Real Estate AG's subscribed capital and the sum of the subscribed capital of R-QUADRAT Immobilien GmbH in an amount of EUR 160 thousand and the revealed acquisition costs for the acquisition of MAGNAT Real Estate AG in an amount of EUR 21,160 thousand at the date of the acquisition.

- Since the former carrying amounts of MAGNAT's assets exceeded the acquisition costs in purchasing these assets, the assets were to be recognised as to the maximum amount of the total purchase price. This was carried out using a method in accordance with IAS 36.

- Due to the purchase price allocation at the economically acquired company, the existing interests of non-controlling shareholders were also adjusted.

Other receivables due from atypical silent interests

There were atypical silent interests in one of MAGNAT Asset Management GmbH's subsidiaries. The share of losses of these atypical silent interests were recognised under other receivables in fiscal years 2009/2010 and 2010/2011. In fiscal year 2011/2012 and according to IAS 8.42, the following retroactive adjustments were made:

- The share of losses of atypical silent interests which was initially reported under other receivables was recognised in profit and loss and therefore reduced the amount of other receivables.

The following is a description of the adjustments according to IAS 8.49 for the individual balance sheet items (amounts in EUR '000):

Consolidated Balance Sheet as at April 1, 2010

in EUR '000	As reported	Adjustment	Adjusted
Assets			
Non-current assets			
Intangible assets	28,720	-28,326	395
Property, plant, and equipment	99	0	99
Investments accounted for using the equity method	49,030	-16,104	32,926
Other financial assets	163	0	163
Loans to investments accounted for using the equity method	6,545	-4,924	1,621
Deferred tax assets	203	0	203
Total non-current assets	**84,759**	**-49,354**	**35,406**
Current assets			
Real estate inventory	63,666	-30,575	33,091
Trade accounts receivables and other receivables	14,221	-5,048	9,173
Financial receivables and other financial assets	4,902	-1,486	3,416
Tax refund claims	332	0	332
Cash and cash equivalents	8,822	0	8,822
Total current assets	**91,943**	**-37,109**	**54,835**
Total assets	**176,702**	**-86,462**	**90,240**

in EUR '000	As reported	Adjustment	Adjusted
Shareholders' equity and liabilities			
Shareholders' equity			
Subscribed capital	13,895	0	13,895
Treasury shares	-28	28	0
Reserves for treasury shares	0	-310	-310
Reserves	86,934	-75,766	11,167
Equity attributable to parent company shareholders	**100,802**	**-76,050**	**24,752**
Interest of non-controlling shareholders	10,765	-10,413	353
Total shareholders' equity	**111,567**	**-86,462**	**25,105**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	380	0	380
Non-current financial debt	47,494	0	47,494
Total non-current liabilities	**47,873**	**0**	**47,873**
Current liabilities			
Provisions	2,736	0	2,736
Trade payables and other liabilities	1,689	0	1,689
Tax liabilities	846	0	846
Current financial debt	11,990	0	11,990
Total current liabilities	**17,262**	**0**	**17,261**
Total liabilities	**65,135**	**0**	**65,135**
Total equity and liabilities	**176,702**	**-86,462**	**90,240**

Consolidated Balance Sheet as at March 31, 2011

in EUR '000	As reported	Adjustment	Adjusted
Assets			
Non-current assets			
Intangible assets	28,761	-28,359	402
Property, plant, and equipment	99	0	99
Investments accounted for using the equity method	29,471	-13,712	15,760
Other financial assets	119	0	119
Loans to investments accounted for using the equity method	3,948	-3,925	23
Other loans	416	0	416
Deferred tax assets	181	0	181
Total non-current assets	**62,995**	**-45,996**	**17,000**
Current assets			
Real estate inventory	66,372	-31,607	34,765
Trade accounts receivables and other receivables	8,502	-2,309	6,194
Financial receivables and other financial assets	5,934	-1,942	3,992
Tax refund claims	299	0	299
Cash and cash equivalents	5,320	0	5,320
Total current assets	**86,428**	**-35,858**	**50,570**
Total assets	**149,423**	**-81,854**	**67,570**

in EUR '000	As reported	Adjustment	Adjusted
Shareholders' equity and liabilities			
Shareholders' equity			
Subscribed capital	13,895	0	13,895
Treasury shares	-28	28	0
Reserves for treasury shares	0	-310	-310
Reserves	71,696	-72,585	-888
Equity attributable to parent company shareholders	**85,563**	**-72,866**	**12,697**
Interest of non-controlling shareholders	8,865	-8,987	-122
Total shareholders' equity	**94,428**	**-81,853**	**12,575**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	289	0	290
Non-current financial debt	39,248	0	39,248
Total non-current liabilities	**39,537**	**0**	**39,537**
Current liabilities			
Provisions	1,760	0	1,760
Trade payables and other liabilities	2,326	0	2,326
Tax liabilities	225	0	225
Current financial debt	11,146	0	11,146
Total current liabilities	**15,458**	**0**	**15,458**
Total liabilities	**54,995**	**0**	**54,995**
Total equity and liabilities	**149,423**	**-81,854**	**67,570**

Consolidated statement of income for the period April 1, 2010 to March 31, 2011

	As reported	Adjustment	Adjusted
Rental income	6,952	0	6,952
Operating expenses to generate rental income	-3,917	0	-3,917
Profit/loss on rental of real estate inventory	**3,036**	**0**	**3,036**
Revenue on sale of real estate	6,047	0	6,047
Expenses on real estate sales	-3,743	0	-3,743
Profit/loss on sale of real estate	**2,304**	**0**	**2,304**
Revenue on asset management	1,255	0	1,255
Expenses for asset management	-776	0	-776
Profit/loss on asset management	**479**	**0**	**479**
Profits from investments accounted for using the equity method	0	0	0
Losses from investments accounted for using the equity method	-5,374	10	-5,364
Unrealised fair value adjustments in equity investments	-5,794	3,669	-2,125
Profit/loss from investments accounted for using the equity method	**-11,168**	**3,678**	**-7,490**
Unrealised fair value adjustments in real estate inventory	-1,719	1,727	9
Impairment of goodwill and receivables	-5,067	723	-4,344
Other operating income	4,886	369	5,255
Other operating income and other effects	**-1,899**	**2,819**	**921**
General and administrative expenses	-7,361	-7	-7,367
Other operating expenses	-1,289	0	-1,289
Profit/loss before interest and taxes	**-15,898**	**6,490**	**-9,407**
Financial income	3,452	-2,072	1,380
Financial expenses	-2,613	0	-2,613
Financial result	**839**	**-2,072**	**-1,233**
Profit/loss before taxes	**-15,059**	**4,418**	**-10,640**
Income taxes	-133	0	-133
Net profit/loss for the period	**-15,192**	**4,418**	**-10,773**
Of which, attributable to:			
Non-controlling interests	**-1,909**	**1,426**	**-483**
Parent company shareholders	**-13,284**	**2,993**	**-10,290**

Earnings per share for fiscal year 2010/2011

	As reported	Adjustment	Adjusted
Basic	-0.96	0.22	-0.74
Diluted	-0.96	0.22	-0.74

	As reported	Adjustment	Adjusted
Net profit/loss for the period	**-15,192**	**4,418**	**-10,773**
Other profit/loss			
Currency translation effects	-34	0	-34
Equity change arising from the equity method recognised financial assets	-1,943	190	-1,753
Other profit/loss before tax	**-1,976**	**190**	**-1,787**
Tax relating to other comprehensive income	29	0	29
Other profit/loss after tax	**-1,947**	**190**	**-1,757**
Total comprehensive income	**-17,139**	**4,608**	**-12,530**
Of which, attributable to:			
Non-controlling interests	**-1,901**	**1,426**	**-475**
Parent company shareholders	**-15,238**	**3,183**	**-12,055**

Consolidated Statement of Cash Flows for the period April 1, 2010 to March 31, 2011

	As reported	Adjustment	Adjusted
Consolidated profit/loss before tax	**-15,059**	**4,418**	**-10,640**
Change in real estate inventory	2,372	0	2,372
Change in trade accounts receivable and other receivables	-1,842	7	-1,836
Change in income tax receivables	33	0	33
Change in financial receivables and other financial assets	-2,726	0	-2,726
Change in intangible assets	-88	0	-88
Change in provisions	654	0	654
Change in trade payables and other liabilities	-1,018	0	-1,018
Other non-cash items	14,177	-4,425	9,751
Cash flow from operating activities	**-3,497**	**0**	**-3,497**
Payments for investments in property, plant, and equipment	-47	0	-47
Payments to acquire shares, and increase the capital reserves at investments accounted for using the equity method and at other investments	-132	0	-132
Payments for granting loans to investments accounted for using the equity method and to other investments	-673	0	-673
Proceeds from the repayment of loans from investments accounted for using the equity method and from other investments	866	0	866
Cash flow from investing activities	**14**	**0**	**14**
Proceeds from the increase of financial debt	10,199	0	10,199
Repayment of financial debt	-10,214	0	-10,214
Cash flow from financing activities	**-15**	**0**	**-15**
Net change in cash and cash equivalents	**-3,498**	**0**	**-3,498**
Change due to currency translation	-4	**0**	**-4**
Cash and cash equivalents at the start of the period	8,822	0	8,822
Cash and cash equivalents at the end of the period	**5,320**	**0**	**5,320**

Consolidated Statement of Changes in Equity for fiscal year 2010/2011

	Subscribed capital	Treasury shares	Capital reserves	Retaines earnings	Reserves for treasury shares	Currency translation	Other reserves	Equity attributable to parent company shareholders	Interests of non-controlling shareholders	Total shareholders' equity
As at April 1, 2010 (as reported)	**13,895**	**-28**	**98,181**	**-4,456**	**0**	**-7,389**	**599**	**100,802**	**10,765**	**111,567**
Adjustment	0	28	-90,726	6,473	-310	9,140	-656	-76,050	-10,413	-86,462
As at April 1, 2010 (adjusted)	**13,895**	**0**	**7,455**	**2,017**	**-310**	**1,751**	**-57**	**24,752**	**353**	**25,105**
Reported net income for the period	0	0	0	-13,284	0	0	0	-13,284	-1,909	-15,192
Adjusted net income for the period	0	0	0	-10,290	0	0	0	-10,290	-483	-10,773
As at March 31, 2011 (as reported)	**13,895**	**-28**	**98,181**	**-17,740**	**0**	**-9,466**	**721**	**85,563**	**8,865**	**94,428**
Adjustment	0	28	-90,726	9,467	-310	9,330	-655	-72,866	-8,987	-81,853
As at March 31, 2011 (adjusted)	**13,895**	**0**	**7,455**	**-8,273**	**-310**	**-136**	**66**	**12,697**	**-122**	**12,575**

6. Significant discretionary decisions and estimates

Discretionary decisions
When applying the accounting methods, the Company's management has made the following discretionary decisions. This applies in particular to the following items:

- For assets to be sold, it must be determined whether they can be sold in their current condition and if a sale is highly probable. If this is the case, the assets and where appropriate the corresponding liabilities are to be disclosed as assessed as assets and liabilities available for sales.

- For real estate, it must be determined whether these assets should be allocated to real estate inventory or to investment properties. The classification is based on the following judgment:

  - Real estate inventory: The primary goal with regard to these properties is either a "buy & sell" or "develop & sell" strategy. Thus, these properties are held in the course of ordinary business.

  - Investment properties: The primary goal with regard to these properties is a sustainable management. These properties are held with the intention to generate rental income and/or for capital appreciation.

- With the acquisition of control of a subsidiary or with the acquisition of assets, it must be determined whether this transaction is classified as a business combination according to IFRS 3, or as an acquisition of a group of assets or net assets.

Estimates and assumptions
For the preparation of the consolidated financial statements according to IFRS, various items require making forward-looking assumptions. These assumptions may have a material impact on the carrying amounts of the assets and the liabilities as at the balance sheet date as well as the level of income and expenses in the reporting year. The most important forward-looking assumptions and other material sources of estimate uncertainties as of the closing date that could result in a considerable risk of significant adjustments to the carrying amounts of assets and liabilities in the next financial year are discussed below.

INVESTMENT PROPERTIES
In fiscal year 2007/2008, the Company had recognised investment properties of the Group at fair value for the first time. Investment properties are held by an investment accounted for using the equity method, SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main, as well as by Hekuba S.à.r.l. (formerly named GAIA Real Estate Investments S.A.), Luxemburg, which is accounted for as available for sales. Their carrying amounts of the investment properties are based on valuation reports of renowned external independent experts and have been ascertained in accordance with international valuation standards. A valuation is made on the basis of discounted future free cash flows using the DCF method, or a comparison of market prices if they are available.

When calculating fair values, assumptions were made concerning rental trends, vacancies, sales reductions, maintenance costs, and discount rates. Due to their long-term nature, these assumptions are subject to uncertainties that can lead to both positive and negative valuation changes in the future.

REAL ESTATE INVENTORY

Estimates of the net realisable value for the real estate inventory are based on the most reliable substantive indicators at the time when the estimates are made and take into consideration the amount expected to be received for the inventory. These estimates take into account price or cost changes directly related to transactions after the reporting period insofar as these transactions shed light on circumstances that already existed at the end of the reporting period. Estimates of net realisable value also take into account the purpose for which the real estate inventory is held. The determination of the net realisable value is based on different methods (discounted earnings method or comparative value method) and is carried out in valuation reports of renowned external independent experts in accordance with international valuation standards. The method chosen depends on the respective property. In the discounted earnings method, a discount rate of between 6.25% and 8.50% is generally applied for German real estate, and a residual life of between 49 and 52 years is used for the calculation. For one object in the Ukraine, a discount rate of 20% was applied in the discounted earnings method. Market discounts were applied in the comparative value method. The carrying amounts of the respective real estate inventory amounts to EUR 14,108 thousand. Of this amount, a total of EUR 2,957 thousand of real estate inventory has been valued according to the discounted earnings method. A change in the underlying market rent of +/-10% would lead to a fluctuation in the property value of around EUR +/- 580 thousand.

DEFERRED TAX ASSETS ON TAX-LOSS CARRYFORWARDS

Deferred tax assets are recognised for all unutilised tax-loss carryforwards to the extent that it is likely that taxable income will be available so that the tax-loss carryforwards can be actually utilised. Deferred tax assets for tax-loss carryforwards were recognised in the amount of EUR 205 thousand (previous year: EUR 727 thousand). The determination of the amounts of the deferred tax assets depends mainly on the management's assessment, the amount and expected timing of future taxable income, and future tax structuring options. Based on these estimates, the amount of deferred tax assets recognised for the tax-loss carryforwards is reviewed on a yearly basis to conform to the current conditions. For further explanations, please see Note D.13.

OBLIGATIONS FROM OPERATING LEASES – THE GROUP AS LESSOR

The Group has entered into commercial property lease agreements on its real estate inventory in which it has been agreed that the Group is to retain all the significant risks and opportunities connected with their ownership, and consequently carries them as operating leases on its balance sheet. A significant estimation assumption relates to the assessment of the extent to which outstanding receivables arising from commercial lease agreements can be collected.

B. Scope of consolidation and consolidation methods

1. Scope of consolidation

In addition to the Group's economic parent company, MAGNAT Asset Management GmbH, Vienna, Austria, (see explanation of IAS 8 under A.5.), the consolidated financial statements generally include all German and foreign subsidiaries. The subsidiaries, joint ventures, and associated companies which are accounted for using the equity method and included in the consolidated financial statements are listed below:

Group company			Group share	Formation/ acquisition date	Acquisition cost EUR '000
Shares held directly					
Germany					
MAGNAT Real Estate AG, Frankfurt am Main	Subsidiary	acquired	100.00%	29/10/2009	21,160
MAGNAT Asset Management Deutschland GmbH, Frankfurt am Main	Subsidiary	acquired	100.00%	21/10/2008	25
Ausland					
MAGNAT Capital Markets GmbH, Vienna, Austria	Subsidiary	acquired	100.00%	05/05/2009	35
MAGNAT Immobilien GmbH & Co. Schumanngasse 16 KG, Vienna, Austria	Subsidiary	acquired	100.00%	06/08/2009	0
R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG, Vienna, Austria	Subsidiary	acquired	99.00%	27/07/2009	0
MAGNAT Asset Management GmbH & Co. Kastnergasse 16 KG, Vienna, Austria	Subsidiary	formed	100.00%	22/12/2009	3
MAGNAT Immobilien GmbH & Co. Brünner Straße 261-263 KG, Vienna, Austria	Subsidiary	formed	100.00%	02/11/2011	1
MAGNAT Immobilien GmbH, Vienna, Austriah	Subsidiary	formed	100.00%	23/02/2011	35
MAGNAT Asset Management Ukraine Ltd., Kiev, Ukraine	Subsidiary	formed	100.00%	05/05/2010	274

Group company			Group share	Formation/ acquisition date	Acquisition cost EUR '000
Shares held indirectly					
Germany					
Erste MAGNAT Immobiliengesellschaft mbH, Frankfurt am Main	Subsidiary	acquired	99.64% [2]	29/10/2009	N/A[4]
Zweite MAGNAT Immobiliengesellschaft mbH, Frankfurt am Main	Subsidiary	acquired	99.64% [2]	29/10/2009	N/A[4]
Dritte MAGNAT Immobiliengesellschaft mbH, Frankfurt am Main	Subsidiary	acquired	99.64% [2]	29/10/2009	N/A[4]
Vierte MAGNAT Immobiliengesellschaft mbH, Frankfurt am Main	Subsidiary	acquired	99.64% [2]	29/10/2009	N/A[4]
Fünfte MAGNAT Immobiliengesellschaft mbH, Frankfurt am Main	Subsidiary	acquired	99.64% [2]	29/10/2009	N/A[4]
SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main	Associated company	acquired	16.13% [1]	29/10/2009	N/A[4]

Group company			Group share	Formation/ acquisition date	Acquisition cost EUR '000
Other countries					
MAGNAT Investment I B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	99.64%[1]	29/10/2009	N/A[4]
MAGNAT Investment IV B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	100.00%[1]	29/10/2009	N/A[4]
R-QUADRAT Polska Alpha Sp. z o.o., Warsaw, Poland	Joint venture	acquired	50.00%[1]	29/10/2009	N/A[4]
Hekuba S.à.r.l., Luxemburg, Luxemburg	Joint venture	acquired	32.44%[1]	29/10/2009	N/A[4]
Russian Land AG, Vienna, Austria	Associated company	acquired	40.34%[1]	29/10/2009	N/A[4]
Lumpsum Eastern European Participations C.V., Osterhout, The Netherlands	Subsidiary	formed	94.00%[1]	29/01/2012	N/A[4]
MAGNAT Real Estate UA III B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
MAGNAT Real Estate UA VI B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
MAGNAT Real Estate UA X B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
MAGNAT Real Estate UA XI B.V., Hardinxveld Giessendam, The Netherlands	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]

Group company			Group share	Formation/ acquisition date	Acquisition cost EUR '000
Other countries					
SC TEO Impex Consulting International s.r.l., Bucharest, Romania	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
SC VICTORY Consulting International s.r.l, Bucharest, Romania	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
R-Quadrat Bulgaria EOOD, Sofia, Bulgaria	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
OXELTON ENTERPRISES Limited, Limassol, Cyprus	Joint venture	acquired	59.78%[2]	29/02/2012	N/A[4]
Irao MAGNAT Digomi LLC, Tbilisi, Georgia	Subsidiary	acquired	74.73%[2]	29/10/2009	N/A[4]
Irao MAGNAT 28/2 LLC, Tbilisi, Georgia	Joint venture	acquired	49.82%[2]	29/10/2009	N/A[4]
MAGNAT Tbilisi Office 1 LLC, Tbilisi, Georgia	Subsidiary	acquired	99.64%[2]	29/10/2009	N/A[4]
IRAO Magnat Gudiashvili LLC, Tbilisi, Georgia	Joint venture	formed	50.00%[3]	04/04/2011	N/A[4]
Forum-2000 Ltd., Kiev, Ukraine	Joint venture	acquired	50.00%	29/02/2012	N/A[4]
Kappatrade Ltd., Kiev, Ukraine	Subsidiary	acquired	99.64%[2]	19/10/2010	N/A[4]
Polartrade Ltd., Kiev, Ukraine	Subsidiary	acquired	99.64%[2]	19/10/2010	N/A[4]

1) Interests are held indirectly through MAGNAT Real Estate AG, Frankfurt am Main.
2) Interests are held indirectly through MAGNAT Investment I B.V., Hardinxveld Giessendam, The Netherlands, and the Lumpsum Eastern European Participations C.V., Osterhout, The Netherlands.
3) Interests are held indirectly through MAGNAT Investment IV B.V., Hardinxveld Giessendam, The Netherlands.
4) No disclosure because the companies in question were acquired indirectly as part of the reverse acquisition.

Despite the percentage interest of less than 20%, SQUADRA Immobilien GmbH & Co. KGaA was classified as an associated company in the MAGNAT Group since the management bodies, as well as, in part, the Supervisory Board of MAGNAT Real Estate AG, and of SQUADRA Immobilien GmbH & Co. KgaA, are composed of the same individuals.

Hekuba S.à.r.l. (formerly named GAIA Real Estate Investments S.A.), Luxemburg and OXELTON ENTERPRISES Limited, Cyprus, were classified as joint ventures because, in accordance with agreements under the Articles of Association, strategic financial and business policies connected with business activities can be determined only by all partner companies jointly.

In the fiscal year under review, the scope of fully consolidated companies was expanded by the following companies:

in EUR '000	Net income for the period included in the consolidated financial statements
Magnat Tbilisi Office 1 LLC, Georgien	-1
Lumpsum Eastern European Participations C.V., The Netherlands	-2
MAGNAT Immobilien GmbH & Co. Brünner Straße KG, Austria	-21

As part of an acquisition of the minority interests of the former co-investor R-QUADRAT Capital Beta GmbH, Vienna, Austria, the interest of this non-controlling shareholder in MAGNAT Investment I B.V. was completely acquired. The consideration for the further interests in MAGNAT Investment I B.V. amounted to EUR 3,019 thousand at the time of the acquisition and was paid in cash. At the same time, a further 50% interest in the former joint venture, MAGNAT Investment II B.V, was acquired from R-QUADRAT Capital Beta GmbH for strategic reasons. Since the acquisition of the interest in MAGNAT Investment II B.V.'s did not constitute operations as defined by IFRS 3, no business combination in accordance with the regulatory realm of IFRS 3 took place. The individual identifiable assets and liabilities were identified and recognised on the date of the acquisition. Following this acquisition on February 29, 2012, the Group holds a 100% interests in MAGNAT Investment II B.V. and its subsidiaries. At the time of acquisition of the further interests from R-QUADRAT Capital Beta GmbH, the interest in MAGNAT Investment II B.V. had been recognised at EUR 0 and had been accounted for using the equity method until that point. The consideration for the further interests in MAGNAT Investment II B.V. at the time of the acquisition amounted to EUR 724 thousand and was paid in cash. Different projects are listed under MAGNAT Investment II B.V. The Chmelnitzky project is a wholesale centre located on a main traffic axis in the urban area of the Ukrainian city Chmelnitzky. The Ukrainian Vitaly project is a property with single-family homes.

The Lumpsum Eastern European Participations C.V., The Netherlands and the MAGNAT Immobilien GmbH & Co. Brünner Straße 261-263 KG were formed. MAGNAT's Tbilisi Office 1 LLC, Georgia was included in these consolidated financial statements as a fully consolidated company due the no longer minor importance for the Group.

As at the acquisition date, the acquired assets and liabilities from MAGNAT Investment II B.V. were recognised as follows:

in EUR '000	Amounts recognised as at the acquisition date
Assets	
Non-current assets	
Intangible assets	0
Property, plant, and equipment	1
Other loans	104
Deferred tax assets	464
	569
Current assets	
Real estate inventory	1,734
Trade accounts receivables and other receivables	1,677
Financial receivables and other financial assets	489
Cash and cash equivalents	102
	4,002
Assets available for sales in investments accounted for using the equity method	**270**
Total assets	**4,841**
Liabilities	
Provisions	9
Trade payables and other liabilities	283
Tax liabilities	65
Financial debt	3,760
	4,117
Total liabilities	**4,117**

The fair value of the acquired receivables amounts to EUR 1,677 thousand. The gross amount of the acquired receivables was equivalent to the carrying amounts as at the acquisition date. The receivables were recognised as collectable in full as at the acquisition date.

The following companies were disposed of in the course of the fiscal year:

	Date of disposal	Proceeds from disposal in EUR '000
SQUADRA Management GmbH, Frankfurt am Main	31/03/2012	60
MAGNAT Asset Management GmbH & Co. Rennweg 73 KG, Vienna, Austria	17/02/2012	850

Summarised financial information on the disposed companies (values in EUR '000):

	SQUADRA Management GmbH	MAGNAT Asset Management GmbH & Co. Rennweg 73 KG
Aggregated assets	115	1,365
Of which cash and cash equivalents	27	7
Aggregated liabilities	93	1,084

2. Consolidation methods

Consolidation methods

The consolidated financial statements comprise the financial statements of MAGNAT Asset Management GmbH and its subsidiaries as of March 31 of each fiscal year. The financial statements and interim financial statements of the subsidiaries are prepared by applying uniform accounting methods on the same balance sheet date as that of the parent company.

Capital is consolidated applying the purchase method by offsetting the acquisition costs of the interests with the proportional re-valued equity of the subsidiaries at the acquisition date. On first-time consolidation, the conditions prevailing on the date when the interests are acquired in the consolidated subsidiary are generally taken into consideration. Any resulting differences are allocated to the assets and liabilities insofar as there fair values differ from the carrying amounts shown in the financial statements.

Hidden reserves that are disclosed are amortised as part of subsequent consolidation in line with the corresponding assets and liabilities. Where non-controlling shareholders hold an interest in the subsidiary's equity on the balance sheet date, this item is allocated to non-controlling interests.

Transactions through which the share of interest in a subsidiary changes without giving up control over the subsidiary are accounted for as income neutral equity transactions.

Intragroup revenue, expenses and income, and all receivables and liabilities between consolidated companies are eliminated.

Associated companies and joint ventures are consolidated in the Group using the equity method.

Currency translation

The reporting currency is the euro. Where figures have been rounded to EUR '000, this has been stated. Rounding discrepancies may occur as a result of rounding.

The functional currency concept is applied for consolidated companies whose financial statements are prepared in foreign currencies. Pursuant to IAS 21 (The Effects of Changes in Foreign Exchange Rates), assets and liabilities denominated in foreign currencies are translated into the euro reporting currency at the rate prevailing on the balance sheet date, and expenses and income are translated on the basis of year-average exchange rates.

For subsidiaries and companies accounted for using the equity method that prepare their financial statements in foreign currencies, the functional currency is determined on the basis of the economic environment in which the respective company operates.

In the Ukraine, for example, transactions are generally permitted only in the national currency. The currency in which most of the revenues and costs are processed is the national currency. The companies operate largely independently on the local market.

In the period under review, the financial statements of some companies accounted for using the equity method were not prepared in the reporting currency euro. Insofar as companies accounted for using the equity method were included in the consolidated financial statements, the proportional equity was translated into the reporting currency applying the functional currency concept. Proportional profits/losses were translated at year-average rates.

Currency translation differences are recognised in other comprehensive income and amounted to EUR -2,186 thousand (previous year: EUR -60 thousand), of which EUR -12 thousand (previous year: EUR 77 thousand) were attributable to non-controlling interests.

C. Accounting policies

The consolidated financial statements were prepared on the assumption of a going concern. In the opinion of the Executive Board, there is no intention or need to discontinue the business activity. The following assumptions were discussed in detail by the Company's governing bodies:

- The Company's profitability largely depends on the economic situation of the countries in which MAGNAT is engaged
- The Company's liquidity depends on disposals due to MAGNAT's business model
- For this reason, the establishment and monitoring of the liquidity management is a key focus point of the Company's governing bodies
- The budgeted figures applied are based on the assumptions of the management and measures initiated
- Alternative measures are planned and initiated in order to ensure that the planning is achieved
- A key component of this are the measures currently being implemented for further cost containment
- A significant deterioration of the economic situation in Europe would require a new assessment of these assumptions

Assets and liabilities are presented according to their terms (due in more than/less than one year). Deferred taxes are generally reported as non-current.

The statement of income was prepared according to the recommendations of the European Public Real Estate (EPRA) as of August 2011.

Assets are generally measured at the cost of acquisition or production. The assets and liabilities identified from MAGNAT Investment II B.V. were recognised at fair value as at the acquisition date. The subsequent measurement of these assets and liabilities will be carried out according to the following accounting policies.

Intangible assets
Intangible assets include goodwill in an amount of EUR 10 thousand (previous year: EUR 377 thousand).

Goodwill arises from business combinations or acquisitions. It represents the difference between the acquisition costs and the proportional and corresponding net present value of the identifiable assets, liabilities and certain contingent liabilities. Pursuant to IAS 36, scheduled amortisation is not applied to goodwill.

An impairment test is carried out at least once a year in accordance with IAS 36, as part of providing the mandatory evidence as to the recoverability of the recognised carrying amount (impairment-only approach). This scheduled impairment test is conducted in the fourth quarter of the fiscal year on the basis of nine months figures. If there are indications for impairment then further reviews must be conducted irrespective of the mandatory annual impairment test. The impairment test is performed by comparing the recoverable amount of each cash-generating unit (CGU) with its recognised carrying amount.

Other intangible assets include acquired software and other purchased intangible assets, which are amortised on a straight-line basis over a period of three to four years in line with their useful economic life.

Property, plant, and equipment

Property, plant, and equipment are recognised at cost less scheduled straight-line depreciation.

Impairment of non-financial assets

Assets within the meaning of IAS 36.1 are tested for impairment if circumstances or changes to circumstances suggest that their carrying amount may no longer be recoverable. An impairment charge is recognised in profit or loss if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of either the asset's net realisable value or its value in use. Net realisable value is the amount achievable when an asset is sold on normal market terms, less selling costs. Value in use is the present value of estimated future cash flows expected from the continued utilisation of an asset and its disposal at the end of its useful life. The recoverable amount is calculated for each asset individually, or, if this not possible, for the cash-generating unit to which the asset belongs.

A reversal of impairment charges of previously impaired assets is mandatory if the reason for the impairment charge no longer exists. The only exception to this regulation is an impairment charge applied to goodwill, where reversals of impairment charges are expressly prohibited.

Financial assets

Financial assets and financial liabilities are classified on initial recognition in line with the categories of IAS 39. The Company primarily carries financial instruments at amortised cost in the "loans and receivables" and "financial liabilities" categories. Financial assets and financial liabilities are initially recognised in the balance sheet when a group company becomes a party to the contractual provisions of the instrument. The initial recognition of a financial instrument is carried out at fair value, including possible transaction costs.

"Loans and receivables" contain non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Subsequent measurement is at amortised cost. If there is objective evidence that such an asset is impaired, an impairment loss is recognized in profit or loss. Subsequent reversals of impairment losses are recognised in profit or loss up to the level of amortised cost of the asset that would have resulted without impairment.

Non- and low-interest-bearing non-current receivables are carried at present value. At MAGNAT, this category contains loans to investments accounted for through application of the equity method, trade accounts receivables, other receivables, as well as financial receivables. Certain trade receivables and other receivables (tax) do not comprise financial instruments.

"Financial assets and financial liabilities measured at fair value through profit or loss" may comprise both primary and derivative financial instruments. Items in this category are subsequently measured at fair value. Gains and losses on financial instruments of this measurement category are to be recognised directly in profit or loss. The allocation to the measurement category "held for trading" only contains derivatives, which are currently not held by MAGNAT.

"Other financial liabilities" comprise non-derivative financial liabilities that are subsequently measured at amortised cost. Differences between the amount received and the expected repayment amount are recorded over the term in the profit or loss. MAGNAT allocates financial debt, trade payables and other liabilities to this category.

Loans to investments accounted for using the equity method, loans, trade accounts receivables, and other receivables (with the exception of receivables arising from income tax and value added tax), as well as financial receivables, are allocated to the "loans and receivables" category. These are initially measured at fair value including possible transaction costs. Subsequently, they are measured at amortised cost applying the effective interest method. Default risks are reflected through impairments. Non-interest-bearing and low-interest receivables are recognised at their present value.

Interests in affiliated companies and associated companies, which are neither fully consolidated nor consolidated using the equity method due to their minor significance, are recognised pursuant to IAS 27, IAS 28 and IAS 31.

The Company does not currently apply hedge accounting since the IAS 39 preconditions do not apply. The Company does not utilise the option to designate financial assets or liabilities upon initial recognition as at fair value through profit or loss.

The Company derecognises a financial asset if it has expired due to payment or the payment is no longer anticipated. If a financial asset is transferred, the asset is derecognised when the contractual right to receive the cash flows of this asset is transferred. Financial liabilities are derecognised if these are redeemed, i.e. if the contractual obligations have been settled, waived, or have expired.

Impairment of financial assets

On each balance sheet date, the Group determines whether a financial asset or a group of financial assets is impaired.

If there are objective indications that an impairment of loans and receivables carried at amortised cost has occurred, the amount of the impairment is assessed as the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of expected future loan defaults that have not yet occurred), discounted applying the original effective interest rate of the financial assets (in other words, the effective interest rate calculated upon initial recognition).

The asset's carrying amount is reduced utilising the valuation adjustment account. The impairment loss is recognised in profit and loss.

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

If the amount of impairment loss decreases in one of the subsequent reporting periods and the decrease can be related objectively to a circumstance arising after the impairment was recognised, the previously recorded impairment loss is reversed. The amount of the reversal is limited to the amortised cost at the date of the reversal. The reversal is recognised through profit and loss in the "loans and receivables" category. If for trade accounts receivable there are objective indications (such as probability of insolvency or significant financial difficulties on the part of the debtor) that not all amounts due under the original payment terms will be collected, an impairment charge is applied using a valuation adjustment account. The amounts in valuation adjustment account are derecognised against the carrying amounts of the impaired financial asset if they are classified as uncollectible.

The classification of net gains and losses

Net gains and losses from loans and receivables primarily comprise interest income. In addition, they also comprise the corresponding impairments and impairment reversals on these financial assets as well as gains and losses from currency translation. Net gains and losses from financial liabilities include gains and losses from currency translation next to interest expenses..

Investments accounted for using the equity method

Interests in companies where MAGNAT can exert significant influence, but does not possess control, are recognised applying the equity method pursuant to IAS 28. Interests in joint ventures are also recognised applying the equity method pursuant to IAS 31. Interests in investments accounted for using the equity method are initially recognised at cost.

The difference between cost and the proportionate share of equity represents goodwill. The carrying amount of the interest subsequently increases or decreases in line with the owner's interest in the net profit for the period (including currency translation) of the investments accounted for using the equity method. The equity method is no longer applied if the significant influence ends, or if the company is no longer classified as an associated company or joint venture. If simultaneously financial assets due from investments accounted for using the equity method exist, for which settlement is neither planned nor likely, then these financial assets are allocated, in substance, to the net investment in the investments accounted for using the equity method.

After applying the equity method, the Group determines whether an additional impairment is required for the Group's interest in the investments accounted for using the equity method. On each balance sheet date, the Group determines the extent to which there are objective indications that an interest in an investments accounted for using the equity method has been impaired. If this is the case, a positive difference between the carrying amount and the recoverable amount (the higher of either value in use and fair value less costs to sell) is reported through the profit and loss as an impairment charge. If the reasons for previously recognised impairment losses no longer exist, such impairment losses are reversed accordingly.

Investment properties

In fiscal year 2007/2008, the Company had recognised investment properties of the Group at fair value for the first time. Investment properties are held by an investment accounted for using the equity method, SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main, as well as by Hekuba S.à.r.l., Luxemburg, which is accounted for as available for sales. Their carrying amounts were calculated on the basis of a valuation report by an independent external expert. When calculating fair values, assumptions were made concerning rental trends, vacancies, sales reductions, maintenance costs, and discount rates. Due to their long-term nature, these valuation assumptions are subject to uncertainties that can lead to both positive and negative valuation changes in the future.

Real estate inventory

Real estate inventory is recognised pursuant to IAS 2 (see note A.6). Real estate inventory is recognised at the lower of acquisition or production cost and net realisable value. Net realisable value is the estimated sales proceeds achievable in the normal course of business, less the estimated costs until completion, and estimated sales costs. Acquisition or production costs include general overhead costs attributable to the production process along with directly attributable specific costs.

The net realisable value is re-determined in each subsequent period. If the circumstances that previously led to an impairment of the property's value to a level below its acquisition or production cost no longer exist, or if, due to a change in economic circumstances, there is a substantive indication of an increase in the net realisable value, the amount of the impairment is reversed insofar as the new carrying amount equals the lower of acquisition or production cost or adjusted net realisable value (in other words, the reversal is limited to the amount of the original impairment).

For example, this is the case when properties, recognised at net realisable value due to a decline in their selling price, remain in the portfolio and in subsequent periods their selling price rises again.

Taxes

Actual tax assets and liabilities for the past period are measured as the amount expected to be recovered from, or paid to, the taxation authorities. The amounts are calculated on the basis of the tax rate and tax laws applicable on the balance sheet date.

Deferred taxes

Deferred taxes are recognised using the liability method for temporary differences as of the balance sheet date between the carrying amount of an asset or liability in the consolidated balance sheet and its tax valuation. Deferred tax liabilities are recognised for all taxable temporary differences with the exception of deferred tax liabilities arising from taxable temporary differences connected with interests in subsidiaries, associated companies, and joint ventures, if the timing of the reversal of the temporary differences can be controlled, and it is likely that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, as yet unutilised tax-loss carryforwards, and unutilised tax credits, to the extent that it is likely that taxable income will be available against which the deductible temporary differences, unutilised tax-loss carryforwards, and unutilised tax credits can be offset, with the exception of:

- Deferred tax assets relating to deductible temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination, and which, at the time of the trans-action, affects neither the profit/loss for the period under commercial law, nor the taxable profit/loss, and

- Deferred tax assets arising from taxable temporary differences connected with interests in subsidiaries, associated companies and joint ventures, if it is likely that the temporary differences will not be reversed in the foreseeable future, and that there will be insufficient taxable income available against which the temporary differences can be applied.

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

Deferred tax assets and liabilities are measured applying the tax rates expected to be valid in the period in which the asset is realised or the liability is satisfied. The amounts are calculated on the basis of the tax rates (and tax laws) applicable on the balance sheet date. The subsidiaries' deferred tax assets and liabilities are calculated using the tax rates of the respective country.

Deferred tax relating to items that are reported directly in equity is not reported in profit and loss, but instead in the statement of comprehensive income. Deferred tax assets and liabilities are offset against each other if the Group has an enforceable right to offset current tax assets against current tax liabilities, and these assets and liabilities relate to income taxes levied by the same taxation authority against the same taxable entity.

Value added tax

Revenues, expenses, and asset are reported after deducting the value added tax with the exception of the following instances:

- If the value added tax incurred on the purchase of assets or services cannot be recovered from the taxation authorities, the value added tax is recognised as part of the asset's acquisition or production cost, or as part of the expense item.

- Receivables and liabilities are recognised with the value added tax included.

The amount of value added tax recovered from, or paid to, the taxation authority is recognised in the consolidated balance sheet under receivables and liabilities respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits recognised at their nominal amount. Cash and cash equivalents denominated in foreign currencies are translated at the rate prevailing on the reporting date..

Assets available for sales in investments accounted for using the equity method

Interests in investments accounted for using the equity method are classified as available for sales if the carrying amount can be largely realised by sale and the sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. The assets acquired from MAGNAT Investment II B.V. have been recognised at fair value less costs to sell upon initial recognition. Under the assumption that the disposal takes place within one year, the disposal costs have not been recognised at their present value. Impairments in subsequent measurements will be recognised in profit and loss. A subsequent rise in the fair value is to be recognised as a gain to the maximum extent of the previous impairment.

Trade payables and other liabilities

Following initial recognition, liabilities are measured at amortised cost.

Financial debt

Upon initial recognition, financial debt is recognised at fair value taking into account all transaction costs directly incurred and attributable in this connection, as well as any discounts. Transaction costs and discounts are amortised in subsequent periods applying the effective interest method. Financial debt is then recognised at amortised cost. Financial debt is derecognised if it has been redeemed or has finally expired.

Provisions

During the fiscal year, provisions are recognised for obligations to third parties for which it is likely that there will be an outflow of resources. Provisions for obligations for which there will prospectively not yet be a burden on assets in the subsequent year are recognised in the amount of the present value of the expected outflow of assets. The valuation of provisions is reviewed on each balance sheet date.

Interest of non-controlling shareholders

Interests of non-controlling shareholders in net assets were recognised, and are reported separately from the parent company shareholders' interests in the Group equity. Interests of non-controlling shareholders in the net assets are composed of the amount of the interests of non-controlling shareholders as of the balance sheet of the previous year, and the interests of non-controlling shareholders in the equity changes in the year under review.

Leasing

a) Determining whether an agreement contains a lease

Determining whether an agreement comprises a lease, or contains a lease, is performed on the basis of the economic contents of the agreements at their start based on an assessment as to whether the satisfaction of the agreement depends on the utilisation of a particular asset, and whether the agreement transfers a right to utilise the asset.

A further assessment as to whether an agreement contains a lease is performed after the start of a lease only if one of the following conditions has been satisfied:

- Where contractual terms are changed, to the extent that the amendment relates not only to the renewal or extension renewal or extension of the agreement,
- A renewal option is exercised, or an extension is granted, unless the renewal or extension terms were already take into original consideration in the term of the lease,
- A change occurs to the determination as to whether satisfaction depends on the specific asset, or
- The asset undergoes a significant change.

b) The Group as lessor
Leases where not essentially all of the opportunities and risks connected with ownership are transferred by the Group to the lessee are classified as operating leases. Initial direct costs incurred in negotiating and entering into an operating lease are added to the carrying amount of the leased asset, and recognised as an expense over the lease term in line with the rental income. Contingent rental payments are recognised as income in the period in which they are generated.

Rental agreements concluded by the Group in connection with residential properties reported under real estate inventory do not represent leases within the meaning of IAS 17, because these lease agreements do not usually cover a fixed term, but are concluded for an indefinite period. Lessees may terminate the agreement within the legal notice periods. Please also refer to the remarks under E.7.2 and those concerning revenue recognition. The carrying amounts of residential properties reported under real estate inventory amounted to EUR 0 thousand (previous year: EUR 16,703 thousand). In the period under review, an amount of EUR 2,917 thousand (previous year: EUR 3,639 thousand) was generated as net rent, and an amount of EUR 1,579 thousand (previous year: EUR 2,197 thousand) was generated as proceeds from ancillary rental costs. The respective considerations are reported in the statement of income under the rental income item, and are reported as revenue on a periodic basis in line with the terms of the underlying rental agreements.

c) The Group as lessee
Lease payments for operating leases are expensed through the statement of income on a straight-line basis over the term of the lease agreement.

Revenue recognition
Revenues comprise proceeds from the sale of real estate companies, proceeds from the sale of real estate, proceeds from asset management, net rent and incidental rental expenses. Net rent and incidental rental expenses are reported as rental income in the consolidated statement of income. Revenues are reported on an accrual basis in accordance with the terms of the underlying contract, and when it is likely that the company will receive the economic benefit from the transaction. However, if there is doubt concerning the collectability of an amount that has already been recognised as revenues, the uncollectible or doubtful amount is expensed, and is not offset against revenues.

Revenue is recognised on sales transactions if

- All significant opportunities and risks connected with ownership have transferred to the acquirer,
- The Group retains neither rights of disposition nor effective control over the object of sale,
- The amount of revenue and the costs arising in connection with the sale can be measured reliably,
- It is sufficiently likely that the Group will receive an economic benefit from the sale, and
- Expenses incurred, or to be incurred, in connection with the sale can be measured reliably.

Profit/loss from Asset Management

The profit/loss from Asset Management includes revenues from asset management mandates from non-Group companies. The corresponding expenses are allocated accordingly. The costs related to inter-company asset management mandates are included under general administrative expenses.

D. Notes to the consolidated statement of income

1. Rental income

Consolidated rental income is composed as follows:

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Net	3,710	4,518
Proceeds from incidental rental expenses	1,796	2,434
	5,506	**6,952**

Rental income arises from the renting of land with commercial and residential buildings.

2. Operating expenses to generate rental income

In the reporting year, operating expenses to generate rental income amounted to EUR 3,134 thousand (previous year: EUR 3,917 thousand). Operating expenses of EUR 1,796 thousand (previous year: EUR 2,434 thousand) are allocable, and can be passed on to tenants. Operating expenses of EUR 1,338 thousand (previous year: EUR 1,483 thousand) are not allocable.

3. Profit/loss on sale of real estate companies

In the reporting period, the Group had disposed of MAGNAT Asset Management GmbH & Co. Rennweg 73 KG.

4. Profit/loss on sale of real estate

In the reporting period, the Group had mainly sold properties located in Germany. The revenues amounted to EUR 32,723 thousand (previous year: EUR 6,047 thousand) and the expenses related to the disposals were EUR 16,999 thousand (previous year: EUR 3,743 thousand). In the fiscal year, the following subsidiaries contributed to the profit/loss on sale of real estate: Zweite MAGNAT Immobiliengesellschaft mbH, Dritte MAGNAT Immobiliengesellschaft mbH, and Vierte MAGNAT Immobiliengesellschaft mbH in Germany as well as MAGNAT Asset Management GmbH & Co. Kastnergasse 16 KG and MAGNAT Immobilien GmbH & Co. Schumanngasse 16 KG in Austria.

5. Profit/loss on asset management

During the reporting period, the Group had achieved revenues of EUR 716 thousand (previous year: EUR 1,255 thousand) from the asset management of properties for third parties. The expenses allocated to this segment were mainly comprised of personnel costs and other expenses (of the group companies MAGNAT Asset Management GmbH and MAGNAT Asset Management Germany GmbH) amounting to EUR 200 thousand (previous year: EUR 776 thousand).

6. Profit/loss from investments accounted for using the equity method

Profits from investments accounted for using the equity method in an amount of EUR 8,896 thousand (previous year: EUR 0 thousand) primarily include profits achieved from a settlement from the sale of JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH and profits from Hekuba S.à.r.l.

Losses from investments accounted for using the equity method in an amount of EUR 2,277 thousand) previous year: EUR 5,364 thousand) primarily include the results of MAGNAT Investment II B.V. up to February 29, 2012 (EUR 1,395 thousand; previous year: EUR 6 thousand), as well as the results of R-QUADRAT Polska Alpha Sp. z o.o. (EUR 360 thousand; previous year EUR 2,510 thousand).

Unrealised fair value adjustments in equity investments comprises recognised impairment losses on the carrying amounts of investments accounted for using the equity method as well as the proportionate results of these companies based on the market value changes of their real estate inventory. This primarily consists of an impairment of EUR 2,491 thousand (previous year: EUR 0 thousand) of OXELTON ENTERPRISES Limited. In the prior year, this position had included an amount of EUR 1,348 thousand in impairments on the value of JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH. The recoverable amount underlying these impairment charges reflects the higher of fair value less cost to sell, and value in use. The impairment charge applied to OXELTON ENTERPRISES Limited results from fair value less cost to sell. In order to calculate the fair value, a value assessment was performed on the Peremogi project, which is held by a subsidiary of OXELTON ENTERPRISES. The estimation of the market value of this project is based on the residual value method. As part of the residual value method, the property's market value after completion was first calculated using the discounted earnings method. All costs required for the realisation of the construction measures, and other costs arising in connection with the project development, were then deducted. In determining the capitalised income value, a net initial discount rate of 10% was applied. In addition to the impairment charge, proportionate negative fair value adjustments on real estate inventory of EUR 301 thousand (EUR 777 thousand) are also included.

MAGNAT's interest in the transferred profit or loss in investments accounted for using the equity method is listed under E.1.3 and E.3.

Proportionate accumulated losses at two companies accounted for using the equity method, R-QUADRAT Polska Alpha Sp. z o.o. and Irao MAGNAT 28/2 LLC were not recognised in an amount of EUR 2,453 thousand and EUR 297 thousand respectively, of which EUR 2,453 thousand (R-QUADRAT Polska Alpha Sp. z o.o.) and EUR 30 thousand (Irao MAGNAT 28/2 LLC) had occurred in the current period. Both companies share of losses exceed the value of the investment and therefore there no further losses will be recorded.

7. Unrealised fair value adjustments in real estate inventory

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted
Profits from unrealised fair value adjustments in real estate inventory	101	26
Losses from unrealised fair value adjustments in real estate inventory	-3,617	-17
	-3,516	**9**

Profits and losses from unrealised fair value adjustments in real estate inventory include effects that are due to the valuation based on assessment of market values.

8. Impairment of goodwill and receivables

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted
Impairment of goodwill	391	84
Impairment of receivables	584	4,260
	975	**4,344**

Impairment of receivables is composed as follows:

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Trade accounts receivables and other receivables	539	1,315
Financial receivables and other financial assets	45	2,945
	584	**4,260**

9. Other operating income

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Realisation of currency exchange rate differences previously directly recognised in equity	838	0
Reversal of impairment losses on receivables	745	0
Gains from foreign currency differences	595	51
Gains arising from the consolidation of liabilities	553	14
Income from expenses passed on	409	982
Management fees	106	117
Income from the release of provisions	0	1,630
Other income from rental	42	86
Insurance compensation	41	76
Closing warranties (co-proprietors' building schemes)	0	1,413
Broking commissions	0	325
Other	347	561
	3,676	**5,255**

The realisation of currency exchange rate differences previously directly recognised in equity of EUR 838 thousand resulted from the discharge of MAGNAT Investment II B.V. (see the corresponding explanation under B.1).

The income expenses passed on are related to the offsetting of asset management fees to companies accounted for using the equity method.

Income from management fees includes compensation for the assumption of activity as a general partner of a subsidiary for companies accounted for using the equity method.

10. General and administrative expenses

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Expenses for asset management	2,953	3,749
Legal and consulting fees	1,275	1,804
Staff costs	1,029	495
Advertising and travel expenses	256	827
Supervisory Board compensation	56	110
Management expenses	0	100
Management fees	0	233
Other	87	49
	5,656	**7,367**

11. Other operating expenses

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Non-deductible input taxes	581	490
Legal and consulting fees	106	31
Losses from foreign currency differences	67	216
Expenses for Annual General Meeting and investor relations	60	56
Insurance fees	35	36
Fees and incidental costs of monetary transactions	74	67
External services	126	2
Other	420	391
	1,469	**1,289**

12. Financial result

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Financial income	833	1.380
Financial expenses	-2,589	-2,613
	-1,757	**-1,233**

Financial income stems mainly from loans granted to companies accounted for using the equity method.

Detailed information regarding to net gains and losses from loans and receivables and financial debt are to be found in I.1.

Financial expenses include the interest expense paid to banks and other lenders resulting from the Group's investment activity. This is referred to in I.1.

13. Income taxes

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Current income tax	8	171
Deferred income tax	60	-38
Total income tax (- = income / + = expense)	**68**	**133**

The current tax expenses include corporate and trade taxes of domestic companies and the asset management companies based in Austria.

The current income tax expense of EUR 8 thousand does not include adjustments for current tax of prior periods. Deferred tax income of EUR 60 thousand is the cumulative difference from the origination and reversal of temporary differences.

Income taxes are distributed among domestic and foreign companies as follows:

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Germany	76	-25
Other countries	-8	158
	68	**133**

As at the balance sheet date there were unutilised tax-loss carryforwards from consolidated companies totalling EUR 28,822 thousand (previous year: EUR 23,817 thousand). Deferred tax assets are capitalised for these loss carryforwards only if it is likely that they will be offset with earnings achieved within the foreseeable future. In the MAGNAT Group, deferred tax assets on tax-loss carryforwards are only capitalised to the extent that deferred tax liabilities were recognised.

Deferred taxes in the amount of EUR -44 thousand (previous year: EUR 29, thousand) are included in other comprehensive income. They should be allocated to equity changes at companies accounted for using the equity method which are recognised in other comprehensive income.

14. Tax reconciliation statement

The tax reconciliation statement between the theoretical and actual (including deferred) tax expense is presented on the basis of the Group tax rate of 31.93% (previous year: 31.93%). The Group tax rate of 31.93% includes 15% corporate tax valid from January 1, 2008, 5.5% Solidarity Surcharge, and 16.1% trade tax. The calculation of deferred tax for the German companies is based on the tax rate of 31.93%. Country-specific tax rates were applied to each of the calculations when calculating deferred tax for the foreign companies.

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted
Profit/loss before tax	**13,032**	**-10,640**
Group tax rate	**31.93%**	**31.93%**
Expected tax expense	**4,161**	**-3,397**
Tax differences among foreign subsidiaries	-18	-174
Tax effect arising from non-deductible operating expenses	1,822	2,447
Tax effect of tax-free income	-8,313	0
Tax effects arising from non-utilised losses for which no deferred tax assets were capitalised	2,429	1,283
Other	-14	-26
Effective income taxes (primary and deferred taxes)	**68**	**133**

Tax-free income (tax effect: EUR 8,313 thousand) resulted primarily from profits of EUR 8,896 thousand from companies accounted for using the equity method and the positive result of EUR 15,747 thousand from the sales of the residential portfolio in Germany. Income from companies accounted for using the equity is included in profit/loss from investments accounted for using the equity method in the statement of income. For losses in an amount of EUR 7,607 thousand no deferred taxes were capitalised. The tax effects of EUR 1,822 thousand arising from non-deductible operating expenses amounting to EUR 5,706 thousand resulted primarily from losses stemming from companies accounted for using the equity method and impairments of goodwill.

Distributions by MAGNAT Real Estate AG to shareholders have neither a corporate nor a trade tax effect on the Company. The Company is nevertheless generally liable for German capital gains tax plus the Solidarity Surcharge (withholding tax), which the Company is required to withhold from the approved distribution, and transfer to the relevant German tax office.

The distributions generally require shareholders to pay income and corporate tax unless the distributions are not subject to taxation due to the shareholders' tax status or other circumstances. Withholding tax that the Company withholds and transfers can generally, and independently of shareholders' tax status, be offset with their income and corporate tax liability, and is reimbursable.

15. Net profit/loss for the period – of which attributable to non-controlling interests

Net profit/loss for the period attributable to non-controlling interests of EUR 31 thousand (previous year: EUR -483 thousand, on an adjusted basis) primarily relates to non-controlling interests in MAGNAT Investment I B.V., The Netherlands.

16. Earnings per share

Basic earnings per share are computed by dividing the net profit/loss for the period attributable to the parent company shareholders by the weighted average number of shares outstanding.

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011 adjusted
Net profit/loss for the period attributable to the parent company shareholders (in EUR '000)	12,933	-10,290
Average number of shares outstanding	13,889,651	13,889,651
Basic earnings per share (EUR)	**0.93**	**-0.74**
Diluted earnings per share (EUR)	**0.93**	**-0.74**

Since no dilution has occurred, basic earnings per share and diluted earnings per share are identical.

17. Staff costs

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Salaries	2,375	2,084
Statutory social expenses	368	408
	2,743	**2,492**

Of the total amount, EUR 2,740 thousand (previous year: EUR 2,476 thousand) are included in general administrative expenses and EUR 3 thousand (previous year: EUR 16 thousand) are included in other operating expenses.

18. Scheduled depreciation and amortisation

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Amortisation of other intangible assets	12	11
Depreciation of property, plant, and equipment	26	31
	38	**42**

Scheduled depreciation and amortisation are included in their entirety under other operating expenses.

E. Notes to the consolidated balance sheet

1. Non-current assets

1.1 Intangible assets

1.1.1 GOODWILL

This includes the goodwill calculated as part of the capital consolidation of the subsidiaries of MAGNAT Asset Management GmbH and MAGNAT Investment I B.V.

in EUR '000	2011/2012	2010/2011 adjusted	2009/2010 adjusted
Acquisition costs as at April 1 of the fiscal year	991	906	0
Cumulative impairment charges as at April 1 of the fiscal year	614	529	0
Carrying amounts as at April 1 of the fiscal year	377	377	0
Additions	25	85	906
Disposals	0	0	0
Acquisition costs as at March 31 of the fiscal year	1.015	991	906
Cumulative impairment charges as at March 31 of the fiscal year	1.005	614	529
Carrying amounts as at March 31 of the fiscal year	**10**	**377**	**377**

in EUR '000	2011/2012	2010/2011 adjusted	2009/2010 adjusted
Additions to impairment charges	391	84	529

The impairment amounts are reported in the statement of income in the item impairment of goodwill and receivables. The change to the carrying amount of goodwill during the reporting period resulted from additions and impairment charges. In impairment testing, it was determined that the carrying amount of the respective goodwill in the area of real estate projects exceeded the recoverable amount. The recoverable amount is derived from the respective market value.

1.1.2 OTHER INTANGIBLE ASSETS

A useful life of three to four years is applied to other intangible assets. Along with other intangible assets, this includes computer software. The amortisation charges were reported in the statement of income in the other operating expenses item.

in EUR '000	2011/2012	2010/2011
Acquisition costs as at April 1 of the fiscal year	45	26
Cumulative amortisation as at April 1 of the fiscal year	19	8
Carrying amounts as at April 1 of the fiscal year	**26**	**18**
Currency translation	0	0
Additions	6	19
Disposals	0	0
Amortisation	12	11
Carrying amounts as at March 31 of the fiscal year	**19**	**26**
Acquisition costs as at March 31 of the fiscal year	51	45
Cumulative amortisation as at March 31 of the fiscal year	32	19
Carrying amounts as at March 31 of the fiscal year	**19**	**26**

1.2 Property, plant, and equipment

Property, plant, and equipment include office and operating equipment. A useful life of between 3 and 15 years is applied for their depreciation. The depreciation charges were reported in the statement of income in the other operating expenses item.

in EUR '000	2011/2012	2010/2011
Acquisition costs as at April 1 of the fiscal year	164	133
Cumulative depreciation as at April 1 of the fiscal year	65	34
Carrying amounts as at April 1 of the fiscal year	**99**	**99**
Currency translation	0	0
Additions	14	33
Disposals	28	2
Depreciation	26	31
Carrying amounts as at March 31 of the fiscal year	**58**	**99**
Acquisition costs as at March 31 of the fiscal year	137	164
Cumulative depreciation as at March 31 of the fiscal year	79	65
Carrying amounts as at March 31 of the fiscal year	**58**	**99**

1.3 Investments accounted for using the equity method

Interests in investments accounted for using the equity method (EUR 8,074 thousand; previous year: EUR 15,760 thousand) include interests in associated companies (EUR 1,803 thousand; previous year: EUR 2,515 thousand) and joint ventures (EUR 6,272 thousand; previous year: EUR 13,245 thousand).

1.3.1 INVESTMENTS IN ASSOCIATED COMPANIES

in EUR '000	Carrying amount as at 31/03/2012	Carrying amount as at 31/03/2011	Carrying amount as at 01/04/2010
Company			
SQUADRA Immobilien GmbH & Co. KGaA	1,434	1,847	2,313
Russian Land AG	369	668	1,637
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH	0	0	1,740
Total	**1,803**	**2,515**	**5,690**

MAGNAT's interest in the transferred profit or loss according to the annual or interim financial statements of the associated companies is as follows:

in EUR '000	Profit/loss per 31/03/2012	Profit/loss per 31/03/2011
Company		
SQUADRA Immobilien GmbH & Co. KGaA	-413	-466
Russian Land AG	-299	-969
JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH	0	-552
Total	**-712**	**-1,987**

In the previous year, an impairment charge in the amount of EUR 1,348 thousand was applied on the value of JJW Hotel Palais Schwarzenberg Betriebsgesellschaft mbH. In the fiscal year under review, MAGNAT exercised its exit option from this company (see D.6).

The following table provides a summary of the associated companies' assets, liabilities, income, and profit or loss for the period.

Summarised financial information of the associated companies:

in EUR '000	31/03/2012	31/03/2011	01/04/2010
Aggregated assets	27,262	55,086	55,797
Aggregated liabilities	5,579	21,293	15,005
Aggregated revenue	1,362	1,186	1,997
Aggregated profit/loss for the period	-3,302	-7,492	-2,005

The Russian Land AG has a balance sheet date which differs from the Group's balance sheet date. MAGNAT exercises significant influence together with other shareholders over the associated company, and, for this reason, cannot revert to the fiscal year of MAGNAT Real Estate AG. For the preparation of the consolidated financial statements, this company prepares interim financial statements as per the Group's balance sheet date.

1.3.2 INVESTMENTS IN JOINT VENTURES

in EUR '000	Carrying amount as at 31/03/2012	Carrying amount as at 31/03/2011 adjusted	Carrying amount as at 01/04/2010 adjusted
Company			
OXELTON ENTERPRISES Limited	6,272	8,926	9,181
Hekuba S.à.r.l.	0	3,178	15,577
MAGNAT Investment II B.V.	0	755	816
R-QUADRAT Polska Alpha Sp. z o.o.	0	386	1,662
Irao MAGNAT 28/2 LLC	0	0	0
Irao MAGNAT Gudiashvili LLC	0	0	0
Total	**6,272**	**13,245**	**27,236**

In the reporting year, Hekuba S.à.r.l. distributed an advance dividend in the amount of EUR 6,443 thousand. The resulting receivable attributed to MAGNAT was offset by liabilities (loans) from MAGNAT to Hekuba S.à.r.l. (formerly: GAIA Real Estate Investments S.A.). At the balance sheet date, Hekuba S.à.r.l. was recognised at EUR 3,536 thousand and was included in the position "Assets available for sales in investments accounted for using the equity method".

MAGNAT Investment II B.V. was replaced in the course of the acquisition of the assets of the former co-investor R-QUADRAT Capital Beta GmbH by the assets included in MAGNAT Investment II B.V. (see explanations in B.1). The value of the MAGNAT Investment II B.V., which was operated as a joint venture until February 29, 2012, was EUR 0 thousand and was treated as a disposal.

MAGNAT holds a 50% interest in R-QUADRAT Polska Alpha Sp. z o.o. The underlying project is located in the centre of Kąty Wrocławskie. The company plans to construct residential dwellings and commercial areas in three construction steps with a total of around 77,700 m² of usable residential area. Two of the three construction sections have already been completed.

A MAGNAT subsidiary holds a 50% interest in Irao MAGNAT 28/2 LLC (interest of the MAGNAT Group: 49.82%). A building comprising apartments, a penthouse, and commercial units was constructed together with a local partner.

MAGNAT has a 50% interest in Irao MAGNAT Gudiashvili LLC. The "Gudiashvili Square" project in Tbilisi is being developed together with a local partner. For this purpose, the project company acquired existing buildings that are to be refurbished or demolished. A plot should be created which connects the retail, office, and residential areas.

MAGNAT's interest in MAGNAT Investment II B.V. amounted to 50% until 29.2.2012. Various projects are held by MAGNAT Investment II B.V. The Chmelnitzky project deals with a wholesale market centre located at the main traffic axis on the outskirts of the Ukrainian city of Chmelnitzky. The Ukrainian Vitaly project deals with a property with single-family homes in Kryachy in the Vasylkivskyi district in the region of Kiev.

MAGNAT holds a stake of 32.44% in Hekuba S.à.r.l. (formerly: GAIA Real Estate Investments S.A.). MAGNAT was originally in a consortium with its project partners, Adama Holding Public Ltd. (lead manager) and Immoeast AG, and had acquired one of the most extensive real estate portfolios of the Turkish bank Yapi ve KredıBankası A.S. ("YKB"). This portfolio consisted of around 400 individual interests in properties having various uses and a regional focus on the greater metropolitan region of Istanbul. The development and resale of the individual properties went well overall and as a result only a small portion of the properties remained.

A subsidiary of MAGNAT holds 60% of OXELTON ENTERPRISES Limited (interest of the MAGNAT Group: 59.78%). The underlying project includes the building rights to a corresponding property in Kiev with an existing permission for the construction of an office building and commercial property.

MAGNAT's interest in the transferred profit or loss according to the annual or interim financial statements of the joint ventures is as follows:

in EUR '000	Profit/loss per 31/03/2012	Profit/loss per 31/03/2011 adjusted
Company		
R-QUADRAT Polska Alpha Sp. z o.o.	-360	-2,510
Irao MAGNAT 28/2 LLC	0	-14
Irao MAGNAT Gudiashvili LLC	-28	0
MAGNAT Investment II B.V.	-1,395	-6
Hekuba S.à.r.l.	-93	-1,357
OXELTON ENTERPRISES Limited	-196	-266
Total	**-2,072**	**-4,153**

In the fiscal year, impairments were recognised amounting to EUR 149 thousand (previous year: EUR 0 thousand) on the interest in MAGNAT Investment II B.V. and in OXELTON ENTERPRISES Limited in an amount of EUR 2,491 thousand (previous year: EUR 0 thousand) (see D.6).

Summary financial information for the joint ventures (proportional figures for subgroups and as of balance sheet date):

in EUR '000	31/03/2012	31/03/2011 adjusted	31/03/2010 adjusted
Aggregated non-current assets	120	5,762	14,309
Aggregated current assets	10,305	38,611	33,540
Aggregated non-current liabilities	6,119	7,135	8,763
Aggregated current liabilities	8,073	23,016	14,414
Aggregated revenues	4,204	17,423	34,006
Aggregated expenses	-10,649	-20,737	-35,612

The following joint ventures and subgroups apply a balance sheet date that differs from the Group balance sheet date: R-QUADRAT Polska Alpha Sp. z o.o., Irao MAGNAT 28/2 LLC, Irao MAGNAT Gudiashvili LLC, OXELTON ENTERPRISES Limited and Hekuba S.à.r.l.. For the preparation of the consolidated financial statements, these companies prepare interim financial statements as per the Group's balance sheet date.

The projects of the Irao MAGNAT 28/2 LLC and the R-QUADRAT Polska Alpha Sp. z o.o. joint ventures are nearly completed. As a result, it is not expected that MAGNAT will be obliged to provide further funds. Currently, OXELTON ENTERPRISES Limited is not generating operating cash flows from which the operating expenses can be paid. As a result, the Group is providing an adequate amount of funds in proportion to the size of its interest in the joint venture in order to cover the operating expenses which occur. In the reporting period 2011/2012, a loan was granted to OXELTON ENTERPRISES Limited in proportion to the size of the interest and amounted to EUR 75 thousand. In fiscal year 2011/2012, the MAGNAT Group participated in a capital increase of Hekuba S.à.r.l. in the amount of EUR 2,170 thousand, in line with its proportionate interest. Due to the few remaining number of properties still held by Hekuba S.à.r.l., a further commitment of capital is not expected. By way of a purchasing agreement, Irao MAGNAT Gudiashvili LLC has committed itself to purchasing property in Tbilisi for a total price of USD 5,800 thousand (equal to EUR 4,343 thousand). The Group is providing the joint venture with the corresponding capital equal to this amount.

1.4 Other financial assets
The fair value of other financial assets amounts to EUR 49 thousand. Impairments totalling EUR 2 thousand are included under financial expenses in the statement of income.

1.5 Loans to investments accounted for using the equity method
Loans to companies accounted for using the equity method amount to EUR 1,020 thousand and are primarily loans to Irao MAGNAT Gudiashvili LLC, in Georgia, (EUR 926 thousand). As of March 31, 2011, loans to companies accounted for using the equity method included a loan valued at EUR 23 thousand to OXELTON ENTERPRISES Limited. The value as of March 31, 2010 was EUR 1,621 thousand and was mainly comprised of a loan to OXELTON ENTERPRISES Limited (in the amount of EUR 1,163 thousand) and Irao MAGNAT 28/2 LLC (in the amount of EUR 458 thousand).

The loans to Irao MAGNAT Gudiashvili LLC were granted for the development of the "Gudiashvili Square" project and carry an 8% interest rate. The terms of the loans are for a period of three and four years.

1.6 Other loans
A significant portion of other loans are due at the end of 2021 and consist of receivables from the partial sale of properties which was held by R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG.

2. Current assets

2.1 Real estate inventory
The reported real estate inventory amounts to EUR 16,134 thousand (31/03/2011: EUR 34,765 thousand; 31/03/2010: EUR 33,092 thousand) and concerns developed and undeveloped properties which are destined for resale. In the reporting period, impairments of EUR 3,617 thousand (previous year: EUR 17 thousand) were recognised which are included under unrealised fair value adjustments in real estate inventory in the statement

of income. In the reporting year, reversals of impairments were recognised in the amount of EUR 101 thousand (previous year: EUR 26 thousand). This amount is reported in the statement of income under unrealised fair value adjustments in real estate inventory. Real estate inventory in the amount of EUR 11,769 thousand is intended to be realised via disposals within twelve months. Real estate inventory in the amount of EUR 4,316 thousand is intended to be realised following this twelve month period. In the period under review, disposals of real estate inventory amounting to EUR 18,060 thousand were recorded as an expense.

The impairments and reversals of impairments in real estate inventory are based on the results of the underlying valuations. Of the EUR 3,617 thousand in impairments, EUR 1,801 thousand can be attributed to Ukrainian properties and EUR 1,127 thousand can be attributed to Romanian properties. The Ukrainian and Romanian real estate sectors are still in the midst of a crisis; this has also had an impact on the respective properties.

The following real estate inventory has been pledged as collateral for liabilities:

in EUR '000	Carrying amount 31/03/2012	Carrying amount 31/03/2011	Carrying amount 01/04/2010	Property
Company				
Erste MAGNAT Immobiliengesellschaft mbH	2,957	2,957	2,957	Worms, Parchim, Halle Peissen
Zweite MAGNAT Immobiliengesellschaft mbH	0	11,736	11,736	Eberswalde
Dritte MAGNAT Immobiliengesellschaft mbH	0	1,446	1,446	Rostock
Vierte MAGNAT Immobiliengesellschaft mbH	0	3,521	3,521	Saalfeld
Fünfte MAGNAT Immobiliengesellschaft mbH	2,754	2,684	2,684	Delitzsch
MAGNAT Immobilien GmbH & Co. Brünner Straße 261-263 KG	733	0	0	Vienna, Austria
MAGNAT Asset Management GmbH & Co. Rennweg 73 KG	0	1,358	0	Vienna, Austria
MAGNAT Asset Management GmbH & Co. Kastnergasse 16 KG	476	414	1,760	Vienna, Austria
R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	661	661	1,971	Vienna Neustadt, Austria
	7,581	**24,777**	**26,075**	

2.2 Trade accounts receivables and other receivables

in EUR '000	31/03/2012	31/03/2011 adjusted	01/04/2010 adjusted
Purchase price receivables	1,503	1,934	4,736
Trade accounts receivables against third parties	1,454	2,260	2,593
Administrator accounts	92	506	523
Receivables from processing value add tax	1,255	517	376
Other	1,274	976	945
	5,578	**6,194**	**9,173**

All receivables are due on a short-term basis. Impairment charges of EUR 1,707 thousand (previous year: EUR 1,402 thousand) have been recognised and their development is presented in the following table. There are no additional items significantly overdue. Expenses for additions to impairment charges are included in impairments of goodwill and receivables in the statement of income.

in EUR '000	2011/2012	2010/2011
Balance at the start of the fiscal year	1,402	2,225
Arising from acquisitions	0	0
Impairments	305	1,117
Realisation of impairments	0	1,938
Reversal of impairment charges	0	2
	1,707	**1,402**

2.3 Financial receivables and other financial assets

As in the previous year, the financial receivables and other financial assets include receivables amounting to EUR 1,678 thousand (previous year: EUR 1,404 thousand) from OXELTON ENTERPRISES Limited. The due date of this receivable is dependent upon the occurrence of certain future conditions. The receivables are to be repaid on December 31, 2012 at the latest. In addition, as per March 31, 2012, there were loans to R-QUADRAT Polska Alpha Sp. z o.o. included in the amount of EUR 789 thousand (previous year: EUR 0 thousand).

There are no significant overdue items. In the reporting year, impairment charges of EUR 0 thousand (previous year: EUR 2,958 thousand) were recognised. The impairment charges are included in impairments of goodwill and receivables in the statement of income.

in EUR ‘000	2011/2012	2010/2011
Balance at the start of the fiscal year	2,958	0
Arising from acquisitions	0	0
Impairments	0	2,958
Realisation of impairments	2,213	0
Reversal of impairment charges	745	0
	0	**2,958**

2.4 Cash and cash equivalents

Cash and cash equivalents of EUR 3,589 thousand (previous year: EUR 5,320 thousand) are related to cash in hand and bank accounts.

3. Assets available for sales in investments accounted for using the equity method

This position includes the interests held in investments accounted for using the equity method available for sales in the following joint ventures.

in EUR ‘000	Carrying amount as at 31/03/2012	Carrying amount as at 31/03/2011
Company		
Hekuba S.à.r.l.	3,536	0
„Forum-2000“ LLC	270	0
Total	**3,806**	**0**

At the end of the fiscal year, the 32.44% interest in Hekuba S.à.r.l. was classified as available for sales due to its intended sale within one year. A description of the interest can be found in the explanations under E.1.3.2.

On February 29, 2012, the 50% interest in the joint venture was classified as available for sales due to the planned cessation of the joint venture. A description of the interest can be found in the explanations under E.1.3.2 under MAGNAT Investment II B.V. (see Vitaly project).

The assets available for sales in investments accounted for using the equity method are allocated to the “Investments” segment (see section H).

4. Shareholders' equity

In reference to the explanations in section A.5, the subscribed capital amounting to EUR 13,895 thousand remains unchanged. The capital reserves contain the difference of EUR 7,425 thousand of the subscribed capital of EUR 13,895 thousand and the sum of the subscribed capital of MAGNAT Asset Management GmbH in an amount of EUR 160 thousand as the economic parent company and the acquisition costs for the acquisition of MAGNAT Real Estate AG in an amount of EUR 21,160 thousand following the reverse acquisition. A description of the other reserves can be found in Note C.1.

The subscribed capital of the legal parent company, MAGNAT Real Estate AG, amounts to EUR 13,894,651.00 as in the previous year. It is divided into 13,894,651 non-par value bearer shares with a notional par value of EUR 1.00. All shares are fully paid.

In the case of a capital increase, the profit participation of new shares may deviate from Section 60 (2) of the German Stock Corporation Act (AktG).

Shareholders are not entitled to share certificates to the extent this is permitted by law.

Reconciliation to the number of shares issued	31/03/2012	31/03/2011
Number of non-par bearer shares issued	13,894,651	13,894,651
of which fully paid in	13,894,651	13,894,651

The Executive Board was authorised, with Supervisory Board assent, to increase the Company's share capital until October 28, 2014 through issuing up to 6,947,325 new ordinary bearer shares in the form of non-par shares, each with a notional value of EUR 1.00, against cash contribution or contribution in kind, once or on several occasions, in partial amounts up to a total of EUR 6,947,325 (Approved Capital 2009). Shareholders are generally entitled to subscription rights; the Company may exclude subscription rights in certain circumstances.

The Company's share capital is conditionally increased by up to EUR 6,947,325, divided in up to 6,947,325 ordinary bearer shares, each with a notional value of EUR 1.00. The conditional capital increase serves to grant subscription and/or conversion rights to the holders of bonds with warrants and/or convertible bonds that are issued according to the respective resolutions of the Annual General Meeting of August 30, 2007.

The Company is authorised to purchase up to a total of 10% of the existing share capital until October 28, 2014. In this context, the shares acquired on the basis of this authorisation, together with other treasury shares that the Company has already acquired, or already holds, may not comprise more than 10% of the Company's existing share capital in each case.

5. Non-current liabilities

5.1 Deferred tax assets and liabilities

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

in EUR '000	31/03/2012	31/03/2011 adjusted	01/04/2010 adjusted
Investments accounted for using the equity method	110	181	203
Tax-loss carryforwards	205	727	537
Real estate inventory	476	0	0
Other	0	0	15
Deferred tax assets	**791**	**908**	**755**
Investments accounted for using the equity method	81	106	158
Real estate inventory	379	891	687
Other	11	18	86
Deferred tax liabilities	**470**	**1,016**	**932**

With regard to EUR 205 thousand (previous year: EUR 727 thousand; as of 01/04/2010: EUR 552 thousand) the requirements pursuant IAS 12.74 have been fulfilled. Following the offsetting of deferred tax assets with deferred tax liabilities, the following deferred tax assets and deferred tax liabilities remain:

in EUR '000	31/03/2012	31/03/2011 adjusted	01/04/2010 adjusted
Investments accounted for using the equity method	110	181	203
Real estate inventory	476	0	0
Other	0	0	0
Deferred tax assets	**586**	**181**	**203**
Investments accounted for using the equity method	81	106	158
Real estate inventory	173	165	150
Other	11	18	72
Deferred tax liabilities	**265**	**289**	**380**

The changes in deferred taxes and their recognition can be represented as follows:

in EUR '000	31/03/2011	Statement of income	Other comprehensive income	Other	31/03/2012
Real estate inventory	-892	524	0	464	97
Tax-loss carryforwards	727	-522	0	0	205
Investments accounted for using the equity method	74	0	44	-20	99
Other	-17	-62	0	0	-81
	-108	**-60**	**44**	**445**	**320**

5.2 Non-current financial debt

Non-current financial debt includes bank borrowings of EUR 7,716 thousand with a maturity of over one year and loans from holders of profit participation certificates amounting to EUR 483 thousand (previous year: EUR 483 thousand). Liabilities from mezzanine loans in an amount of EUR 4,791 thousand are also included in this position.

The nominal interest rate almost corresponds to the effective interest rate, as only minimal transaction costs were incurred.

	Nominal interest rate %	Due	31/03/2012 in EUR '000	31/03/2011 in EUR '000
Non-current portion of financial debt				
Mezzanine loan	12.00	06/07/2014	4,791	4,251
Financial liabilities to R-QUADRAT Capital Beta GmbH	interest-free	07/02/2014	1,812	0
Loans from Hekuba S.à.r.l. for MAGNAT RE AG	3M-EURIBOR + 1.00	27/05/2012	0	193
DKB annuity loan for 1. MAGNAT Immobilienges. mbH	4.57	30/06/2014	3,329	3,436
DKB variable-rate loan for 2. MAGNAT Immobilienges. mbH	6M-EURIBOR + 1.00	30/03/2013	0	19,121
DKB rollover loan for 3. MAGNAT Immobilienges. mbH	3M-EURIBOR + 1.10	30/03/2013	0	2,209
DKB annuity loan for 4. MAGNAT Immobilienges. mbH	4.57	30/06/2014	0	4,862
DKB annuity loan for 5. MAGNAT Immobilienges. mbH	4.57	30/06/2014	3,635	3,752
Loan for R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	Average of "Bund" secondary market yield + 1.5 and 3M-EURIBOR + 1.5	01/04/2022	329	362
Loan for R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	4.50	30/06/2022	37	40
Loan for R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	4.50	30/06/2022	17	18
Credit for MAGNAT Asset Management GmbH & Co. Kastnergasse 16 KG	3M-EURIBOR + 2.00	01/02/2023	368	423
Loan from holders of profit participation certificates for MAGNAT Capital Markets GmbH	interest-free	31/12/2022	483	483
Profit participation certificates for MAGNAT Capital Markets GmbH	interest-free	31/12/2021	26	0
Other financial debt	interest-free	02/11/2013	2	98
			14,829	**39,248**

In fiscal year 2011/2012, the subsidiary MAGNAT Capital Markets GmbH had issued profit participation certificates. The profit participation certificates are composite financial instruments pursuant to IAS 32.28 and include an equity component as well as a debt component. Due to the existing redemption clause available to the holder of these profit participation certificates, the profit participation capital has been classified as a debt component. However, the entitlement to net profit is classified as an equity component or dividend.

Of the non-current financial debt, EUR 14,318 thousand (previous year: EUR 38,474 thousand) are collateralised by assets. These assets comprise real estate inventory (please refer to E.2.1) interests in investment accounted for using the equity method (EUR 6,272 thousand), interests in affiliated companies, and loans to affiliated companies. Concerning the significant financial debt to Deutsche Kreditbank AG, the bank is entitled to liquidate the collateral if the liabilities have not been paid by the due date despite reminders with a reasonable grace period and the threat of liquidation according to Section 1234 (1) BGB. Concerning the liabilities stemming from mezzanine loans, if overdue, the collateral can be liquidated through an agreed repayment in arrears with MAGNAT which will be the case on July 5, 2014 at the latest. Regarding the financial debt to R-QUADRAT Capital Beta, if overdue, the collateral may be liquidated which is after the close of business on February 14, 2014.

6. Current liabilities

6.1 Provisions

in EUR '000	31/03/2012	31/03/2011
Staff costs	518	129
Accounting and audit costs	436	430
Invoices outstanding	179	396
Legal and consulting fees	83	345
Supervisory Board compensation	39	64
Expert's valuation report	39	39
Other	466	357
	1,760	**1,760**

in EUR '000	31/03/2011	Acquisitions	Utilisation	Release	Additions	31/03/2012
Staff costs	129	2	63	62	513	518
Accounting and audit costs	430	7	393	30	424	436
Invoices outstanding	396	0	297	136	216	179
Legal and consulting fees	345	0	105	190	33	83
Supervisory Board compensation	64	0	45	0	19	39
Expert's valuation report	39	0	39	0	39	39
Other	357	0	38	0	147	466
	1,760	**9**	**980**	**418**	**1,390**	**1.760**

The Company assumes that provisions will be utilised in the following fiscal year 2012/2013.

The provisions for staff costs include provisions for services from unconsumed vacations and gratuities, as well as a provision for severance payments to a former Executive Board member.

The provisions for accounting and audit costs include the costs for the preparation, audit, and publication of the financial statements.

The provisions for invoices outstanding formed for different costs. As at March 31, 2012, the primary portion of the provisions included project costs related to a German commercial property.

Other provisions primarily include a provision related to the performance of asset management services provided.

6.2 Trade accounts payable and other liabilities

in EUR '000	31/03/2012	31/03/2011
Trade accounts payable	752	1,726
Liabilities from accruals and deferred income	10	133
Liabilities from value added taxes	273	103
Liabilities to administrators	22	17
Personnel-related liabilities	86	83
Other	370	264
	1,513	**2,326**

Trade accounts payable in amount of EUR 752 thousand (EUR 1,726 thousand) are entirely to third parties and short-term in nature.

Liabilities to administrators mainly consist of fees payable to the property managers of rented properties. The liabilities are short-term in nature.

6.3 Tax liabilities

The current income tax liabilities in the amount of EUR 284 thousand (previous year: EUR 225 thousand) relate to trade tax (EUR 4 thousand; previous year EUR 2 thousand), corporate tax (EUR 70 thousand; previous year: EUR 13 thousand), and the capital gains tax (EUR 210 thousand; previous year: EUR 210 thousand).

6.4 Kurzfristige Finanzschulden

Current financial debt is comprised of bank borrowings amounting to EUR 800 thousand (previous year: EUR 2,093 thousand), liabilities to companies in which participating interests are held and to companies recognised at cost as well as other liabilities amounting to a total of EUR 4,588 thousand (previous year: EUR 9,053 thousand). Of the EUR 4,588 thousand (previous year: EUR 9,053 thousand), EUR 2,191 thousand (previous year: EUR 5,666 thousand) are loans.

Of the total amount of EUR 5,388 thousand (previous year: EUR 11,146 thousand) current loans amounted to EUR 800 thousand (previous year: EUR 2,093 thousand).

Bank borrowings include interest liabilities of EUR 5 thousand (previous year: EUR 5 thousand).

Liabilities to companies in which participating interests are held are short-term in nature and are primarily liabilities to companies accounted for using the equity method.

Current financials debt includes EUR 1,799 thousand (previous year: EUR 1,769 thousand) relating to dividend liabilities on the part of MAGNAT Asset Management GmbH to former shareholders.

	Nominal interest rate %	Due	31/03/2012 In EUR '000	31/03/2011 In EUR '000
Current portion of bank borrowings				
Interest liabilities for non-current and current loans	n/a	n/a	5	5
DKB loan for 1. MAGNAT Immobilienges. mbH	4.57%	01/04/2012 to 31/03/2013	107	102
DKB loan for 2. MAGNAT Immobilienges. mbH	6M-EURIBOR + 1.00%	30/09/2011and 30/03/2012	0	416
DKB loan for 3. MAGNAT Immobilienges. mbH	3M-EURIBOR + 1.10%	05/06/2011and 05/12/2011	0	47
DKB loan for 4. MAGNAT Immobilienges. mbH	4.57%	01/04/2011 to 31/03/2012	0	144
DKB loan for 5. MAGNAT Immobilienges. mbH	4.57%	01/04/2012 to 31/03/2013	117	112
Loan for MAGNAT Immobilien GmbH & Co. Brünner Straße 261-263 KG	4.75%	30/09/2012	567	0
Loan for MAGNAT Asset Management GmbH & Co. Rennweg 73 KG	3M-EURIBOR + 1.50%	31/03/2012	0	957
Loan for R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	4.90%	30/06/2012 and 31/12/2012	4	4
Term loan for MAGNAT Real Estate AG	2.67%	21/09/2011	0	300
Current account overdraft 4. MAGNAT Immobilienges. mbH	n/a	n/a	0	6
			800	**2.093**

	Nominal interest rate %	Due	31/03/2012 In EUR '000	31/03/2011 In EUR '000
Current portion of other borrowings				
Loan R-Quadrat Capital Gamma GmbH for MAGNAT RE AG	11.00%	25/06/2012	173	4,603
Loan for MAGNAT Investment I B.V.	6.00%	31/03/2012	0	1,063
Loan AURAGUS GmbH for MAGNAT Real Estate AG	3M-Euribor +4.50 %	30/09/2012	2,018	0
			2,191	**5,666**

The nominal interest rate almost corresponds to the effective interest rate, as only minimal transaction costs were incurred.

7. Operating leases

7.1 Operating leases – The Group as lessee

At the balance sheet date, the contractual relationships with leases for vehicles resulted in future minimum lease payments of EUR 43 thousand (up to one year) and EUR 33 thousand for the period of one to five years. In addition, there were leases for office premises from which future minimum lease payments will result in the amount of EUR 232 thousand (up to one year) and EUR 949 thousand (between one and five years). In the reporting period, the following amounts were recorded as lease expenses:

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Vehicles	41	9
Office premises	184	131

7.2 Operating leases – The Group as lessor

Through the purchase of real estate the Group has acquired certain real estate leasing contracts for commercial rentals which are up for sale. The real estate held includes office space which is not being occupied by the Group.

At the balance sheet date, the following leases existed:

Concerning the “Arbeitsamt Parchim” property, there was perpetual rental agreement at the balance sheet date which had a notice period of twelve months to the month’s end.

Concerning the “Arbeitsamt Worms” a perpetual rental agreement exists with a notice period of six months to the month’s end.

For the “Delitzsch” property, individual tenants have non-cancellable rental agreements with various maturities. A large portion of the rental agreements run until mid-2013. There are various renewal offers for several of the tenants.

As explained under C., rental agreements concluded by the Group in connection with residential properties do not constitute a rental agreement in accordance with IAS 17.

There are the following receivables for future minimum lease payments based on non-cancellable operating leases:

in EUR ‘000	31/03/2012	31/03/2011
Up to 1 year	673	674
1 to 5 years	820	1,220
More than 5 years	187	766
	1,679	**2,660**

In the reporting period, the following amounts were recognised as lease income:

in EUR ‘000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Rental income	792	879

F. Notes to the consolidated statement of cash flows

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

Cash flow includes interest received in the amount of EUR 69 thousand (previous year: EUR 117 thousand) and interest paid in the amount of EUR 1,644 thousand (previous year: 1,133 thousand). Interest paid and received is divided as follows:

Interest received (in EUR '000)	31/03/2012	31/03/2011
Cash flow from operating activities	69	102
Cash flow from investing activities	0	15
Cash flow from financing activities	0	0
	69	**117**

Interest paid (in EUR '000)	31/03/2012	31/03/2011
Cash flow from operating activities	16	7
Cash flow from investing activities	3	0
Cash flow from financing activities	1,625	1,126
	1,644	**1,133**

Cash flow from income taxes resulted in a cash outflow of EUR 533 thousand in operating activities (previous year: cash outflow of EUR 135 thousand).

Cash flow from operating activities
Cash flow from operating activities amounted to a total of EUR 24,855 thousand. The real estate inventory showed a change of EUR 16,849 thousand. Trade accounts receivables and other receivables showed a change of EUR 1,813 thousand. Financial receivables and other financial assets resulted in a change of EUR -3,715 thousand. From the change in trade payables and other liabilities as well as from changes in provisions, the resulting impact was EUR -1,115 thousand (net). The non-cash income and expenses were EUR -1,478 thousand. A split of the significant items is presented separately and can be found in the section "non-cash items".

Cash flow from operating activities includes income tax payments as well as income tax refunds. The balance of income tax payments and refunds amounted to EUR 523 thousand (previous year: EUR 33 thousand) in the fiscal year under review.

Cash flow from investing activities

The proceeds from the sale of interests in investment accounted for using the equity method were EUR 2,650 thousand. Payments related to the granting of loans to companies accounted for using the equity method and other interests amounted to EUR 973 thousand. Payments for investments in property, plant, and equipment amounted to EUR 11 thousand. The sale of property, plant, and equipment resulted in proceeds of EUR 28 thousand. Cash outflows for the acquisition of subsidiaries as well as for the purchase of net assets in pursuant to IFRS 3.2 (b) amounted to EUR 3,641 thousand. Proceeds from the sale of subsidiaries mounted to EUR 743 thousand.

Cash flow from financing activities

The cash outflow from financing activities was to EUR 25,416 thousand and is related to the repayment of financial debt in an amount of EUR 32,812 thousand and proceeds from borrowings of EUR 7,395 thousand.

Non-cash items

Non-cash items resulted primarily from impairment charges (EUR 6,999 thousand), the results of investments accounted for using the equity method (EUR -7,994 thousand), currency translations (EUR -606 thousand), and income taxes (EUR -68 thousand).

Cash and cash equivalent

Cash and cash equivalents correspond to the amount of EUR 3,589 thousand (previous year: EUR 5,320 thousand) reported in the consolidated balance sheet. This item of the consolidated balance sheet comprises cash in hand and current accounts with banks.

G. Notes to the consolidated statement of changes in equity

1. Notes to the consolidated statement of changes in equity for the period from April 1, 2011 to March 31, 2012

The **capital reserves** represent the amount that was received by way of a capital increase in kind and the difference of the subscribed capital and the sum of the share capital of the economic parent company and the acquisition costs for the acquisition of MAGNAT Real Estate AG (see A.5).

Retained earnings including consolidated net income for the period contains the accumulated results. The currency **translation reserves** include currency differences from fully consolidated companies and of companies accounted for using the equity method, whose functional currency is not the euro. The **reserves for treasury shares** resulted from the reverse acquisition (see A.5). **Other reserves** include those other equity components that are included proportionally from companies accounted for using the equity method. In addition, they also include the earnings neutral impact from the increase in the share of interest in the subsidiary MAGNAT Investment I B.V.

Capital transactions with shareholders

There were no distributions to shareholders either in the year under review or in the subsequent year until the date when these financial statements were prepared.

Other changes in equity recognised in the other comprehensive income
Further changes in equity recognised in other comprehensive income resulted from negative currency translation differences of EUR 2,127 thousand.

Changes recognised directly in equity
The main change occurred as a result of an increase in the share of interest in MAGNAT Investment I B.V.

Net profit for the period
The positive net profit for the period attributable to parent company shareholders amounted EUR 12,933 thousand. A positive amount of EUR 31 thousand is attributable to non-controlling shareholders.

2. Notes to the consolidated statement of changes in equity for the period from April 1, 2010 to March 31, 2011

The **capital reserves** represent the amount that was received by way of a capital increase in kind and the difference of the subscribed capital and the sum of the share capital of the economic parent company and the acquisition costs for the acquisition of MAGNAT Real Estate AG.

Retained earnings including consolidated net income for the period contains the accumulated results. The **currency translation reserves** include currency differences from fully consolidated companies and of companies accounted for using the equity method, whose functional currency is not the euro. The **reserves for treasury shares** resulted from the reverse acquisition (see A.5). **Other reserves** include those other equity components that are included proportionally from companies accounted for using the equity method.

Amendments according to IAS 8
The shares held in MAGNAT Real Estate AG by MAGNAT Asset Management GmbH were included in the acquisition of MAGNAT Real Estate AG (EUR 28 thousand). The change in capital reserves mainly relates to the derecognition of MAGNAT Real Estate AG's capital reserves (EUR 98,151 thousand) as a result of the capital consolidation as well as to the difference (EUR 7,425 thousand) between the subscribed capital of MAGNAT Real Estate AG (EUR 13,895 thousand) and the sum of the share capital of the economic parent company (EUR 160 thousand) and the acquisition costs for the acquisition of MAGNAT Real Estate AG (EUR 21,160 thousand). The adjustment to retained earnings also relates to the derecognition of retained earnings of MAGNAT Real Estate as a result of the capital consolidation, the recognition of the retained earnings of the economically acquiring company, MAGNAT Asset Management GmbH, as well as the net profit for the period as at March 31,2011 (totalling EUR 9,467 thousand). The adjustment of the reserves for treasury shares includes the reconciliation items resulting from the reclassification of the parent companies of MAGNAT Asset Management GmbH held by MAGNAT Real Estate AG EUR 310 thousand). Other reserves mainly include the derecognised items of MAGNAT Real Estate AG as per October 29, 2009 as a result of the capital consolidation. The change in interest of non-controlling shareholders was a result of the adjustment as described in Section A.5 (EUR -8,987 thousand as at April 1, 2011).

Capital transactions with shareholders
There were no distributions to shareholders in the fiscal year under review.

Other changes in equity recognised in other comprehensive income

Further changes in equity recognised in other comprehensive income resulted from negative currency translation differences of EUR 2,100 thousand, and the measurement of financial instruments available for sales in a company accounted for using the equity method resulted in a positive amount of EUR 93 thousand.

Net profit for the period

The net loss for the period attributable to parent company shareholders amounted EUR 10,290 thousand. A negative amount of EUR 483 thousand is attributable to non-controlling shareholders.

H. Group segment reporting

The segmentation of the data of the annual financial statements is based on the internal alignment according to strategic business segments and geographic considerations pursuant to IFRS 8. In accordance with the management approach, the segment information provided represents the information to be reported to the Executive Board. The Group is split into the business segments: Investments and Asset Management. The Investments segment contains all information relating to non-current assets as well as the business areas of revitalisation, project development, and land banking. The Asset Management segment represents the Group’s asset management activities. The Corporate Functions segment contains the holding companies which do not comprise a separate segment. This includes among others the activities of MAGNAT Real Estate AG. However, this is presented separately in the interest of clarity.

April 1, 2011 - March 31, 2012	**Segments by business areas**				
in EUR '000	Investments	Asset Management	Corporate Functions	Consolidation effects	Group
Revenue	38,406	2,991	787	-2,389	39,794
of which intra-group revenue	0	1,602	787	-2,389	
Other income	1,306	774	2,012	-417	3,676
Profits from investments accounted for using the equity method	8,896	0	0	0	8,896
Segment revenue	**48,608**	**3,765**	**2,799**	**-2,806**	**52,366**
Net assets from sold real estate companies	0	-411	0	0	-411
Expenses on real estate sales	-17,085	86	0	0	-16,999
Other expenses	-8,193	-4,064	-5,299	2,606	-14,950
Losses from investments accounted for using the equity method	-5,218	0	0	0	-5,218
Segment expenses	**-30,496**	**-4,389**	**-5,299**	**2,606**	**-37,577**
EBIT	**18,112**	**-624**	**-2,500**	**-200**	**14,788**
Financial income	737	74	189	-167	833
Financial expenses	-1,431	-221	-1,105	167	-2,589
Income taxes	2	-75	5	0	-68
Net profit/loss for the period	**17,420**	**-846**	**-3,410**	**-200**	**12,964**
Significant non-cash expenses	**-2,344**	**579**	**287**		**-1,478**
Impairment charge in net profit/loss for the period	**6,344**	**593**	**295**		**7,233**
Reversal of impairment charges in net profit/loss for the period	**101**	**0**	**745**		**846**
Additional information					
Segment assets	**32,302**	**6,475**	**5,490**		**44,267**
of which investments accounted for using the equity method	8,074	0	0		8,074
of which loans to investments accounted for using the equity method	1,008	0	13		1,020
of which financial receivables and other financial assets	1,678	435	1,883		3,996
of which tax refund claims	5	1	800		806
of which assets available for sales in investments accounted for using the equity method	3,806	0	0		3,806
Segment liabilities	**8,520**	**5,082**	**10,437**		**24,039**
of which non-current financial debt	6,966	1,260	6,603		14,829
of which current financial debt	240	2,796	2,351		5,388
of which tax liabilities	66	9	210		284

	Geographic segments			
in EUR '000	D / A / NL [1]	CEE/SEE [1]	CIS [1]	Group
Revenue	39,794	0	0	39,794
Other income	2,558	77	1,041	3,676
Profits from investments accounted for using the equity method	2,884	6,012	0	8,896
Segment revenue	**45,236**	**6,089**	**1,041**	**52,366**
Additional information				
Segment assets	**21,002**	**7,021**	**16,245**	**44,267**
of which investments accounted for using the equity method	1,433	0	6,641	8,074
of which loans to investments accounted for using the equity method	13	0	1,008	1,020
of which financial receivables and other financial assets	2,318	0	1,678	3,996
of which tax refund claims	806	0	0	806
of which assets available for sales in investments accounted for using the equity method	3,806	0	0	3,806
Total liabilities	**23,521**	**37**	**482**	**24,039**
of which non-current financial debt	14,827	0	2	14,829

[1] CEE = Central & Eastern Europe; SEE = South-Eastern Europe; CIS = Commonwealth of Independent States
D / A / NL = Germany, Austria, and the Netherlands

April 1, 2010 - March 31, 2011	Segments by business areas				
in EUR '000	Investments	Asset Management	Corporate Functions	Consolidation effects	Group
Revenue	6,952	9,120	700	-2,518	14,254
of which intra-group revenue	0	1,818	700	-2,518	
Other income	583	3,070	2,104	-493	5,264
Profits from investments accounted for using the equity method	0	0	0	0	0
Segment revenue	**7,535**	**12,190**	**2,804**	**-3,011**	**19,518**
Net assets from sold real estate companies	0	0	0	0	0
Expenses on real estate sales	0	-3,743	0	0	-3,743
Other expenses	-5,858	-5,746	-8,721	2,633	-17,693
Losses from investments accounted for using the equity method	-7,490	0	0	0	-7,490
Segment expenses	**-13,348**	**-9,489**	**-8,721**	**2,633**	**-28,925**
EBIT	**-5,812**	**2,701**	**-5,917**	**-378**	**-9,407**
Financial income	777	213	502	-112	1,380
Financial expenses	-1,160	-385	-1,180	112	-2,613
Income taxes	-11	-596	474	0	-133
Net profit/loss for the period	**-6,207**	**1,933**	**-6,121**	**-378**	**-10,773**
Significant non-cash expenses	**7,313**	**600**	**1,838**		**9,751**
Impairment charge in net profit/loss for the period	**1,713**	**1,066**	**2,929**		**5,708**
Reversal of impairment charges in net profit/loss for the period	**26**	**0**	**0**		**26**
Additional information					
Segment assets	**51,604**	**8,995**	**6,970**		**67,570**
of which investments accounted for using the equity method	15,760	0	0		15,760
of which loans to investments accounted for using the equity method	23	0	0		23
of which financial receivables and other financial assets	1,384	369	2,239		3,992
of which tax refund claims	3	0	296		299
Segment liabilities	**36,461**	**5,810**	**12,724**		**54,995**
of which non-current financial debt	33,623	1,374	4,251		39,248
of which current financial debt	840	3,127	7,179		11,146
of which tax liabilities	0	7	218		225

	Geographic segments			
in EUR '000	D / A / NL [1]	CEE/SEE [1]	CIS [1]	Group
Revenue	14,254	0	0	14,254
Other income	4,811	2	450	5,264
Profits from investments accounted for using the equity method	0	0	0	0
Segment revenue	**19,065**	**2**	**450**	**19,518**
Additional information				
Segment assets	**42,006**	**8,927**	**16,637**	**67,570**
of which investments accounted for using the equity method	1,846	3,563	10,351	15,760
of which loans to investments accounted for using the equity method	0	0	23	23
of which financial receivables and other financial assets	2,605	0	1,387	3,992
of which tax refund claims	299	0	0	299
Segment liabilities	**54,365**	**356**	**274**	**54,995**
of which non-current financial debt	38,957	193	98	39,248

[1] CEE = Central & Eastern Europe; SEE = South-Eastern Europe; CIS = Commonwealth of Independent States
D / A / NL = Deutschland, Österreich und Niederlande

As at April 1, 2010	Segments by business areas			
in EUR '000	Investments	Asset Management	Corporate Functions	Group
Additional information				
Segment assets	**62,652**	**10,309**	**17,279**	**90,240**
of which investments accounted for using the equity method	32,926	0	0	32,926
of which loans to investments accounted for using the equity method	1,621	0	0	1,621
of which financial receivables and other financial assets	37	487	2,892	3,416
of which tax refund claims	146	0	187	332
Segment liabilities	**38,747**	**9,805**	**16,584**	**65,135**
of which non-current financial debt	35,895	3,871	7,727	47,494
of which current financial debt	1,855	4,482	5,653	11,990
of which tax liabilities	126	435	286	846

	Geographic segments			
in EUR '000	D / A / NL [1]	CEE/SEE [1]	CIS [1]	Group
Additional information				
Segment assets	**49,341**	**22,756**	**18,142**	**90,240**
of which investments accounted for using the equity method	4,053	17,238	11,634	32,926
of which loans to investments accounted or using the equity method	0	0	1,621	1,621
of which financial receivables and other financial assets	3,401	0	15	3,416
of which tax refund claims	332	0	0	332
Total liabilities	**63,091**	**1,870**	**175**	**65,135**
of which non-current financial debt	45,799	1,695	0	47,494

[1] CEE = Central & Eastern Europe; SEE = South-Eastern Europe; CIS = Commonwealth of Independent States
D / A / NL = Germany, Austria, and the Netherlands

April 1, 2011 - March 31, 2012	Geographic segments – additional information about Germany
in EUR '000	D
Revenue	38,440
Other income	1,636
Profits from investments accounted for using the equity method	56
Segment revenue	**40,132**
Additional information	
Segment assets	**10,099**
of which investments accounted for using the equity method	1,433
of which loans to investments accounted for using the equity method	0
of which financial receivables and other financial assets	1,872
of which tax refund claims	45
Total liabilities	**13,300**
of which non-current financial debt	8,776

April 1, 2010 - March 31, 2011	Geographic segments – additional information about Germany
in EUR '000	D
Revenue	6,952
Other income	605
Profits from investments accounted for using the equity method	0
Segment revenue	**7,557**
Additional information	
Segment assets	**30,877**
of which investments accounted for using the equity method	1,846
of which loans to investments accounted for using the equity method	0
of which financial receivables and other financial assets	1,568
of which tax refund claims	34
Total liabilities	**42,214**
of which non-current financial debt	33,380

As at April 1, 2010	Geographic segments – additional information about Germany
in EUR '000	D
Additional information	
Segment assets	**35,416**
of which investments accounted for using the equity method	2,312
of which loans to investments accounted for using the equity method	0
of which financial receivables and other financial assets	2,565
of which tax refund claims	330
Total liabilities	**42,153**
of which non-current financial debt	38,342

Revenues for the fiscal year resulted from the rental of real estate which was generated in the Investments segment, and the sale of real estate which was generated in the Investments and Asset Management segments. In the geographical segment Germany, revenues in the reporting year of EUR 32,900 thousand stemmed from one significant customer.

The activities of the companies in the non-operating areas and the primary segment Corporate Functions is limited to the management of the subordinated subsidiaries and other companies.

The carrying amounts of the companies accounted for using the equity method (EUR 8,074 thousand; previous year: EUR 15,760 thousand) are allocated in their entirety to the Investments segment.

The carrying amounts of the companies accounted for using the equity method of EUR 8,074 thousand (previous year: EUR 15,760 thousand) are divided into regional segments as follows: Germany/Austria/Netherlands: EUR 1,433 thousand (previous year: EUR 1,846 thousand); the CEE/SEE region, EUR 0 thousand (previous year: EUR 3,563 thousand); and the CIS region EUR 6,641 thousand (previous year: EUR 10,350 thousand).

The assets available for sales in investments accounted for using the equity method are allocated in their entirety to the Investments segment and are into regional segments as follows: the CEE/SEE region (EUR 3,536 thousand) and the CIS region (EUR 270 thousand).

Scheduled depreciation and amortisation of property, plant, and equipment and of other intangible assets are divided among the Investments segment with EUR 7 thousand (previous year: EUR 7 thousand), the Asset Management segment with EUR 26 thousand (previous year EUR 25 thousand, and the Corporate Functions segment with EUR 6 thousand (previous year EUR 10 thousand).

Non-cash items mainly include impairment charges (the Investments segment with EUR 6,135 thousand; the Asset Management segment with EUR 568 thousand; the Corporate Functions segment with EUR 295 thousand) as well as the operating results of companies accounted for using the equity method (Investments segment with EUR -7,994 thousand).

The impairment charges of EUR 6,344 thousand in the Investments segment are comprised of EUR 3,617 thousand from real estate inventory, EUR 2,640 thousand from companies accounted for using the equity method, and EUR 87 thousand from trade accounts receivables and other receivables. The impairment charges of EUR 593 thousand in the Asset Management segment are comprised of EUR 391 thousand from goodwill and EUR 202 thousand from trade accounts receivables and other receivables. The impairment charges in the Corporate Functions segment amounted to EUR 295 thousand and are comprised of trade accounts receivables and other receivables as well as financial receivables and other financial assets.

Reversals of impairment charges in the Investments segment amounted to EUR 101 thousand and concern real estate inventory.

In the Investments segment, real estate inventory decreased as a result of the sale of the German residential portfolio and impairment charges (disposals through sales at the Group level: EUR 16,702 thousand).

Of the total Group revenues of the (EUR 39,794 thousand), EUR 38,440 thousand are attributed to Germany. The revenues primarily result from the sale of real estate (EUR 32,900 thousand) and rental income (EUR 5,506 thousand). An amount of EUR 1,388 thousand is attributed to Austria and is mainly the result of disposals of real estate and real estate companies (EUR 672 thousand) and asset management services (EUR 716 thousand).

The geographical allocation of revenues is based on the location of the rented property for rental income, on the location of the object sold for the sale of real estate, and on the location where the services were performed for asset management services.

Transactions among segments are carried out on the basis comparable external conditions.

I. Other notes

1. Financial instruments

Interest-rate risks to cash flows relate to cash held in deposit accounts and to variable interest rates on debt. The Company does not anticipate significant negative interest rate effects over the long term since the liquid funds are only available to the extent as of the balance sheet date until investments are made and will be subsequently employed in projects in line with planning. For the amount of EUR 3,589 thousand (previous year: 5,320 thousand) deposited as at the balance sheet date, a decline in the interest rate of 0.5% p.a. would result in a decrease in the yearly interest income of EUR 18 thousand (previous year: EUR 27 thousand. This is equivalent to EUR 2 thousand (rounded) per month.

Generally, a reference is made to the risk report in the Group management report.

Financial risk management

The Group's financial assets consist mainly of loans to companies accounted for using the equity method, other loans, trade accounts receivables and other receivables, financial receivables and other financial assets, as well as bank deposits. The major proportion of trade accounts receivables consists of receivables from rent and asset management. Potential defaults in this context are taken into consideration.

The Group's financial debt is comprised mainly of bank loans, overdrafts, trade payables, and loans granted. The main purpose of this financial debt is to finance the business activities of the Group.

The Group is exposed to various financial risks as a result of its business activities: foreign currency risk, interest-rate risk, credit risk, and liquidity risk. The overlying risk management system concentrates on the on-going identification of typical business risks and their active management. Risks within a certain range are accepted that are offset by corresponding return opportunities. The goal is to limit the exposure to peak risks in order not to jeopardise the continuance of the Company.

The Executive Board identifies, evaluates, and hedges financial risks in close collaboration with the asset manager and in coordination with the Supervisory Board of the Group.

Foreign currency risk

MAGNAT is predominantly active on markets outside the eurozone, and is consequently also exposed to corresponding currency exchange rate risks. Where possible and practicable, projects are processed in the local currency (local currency debt financing of construction costs, for example). The change in the project's existing assets and liabilities has its effects within the currency translation reserve under other profit/loss in the statement of comprehensive income. When the Group's liabilities or assets are held in a foreign currency, this in turn has an effect on the consolidated statement of income. Generally, there are no material concentrations of foreign currency risk.

The Group has granted loans in USD to companies accounted for using the equity method in an amount equivalent to EUR 926 thousand.

The remaining exchange rate risk, which is mostly limited to invested equity and the potential profit, is only partially hedged. Generally, preference is given to hedging on an aggregated basis rather than individual project-related risks. Here, hedging is only considered when certain fluctuation ranges are exceeded and only for particular currencies and are limited to the equity invested (and not for the potential profit). This approach is based on a cost-benefit analysis, but also in the knowledge that exchange rate risk as a whole cannot be isolated entirely, it being rather the case that many additional interdependencies beyond pure exchange-rate fluctuations play a role. In summary, the management of exchange rate risks is geared toward accepting currency risk within a certain range. Hedging is only used to cap peak risks on an aggregated basis and is only sought for certain currencies in order to counteract developments that could jeopardise the continuance of the Company. The foreign currency hedging strategy is determined in close coordination with the Supervisory Board.

The risk relating to the employment of equity can be quantified as follows, whereby MAGNAT has approximately 44% invested in the Ukraine (previous year: approximately 39%.

in EUR '000	Functional currency	31/03/2012	31/03/2011
Ukraine	UAH	27,935	27,712
Turkey	YTL	675	4,770
Romania	RON	9,394	9,394
Poland	PLN	6,670	6,313
Russia	EUR	2,562	2,562
Georgia	GEL	1,481	1,481
Bulgaria	BGN	1,472	1,466
Germany and Austria	EUR	13,791	17,114
Total		**63,979**	**70,812**

The figures listed above are based on the historical values of MAGNAT Real Estate AG's employed equity. In fiscal year 2011/2012, the non-controlling interests of the former co-investor R- QUADRAT Capital Beta GmbH were acquired.

The following table shows a breakdown of assets and liabilities by currency (in EUR '000):

	EUR	Other	Total
Investments accounted for using the equity method	8,074	0	8,074
Loans to investments accounted for using the equity method	94	926	1,020
Trade accounts receivables and other receivables	4,632	946	5,578
Financial receivables and other financial assets	3,996	0	3,996
Cash and cash equivalents	3,329	260	3,589
Assets available for sales in investments accounted for using the equity method	3,536	270	3,806
Other assets	9,172	9,033	18,205
	32,834	**11,435**	**44,267**
Non-current financial debt	14,827	2	14,829
Current financial debt	5,362	26	5,388
Other liabilities	3,321	502	3,823
	23,511	**530**	**24,039**

Interest-rate risk

The MAGNAT Group utilises debt to finance its property projects, with some of its debt being at variable interest rates. As a consequence, the MAGNAT Group is exposed to interest-rate risks, since increases in the interest-rate level increase its financing costs. An increase in the interest-rate level of +/-100 basis points would entail an increase, respectively decrease, in the Company's interest expenses of around EUR 42 thousand per year.

This policy is evaluated at regular intervals and in close coordination with the Supervisory Board.

Credit risk

The reported financial instruments simultaneously represent maximum credit and default risk. In the context of uniform risk management standards across the Group, the counterparty risk is assessed and supervised on a uniform basis. The aim is to minimise default risk. No insurance is taken out for counterparty risk. There is generally no significant concentration of credit risk within the Group. An analysis of the impaired receivables is provided in the following table:

in EUR '000	Gross receivables	Impairments	Total
31/03/2012			
Trade accounts receivables and other receivables	3.107	-1.707	1.400
Financial receivables and other financial assets	0	0	0
	3.107	**-1.707**	**1.400**
31/03/2011			
Trade accounts receivables and other receivables	2.111	-1.402	709
Financial receivables and other financial assets	2.970	-2.958	12
	5.081	**-4.360**	**720**

Liquidity risk

In the Company's initial phase, liquidity risk was primarily managed through holding liquidity reserve in the form of bank deposits available at all times, as well as, to a limited degree, credit lines that could be drawn down. Today, the liquidity position is significantly more dependent upon proceeds from disposals and the planned prolongation of loans as they come due. The liquidity position is also affected by any additional contributions for the continued financing of projects – particularly in connection with co-investors. Generally, there are no significant concentrations of liquidity risk.

Further information on risk management and on financial risks are provided in the risk report of the Management Report.

Capital management

The overriding objective of the Group's capital management is to secure future debt repayment capability and to preserve the Group's financial net worth. The intention of the Executive Board is to obtain a sufficiently strong equity base, and to maintain the confidence of investors and the market. The Company also aims to strengthen its equity through profit retention. Whereas the equity commitment in Germany and Austria stands at 20 to 30% of the investment volume, significantly higher equity commitments must be allowed for in the CEE/SEE/CIS countries, especially in the early stages.

The Group monitors its capital through its equity ratio. Components of this ratio are the total assets in the consolidated balance sheet, and the shareholders' equity reported in the consolidated balance sheet that is attributable to both the parent company shareholders and non-controlling shareholders. MAGNAT intends to utilise the available equity as a means for a possible leverage, but will continue to maintain a solid equity ratio. As of March 31, 2012 the equity ratio stood at 45.7% (previous year: 18.6%). MAGNAT intends to maintain an equity ratio of more than 30%. The achievement of this goal will be accompanied by different processes. Disposals should be carried out at least at the higher of carrying amount and market value. Strict cost control and cost reduction measures should lead to an optimisation of the structure. Moreover, additional profit potential should be generated from asset management.

Additional information about financial instruments

March 31, 2012	IAS 39 measurement					Value
in EUR '000	Measurement category	Carrying amount	Fair value through profit/loss	Fair value through equity	Amortised cost	Fair value
Other financial assets	n,a,	49	0	0	49	**49**
Loans to investments accounted for using the equity method	L&R	1,020	0	0	1,020	**1,020**
Other loans	L&R	541			541	**541**
Trade accounts receivables and other receivables	L&R	4,287	0	0	4,287	**4,287**
Financial receivables and other financial assets	L&R	3,996	0	0	3,996	**5,547**
Cash and cash equivalents	L&R	3,589	0	0	3,589	**3,589**
Non-current financial debt	o,L,	14,829	0	0	14,829	**13,068**
Trade payables and other liabilities	o,L,	1,240	0	0	1,240	**1,240**
Current financial debt	o,L,	5,388	0	0	5,388	**5,388**
Value per measurement category	L&R				**13,433**	
	o,L,				**-21,457**	

March 31, 2011 (adjusted)			IAS 39 measurement			Value
in EUR '000	Measurement category	Carrying amount	Fair value through profit/loss	Fair value through equity	Amortised cost	Fair value
Other financial assets	n,a,	119	0	0	119	**119**
Loans to investments accounted for using the equity method	L&R	23	0	0	23	**23**
Other loans	L&R	416	0	0	416	**416**
Trade accounts receivables and other receivables	L&R	5,618	0	0	5,618	**5,618**
Financial receivables and other financial assets	L&R	3,992	0	0	3,992	**5,934**
Cash and cash equivalents	L&R	5,320	0	0	5,320	**5,320**
Non-current financial debt	o,L,	39,248	0	0	39,248	**36,310**
Trade payables and other liabilities	o,L,	2,223	0	0	2,223	**2,223**
Current financial debt	o,L,	11,146	0	0	11,146	**11,146**
Value per measurement category	L&R				15,369	
	o,L,				-52,617	

March 31, 2011 (adjusted)			IAS 39 measurement			Value
in EUR '000	Measure-ment category	Carrying amount	Fair value through profit/loss	Fair value through equity	Amortised cost	Fair value
Other financial assets	n,a,	163	0	0	163	**163**
Loans to investments accounted for using the equity method	L&R	1,621	0	0	1,621	**3,216**
Other loans	L&R	0	0	0	0	**0**
Trade accounts receivables and other receivables	L&R	8,790	0	0	8,790	**11,536**
Financial receivables and other financial assets	L&R	3,416	0	0	3,416	**4,902**
Cash and cash equivalents	L&R	8,822	0	0	8,822	**8,822**
Value per measurement category	L&R				22,649	

Meaning of abbreviations:
L&R: Loans and Receivables
n.a. not applicable
o.L. other Liabilities

The carrying amount is assumed to be equal to the fair value for trade accounts receivables and other receivables, the current other financial assets and liabilities, and cash and cash equivalents due to their short-term maturities. The fair value of non-current financial debt and financial receivables is derived from the present value of expected future cash flows. The discount rate is based on the prevailing interest rates at the reporting date.

The carrying amounts of the financial instruments represent the maximum default risk:

in EUR '000	31/03/2012	31/03/2011 adjusted	01/04/2010 adjusted
Loans and Receivables	9,844	10,049	13,827
Cash and cash equivalents	3,589	5,320	8,822
Other financial assets	49	119	163
Total	**13,482**	**15,488**	**22,812**

The maximum default risk of loans and receivables is divided according to regional considerations as follows:

in EUR '000	31/03/2012	31/03/2011 adjusted	01/04/2010 adjusted
Germany, Austria and the Netherlands	5,009	7,423	7,137
Poland	1,950	1,099	875
Ukraine	77	69	4,099
Georgia	938	30	459
Other countries	1,871	1,428	1,257
Total	**9,844**	**10,049**	**13,827**

The Group's cash and cash equivalents are divided according to regional considerations as follows:

in EUR '000	31/03/2012	31/03/2011
Cash and cash equivalents in euro countries	3,329	5,114
Cash and cash equivalents in other countries	260	206
Total	**3,589**	**5,320**

As per the prior year's reporting date, there were no overdue loans and receivables as at March 31, 2012.

Net gains and losses 01/04/2011 - 31/03/2012		From subsequent measurement				
in EUR '000	from interest	at fair value	Currency difference	Impairments	Reversal of impairments	Net profit/ loss
Loans and Receivables	810		-1	-584	745	970
Other financial assets	0	-2				-2
Other Liabilities	-2,587		45			-2,542
Total	**-1,777**	**-2**	**44**	**-584**	**745**	**-1,574**

Net gains and losses 01/04/2010 - 31/03/2011		From subsequent measurement				
in EUR '000	from interest	at fair value	Currency difference	Impairments	Reversal of impairments	Net profit/ loss
Loans and Receivables	1,380		-5	-4,260		-2,885
Other financial assets	0	-6				-6
Other Liabilities	-2,370					-2,370
Total	**-990**	**-6**	**-5**	**-4,260**	**0**	**-5,261**

L&R: loans and receivables
n.a. not applicable
o.L. other liabilities

For receivables from the leasing of commercial and residential property in Germany, proportionate impairments were recognised in an amount of EUR 87 thousand in the Investments segment based of the assessment of the tenants' creditworthiness.

Based on the status of information available, it is assumed that those receivables that are not overdue or impaired have retained their value, and are consequently collectable. This assumption is subject to constant monitoring.

Impairment charges during the reporting period are distributed as follows among the classes of financial instruments:

in EUR '000	31/03/2012	31/03/2011
Trade accounts receivables and other receivables	539	1,315
Financial receivables	45	2,945
Total	**584**	**4,260**

Future outgoing payments related to financial debt are presented in the following table:

in EUR '000	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	After March 31, 2017
DKB loan for 1.MAGNAT Immobilienges. mbh						
Interest	155	150	37			
Repayment	107	112	3,217			
DKB loan for 5.MAGNAT Immobilienges. mbh						
Interest	169	164	40			
Repayment	117	122	3,513			
Loan for R-QUADRAT Immobilien Management Gmbh & Co. Grazer Straße 59-61 KG						
Interest	15	15	14	14	14	63
Repayment	7	7	7	7	7	353
Loan for MAGNAT Asset Management Gmbh & Co. Kastnergasse 16 KG						
Interest	10	10	10	9	8	25
Repayment			34	35	36	262
Mezzanine loan						
Interest			3,886			
Repayment			2,400			
Financial debt to R-QUADRAT Capital Beta Gmbh						
Repayment		2,000				
Loan R-QUADRAT Capital Gamma Gmbh						
Interest	173					
Loan AURAGUS Gmbh						
Interest	71					
Repayment	2,000					
Loan MAGNAT Immobilien Gmbh & Co. Brünner Straße 261-263 KG						
Interest	13					
Repayment	567					
Loan MAGNAT Capital Markets Gmbh						
Repayment						483
Profit participation certificates MAGNAT Capital Markets Gmbh						
Repayment						26
Other financial debt	**2,396**	**2**				
Trade payables and other liabilities	**1,513**					
Total	**7,313**	**2,582**	**13,159**	**65**	**65**	**1,212**

2. Contingent assets and liabilities

In the fiscal year under review, MAGNAT Real Estate AG assumed the non-controlling interests and receivables of the former co-investor R-QUADRAT Capital Beta GmbH. As part of this agreement, the acquired assets were pledged in favour of R-QUADRAT Capital Beta GmbH in order to secure the existing financial debt (in the amount of the nominal value of EUR 2 thousand (see section E 5.2).

3. Related party disclosures

Business transactions with members of management having key positions within the Company

In the year under review, the law firm of Supervisory Board member Dr. Christoph Jeannée rendered consultancy services to MAGNAT in an amount of EUR 315 thousand (previous year: EUR 45 thousand) plus VAT. As at March 31, 2012, liabilities due to the law firm existed in the amount of EUR 97 thousand (previous year: EUR 3 thousand).

There were consultancy relationships between MAGNAT (especially MAGNAT Asset Management GmbH) and the company of Supervisory Board member Friedrich Lind. In the fiscal year under review, an amount of EUR 55 thousand (previous year: EUR 187 thousand) was invoiced by Mr. Lind for the services provided. Of this amount there were no outstanding liabilities in the Group as at March 31, 2012.

In the previous year, there was a consultancy relationship between MAGNAT and the company of Supervisory Board member Dr. Carsten Strohdeicher, and an associated company of MAGNAT. The consulting agreement comprised consulting for, and the broking of, external financing for real estate projects in Germany. In the previous year, EUR 6 thousand plus VAT was paid for the consultancy services provided. As at March 31, 2012, there were no outstanding liabilities to the company of the Supervisory Board member Dr. Carsten Strohdeicher.

The Supervisory Board granted its assent to all contractual relationships.

In fiscal year 2011/2012, AURAGUS GmbH, Vienna granted MAGNAT a loan in the amount of EUR 2 thousand for which no collateral was provided. AURAGUS GmbH is attributed to the company of Supervisory Board member Friedrich Lind.

Explanations to the Executive Board's remuneration are made under I.6.

The following balances exist with respect to associated companies:

in EUR '000	31/03/2012	31/03/2011
Trade accounts receivables and other receivables	52	382
Financial receivables and other financial assets	65	2
Trade payables and other liabilities	69	0

The balance of trade accounts receivables and other receivables is based on the offsetting of asset management services. Regarding financial receivables and other financial assets reference is made to the E.2.3. Trade payables and other liabilities are related to the leasing of office space.

The following balances exist with respect to joint ventures:

in EUR '000	31/03/2012	31/03/2011
Loans to investments accounted for using the equity method	1,020	23
Financial receivables and other financial assets	3,639	3,505
Current financial debt	164	22

Please refer to the remarks under E.1.5 concerning loans to companies accounted for using the equity method. Regarding financial receivables and other financial assets reference is made to the E.2.3. The balance of current financial debt is based on other financial debt.

Volume of business transactions with companies accounted for using the equity method:

in EUR '000	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
Loans to investments accounted for using the equity method	1.001	472
Trade accounts receivables and other receivables	667	514
Financial receivables and other financial assets	126	908
Current financial debt	4	11

There is no collateral in the case of receivables due from companies accounted for using the equity method.

Business transactions with other related parties

In addition, there were consultancy relationships between MAGNAT (especially MAGNAT Asset Management GmbH) and the company of Supervisory Board member Dr. Falko Müller-Tyl. He holds an indirect interest in MAGNAT. In the fiscal year under review, these consultancy relationships amounted to payments of EUR 114 thousand (previous year: EUR 173 thousand) plus VAT. As of March 31, 2012, there were no outstanding debts in the Group related to this amount.

The Supervisory Board granted its assent to this consulting relationship

4. Auditor's fee

The auditor's fee reported as expenses in the fiscal year under review can be split as follows (amounts including value-added tax):

in EUR '000	2011/2012	2010/2011
Auditing services	263	283
Other assurance services	169	40
	432	**323**

5. Events subsequent to the balance sheet date

At the end of July 2012, MAGNAT Asset Management GmbH was able to profitably dispose of the Brünnerstraße project in Vienna Austria which had been acquired in November 2011. Following the disposal and after the deduction of financial liabilities, MAGNAT will receive proceeds in an amount of EUR 0.5 million. There were no other events of material significance subsequent to the close of the fiscal year on March 31, 2012 and the completion of this report on August 22, 2012.

6. Executive Board, Supervisory Board and Employees

a. Executive Board

In accordance with the Articles of Association, the Executive Board conducts business under its own responsibility.

The Executive Board members in the year under review were as follows:

- Dr. Marc-Milo Lube, Spokesman for the Executive Board
- Jürgen Georg Faè

For fiscal year 2011/2012, the Executive Board of MAGNAT Real Estate AG received fixed remuneration (short-term benefits) totalling EUR 413 thousand (previous year: EUR 405 thousand) which is split as follows (amounts in EUR '000):

	2011/2012	2010/2011
Dr. Marc-Milo Lube	223	55
Jürgen Georg Faè	190	193
Jan Oliver Rüster	0	157
	413	**405**

In fiscal year 2011/2012, severance payments were recognised to the former Executive Board member, Jan Oliver Rüster, in the amount of EUR 270 thousand.

If an employment contract of an Executive Board member is ended prematurely through a proper cancellation on the part of MAGNAT, the Executive Board member is entitled to a severance payment in monthly instalments equal to 50 % of the sum of his outstanding contract until the end of the actual term of the employment contract. The amount of the payment is based on his fixed salary.

b. Supervisory Board

The following table provides the names and activities of the Supervisory Board members.

Name	Function	Profession	Period	Remuneration (in EUR '000) *)
Prof. Dr. Werner Schaffer	Chairman	Tax Consultant	since July 7, 2006	19
Dr. Carsten Strohdeicher	Deputy Chairman	Independent Management Consultant	since July 7, 2006	13
Dr. Christoph Jeannée		Lawyer	since July 31, 2006	6
Mag. Wolfgang Quirchmayr		Tax Consultant	since October 27, 2011	3
Friedrich Lind		Merchant	since December 9, 2009	6
Andreas Lange		Management Board member of Altira AG	until August 5, 2011	2
Dr. Stefan Schütze LL.M.		Lawyer	since April 4, 2011	6
				55

*) Remuneration excluding reimbursement of expenses and value-added tax

In addition, Supervisory Board members were reimbursed for travel costs amounting to EUR 12 thousand.

c. Employees

	31/03/2012	31/03/2011
Permanent employees	27	29
	27	**29**

The average number of employees for fiscal year 2011/2012 was 28 (fiscal year 2010/2011: 25).

7. Statement to the "German Corporate Governance Code"

The statements of compliance with the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) are made available by the Company to shareholders once each calendar year. The statement of compliance with the German Corporate Governance Code was issued, and is permanently accessible to shareholders on MAGNAT's website under "Company" (http://www.magnat.ag/de/company/governance.php).

8. Release for publication

The consolidated financial statements presented were prepared by the Executive Board on August 22, 2012 and have been released for publication.

Frankfurt am Main, August 22, 2012

MAGNAT Real Estate AG

Dr. Marc-Milo Lube
Executive Board member

Jürgen Georg Faè
Executive Board member

Lists of shareholdings pursuant to section 313 (2) HGB

Company	Type	Head Office
MAGNAT Real Estate AG	Group parent company	Germany, Frankfurt am Main
Lumpsum Eastern European Participations C.V.	Subsidiary	The Netherlands, Osterhout
MAGNAT Investment I B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendamm
Erste MAGNAT Immobiliengesellschaft mbH	Subsidiary	Germany, Frankfurt am Main
Zweite MAGNAT Immobiliengesellschaft mbH	Subsidiary	Germany, Frankfurt am Main
SC TEO Impex International Consulting S.r.l.	Subsidiary	Romania, Bucharest
Dritte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Germany, Frankfurt am Main
Vierte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Germany, Frankfurt am Main
Fünfte MAGNAT Immobiliengesellschaft mbH	Subsidiary	Germany, Frankfurt am Main
MAGNAT Real Estate UA III B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA VI B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA VII B.V.	[2]	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA VIII B.V.	[2]	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA X B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA XI B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
R Quadrat Bulgaria EOOD	Subsidiary	Bulgaria, Sofia
SC Victory International Consulting S.r.l.	Subsidiary	Romania, Bucharest
OXELTON ENTERPRISES LIMITED	Joint venture [4]	Cyprus, Limassol
Carmen Trading Ltd.	Joint venture [8]	Ukraine, Kiev
Irao Magnat Digomi LLC	Subsidiary	Georgia, Tbilisi
Irao Magnat 28/2 LLC	Joint venture	Georgia, Tbilisi
Magnat Tbilisi Office 1 LLC	Subsidiary	Georgia, Tbilisi
Magnat Tbilisi Residential 1 LLC	[2]	Georgia, Tbilisi
Vlemegona Holdings Ltd.	[3] [5]	Cyprus, Limassol
R-QUADRAT Ukraine VII Ltd.	[2]	Ukraine, Kiev
R-QUADRAT Ukraine VIII Ltd.	[2]	Ukraine, Kiev
R-QUADRAT Ukraine X Ltd.	[2]	Ukraine, Kiev
Kappatrade Ltd.	Subsidiary	Ukraine, Kiev
R-QUADRAT Ukraine XI Ltd.	[2]	Ukraine, Kiev
Polartrade Ltd.	Subsidiary	Ukraine, Kiev
MAGNAT Investment II B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate Project Sadko B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA IV B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA V B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Esate New Project Sadko B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA I B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
MAGNAT Real Estate UA XII B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
OOO Sadko Holding	Subsidiary	Russia, Moscow
R-QUADRAT Ukraine Gamma Ltd.	Subsidiary	Ukraine, Kiev

Shareholders' equity in EUR '000 as at 31/03/12	Interest in equity % [1]	Profit/loss for last fiscal year
-2	94.00	
63,425	99.64	
1,960	100.00	
4,104	100.00	
2,629	100.00	
257	100.00	
-1,505	100.00	
-405	100.00	
2,933	100.00	
4,076	100.00	
15	100.00	0
15	100.00	0
-25	100.00	
29	100.00	
328	100.00	
973	100.00	
1,547	60.00	
[7]	60.00	
-783	75.00	
-836	50.00	
54	100.00	
0	100.00	0
-23	60.00	-4
4	100.00	-1
5	100.00	0
5	100.00	0
-2,098	100.00	
5	100.00	0
-2,353	100.00	
6,118	100.00	
57	100.00	
1,426	100.00	
1,440	100.00	
479	100.00	
2,705	100.00	
114	100.00	
66	100.00	
274	100.00	

[1] The share in the equity corresponds to the control relationship before taking into account any non-controlling interests within the Group; the share of voting rights corresponds to the equity share
[2] Subsidiary, not included in the consolidated financial statements
[3] Joint venture, not accounted for using the equity method
[4] Based on internal subgroup financial statements underlying these consolidated financial statements
[5] Stated amounts are based on the financial statement as of 31/12/2011 and as of 31/03/2011 respectively
[6] Companies held directly or indirectly by Hekuba S.à.r.l.
[7] No information provided for these companies as they are already included in the consolidated subgroup financial statements of the corresponding parent company
[8] Subsidiary of OXELTON ENTERPRISES Limited

Company	Type	Head Office
OOO New Sadko Holding	Subsidiary	Russia, Moscow
Zetatrade Ltd.	Subsidiary	Ukraine, Kiev
R-QUADRAT Ukraine XII Ltd.	Subsidiary	Ukraine, Kiev
MAGNAT Investment III B.V.	[3]	The Netherlands, Hardinxveld Giessendam
MAGNAT Investment IV B.V.	Subsidiary	The Netherlands, Hardinxveld Giessendam
IRAO Magnat Gudiashvili LLC	Joint venture	Georgia, Tbilisi
R-Quadrat Polska Alpha Sp. z o.o.	Joint venture	Poland, Warsaw
MAGNAT Development GmbH	[2] [5]	Germany, Frankfurt am Main
Hekuba S.à.r.l.	Joint venture [4]	Luxemburg, Luxemburg
Anadolu Gayrimenkul Yatirimciligi ve Ticaret A.S	Joint venture [6]	Turkey, Instanbul
Bersan Gayrimenkul Yatirim A.S.	Joint venture [6]	Turkey, Instanbul
Manisa Cidersan Gayrimenkul Yatirim A.S	Joint venture [6]	Turkey, Instanbul
Sehitler Gayrimenkul Yatirim A.S	Joint venture [6]	Turkey, Instanbul
Ephesus Gayrimenkul Yatirim A.S	Joint venture [6]	Turkey, Instanbul
Kilyos Gayrimenkul Yatirim A.S.	Joint venture [6]	Turkey, Instanbul
Russian Land AG	Associated company	Austria, Vienna
SQUADRA Immobilien GmbH & Co. KGaA,	Associated company [4]	Germany, Frankfurt am Main
MAGNAT AM GmbH	Subsidiary	Austria, Vienna
MAGNAT Asset Management GmbH	Subsidiary	Austria, Vienna
MAGNAT Capital Markets GmbH	Subsidiary	Austria, Vienna
MAGNAT Asset Management Deutschland GmbH	Subsidiary	Germany, Frankfurt am Main
MAGNAT Immobilien GmbH & Co. Schumanngasse 16 KG	Subsidiary	Austria, Vienna
R-QUADRAT Immobilien Management GmbH & Co. Grazer Straße 59-61 KG	Subsidiary	Austria, Vienna
MAGNAT Asset Management GmbH & Co. Kastnergasse 16 KG	Subsidiary	Austria, Vienna
Prunus Sp. z o.o. i.L.	Joint venture [3]	Poland, Warsaw
Lygos Sp.z o.o. i.L.	Joint venture [3]	Poland, Warsaw
MAGNAT Asset Management Ukraine Ltd.	Subsidiary	Ukraine, Kiev
MAGNAT Immobilien GmbH	Subsidiary	Austria, Vienna
MAGNAT Immobilien GmbH & Co Brünner Straße 261-263 KG	Subsidiary	Austria, Vienna

Shareholders' equity in EUR '000 as at 31/03/12	Interest in equity % [1]	Profit/loss for last fiscal year
28	100.00	
-483	100.00	
96	100.00	
1	50.00	-4
925	100.00	
-57	50.00	
-8,490	50.00	
-8	74.80	-10
16,944	32.44	
[7]	32.44	
[7]	32.44	
[7]	32.44	
[7]	32.44	
[7]	32.44	
[7]	32.44	
3,207	40.34	
18,476	16.13	
23,099	100.00	
16,960	100.00	
309	100.00	
74	100.00	
446	100.00	
-33	99.00	
656	100.00	
N/A	50.00	
N/A	50.00	
-41	100.00	
31	100.00	
-20	100.00	

[1] The share in the equity corresponds to the control relationship before taking into account any non-controlling interests within the Group; the share of voting rights corresponds to the equity share
[2] Subsidiary, not included in the consolidated financial statements
[3] Joint venture, not accounted for using the equity method
[4] Based on internal subgroup financial statements underlying these consolidated financial statements
[5] Stated amounts are based on the financial statement as of 31/12/2011 and as of 31/03/2011 respectively
[6] Companies held directly or indirectly by Hekuba S.à.r.l.
[7] No information provided for these companies as they are already included in the consolidated subgroup financial statements of the corresponding parent company
[8] Subsidiary of OXELTON ENTERPRISES Limited

RESPONSIBILITY STATEMENT

As the Executive Board of MAGNAT Real Estate AG, we hereby confirm to the best of our knowledge, and in accordance with the applicable reporting principles, that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and furthermore that the consolidated management report includes a fair review of the development of the business including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, August 22, 2012
MAGNAT Real Estate AG

Dr. Marc-Milo Lube **Jürgen Georg Faè**

AUDIT OPINION

We have audited the consolidated financial statements prepared by MAGNAT Real Estate AG, Frankfurt am Main comprising the consolidated balance sheet, consolidated statement of income, statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and the notes to the consolidated financial statements as well as the Group management report for the fiscal year from April 1, 2011 to March 31, 2012. It is the responsibility of the Executive Board of the Company to prepare the consolidated financial statements and Group management report in accordance with IFRS as applicable in the EU and with the supplementary provisions of German commercial law applicable pursuant to Section 315a, (1) of the German Commercial Code (HGB). Our task is to deliver a judgment on the consolidated financial statements and the Group management report on the basis of the audit we have undertaken.

We have conducted our audit of the consolidated financial statements in accordance with Section 317 (HGB) in consideration of the German auditing standards defined by the Institut der Wirtschaftsprüfer (IDW). These require the audit to be planned and conducted in such a manner as to detect, with adequate certainty, any inaccuracies or infringements which may have a significant impact on the impression of the assets, financial and earnings situation, as conveyed by the consolidated financial statements in consideration of the applicable accounting standards, and by the consolidated management report. In determining the actions to be taken as part of the auditing procedure, consideration was given to the knowledge of the business activities of the Group and its economic and legal environment, as well as to the possible errors likely to be encountered. In the course of the audit, the effectiveness of the internal accounting control system and proof of the information contained in the consolidated financial statements and Group management report, were assessed on the basis of random samples. The audit encompasses an appraisal of the annual financial statements of the companies integrated into the consolidated accounts, the demarcation of the group of consolidated companies, the accounting and consolidation principles applied, and the principal assessments made by the Executive Board, as well as an evaluation of the overall presentation of the consolidated financial statements and Group management report. We are of the opinion that our audit forms an adequately secure foundation on which to base our judgment.

Our audit has caused us to raise no objections.

In our judgment based on the findings of our audit, the consolidated financial statements comply with IFRS as applicable in the EU and with the supplementary provisions of German commercial law applicable pursuant to Section 315a, (1) of the German Commercial Code (HGB) and in consideration of these standards convey an image of the assets, financial and earnings position of the Group which concurs with the true circumstances. The Group management report is consistent with the consolidated financial statements and overall presents an accurate image of the position of the Group and the opportunities and risks of future development.

Frankfurt am Main, August 23, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Möller	**Klein**
Auditor	Auditor

FINANCIAL CALENDAR 2012/2013

Event	Date
Q1 interim release as of June 30, 2012	03/09/12
Annual General Meeting / Frankfurt am Main	29/10/12
Interim financial report as of September 30, 2012	30/11/12
Q3 interim release as of December 30, 2012	11/02/13
Annual Report 2012/2013	30/07/13

This report is also available in German.
The German version of this report is authoritative.

Concept / Layout designhouse

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