



- **Investment program for German portfolio with two acquisitions completed**
- **German residential portfolio with high rental yield of more than 9 percent and further upside – Commercial portfolio fully let, rental yield also significantly better than prevailing market yields**
- **MAGNAT will further increase its focus on Eastern Europe medium-term – Investment of EUR 4 million into newly established SQUADRA for future German property business**

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MAGNAT Real Estate Opportunities GmbH & Co. KGaA has added to its existing residential portfolio in Germany (Eberswalde, Rostock) another portfolio in Saalfeld (Thuringia); closing of the Saalfeld transaction is under way. The portfolio consists now of 1,500 units with a total lettable surface of approx. 85,000 sqm. The current rental yield of the residential portfolio – with total acquisition costs of EUR 35.7 million (EUR 420 per sqm) and annual rental income of EUR 3.3 million – is 9.2 percent. Until the end of 2009, through continued letting and supported by an investment program of about EUR 3 million, a double digit rental yield is targeted.

The A&T-Portfolio (employment agencies in Parchim and Worms and Telekom in Halle) was supplemented by the medical centre in Delitzsch (Saxony), closing of the Delitzsch transaction is under way. Total lettable surface of the commercial portfolio is now 10,100 sqm, all properties are fully let. The rental yield of the portfolio – with total acquisition costs of

EUR 11.7 million (EUR 1.160 / sqm) and annual rental income of EUR 1.06 million – is 9 percent.

A disposition of both portfolios, in which MAGNAT holds an interest of 75 percent each, is planned. Further direct investments in German properties are not intended, as MAGNAT will further increase its focus on Eastern Europe. Through an investment of EUR 4 million in SQUADRA Immobilien GmbH & Co. KGaA, MAGNAT will continue to tap the potentials of the promising German property market. SQUADRA, a newly established entity, raised EUR 25.1 million of equity and will concentrate on special situations in the German-speaking countries.

MAGNAT CEO Jan Oliver Ruester comments on the German portfolio: „The German portfolio has a significant upside: Current rental yields of all our properties are distinctively better than prevailing market yields and can further improve in particular for the residential portfolio. Investors continue to show a high interest for the German property market. Strongly declining supply from new developments will lead to a shortage in the German residential sector in the medium-term. Und last, but not least, MAGNAT has not made any revaluations in its books to date“. Concerning the future strategy, Ruester adds „In light of the strong growth, we decided to operate our two core businesses out of two separate companies in the future. MAGNAT will focus on Eastern Europe and thus benefit from the higher than average growth rates in carefully selected property markets in this region. SQUADRA was newly established in order to continue the business model of concentrating on special situation in the German speaking countries in a separate company and to grow on the basis of a much stronger capital base”.

**About MAGNAT:**

MAGNAT is a real estate company with a focus on real estate development in Eastern European countries. Seed investors were the Silvia Quandt family, the two financial investors Themis Equity Partners and Heliad Equity Partners, and the management.

With its opportunistic strategy, MAGNAT capitalizes on inefficiencies in real estate markets. In contrast to traditional investment strategies, MAGNAT not only benefits from rental income, but also and primarily from attractive development yields and the comparable short time of capital employed in its projects. All projects must meet an above-average yield requirement.

Management focuses on real estate markets with interesting development cycles, i.e. undervalued markets ("anti-cyclical investing") and markets with high economic growth rates ("growth markets"). The regional focus is currently on Central, Eastern and South-Eastern Europe, supplemented by opportunistic, special situations in the German home market.

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