



- **MAGNAT Real Estate Opportunities acquires 45 percent stake in office tower development project in Kiev, Ukraine**
- **Stake in project with already existing building permit acquired – Total project budget including construction costs is approximately USD 90 million**
- **High double digit return expected, due to strong demand for high quality office space in Kiev and continued yield compression**

Frankfurt am Main, July 23<sup>rd</sup>, 2007

MAGNAT Real Estate Opportunities GmbH & Co. KGaA has acquired a 45 percent stake in the project „Prospekt Peremogi 67“ in the capital of Ukraine, Kiev. With an already existing building permit available, project time to completion can be significantly reduced. Until mid of 2009, 32,000 square meters of high quality office and commercial space and more than 400 parking spaces will be built. The property, located only 7.5 km from the city centre of Kiev, offers excellent access both by car through its location at the main road to the West, and by public transportation via a nearby underground station. Due to strong demand for high quality office space in Kiev und continued yield compression, MAGNAT expects a high double digit return on capital invested for this project.

MAGNAT acquired the 45 percent stake from a local developer who stays as a 40 percent joint venture partner and who will continue to play an active role in the project. Another 15 per cent were acquired by a co-investor. Total cost for the acquisition of MAGNAT's 45 percent share was USD 14.4 million. Construction budget for the whole project is USD 56 million, total project costs are approximately USD 90 million. Pro rata costs for the MAGNAT investment are therefore approxi-

mately USD 40 million (corresponding to approximately USD 2,750 per square meter).

Considering the attractive market environment for developers, MAGNAT is very confident in respect with respect to leasing and subsequently selling the project. Monthly leasing rates for Class A office space in Kiev have increased, due to continued high demand for high quality office space in the city of Kiev, to USD 40 per square meter. Colliers refers in its “2007 Real Estate Review” to an extremely low vacancy rate of 1.5 per cent, which is expected to remain low for the next years. For similar properties – if available at all – asking prices are USD 4,500 and above per square meter. Moreover – and similar to other countries in Eastern Europe – a continued yield compression can be observed.

Jan Oliver Rüster, CEO of MAGNAT, comments: „Peremogi is the next milestone for MAGNAT, and plays a central role in many respects: The project complements in an excellent way our existing portfolio, as we achieve with it a well balanced diversification of commercial and residential investments. Furthermore, we are able to further improve our already very good presence in the Ukraine. It is our view that Ukraine continues to be one of the most attractive real estate markets overall, with distinct double digit returns on capital invested in projects. And last, but not least, we have invested already now three quarters of our total capital. With our continued good pipeline, we predict that we will have completed our investment program – ahead of our own plan – in autumn of this year.“

**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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