



- **First Investment by MAGNAT in Georgia**
- **Acquisition of land plot in Tbilisi with local partner for project „Digomi Shopping“**
- **Extraordinary high profit potential of attractive project, supported by strongly expanding economy**

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MAGNAT Real Estate Opportunities GmbH & Co. KGaA has, together with a local partner and a further co-investor, acquired a 20,136 sqm land plot in Tbilisi, the capital of Georgia. The purchase was effected through a local project company, in which MAGNAT holds a majority of 56.25%.

The land plot is designated for construction of a speciality retail market with up to 30.000 sqm of total usable space and 300 parking spaces. Appropriate zoning of the land is available. Filings for the required building permit will be completed in the first quarter of 2008; completion of the project is planned for 2009. The location, approximately 10 kilometers north of the city center of Tbilisi and in the immediate vicinity of the newly built American embassy, is situated directly at the main routes and has evolved as one of the important retail- and shopping centers in the periphery of Tbilisi.

Total project costs will amount to USD 20 million. The investment by MAGNAT for its 56,25% share of the land plot is USD 2 million. Due to the strong demand for commercial premises and the favourable land and construction costs, MAGNAT expects that a rental yield (rental income in relation to total costs) of up to 30% can be achieved. On this

basis, upon sale of the property a development yield of up to 100% on capital invested is possible.

Georgia's economy has had a high annual GDP growth (real) of 8% p.a. on average for several years in a row. Considering the solid basis of its economic development in conjunction with a still significant upside-potential – GDP / capita is at approx. USD 2.000 – the prerequisites for continued strong economic growth are granted. Georgia has 4.5 million inhabitants (herof more than one million living in the capital Tbilisi) and has evidenced increasing pro-western orientation in the past years, resulting in continuously increasing activity of western investors.

Jan Oliver Rüster, CEO of MAGNAT: „After careful evaluation, with our co-investment project “Digomi Shopping”, we realize our first investment in Georgia. The crucial factors for our decision were the positive investment climate in Georgia combined with high growth rates, the attractiveness of the project and the cooperation with an experienced local partner with long-standing business experience also in Germany. Entering Georgia is the consequent prosecution of our strategy to invest in countries that show an attractive return-/risk profile that is above average.“

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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