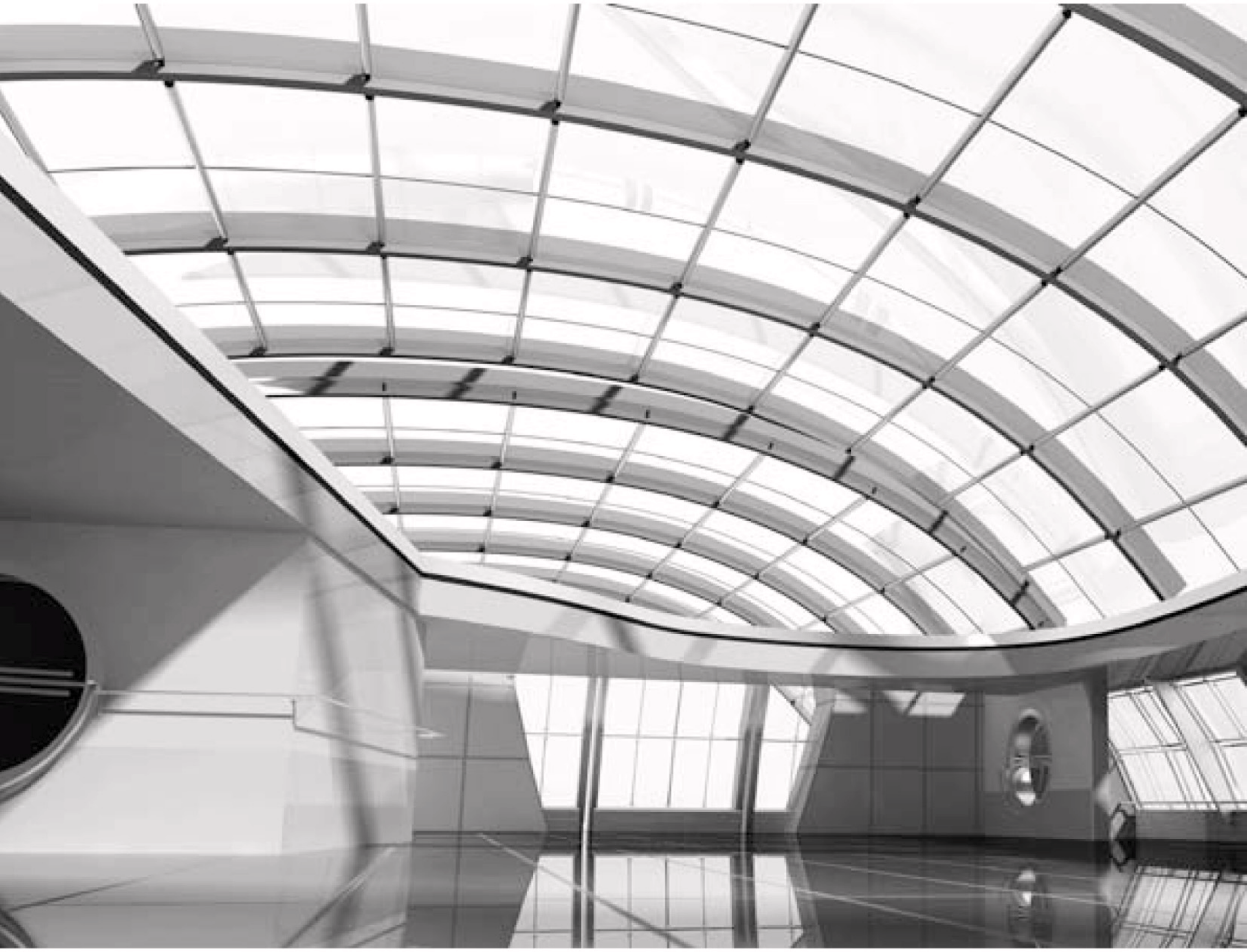
MAGNAT
real estate opportunities

Turning Inefficiencies into Opportunities.



Interim Financial Report 2009/2010

Fiscal Year 1 April 2009 - 31 March 2010

KEY FINANCIAL INDICATORS

Corporate figures (consolidated, IFRS)

EUR 000	01.04.2009-30.09.2009	01.04.2008- 30.09.2008
Rental income	1,086	1,233
Income on the disposal of real estate companies	0	0
Income on entities accounted for using the equity method	-1,312	-5,832
Earnings before taxes and interests (EBIT)	**-2,692**	**-7,755**
Earnings before taxes (EBT)	-4,455	-8,926
Consolidated Income	**-4,220**	**-8,481**
EUR 000	30.09.2009	31.03.2009
Total equity	90,563	94,636
Balance sheet total	143,173	150,386
Equity ratio	63,3%	62,9%
Cashflow from ongoing business activities	4,236	-1,235
Cashflow from investment activities	1,848	-13,998
Cashflow from financing activities	1,379	18,082
Cash and cash equivalents	3,857	7,625

Share Data

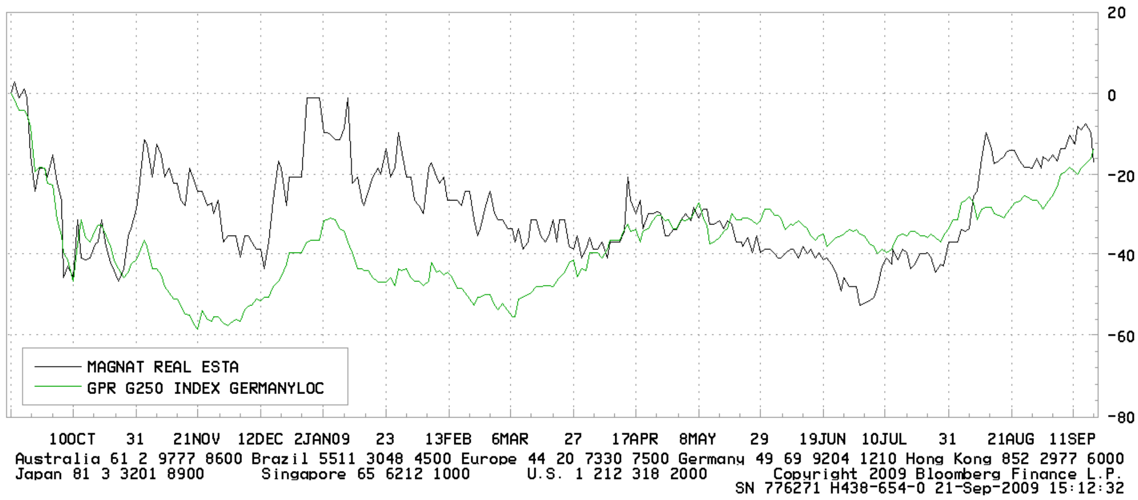
	30.09.2009	31.03.2009
Number of shares	5,290,000	52,900,000
Share price at the end of the period	4.15	0.34
Market capitalisation in EUR mio.	21,953,500	17,986,000
Price / Earnings ratio	-5.18	-2.83
NAV per share	n.a.	1.63
Freefloat (Shareholders < 3%)	77.48%	74.68%

Magnat Share – key data

Name	MAGNAT Real Estate Opportunities GmbH & Co. KGaA
ISIN	DE000A0J3CH0, DE000A1CRPG1
WKN	A0J3CH, A1CRPG
Code	M5R (Bloomberg: M5R GR, Reuters: M5RG.DE)
General Standard (Regulated market)	Frankfurt Stock Exchange (Frankfurt und Xetra)
OTC Market	Berlin, Düsseldorf und Stuttgart
Index	C-DAX
E-Mail	info@magnat-reop.com
Homepage	www.magnat-reop.com

MAGNAT vs. EPRA Germany Index (12 month)

Source: Bloomberg



CONTENT

FOREWORD BY THE MANAGEMENT

Foreword by the Management Body

Dear Shareholders,
Ladies and Gentlemen,

The impact of the global recession remained severe during the first six months of 2009. In spite of these difficult overall conditions, we succeeded in governing MAGNAT securely throughout this period and saw through the realignment to an integrated real estate group. With earnings before taxes (EBT) of EUR -4.5 million and a consolidated result net of taxes of EUR -4.5 million, of which EUR -4.2 million was attributed to shareholders of the parent company, our Group reported a negative result; however, we see clearly that the trend is positive compared with the previous year's level. The negative result is due in part to losses from companies valued using the equity method and a value adjustment required in connection with our investment in Poland. Of course, while these figures do not please us, they certainly motivate us to continue to consistently pursue the path we have chosen.

The first six months was extremely challenging for us, but also successful. We not only governed MAGNAT securely, but have also provided it with a sound foundation for the future.

Following approval thereof during the Extraordinary General Meeting in February 2009, the capital reduction was actually implemented in April 2009.

We have reduced exposure at portfolio level - reference is made to the exit from the Russian 'Sadko' investment - and focussed on safeguarding liquidity and preserving the value of our assets; we were successful on both counts.

In terms of our structure, we have planned and implemented what is probably the most important strategic step since MAGNAT was formed: integration of our hitherto external asset manager, R-QUADRAT. In doing so, we have turned MAGNAT into an integrated real estate group. This step brings about numerous advantages for MAGNAT. Allow me to mention the key advantages once again.

One: Improved transparency. Integration will lead to clear structures and improved transparency in terms of cost and performance.

Two: Profitable growth. R-QUADRAT operates on the third market as an asset manager, which means that this is a substantial growth driving measure for MAGNAT that will increase income and reduce volatility.

Three: Integration of the profitable R-QUADRAT enables us to secure additional liquidity.

Four: We evolve into an integrated real estate group and in doing so become an attractive peer group investment on the stock market.

Five: Conversion to a joint stock corporation in the Company's present phase leads, above all, to improved corporate governance.

With this step, which was approved during the Annual General Meeting at the end of October with more than 99% of the vote, we have positioned MAGNAT optimally and made it fit for the future. In the process, we remain committed to our vision of lastingly increasing the value of our Company at all times. We would like to note in this report that we anticipate that R-QUADRAT Immobiliengruppe will account for some EUR 2 million of MAGNAT's result in fiscal year 2009/2010.

The MAGNAT share has stood on an equal footing with the EPRA 250 Index during the reporting period. However, we are of the opinion that our share price is not fairly represented. To that end, now that the structural measures have been implemented, 2010 will see us increasing our IR activities substantially in the form of road shows. The goal is for our share to perform significantly better than the EPRA 250 Index.

Despite the difficult situation on the financial and real estate markets, following our recently adopted strategic and operational measures we look to the future with optimism. The structural backlog demand in Eastern Europe, in the real estate markets upon which we focus, continues unabated. The demand for western standards, which still barely exist, will re-emerge as soon as the conditions see sustainable stability. Our markets in CEE/SEE and CIS will demonstrate higher economic growth than the markets of Western Europe in spite of the international crisis, albeit with comparatively higher risk. Our home markets of Germany and Austria also offer attractive opportunities, which we will scrutinise carefully and in which we will invest where appropriate. MAGNAT's foundation is and will remain sound and as an integrated real estate group it is well equipped for the future.

Frankfurt am Main, November 2009

Jan Oliver Rüster, CEO

Jürgen Georg Faè, CFO

INTERIM MANAGEMENT REPORT OF THE MAGNAT GROUP

Interim management report of the MAGNAT Group for the period 1 April to 30 September 2009

1 Overall economic development and real estate markets

During the first six months of MAGNAT's current fiscal year, the state of the economy deteriorated significantly. Key indicators such as gross domestic product, the Purchasing Managers' Index in the United States, the Eurozone Manufacturing Purchasing Managers' Index (PMI) and new orders declined sharply across all sectors. Leading economic research institutes have repeatedly revised their forecasts downward. Global Insight revised its estimates for global growth in 2009 from plus 1.1% in November 2008 to minus 2.5% in April 2009. That compares to relatively good news relating to the Ifo World Economic Climate Indicator, which rose in the second quarter of 2009 for the first time since autumn 2007. After an anticipated 3.9% drop in 2009, Europe's gross national product is predicted to see zero growth in 2010. Projections indicate that the weakness of the economy in the euro area will initially persist. Therefore, consumption by private households will probably decline due to the critical situation on the labour market and investments will continue to slump. In addition, foreign trade is not expected to stimulate economic growth. According to European economic research institutes, global gross national product will stand at about 1.7% in 2010.

Central and Eastern Europe (CEE) and South-Eastern Europe (SEE)

Over the last few months, the downward spiral in certain CEE countries has accelerated considerably. Some economic research institutes were barely able to cope with the lowering of forecasts; however, the CEE region is extremely heterogeneous and in principle requires a separate analysis. Countries such as Poland, Czech Republic, Slovenia, Slovakia and Hungary have already stabilised or were, as in the case of Poland, hardly affected by the downward trend. However, the consequences of the financial crisis have hit certain other countries hard; this is particularly true for Latvia, Lithuania and Estonia. These countries are likely to see a lasting change. For the entire CEE region, the Development Bank anticipates average growth of 2.5% instead of the hitherto expected 1.5% in 2010. That said, this improvement cannot hide the fact that the recovery will proceed only slowly. For countries such as Poland, Slovenia or Slovakia, the Development Bank expects growth rates of between two and five per cent in the coming year.

Turkey has also been affected by the crisis on the financial market. Economic performance contracted in the first quarter of 2009 by around 14% year on year. Gross national product of minus 6% is expected for the full year. Meanwhile, technically speaking Turkey is no longer in recession. The Purchasing Managers' Index rose in June 2009 for the second month in a row. Economic research institutes see a significant stabilisation of the situation. Stabilising prices and normalisation on the lending market should have a positive impact on consumption in Turkey.

Commonwealth of Independent States (CIS)

In the immediate vicinity of the European Union, Ukraine is currently the biggest problem child. Economic and political reforms are either progressing sluggishly or not at all. An uncertain legal position and corruption currently makes the Ukraine unattractive to foreign investors. The State Bank EBRD forecast a double figure deficit for 2009 in terms of gross national product. Some institutions estimate the deficit to be around 18%. That the Ukrainian currency has lost more than half of its value against the U.S. dollar and the euro is a sign of the massive loss of confidence. It is hoped that further integration of Ukraine into the programs of the International Monetary Fund and perhaps the effort to host the 2012 European Football Championship will bring impetus to the fundamental restructuring that is necessary.

Germany

The German economy is experiencing its worst recession since the founding of the Federal Republic of Germany. According to currently available official figures, seasonally and calendar adjusted the macroeconomic output declined in the first quarter of 2009 by 3.8% compared to the year-end quarter; in the fourth quarter of 2008 economic performance shrank by 2.2%. Moreover, Germany has seen the sharpest downturn of all the major European economies. Even in retrospect, this development is unprecedented. Decisive for the economic development since last autumn is the global, simultaneous drop in demand for capital goods and consumer durables which is a result of the international financial crisis and crisis of confidence. The German economy is disproportionately affected by this slump in external demand due to the high dependence on foreign trade and specialisation in industrial products of a particularly cyclical nature.

The decline in economic performance was brought about predominantly by industry and the 'Financing, Leasing and Business Services' sector. The first half of 2009 saw a 5.2% contraction of the real gross domestic product compared to the second half of 2008 after seasonal and calendar adjustment; year on year the decrease amounted to 7.5%. Stimulus packages are expected to support investments in construction. All in all, economic momentum is nevertheless likely to remain quite low because of the weakness of private consumption.

2 Business segments

A major focus of activities during the reporting period was the development of real estate investments, the preparation of possible exit scenarios and the major internal restructuring project surrounding integration of the external asset manager, R-Quadrat. The reduction of portfolio exposure adopted by Management has been consistently pursued.

Existing portfolio

The existing portfolio of MAGNAT is defined, inter alia, by a strategy with a medium-term holding period, a non-majority share of possession and non-dominant influence on the overall investment.

SQUADRA Immobilien GmbH & Co. KGaA, Frankfurt am Main (Germany): SQUADRA was founded with share capital of EUR 25.1 million in August 2007. MAGNAT assumed EUR 4 million of the aforementioned figure. SQUADRA focuses on investments in the German real estate market. SQUADRA disposed of three projects during the reporting period:

1. The 'Blue Towers' office building

   The 'Blue Towers' office building in Frankfurt-Niederrad was acquired by SQUADRA at the beginning of fiscal year 2008. It has rentable area of approximately 20,600 square metres and 436 parking spaces. After extensive planning for renovation of the vacant property, a premium quality showcase floor was established for marketing purposes. The exclusive office areas, which according to the overall concept will have catering and a closed meeting and conference area after completion of the development, are currently being marketed to prospective tenants and will be modified to meet the requirements of specific tenants after the first tenancy agreements have been concluded. The leasing activities in Frankfurt's currently challenging environment are fully underway. The changes in the office market have been accounted for in a new leasing concept and are now being implemented.

2. Schrödterhaus, Leipzig

   The Schrödterhaus in Leipzig city centre was acquired by SQUADRA at the end of 2008 and is currently undergoing extensive renovation. The office and commercial building, which is approximately 8,000 square metres and consists of a historical building and a new building from the 1990s, has been difficult to let in previous years because of outstanding structural modifications. It is anticipated that both the commercial and the office areas will be let quickly after completion of the modification work due to a concept that is quite unique for Leipzig. August 2009 saw the official opening of a showcase floor. Two tenancy agreements have already been signed and the property has been very well received by prospective tenants.

3. Lüdenscheid Portfolio

   The residential portfolio in Lüdenscheid has 9,000 square metres of rentable area and was acquired at a favourable price in April 2008. After the handover, selected structural improvements were made and overdue rent increases implemented. The portfolio is now nearly fully let (about 93%).

YKB Portfolio (Turkey): Acquisition of an extensive real estate portfolio from Turkish bank Yapı ve Kredi Bankası A.Ş. ('YKB'), which consists of some 400 properties with varying usage and a regional focus on the Greater Istanbul area, in a consortium with project partners Adama Holding Public Ltd. (consortium leader) and Immoeast AG. The purchase price for the entire portfolio was originally EUR 136.5 million plus costs. The proportion of equity originally invested by MAGNAT including a further pro rata capital injection - which was contractually agreed by the consortium members - in August 2008 of EUR 7 million equates to EUR 20.7 million. The operating performance is gratifying; measured at fair value approximately 64% of the portfolio has been sold to date. The YKB Portfolio's positive liquidity situation led to a reduction in liabilities due to banks as at September 2009 from the original EUR 40.0 million to EUR 20.0 million and in April and July 2009 to a partial repayment of shareholder loans of the consortium members amounting to EUR 3.5 million per member. A further cash inflow of EUR 5.0 million per member occurred at the end of November 2009 from the sale of the 23,765 square metre 'Boronkay' plot. Originally acquired for EUR 4.5 million and with a selling price of EUR 15.7 million, a return on investment amounting to 250% was achieved.

Russian Land AG (Russia): Incorporated in August 2007 MAGNAT paid EUR 2.5 million of the share capital, which amounts to EUR 5 million. The capital was increased by a further EUR 1.2 million in July 2008 by new investors. Russian Land AG concentrates on the Land Banking segment within 80 to 150 miles from Moscow. In recent quarters designation as well as the adjustment of the cadastral registrations for the purchased projects or those for which an option exists were pressed ahead with. Furthermore, Russian Land AG granted a renowned developer financing for the re-designation of a large plot of land, this is to be repaid during fiscal year 2010/2011, either in the form of re-designated plots of land at favourable terms or in cash. The economic situation in Russia has worsened, especially in recent months, which have seen hardly any transactions. Amendments to the re-designation provisions as well as discussions on property tax adjustments may affect the business model of Russian Land AG. Therefore, these are being closely monitored and evaluated by the Board of Russian Land AG and appropriate measures are in planning.

Development Portfolio

Development Portfolio comprises classical project development, i.e. the acquisition of a plot of land and the construction of one or more new buildings on the hitherto undeveloped plot, the revitalisation of existing real estate through renovation, modernisation and usage reallocation measures as well as entry into existing real estate projects in different stages of development. Upon completion, the goal is to sell the real estate either as a whole (perhaps also through the sale of shares in the form of 'share deals') or in individual units (e.g., in the form of residential property). The segment additionally comprises individual investments in Land Banking and in the Value Added Portfolio.

The Land Bank Portfolio includes properties with potential for appreciation. In addition, provided that construction activities have not commenced and depending on economic conditions, projects are allocated to Land Bank. Land Bank projects offer several development options: if the business environment is appropriate, gains can be realised through a sale or alternatively if funding is available, development projects can be started. In the latter case, a reclassification to Development (classic project development) would take place.

Value Added Portfolio includes the purchase and sale of real estate that is already completed or nearing completion, which is already wholly or partially let or scheduled for letting. During its period of ownership the Company typically engages in measures aimed at increasing value, such as optimisation of rental management, reduction of vacancies and exhaustion of any potential for increasing income from rent in order to optimise the ongoing revenues. Structural improvements as well as targeted renovation measures are also conducted if the Company sees doing so to be of economic value (upgrading of real estate). Accordingly, alongside secondary amounts in terms of ongoing returns from individual investments in the form of rental income, in particular, gains from sale are pursued. MAGNAT's efforts focus on optimum utilisation of the portfolio.

Residential Portfolio (Germany): MAGNAT holds a 75% stake in this portfolio, which now includes (at the Eberswalde, Saalfeld and Rostock sites) some 1,500 apartments and a rentable area of approximately 85,400 square metres. The return on rent is 9.96% (current as-is rent based on purchase price and incidental costs), the purchase price is around EUR 420 per square metre. Due to the above average return on rent in combination with the elimination of vacancies, significant potential for appreciation exists. At September 2009, the occupancy rate of Residential Portfolio as a whole stands at approximately 86.7%.

Commercial Portfolio (Germany): MAGNAT holds a 75% stake in this portfolio, which has a rentable area of approximately 10,600 square metres. The return on rent is 8.8% (current as-is rent based on purchase price and incidental costs), the purchase price is around EUR 1,150 per square metre. At September 2009, the occupancy rate of Commercial Portfolio as a whole stands at 100%. During the first six months of the fiscal year, one of the commercial tenants in the A&T Portfolio was switched. A tenancy agreement was terminated prematurely against compensation for early termination; due to the lead time it was possible to find a new tenant quickly.

Schwarzenberg, Vienna (Austria): An approximately 19% stake in an Austrian project company, which holds the right to develop on the 'Hotel Schwarzenberg' property. The investment for MAGNAT's 19% stake in the project company amounts to EUR 3.1 million. An architectural competition was held for the adaptation of outbuildings within the historic palace in one of the prime locations of Vienna. Following market studies on room sizes and facilities the concept for the luxury hotel was revised and the standard of quality further improved. The preliminary planning and design planning including all the structural and internal enhancements were adapted to meet the revised overall concept with the aim of becoming 'Europe’s best address'. The total number of rooms was reduced from about 135 to between 75 and 80; they are thus much more comfortable and spacious. A world-leading company from San Francisco was commissioned with the interior architecture and the 'overall design concept'. In collaboration with renowned specialists, part of this fundamental realignment also included development of the entire catering concept and a completely new package was created. The submission schedule is currently being coordinated and finalised with the authorities and construction is likely to start in 2010. Moreover, due to the revised utilisation concept talks have been restarted with the financing banks. The operator has already given an assurance that it will increase the equity capital share substantially due to the desired improvements and associated increase in the price of the overall concept; this will not lead to MAGNAT assuming an obligation for additional funding. In the course of the acquisition, MAGNAT obtained a contractually secured put-option for its stake, which guarantees exit in the 2011/2012 fiscal year with a corresponding return.

Region CEE/SEE

'Vacaresti'/Bucharest (Romania): A property of around 6,600 square metres consisting of three adjacent parcels, which have been zoned for residential construction. MAGNAT holds a 75% stake in the project company. The original plan envisages the construction of about 450 apartments with a total area of approximately 29,799 square metres plus 250 underground parking spaces and approximately 200 outdoor parking spaces. Most of the apartments will be between 60 and 75 square metres and have between 1 and 2 rooms. The smaller share of apartments is to have between 3 and 4 rooms and be up to 150 square metres in size. The location, facilities and apartment sizes are ideal for a buyer from the upper-middle class. Pre-planning and attainment of the PUZ (Plans Urbanistic Zonal, which is the approval for the overall development) for the plot is currently being dealt with vigorously. Construction work has been postponed because of the general economic situation in Romania and difficulties in obtaining financing.

'Pancharevo'/Sofia (Bulgaria): A property of some 7,800 square metres. MAGNAT holds a 75% stake in the project company. The property is situated in Pancharevo, in the southern part of Sofia. The area is marked by the brisk construction activity of recent years. Numerous housing projects have been carried out in the immediate vicinity; these have been very well received by the local population. A project for development of 6 apartment blocks with a total of 112 residential units has been planned and approved. The size of the apartments is between 53 and 120 square metres. In addition, there are 115 spaces in the underground car park and a further 30 outdoor parking spaces planned. The total usable area is 13,377 square metres plus 1,660 square metres of garden area. The project has been reclassified to the Land Banking segment.

'Mogosoaia' property/Bucharest (Romania): MAGNAT has held a 75% stake in this 57,162 square metre property since December 2006. The property is located in Mogosoaia, one of the fastest developing suburbs of Bucharest in the immediate vicinity of the city limits. The property is currently not connected to the mains supplies. However, connecting the property to all the utilities (electricity, gas, water, and drainage) does not represent a problem because of construction work in the immediate vicinity. The property has already been zoned for residential use and was reclassified to the Land Banking segment.

'Housing Estate Nasze Katy'/Wroclaw (Poland): Establishment of approximately 1,000 apartments in several stages of construction with an effective residential area of approximately 66,000 square metres. MAGNAT holds a 50% stake in the Polish project company. 2 of the 3 construction phases have been completed. 66 apartments from the first construction phase, which consists of 67 apartments and 3 commercial units, have been sold. 59 apartments and 3 commercial units from the second construction phase, which consists of 226 apartments and 6 commercial units, have been sold. Both phases of construction have been completed. Negotiations regarding scheduled repayment of the financing are currently underway with the financing bank. The start of the third phase of construction has been halted in the interest of risk management in the current situation. The locally appointed general contractor experienced economic difficulties due to the impact of the economic crisis. This led to delays in the project cycle and a halt in the sale of the apartments. After the situation was resolved in June 2009, measures were immediately taken to restore the original project cycle. In the meantime, the sale of apartments has restarted and is developing satisfactorily. The overall success of the project is dependent on the completion of all phases of construction; realisation of this is being dealt with and is contingent on corresponding financing.

Region CIS

'Peremogi 67'/Kiev (Ukraine): 45% stake in a Ukrainian project company, which holds the right to develop on the corresponding property with an existing building permit for the construction of a 'Class A' office and commercial building with an effective area of approximately 30,500 square metres and 360 parking spaces. An international group of investors acquired a stake of 40% of this investment and entered into a contract for acquisition of the remaining 60% after completion. The economic crisis and associated financing constraints in the Ukraine and for development projects have resulted in delays, which in consultation with the co-investor are being used to improve planning within the existing building permits, especially in terms of the office and retail mix. The unfavourable overall conditions in the Ukraine at this time and the prevailing financing situation are being actively monitored by investors and potential measures for continuation are being constantly evaluated. It remains to be seen how this environment will evolve over the next few months.

'Koncha-Zaspa'/Kiev (Ukraine): A property of some 33,000 square metres. MAGNAT holds a 75% stake in the project company. Due to legal restructuring, the project company connected with the originally chosen transaction structure has been sold and the resulting outstanding purchase price mortgaged in the land registers of the Ukrainian Koncha-Zaspa project. A corresponding agreement provides for transfer of the property to group companies of MAGNAT against the purchase price.

'Digomi'/Tbilisi (Georgia): A property of some 20,000 square metres. MAGNAT holds a 56.3% stake in the project company. The vast majority of the MAGNAT investment – in addition to the stake in the project company, which was founded with minimum capital – exists in the form of a shareholder loan of EUR 1.4 million. Construction of a retail centre was planned on the plot. A development study has been conducted; more cost-generating activities have been postponed for lack of end-users.

'Vake 28-2'/Tbilisi (Georgia): Together with a local partner, a residential building with a total marketable area of 11,352 square metres (apartments, penthouse and commercial areas) is being constructed. Magnat holds 37.5%. Financing of the overall project is partly through a shareholder loan of USD 1.0 million, with the remaining part being generated by the sale of the apartments pending construction. The structural work is almost completed; exterior walls, partitions and interior plastering work are underway. The sale is proceeding very satisfactorily.

'Cottage Village Vitaly'/Kiev (Ukraine): Investment totalling EUR 0.7 million with a contractual right to a proportional share of the profits from the overall project. The project had already received building approval at the time MAGNAT invested; four homes have been sold. The current progress of sales is unsatisfactory; accordingly, the profit forecast has been reduced. Exploitation of the overall project without further development (including the share of the local project partner) has been agreed at shareholder level and is to be quickly realised when appropriate opportunities arise.

'Podillja'/Chmelnitzkij (Ukraine): MAGNAT financed the completion of construction phase 1 of the 'Podillja' wholesale centre with an original investment of USD 2.6 million (EUR 2.0 million). MAGNAT acquired a contractual entitlement to 500 business units with this investment, a further 100 business units were transferred to the Company on the basis of a drawn lien. In the meantime, the Chmelnitzkij wholesale centre has obtained all necessary regulatory approvals. In recent weeks, legal disputes involving the previous owner and co-investors have occurred. The basis of these disputes is not yet clear. MAGNAT's position and the possible impact of these disputes are currently not foreseeable. As a precaution, following a recommendation by and with the assistance of the asset manager the investors have engaged a law firm to monitor and assess this situation as well as to initiate possible legal countermeasures.

The 'Alexander' property (Ukraine): This property covers an area of approximately 200,000 square metres and is located some 37 kilometres southwest of the centre of Kiev. The capital city, Kiev, spans 839 square kilometres and has about 2,700,000 inhabitants. Solomensky measures some 4,000 hectares and has 280,400 inhabitants. The property's immediate surroundings are characterised by agriculture. The city of Vasylkiv is nearby. Vasylkiv is a Ukrainian city in the Kiev Oblast. It has about 39,700 inhabitants and is situated some 30 kilometres southwest of Kiev. Due to legal restructuring, the project company connected with the originally chosen transaction structure has been sold and the resulting outstanding purchase price mortgaged in the land registers of the

Ukrainian Alexander Land project. A corresponding agreement provides for transfer of the property to group companies of MAGNAT against the purchase price.

3 Net assets, financial position and operating result

Development of revenue and earnings

In the first six months of MAGNAT's fiscal year 2009/2010 the Group generated earnings before taxes (EBT) amounting to EUR -4.5 million; that compares to EUR -9.0 million in the same period last year.

Material components of profit (loss) were
- the letting of portfolio properties from the German portfolio;
- losses from companies valued using the equity method;
- a necessary value adjustment in connection with the investment in Poland.

The letting of portfolio properties amounted to EUR 3.2 million in the first six months, which is above the same period of the previous year (EUR 3.1 million). Here, it is gratifying to note the increase in letting, especially in the residential portfolio to 86.7% in September 2009 (September 2008: 81.8%). The necessary renovation measures increased the operating expenses to generate rental income and therefore at EUR 1.1 million the income from letting was slightly below last year's result (EUR 1.2 million).

Profit (loss) from companies valued using the equity method amounting to EUR -1.3 million (previous year: EUR -5.8 million) resulted mainly from the projects YKB (EUR -0.4 million), Squadra (EUR -0.3 million) and Peremogi (EUR -0.3 million) as well as from unrealised foreign exchange losses of EUR -0.5 million.

General and administrative costs stood at EUR -1.5 million for the fiscal year (previous year: EUR -2.0 million); material items were the legal and consulting fees of EUR -0.9 million marked by the integration project, compensation of the General Partner pursuant to the Articles of Association in the amount of EUR -0.2 million and the asset manager’s management fee of EUR -0.5 million pursuant to the Articles of Association. Other operating expenses amounting to EUR -1.0 million (previous year: EUR -1.5 million) were influenced mainly by non-deductible input tax of EUR -0.3 million and foreign exchange losses of EUR -0.3 million.

The financial result for the period under review was EUR -1.8 million (previous year: EUR -1.2 million). The material component in the financial expenses is the value adjustment of the shareholder loan to a project company in Poland amounting to EUR -1.5 million.

The consolidated result net of taxes amounted to EUR -4.5 million (previous year: EUR -9.0 million), of which EUR -4.2 million was attributable to the shareholders of the parent company. Taking account of the earnings attributable to minority interests, this corresponds to earnings per share of EUR 0.80.

Net asset and financial position

The carrying amounts of non-current assets decreased to EUR 62.6 million (31 March 2009: EUR 66.2 million) predominantly because of the reduction of the shareholder loan connected with the YKB Portfolio of EUR 3.5 million. Current assets decreased to EUR 80.6 million (31 March 2009: EUR 84.1 million) due to the decrease in cash and cash equivalents to EUR 3.9 million (31 March 2009: EUR 7.6 million).

MAGNAT had consolidated equity at its disposal of EUR 90.6 million (including EUR 14.2 million in minority interests) as of the reporting date, 30 September 2009, and a solid equity ratio amounting to 63.3% (31 March 2009: 62.9%).

The Company's long-term debt decreased during the period under review to EUR 34.8 million (31 March 2009: EUR 46.0 million). The short-term debt increased due to the maturity of a bridge loan and a mezzanine loan within 12 months to EUR 17.8 million (31 March 2009: EUR 9.7 million). The balance sheet total at 30 September 2009 stood at EUR 143.2 million (31 March 2009: EUR 150.4 million).

4 Supplemental report

All items on the agenda of the Annual General Meeting of MAGNAT Real Estate Opportunities GmbH & Co. KGaA on 29 October 2009 were passed with an overwhelming majority. Major decisions for the future of MAGNAT were, in particular, the following two resolutions:

1. **Resolution approving the decision of the partner liable to unlimited extent of 8 September 2009 concerning the use of authorised capital.**
   On 8 September 2009, the partner liable to unlimited extent of MAGNAT Real Estate Opportunities GmbH & Co. KGaA decided to increase the capital of the Company by means of a

capital increase against contribution in kind from EUR 5,290,000 by EUR 8,604,651 to EUR 13,894,651. The subscription rights of shareholders were excluded. For its part, the Supervisory Board approved this resolution on 8 September 2009 with a corresponding resolution.

The contribution in kind was made up of all the shares of R-QUADRAT Holding AG, Vienna, Austria, and all the business shares in Altira ImmoFinanz GmbH. The main asset of these companies is a combined stake of 100% of R-QUADRAT Immobilien GmbH, Vienna, Austria.

This capital increase against contribution in kind is part of a comprehensive restructuring of MAGNAT. In addition to internalisation of the asset management based on the capital increase against contribution in kind, conversion of MAGNAT from an association limited by shares (hereinafter 'KGaA') to a joint stock corporation is a further key element of the restructuring.

2. **Resolution on the conversion of the Company to a joint stock corporation and establishment of the Articles**

   MAGNAT Real Estate Opportunities GmbH & Co. KGaA will be converted into a joint stock corporation pursuant to Arts. 190 et seq, 226 et seq and 238 et seq of the UmwG (Umwandlungsgesetz: German law regulating transformation of companies) on the basis of the pending capital market prospectus. After the conversion the Company will trade as 'MAGNAT Real Estate AG'. It has its headquarters in Frankfurt. The share capital of the Company, which will be EUR 13,894,651 after execution of the capital increase decided on 8 September 2009 is filed in the commercial register, is the same amount as the share capital of the new entity (EUR 13,894,651). The share capital of the Company, which is divided into 13,894,651 individual bearer shares, will also be divided into 13,894,651 individual bearer shares after the conversion to a joint stock corporation.

   The hitherto shareholders of MAGNAT will, as shareholders of the new joint stock corporation, receive the same number of individual bearer shares as they previously held in MAGNAT. Pursuant to Art. 245, Para. 3 of the UmwG, MAGNAT Management GmbH shall take the place of the founder of the joint stock corporation. Due to the conversion MAGNAT Management GmbH shall, in accordance with Art. 247, Para. 2 of the UmwG, resign from its position as partner liable to unlimited extent.

On 17 November 2009, MAGNAT announced the successful sale of the 'Boronkay' property, which is part of the YKB Portfolio and covers 23,765 square metres. The 'Boronkay' property was acquired in July 2007 for EUR 4.5 million as part of the overall portfolio and is located in Istanbul. With a selling price of EUR 15.7 million, a return on investment amounting to some 250% was achieved. MAGNAT will receive EUR 5 million from the sale.

5 Risk report

The 2008/09 Annual Report covered risk policy and the principles of risk and opportunity management extensively. In consequence, the main changes in this area will be looked at.

a. Market and industry risks

The real estate market is strongly characterised and influenced by cyclical developments, which in turn are influenced by a large variety of factors. Key factors within individual economies and real estate markets and/or sub-markets are supply and demand on the part of the user, the availability and cost of capital (especially the prevailing interest rates) and the construction costs. Nationally and globally the demand by investors for investment in the real estate asset class and their relative attractiveness compared with other asset classes is important.

The real estate market has stabilised at a low level in terms of demand; however, capital is either available only at very high costs or not at all. In addition, a situation is emerging whereby certain competitors in the target regions are offering larger portfolios at low prices because of economic problems. The persistence of this situation/development and its impact on MAGNAT are presently difficult to assess.

In the markets of the CEE/SEE/CIS region, in which MAGNAT operates, a significantly higher country risk exists in comparison with western industrialised nations. This country risk has varying manifestations, such as political developments, instability in the legal system and legal authority in general as well as prevailing circumstances and business practices specifically in real estate law and land register law. The Company is neither able to eliminate nor fully control many of these risks.

These risks are partially compensated for by avoiding above average asset allocation in individual projects or individual countries and co-investing with well-established local project partners. To this end, MAGNAT has set itself the target of investing no more than 25% of equity in any one project and no more than 45% of equity in any one country.

High risk is still associated with the Ukraine. International investors have abruptly left the country. A renewed willingness to invest is not in sight because of the political and economic turmoil. Internal political tensions and the forthcoming elections currently lead to uncertainty. The impact of these developments may influence MAGNAT's course of business.

b. Financial risks

Currency risks

MAGNAT operates predominantly in markets outside the euro area and is therefore subjected to currency risks. Where possible and feasible, projects are processed in the local currency (e.g. financing of construction costs with outside capital in the local currency).

The remaining exchange rate risk, limited in the textbook case to the equity invested and the potential profit, is only partially hedged: in principle, preference is given to hedging individual project-related risks on an aggregate basis, and here, in turn, hedging is considered only when certain ranges of fluctuation are exceeded, only for particular currencies and only for the equity invested (but not for the potential profit). This approach is based on a cost/benefit analysis, but also on the knowledge that currency risk as a whole cannot be entirely isolated, rather that many additional interdependencies outside of pure exchange rate fluctuations play a role. In summary, the management of currency risks is geared toward taking on such risks within a certain range of fluctuation. Hedging is merely sought to cap peak risk at the aggregate level and with certain currencies in order to counteract developments that could threaten the existence of the Company. The currency hedging strategy is determined in close coordination with the Supervisory Board.

A special case relating to currency risks is currently evident in Ukraine. Due to the economic developments in Ukraine, the local currency was converted into foreign currency and the export of foreign currency was restrictively limited. In addition, the mandatory conversion regulation was imposed. Using classical option instruments to hedge the local currency is, due to a lack of providers, either not possible or only possible at extremely unfavourable terms and with complex structures. In this context, under inclusion of the Supervisory Board of the Company, an alternative measure to minimise the risk of an eventual currency loss has been discussed whereby subject to restrictive conditions in terms of the quality of the property, tenants and tenancy agreements, any reflows occurring in Ukraine will be reinvested in Ukraine.

Liquidity risks

The liquidity risk in the Company's initial phase was managed predominantly through the maintenance of a liquidity reserve in the form of money placed in a bank account as well as in the meantime credit lines which can be drawn on at all times. Given the current situation, MAGNAT will use the return from future sales to keep liquidity available in the form of money placed in a bank account. The dependency of the liquidity situation on returns from sales will remain high in the 2010 calendar year.

c. Operating risks

If, at project level, loan funding cannot be obtained or obtained as planned, there is a risk that the project timetable will be delayed and/or that more equity capital will be necessary for a project and/or that the cost of financing with outside capital will be higher than planned. The conclusion of project financing currently under negotiation is delayed because of the situation on the financial markets, especially in the CEE/SEE/CIS region. The exact impact on the project plans remains difficult to assess.

6 Outlook

Given the prevailing economic crisis, the real estate market and its environment has become extremely difficult to calculate. The current business environment is forcing companies of all sizes to undergo an intensive process of adaptation in relation to strategies and business models. How long the prevailing uncertainty will persist is something that no one is prepared to predict. Therefore, it is even more important to implement specific and comprehensive adjustments to the strategy and business alignment in order to be prepared for all possible eventualities. The adjustments to MAGNAT's strategy can be summarised as follows:

- Safeguarding the Company's liquidity is a top priority as well as stepping up re-marketing efforts as a key component for safeguarding liquidity.
- Balancing the distribution of the portfolio between the regions of D/A and CEE/SEE/CIS to mitigate the sharp cyclical fluctuations in the real estate markets
  - continuing to reduce exposure in CEE/SEE/CIS;
  - safeguarding the value of the portfolio through reclassification to Land Banking;
  - evaluating potential future investments in Germany and Austria on the basis of attractive returns on new purchases and lower exposure.
- Integration of the asset manager R-Quadrat and expansion of the business model.

Management expects a reflow of funds in Business Segment Portfolio within the next 12 months of at least an additional EUR 3 million due to the positive progress of the YKB Portfolio. Similarly, in the wake of a recovery of the German real estate market the investment in Squadra should also develop positively within the next 12 to 24 months. Based on the decision relating to the strategic withdrawal from Russia as well as the deteriorating overall conditions in Russia, the investment in Russian Land AG should be sold within the next 12 to 24 months.

In the Development segment, revenue from the letting of portfolio properties from the German Portfolio should rise due to the increase in occupancy rates over the next 12 months; however, the budgeted renovation measures will push income from letting down to or below the level of the previous fiscal year. The operating expenses of Sub-Segment Land Banking will largely reduce, in particular, because no financing costs are incurred in this segment. An important task in this area will be the procurement of funding for Project Peremogi together with the joint venture partner. In general, significant focus will be put on the Ukraine. An uncertain legal position and corruption currently makes the Ukraine unattractive to foreign investors. Here it is a case of shoring up legal positions and especially assessing and safeguarding the outstanding issues regarding the legal situation in relation to the Chmelnitzkij investment, if need be with legal measures.

The Schumanngasse tax relief model and the Grazerstrasse participation model will be placed in the new Asset Management segment in this fiscal year, which will be handled by the R-Quadrat Group. Implementation of a further tax relief model for fiscal year 2010/2011 is being worked on. For the current 2009/2010 fiscal year, Management expects the return on investment from this segment to be more than EUR 2.0 million.

For the business model of MAGNAT, the next 12 months will be marked by the challenge of active and consistent implementation of liquidity management. On the assumption of a general improvement in the present market situation in the individual countries, the Management of MAGNAT anticipates a stabilisation of the business model, an improvement in earnings performance and thus a speedy return to growth over the next 12 to 24 months.

This management report contains forward-looking statements and information. Such forward-looking statements are based on our present expectations and certain assumptions. They therefore involve a number of risks and uncertainties. A variety of factors, many of which are outside of MAGNAT's sphere of influence, affect the business activities, success, business strategy and profit of MAGNAT. These factors could lead to the actual profit, success and achievements of MAGNAT being substantially different.

Should one or more of these risks or uncertainties materialise or should it transpire that the underlying assumptions were incorrect, the actual results may differ substantially, either positively or negatively, from those results set out in the forward-looking statement as being expected, anticipated, intended, planned, believed, estimated or projected. MAGNAT assumes no obligation and does not intend to update these forward-looking statements or correct them in the event of another expected development.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated balance sheet as of 30 September 2009

EUR	30/09/2009	31/03/2009
ASSETS		
Non-current assets		
Intangible assets	467,289	380,566
Fixed assets	43,429	38,740
Shares in companies valued using the equity method	51,578,486	51,747,568
Other financial assets	112,500	112,500
Loans to companies valued using the equity method	10,209,104	13,772,885
Advance payments on financial assets	34,114	0
Deferred tax assets	170,943	188,837
Total non-current assets	**62,615,865**	**66,241,096**
Current assets		
Portfolio properties	60,072,371	60,114,554
Trade receivables and other receivables	11,369,017	11,108,910
Financial receivables and other financial assets	5,258,514	4,831,589
Derivative financial instruments	0	464,971
Cash and cash equivalents	3,857,021	7,624,863
Total current assets	**80,556,923**	**84,144,887**
Total assets	**143,172,788**	**150,385,983**
EQUITY AND LIABILITIES		
Equity		
Capital stock	5,340,000	52,950,000
Reserves	71,051,058	27,160,289
Equity attributable to shareholders of the parent company	**76,391,058**	**80,110,289**
Minority Interests	14,171,801	14,526,108
Total equity	**90,562,859**	**94,636,397**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	231,679	219,685
Non-current financial liabilities	34,604,248	45,782,932
Total non-current liabilities	**34,835,927**	**46,002,617**
Current liabilities		
Provisions	2,050,634	2,076,226
Trade payables and other liabilities	1,361,729	3,146,328
Current financial liabilities	14,361,639	3,930,696
Derivative financial instruments	0	593,718
Total current liabilities	**17,774,002**	**9,746,968**
Total liabilities	**52,609,929**	**55,749,585**
Total liabilities and equity	**143,172,788**	**150,385,983**

Consolidated income statement as of 30 September 2009

EUR	01/04/2009 - 30/09/2009	01/04/2008 - 30/09/2008	01/07/2009 - 30/09/2009	01/07/2008 - 30/09/2008
Rental income	3,220,707	3,052,696	1,465,951	1,531,548
Operating expenses to generate rental income	-2,134,703	-1,820,123	-1,247,875	-970,388
Earnings from the letting of portfolio properties	**1,086,003**	**1,232,573**	**218,076**	**561,160**
Proceeds from the sale of real estate companies	0	0	0	0
Net assets from sold real estate companies	0	0	0	0
Earnings from the sale of real estate companies	**0**	**0**	**0**	**0**
Profit from companies valued using the equity method	166,556	40,405	25,998	21,479
Loss from companies valued using the equity method	-1,478,393	-5,872,409	-940,823	-5,872,409
Earnings from companies valued using the equity method	**-1,311,838**	**-5,832,004**	**-914,825**	**-5,850,930**
Other operating income	42,454	337,333	42,454	336,021
General and administrative expenses	-1,493,013	-1,990,729	-727,406	-741,015
Other operating expenses	-1,015,684	-1,502,017	-502,735	-1,017,030
Earnings before interest and taxes	**-2,692,077**	**-7,754,844**	**-1,884,435**	**-6,711,794**
Financial income	923,627	883,413	381,553	611,469
Financial expenses	-2,686,284	-2,054,157	-2,090,150	-1,548,109
Financial result	**-1,762,657**	**-1,170,744**	**-1,708,597**	**-936,640**
Earnings before taxes	**-4,454,734**	**-8,925,588**	**-3,593,032**	**-7,648,434**
Income taxes	-73,587	-46,290	-15,836	-28,360
Total income	**-4,528,321**	**-8,971,879**	**-3,608,869**	**-7,676,795**
Of which attributed to:				
Minority interests	**-308,189**	**-490,959**	**-232,653**	**-372,212**
Parent company shareholders	**-4,220,132**	**-8,480,920**	**-3,376,216**	**-7,304,583**
Basic earnings per share	-0.80	-1.60	-0.64	-1.38
Diluted earnings per share	-0.80	-1.60	-0.64	-1.38

Statement of income and accumulated earnings as of 30 September 2009

Total income	**-4,528,321**	**-8,971,879**	**-3,608,869**	**-7,676,795**
Other income (recorded in equity) from				
Currency differences	181,683	4,034,595	-530,789	3,147,144
Financial instruments available for sale	292,994	0	292,994	0
Other	-11,875	-221,118	0	-221,118
Total other (recorded in equity) earnings before taxes	**462,802**	**3,813,477**	**-237,795**	**2,926,026**
Net of taxes	-8,978	0	2,532	0
Total other (recorded in equity) earnings after taxes	**453,823**	**3,813,477**	**-235,264**	**2,926,026**
Total earnings during the period under review	**-4,074,498**	**-5,158,402**	**-3,844,132**	**-4,750,769**
Of which attributed to:				
Minority interests	**-355,265**	**-89,399**	**-298,574**	**-106,002**
Parent company shareholders	**-3,719,232**	**-5,069,002**	**-3,545,559**	**-4,644,767**

Consolidated statement of equity

EUR '000	Capital stock		Reserves			Equity attributable to shareholders of the parent company	Minority interests	Total equity
	Capital contributed by the General Partner	Subscribed Capital	Capital reserve	Revenue reserves	Other reserves			
01/04/2009	**50**	**52,900**	**33,545**	**2,790**	**-9,175**	**80,110**	**14,526**	**94,636**
Capital increases	0	0	0	0	0	**0**	0	**0**
Capital reduction	0	-47,610	43,640	3,970	0	**0**	0	**0**
Equity procurement costs	0	0	0	0	0	**0**	0	**0**
Other	0	0	0	0	-9	**-9**	0	**-9**
Proportional assumption of equity changes not affecting income of companies valued using the equity method	0	0	0	0	386	**386**	0	**386**
Currency difference	0	0	0	0	124	**124**	-47	**77**
Total earnings recorded directly in equity	**0**	**0**	**0**	**0**	**501**	**501**	**-47**	**454**
Earnings during the period under review	0	0	0	-4,220	0	**-4,220**	-308	**-4,528**
Total earnings during the period under review	**0**	**0**	**0**	**-4,220**	**501**	**-3,719**	**-355**	**-4,074**
30/09/2009	**50**	**5,290**	**77,185**	**2,540**	**-8,674**	**76,391**	**14,172**	**90,563**
01/04/2008	**50**	**52,900**	**33,546**	**8,990**	**-5,738**	**89,748**	**14,462**	**104,209**
Capital increases	0	0	0	0	0	**0**	625	**625**
Equity procurement costs	0	0	0	0	0	**0**	0	**0**
Other	0	0	0	0	0	**0**	0	**0**
Proportional assumption of equity changes not affecting income of companies valued using the equity method	0	0	0	0	2,837	**2,837**	0	
Currency difference	0	0	0	0	575	**575**	402	
Total earnings recorded directly in equity	**0**	**0**	**0**	**0**	**3,412**	**3,412**	**402**	
Earnings during the period under review	0	0	0	-8,481	0	**-8,481**	-491	
Total earnings during the period under review	**0**	**0**	**0**	**-8,481**	**3,412**	**-5,069**	**-89**	

Consolidated cash flow statement as of 30 September 2009

EUR '000	01/04/2009 - 30/09/2009	01/04/2008 - 30/09/2008
Consolidated result before taxes	**(4,455)**	**(8,926)**
Movement in portfolio properties	42	(3,796)
Movement in trade receivables and other receivables	(266)	1,589
Movement in income tax receivables	24	0
Movement in financial receivables and other financial assets	(594)	(4,788)
Movement in provisions	(26)	(72)
Movement in trade liabilities and other liabilities	(1,773)	2,260
Movement in derivative financial instruments	0	(287)
Other non-cash items	2,810	7,851
Cash flow from operating activities	**(4,236)**	**(6,167)**
Payments for the purchase of property, plant and equipment	(9)	(14)
Payments to acquire shares and to increase the capital reserve for companies valued using the equity method and other interests	(745)	(2,720)
Payments from the granting of loans to companies valued using the equity method and to other interests	(898)	(1,472)
Payments-in from loans to companies valued using the equity method and to other interests	3,500	0
Cash flow from investing activities	**1,848**	**(4,207)**
Payments-in from capital increases	0	653
Payments-in from the assumption of financial liabilities	13,364	46,946
Payments for the servicing of debts	(14,742)	(35,584)
Cash flow from financing activity	**(1,379)**	**12,015**
Movement in cash and cash equivalents affecting liquidity	**(3,767)**	**1,641**
Movement due to currency translation	**(1)**	**0**
Cash and cash equivalents at the beginning of the period	7,625	4,827
Cash and cash equivalents at the end of the period	**3,857**	**6,468**

MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main

Interim financial reporting - half-year report
Notes to the period 1 April 2009 to 30 September 2009

Organisation

MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main

Interim financial reporting - half-year report
Notes to the period 1 April 2009 to 30 September 2009

A. General information

MAGNAT Real Estate Opportunities GmbH & Co. KGaA (hereinafter also referred to as 'Company' or 'MAGNAT') was formed on 6 April 2006 and listed in the Commercial Register under HRB No. 77281 at the address of the Company's headquarters in Frankfurt am Main, Germany on 31 May 2006. The registered office of the Company is at Lyoner Strasse 32, Frankfurt am Main, Germany. The Company's fiscal year ends on 31 March of each year.

MAGNAT is a publicly traded real estate development company in Frankfurt am Main, which focuses on special business situations in the home market of Germany and in Austria as well as on land banking and real estate development in Eastern and South-Eastern Europe as well as the Commonwealth of Independent States. MAGNAT's business model is based on profiting from exploiting the potential for added value in special business situations, gains from land banking (the purchase and sale of land) and on generating attractive development returns.

This involves MAGNAT concentrating on real estate markets that have attractive development cycles, on special business situations, on undervalued markets in the framework of counter-cyclical investments as well as on markets with high macroeconomic growth. MAGNAT generates rental income on an ongoing basis from a residential portfolio and a commercial portfolio in Germany supplemented by an investment in Austria. In Central, Eastern and South-Eastern Europe MAGNAT is investing in Poland, Romania, Bulgaria and Turkey as well as in the Commonwealth of Independent States, in Ukraine, Russia and Georgia.

MAGNAT Real Estate Opportunities GmbH & Co. KGaA is the parent company of the MAGNAT Group. To date, the parent has not made investments in real estate or real estate projects itself. Basically, investments are transacted through project companies; the parent (via intermediate holding companies) holds a stake in these project companies either directly or indirectly. The majority of investments hitherto have been made jointly with co-investors.

A core element of the corporate policy is extensive outsourcing, especially for real estate activities; this has a corresponding impact on the Company's organisational structure and work-flow. In the capacity of asset manager, limited shareholder R-QUADRAT Immobilien GmbH (as successor to R-QUADRAT Immobilien Beratungs GmbH), Vienna (hereinafter referred to as "R-QUADRAT"), renders, in the scope of its special obligations pursuant to the Articles of Association, services to MAGNAT, which, to a large degree, span the entire value chain of real estate activities.

B. Accounting

The interim report for the Group was prepared in compliance with the International Financial Reporting Standards (IFRS) for interim financial reporting, as applicable in the EU, the applicable provisions of the WpHG (Wertpapierhandelsgesetz: German securities trading act), and it was subjected to a review.

The interim consolidated financial statements as of 30 September 2009 were prepared in compliance with the regulations of International Accounting Standard (IAS) 34. In accordance with IAS 34, compared to the consolidated financial statements at 31 March 2009, a condensed report was decided on.

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted standards and interpretations, which during the period under review were not mandatory. Application of these rules presupposes that approval by the EU, which at the present time is in part still outstanding, will be given. The Group has decided against the early application of these standards and interpretations.

The consolidated financial statements have been prepared on the assumption of a going concern. The reporting currency is the EUR. If figures have been rounded to the nearest thousand, this has been stated.

The consolidated financial statements of the MAGNAT Group prepared for MAGNAT Real Estate Opportunities GmbH & Co. KGaA, as its parent, comply with the uniform accounting and valuation principles. IFRS requirements that were mandatory and adopted by the European Union as of the date of the interim report (30 September 2009) have been applied. In the interim report at 30 September 2009, changes to IAS 1 'Presentation of Financial Statements' with regard to the statement of income and accumulated earnings as well as IFRS 8 'Operating Segments' were applied for the first time.

The accounting policies and the estimation methods have not changed since the consolidated financial statements as of 31 March 2009. Accordingly, we refer to our annual report dated 31 March 2009.

These interim financial statements do not contain all of the disclosures necessary for consolidated financial statements and must be read in conjunction with the consolidated financial statements as of 31 March 2009.

The scope of consolidation remains unchanged compared to the consolidated financial statements at 31 March 2009.

C. Selected notes to the consolidated income statement

Consolidated earnings for the period under review of EUR -4,528 thousand was largely affected by the negative earnings of the companies valued using the equity method (EUR -1,312 thousand) as well as a pro rata value adjustment of the loan granted to R-QUADRAT Polska Alpha Sp. z o.o. amounting to EUR 1,497 thousand.

In the period under review, general and administrative costs amounted to EUR 1,493 thousand.

Earnings per share

Basic earnings per share are taken from the portion of the profit attributable to the shareholders of the Company in the period under review divided by the weighted average number of shares outstanding. The 10:1 ordinary capital reduction, which was decided during the Extraordinary General Meeting and came into effect through registration in the commercial register on 20 April 2009, was executed on 29/30 April 2009. MAGNAT shareholders received one new converted no par share with a proportionate amount of share capital of EUR 1.00 for 10 no par shares with a proportionate amount of share capital of EUR 1.00. At the start of trading on 30 April 2009, the shares were listed with the new ISIN, the reduced share capital and the new share price.

	01/04/2009 - 30/09/2009	01/04/2008 - 30/09/2008	01/04/2008 - 30/09/2008 *
Share in profit or loss attributable to shareholders of the parent (EUR '000) for the period under review	-4,220	-8,481	-8,481
Weighted average of number of shares outstanding	5,290,000	5,290,000	52,900,000
Basic earnings per share (EUR)	-0.80	-1.60	-0.16
Diluted earnings per share (EUR)	-0.80	-1.60	-0.16

* In addition to the calculation with the reduced share capital, for reasons of clarity the calculation of the previous year was also shown for the earnings per share for that year.

D. Selected notes to the consolidated balance sheet and to the statement on changes in equity

During the period under review the loan granted to the subsidiary of a company valued using the equity method was partially (EUR 3,500 thousand) repaid. The liability from the current account of MAGNAT Real Estate Opportunities GmbH & Co. KGaA has been reduced by EUR 1000 thousand.

The negative earnings for the period attributable to the shareholders of the parent amount to EUR 4,220 thousand; a share of losses amounting to EUR 308 thousand is attributed the minority interests.

Additional changes in equity that had no effect on the income statement result predominantly from a positive foreign currency translation difference amounting to EUR 182 thousand and EUR 281 thousand from the pro rata assumption of other reserves of companies valued using the equity method.

The development of equity can be taken from the statement on changes in equity in the appendix to the notes.

E. Selected notes to the cash flow statement

Cash flow from operating activities is calculated using the indirect method. Cash flow from investing and financing activities is calculated on a payment-related basis. The cash flow statement can be taken from the appendix to the notes.

6.1.1 Cash outflow from operating activities

Cash flow from operating activities totalling EUR -4,236 thousand is marked essentially by the movement in trade payables and other liabilities amounting to EUR -1,776 thousand. Financial receivables and other financial assets show a change of EUR -594. Non-cash-related-expenses and income amounted to EUR 2,810 thousand. A breakdown of the significant items is shown separately in the section 'Non-cash items'.

Cash inflow from investing activities

Cash flow from investing activity amounting to EUR 1,848 thousand resulted essentially from the repayment of a loan granted to the subsidiary of a company valued using the equity method (EUR 3,500 thousand).

Cash outflow from financing activities

Cash flow from financing activities amounting to EUR -1,379 thousand is marked by refinancing of the operating credit lines due in 2010 carried out at the end of July.

Non-cash Items

Non-cash items result mainly from the income of companies valued using the equity method (EUR 1,312 thousand), value adjustments (EUR 1,497 thousand) and movements in currency translation (EUR 396 thousand).

Cash and cash equivalents

Cash and cash equivalents correspond with the amount shown on the consolidated balance sheet (EUR 3,857 thousand). This item includes cash on hand and current balances with credit institutions.

F. Selected notes to the segment reporting

1 April 2009 - 30 September 2009	Business segments				
EUR '000	Portfolio	Development	Total segments	Corporate functions	Group
Sales revenue		3,221	3,221		3,221
Earnings before taxes in the period under review	-580	-2,039	-2,619	-1,836	-4,455

1 April 2008 - 30 September 2008	Business segments				
EUR '000	Portfolio	Development	Total segments	Corporate functions	Group
Sales revenue		3,053	3,053		3,053
Earnings before taxes in the period under review	-2,253	-4,889	-7,142	-1,784	-8,926

Additional information

Segment assets (EUR '000)	Portfolio	Development	Total segments	Corporate functions	Group
30 September 2009	26,920	95,971	122,891	4,252	127,143
31 March 2009	26,636	96,358	122,994	8,201	131,195

Segmentation of the data on the annual financial statements is based on the internal alignment according to strategic business segments and regional factors. The Group operates in the two reportable segments: Portfolio and Development. The Portfolio segment contains information related to property held as non-current fixed assets. The Development segment includes the business units Revitalisation, Project Development and Land Banking. Management monitors the operating results separately for each business segment. The Corporate Functions segment contains the holding companies, which do not represent independent segments. However, this is presented separately in the interest of clarity.

Revenues for the period resulted from letting and were generated by the Development segment. There were no revenues from inter-segment transactions during the period under review.

Significant movements in the Group's assets and liabilities are discussed in Section D.

There has been no change in the assignment of companies in the Group to business segments since the consolidated financial statements at 31 March 2009.

I. Other notes

1. Financial instruments

At the reporting date, the Group no longer held any derivative financial instruments. The foreign currency options amounting to USD 17 million still outstanding at the balance sheet date, 31 March 2009, were closed out in May 2009. The corresponding return of EUR 129 thousand was recorded as income in the consolidated income statement under the financial result.

2. Related party disclosures

MAGNAT Management GmbH, Frankfurt am Main, and R- QUADRAT Immobilien GmbH (as successor to R-QUADRAT Immobilien Beratungs GmbH), Vienna, and their executive bodies are understood to be related parties as defined by IAS 24.

a) **MAGNAT Management GmbH**

MAGNAT Management GmbH is the partner liable to unlimited extent (hereinafter referred to as General Partner) of MAGNAT Real Estate Opportunities GmbH & Co. KGaA (with special duties). The General Partner is responsible for the management function, which encompasses all tasks in connection with the object of the Company, in particular, the acquisition, leasing, development and sale of directly and indirectly held real estate investments.

As General Partner, MAGNAT Management GmbH receives the following compensation in accordance with Art. 8, Para. 2 of the Company's Articles of Association:

For activities relating to the management function: reimbursement of costs and expenses incurred in connection with carrying out proper business operations at the General Partner, especially personnel and material expenses, plus 3% on this total amount plus any statutory turnover tax that may be payable, but limited to a maximum of 0.5% of the shareholders' equity in the Company as per the consolidated financial statements for the fiscal year under review (on the basis of IFRS).
For the assumption of general liability: compensation of 5% of the General Partner's share capital plus any applicable statutory turnover tax. This compensation is payable annually after the close of the fiscal year.

In the current period under review MAGNAT Management GmbH performed services for the parent company amounting to EUR 245 thousand plus any statutory turnover tax payable.

b) **R-QUADRAT Immobilien GmbH**

As founding limited shareholder of the Company and holder of the registered shares with restricted transferability and having special shareholder duties, R-QUADRAT Immobilien GmbH receives the following compensation for the aforementioned activities pursuant to the Articles of Association:

1. 2.0% p.a. of the acquisition and production costs of the direct or indirect real estate investments of the Company pursuant to IFRS. The assessment base for indirectly held real estate investments, in particular, in the case of direct or indirect controlling interests in fully consolidated real estate project companies, is the acquisition and production costs as per the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for indirectly held real estate investments, in particular, in the case of direct or indirect minority interests in non-fully consolidated real estate project companies, is the analogously determined acquisition and production costs calculated pursuant to IFRS, in each case multiplied by the percentage interest held by the Company.

   This compensation is in addition to any statutory turnover tax that may be incurred and is payable quarterly in arrears on the 15th of the month following the end of the quarter. If a particular real estate investment was not held for the entire quarter, the compensation will apply on a prorated basis.

2. A one-off 1.0% of the acquisition costs, including incidental acquisition costs pursuant to IFRS for direct or indirect real estate investments. The assessment base for indirect real estate investments, in particular, in the case of direct or indirect controlling interests in fully consolidated real estate project companies, is the acquisition costs, including incidental acquisition costs as per the consolidated balance sheet pursuant to IFRS, in each case multiplied by the percentage interest held by the Company. The assessment base for indirect real estate investments, in particular, in the case of direct or indirect minority interests in non-fully consolidated real estate project companies, is the analogously determined acquisition costs, including incidental acquisition costs pursuant to IFRS, in each case multiplied by the percentage interest held by the Company, as a lump sum compensation for the increased expense in connection with the acquisition of direct or indirect real estate investments or real estate-related investments, thus, in particular, for the structured search for suitable real estate and real estate projects, the preliminary selection and examination of the properties including coordination of due diligence, negotiations in the name and on behalf of the General Partner, preparation of contracts with the help of solicitors, etc., closing, as well as the arranging of financing (negotiations with credit institutions, optimisation of the financing structure).

   This compensation is in addition to any statutory turnover tax incurred and is payable after the legally binding conclusion of the acquisition process.

3. A one-off 2.5% of the production costs, including incidental production costs pursuant to IFRS for indirect or direct real estate investments. The assessment base for indirect real estate investments, in particular, in the case of direct or indirect controlling interests in fully consolidated real estate project companies, is the production cost including incidental production costs according to the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for indirectly held real estate investments, in particular, in the case of directly or indirectly held minority interests in non-fully consolidated real estate project companies, is the analogously determined production costs including incidental production costs calculated pursuant to IFRS, in each case multiplied by the percentage interest held by the Company, as a lump sum compensation for the increased expense in connection with support and coordination of all activities in connection with the development of real estate in which the Company directly or indirectly holds investments, as well as the examination and preparation of development opportunities in advance.

   This compensation is in addition to any statutory turnover tax that may be applicable and is payable, distributed over the planned production period, quarterly in arrears on the 15th of the month following the end of the quarter. During the production period, quarterly account statements are to be based on the estimated production costs and final accounting will take place following completion.

4. A one-off 2.5% of sales proceeds pursuant to IFRS upon the sale of direct or indirect real estate investments. The assessment base for the sale of indirectly held real estate investments, in particular, in the case of directly or indirectly held controlling interests in fully consolidated real estate project companies, is the sales proceeds as per the IFRS consolidated balance sheet, in each case multiplied by the percentage interest held by the Company. The assessment base for the sale of indirect real estate investments, in particular, in the case of direct or indirect minority interests in non-fully consolidated real estate project companies, is the analogously determined sales proceeds according to IFRS, in each case multiplied by the percentage interest held by the Company, as lump sum compensation for the increased expense in connection with the sale of direct and indirect real estate investments, thus, in particular, for structured searches for buyers, pre-selection of potential buyers including handling any due diligence on the part of potential buyers, carrying out negotiations in the name and on behalf of the General Partner, preparation of contracts with the help of solicitors, etc., handling and arranging financing (negotiations with credit institutions, optimisation of the financing structure).

   However, this compensation is only due if the total profit on the investment sold (before income taxes) is equal to an annual internal rate of return on the Company's invested equity of at least 15% for the entire holding period of the investment. If the total profit of the investment (before income taxes) does not come to an internal rate of return of 15% determined in this manner, but is at least 10%, compensation shall be 1.25%. If the total profit of the investment (before income taxes) comes to a thus determined annual internal rate of return of between 10% and 15%, there shall be entitlement to a compensation determined through interpolation (i.e., 1.875% for an internal rate of return of 12.5%).

For determining the internal rate of return, the acquisition and production costs (including incidental costs) as well as all direct costs, loan costs and fees attributable to the project pursuant to Para. 3 are to be subtracted from the total earnings from the investment (in particular, sales proceeds, rental income and other revenues).

This compensation is in addition to any statutory turnover tax that may be applicable and is payable after the legally binding conclusion of the sales transaction.

The services listed under the aforementioned Items 1 to 4, which are provided by R-QUADRAT Immobilien GmbH to the Company on the basis the provisions of Art. 8, are in turn charged by the Company – in the case of indirect real estate investments – according to the costs-by-cause principle. After prior consultation with the General Partner, in individual cases services and billing may also be rendered directly to the relevant project company.

As limited shareholder of the Company and holder of the registered shares with restricted transferability and having special shareholder duties, R-QUADRAT Immobilien GmbH receives an additional performance-related compensation, which is determined as follows:

- 'Amount A' = consolidated net income for the period under review of the fiscal year (based on the consolidated financial statements according to IFRS) prior to deduction of this performance-related compensation.
- 'Amount B' = 12% of consolidated equity during the fiscal year (based on the consolidated financial statements according to IFRS) before taking this compensation into account; in the event of there being changes to consolidated equity during the fiscal year, e.g., as a result of capital increases or dividend payments, the calculation is to be based on average consolidated equity, which shall be determined accordingly.

- (Amount A less Amount B) multiplied by 20% = performance-related compensation.

- If the result of 'Amount A' less 'Amount B' is negative (= 'Amount C'), 'Amount C' is carried forward to the following year. Only after 'Amount C' plus any existing negative carry-forward ('cumulative Amount C') has been offset will a claim arise for the performance-related compensation as described above.

This compensation is in addition to any statutory turnover tax incurred and is payable after completion and assessment of the consolidated financial statements.

During the period under review, R-QUADRAT Immobilien GmbH performed services for companies in the Group as follows:

EUR '000	01/04 to 30/09/2009	01/04 to 30/09/2008
Parent	433	356
Subsidiaries	912	1,029
Associated enterprises	274	625
Total	**1,619**	**2,010**

Liabilities for services provided by R-QUADRAT Immobilien GmbH to companies in the Group as of the balance sheet reporting date amount to EUR 427 thousand.

As in the previous year, a consulting relationship existed between MAGNAT Real Estate Opportunities GmbH & Co. KGaA and the company of Supervisory Board member Dr Carsten Strohdeicher. The consulting agreement includes consulting for and brokering of outside financing for real estate projects in Germany. The fees provided for therein are significantly lower than normal market conditions. The consulting agreement was approved by resolution of the Supervisory Board. For the consulting services provided, EUR 65 thousand plus turnover tax was paid out during the period under review.

Other than the compensation for membership on the Supervisory Board, other members of the Supervisory Board did not receive any additional compensation for services rendered.

c) **Minority interests**

MAGNAT also had dealings with minority interests. These dealings were mainly in connection with the financing and acquisition of subsidiaries.

As of the balance sheet reporting date, MAGNAT had receivables against minority interest R-QUADRAT Capital Beta GmbH, Vienna, amounting to EUR 1,947 thousand.

3. Subsequent events

All items on the agenda of the Annual General Meeting of MAGNAT Real Estate Opportunities GmbH & Co. KGaA on 29 October 2009 were passed with an overwhelming majority. Major decisions for the future of MAGNAT were, in particular, the following two resolutions:

1. Resolution approving the decision of the partner liable to unlimited extent of 8 September 2009 concerning the use of authorised capital.

On 8 September 2009, the partner liable to unlimited extent of MAGNAT Real Estate Opportunities GmbH & Co. KGaA decided to increase the capital of the Company by means of a capital increase against contribution in kind from EUR 5,290,000 by EUR 8,604,651 to EUR 13,894,651. The subscription rights of shareholders were excluded. For its part, the Supervisory Board approved this resolution on 8 September 2009 with a corresponding resolution.

The contribution in kind was made up of all the shares of R-QUADRAT Holding AG, Vienna, Austria, and all the business shares in Altira ImmoFinanz GmbH. The main asset of these companies is a combined stake of 100% of R-QUADRAT Immobilien GmbH, Vienna, Austria.

This capital increase against contribution in kind is part of a comprehensive restructuring of MAGNAT. In addition to internalisation of the asset management based on the capital increase against contribution in kind, conversion of MAGNAT from an association limited by shares (hereinafter 'KGaA') to a joint stock corporation is a further key element of the restructuring.

2. Resolution on the conversion of the Company to a joint stock corporation and establishment of the Articles

MAGNAT Real Estate Opportunities GmbH & Co. KGaA will be converted into a joint stock corporation pursuant to Arts. 190 et seq, 226 et seq and 238 et seq of the UmwG (Umwandlungsgesetz: German law regulating transformation of companies) on the basis of the pending capital market prospectus. After the conversion the Company will trade as 'MAGNAT Real Estate AG'. It has its headquarters in Frankfurt. The share capital of the Company, which will be EUR 13,894,651 after execution of the capital increase decided on 8 September 2009 is filed in the commercial register, is the same amount as the share capital of the new entity (EUR 13,894,651). The share capital of the Company, which is divided into 13,894,651 individual bearer shares, will also be divided into 13,894,651 individual bearer shares after the conversion to a joint stock corporation.

The hitherto shareholders of MAGNAT will, as shareholders of the new joint stock corporation, receive the same number of individual bearer shares as they previously held in MAGNAT. Pursuant to Art. 245, Para. 3 of the UmwG, MAGNAT Management GmbH shall take the place of the founder of the joint stock corporation. Due to the conversion MAGNAT Management GmbH shall, in accordance with Art. 247, Para. 2 of the UmwG, resign from its position as partner liable to unlimited extent.

On 17 November 2009, MAGNAT announced the successful sale of the 'Boronkay' property, which is part of the YKB Portfolio and covers 23,765 square metres. The 'Boronkay' property was acquired in July 2007 originally for EUR 4.5 million as part of the overall portfolio and is located in Istanbul. With a selling price of EUR 15.7 million, a return on investment amounting to 250% was achieved. MAGNAT will receive EUR 5 million from the sale.

4. Statement regarding the German Code of Corporate Governance

The statements regarding the German Code of Corporate Governance required by Art. 161 of the AktG (Aktiengesetz: German stock corporation act) are made available by the Company to shareholders once each calendar year. The Statement of Compliance with the German Code of Corporate Governance has been completed and is permanently available to shareholders on the website of MAGNAT under 'Company'.

Frankfurt am Main, 30/11/2009

MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster Jürgen Georg Faè

(Executive Officers of MAGNAT Management GmbH, as the Management of the Company)

RESPONSIBILITY STATEMENT

Responsibility statement

As Executive Officers of MAGNAT Management GmbH (Managing General Partners of MAGNAT Real Estate Opportunities GmbH & Co. KGaA), we declare to the best of our knowledge that, under applicable accounting principles for interim reporting, the interim consolidated financial statements present a true and fair view of the assets, financial position and profit or loss of the Group and that the group interim management report portrays business developments, including operating results and the position of the Group in a manner that conveys the actual situation as well as the significant risks and opportunities associated with the Group's foreseeable development in the remainder of the fiscal year.

Frankfurt am Main, 30 November 2009
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Rüster　　　　Jürgen Georg Faè

Review report

To MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, income statement, statement of income and accumulated earnings, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of MAGNAT Real Estate Opportunities GmbH & Co. KGaA, Frankfurt am Main, for the period 1 April to 30 September 2009, which are part of the six monthly financial report pursuant to Art. 37w of the WpHG (Wertpapierhandelsgesetz: German securities trading act). Preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the Company's Management body. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with generally accepted standards for the review of financial statements in Germany promulgated by the IDW (Institut der Wirtschaftsprüfer: German institute of public auditors). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with some degree of certainty, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Frankfurt am Main, 30 November 2009

KPMG AG
Auditing company

Möller	Hauk-Urban
Auditor	Auditor

FINANCIAL CALENDAR

Financial calendar 2009/2010

Regular General Meeting, Frankfurt / Main	29.10.2009
Interim Financial Report 2009/2010	30.11.2009
Q3 interim report for period ending 31 December 2009	11.02.2010
Publication of 2009/2010 financial statements	31.07.2010

IR-Contact

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Information:

The original of this interim report was published in German. In case of deviations, the German version prevails. Further company information as well as the online-version of this financial report is available for download at www.magnat-reop.com. To request printed information, please mail to: info@magnat-reop.com.

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