MAGNAT
real estate opportunities

Turning Inefficiencies into Opportunities.

Interim Financial Report 2007/08

01 April 2007 – 30 September 2007

KEY DATA

Financial Ratios (consolidated, IFRS)

	30 Sept 2007	31 March 2007	change (%)
	EUR '000	EUR '000	%
Assets	**112,089**	**49,994**	**124%**
Non-current assets	43,220	4,825	796%
Current assets	68,869	45,169	52%
Equity and Liabilities	**112,089**	**49,994**	**124%**
Shareholders' equity incl. minority interests	100,589	45,450	121%
Non-current liabilities	128	14	845%
Current liabilities	11,372	4,531	151%
Equity ratio	**89.74%**	**90.91%**	**-1%**

EUR '000	1 April 2007 – 30 September 2007	6 April 2006 – 30 September 2006	change (%)
Rental profit	1,241	0	n.a.
Profit on entities accounted for using the equity method	3,089	0	n.a.
Costs & expenses	-1,956	-113	1,635%
EBIT	**2,374**	**-113**	**2,706%**
Net financial income	349	228	53%
Profit before taxes	**2,723**	**115**	**2,268%**
Income taxes	-220	0	n.a.
Profit after taxes	**2,504**	**115**	**2,077%**
Minority interests	**-68**	**0**	**n.a.**
Shareholders of the parent company	**2,572**	**115**	**2,137%**
Number of shares (weighted average, '000)	51,175	19,208	
Undiluted earnings per share (in EUR)	**0.05**	**0.01**	**400%**
Fully diluted earnings per share (in EUR)	**0.05**	**0.01**	**400%**

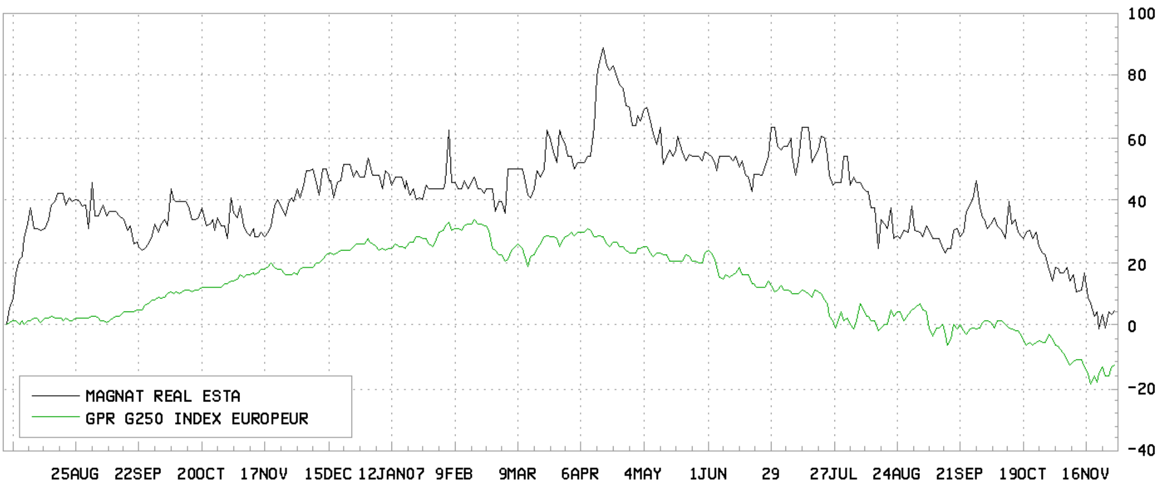
Capital market data

Name	MAGNAT Real Estate Opportunities GmbH & Co. KGaA	
ISIN	DE000A0J3CH0	
Symbol	M5R (Bloomberg: M5R GR, Reuters: M5RG.DE)	
General Standard (Regulated Market)	Frankfurt Stock Exchange (Frankfurt and Xetra)	
Open Market	Berlin, Düsseldorf and Stuttgart	
Index Membership	Dimax	
Freefloat (shareholders < 5%)	67.17%	
E-Mail	info@magnat-reop.com	
Homepage	www.magnat-reop.com	
	30 September 2007	**30 September 2006**
Number of shares (million)	52.9	23.0
Share Capital fully subscribed (EUR million)	52.9	23.0
Market Cap (EUR million) *	116.38	48.99

* based on last price Xetra

MAGNAT vs. EPRA 250 (initial listing as of 26 July 2006 through 29 November 2007)

Source: Bloomberg



CONTENTS

Introduction by the Management Board

Ladies and Gentlemen, esteemed shareholders!

We have completed the upgrade to the Regulated Market, which is in line with our promise on the occasion of our initial listing on the stock exchange. MAGNAT shares were admitted to trading in the General Standard segment of the Frankfurt Stock Exchange on 31 October 2007, which is another milestone for the company. The prospectus approved by BaFin (Federal Financial Supervisory Authority) in connection with the application for the segment change is available for download at http://www.magnat-reop.com/de/investorrelations/wertpapierprospekt.

With the segment change, we are now subject to extensive reporting requirements. MAGNAT has already complied voluntarily with some of these duties before the segment change. We would like to take the opportunity of presenting our first semi-annual financial report to provide a deliberately detailed report, specifically with respect to the changes of the general environment since the submission of our annual report for the financial year 2006/07 and to the implementation of our investment program.

Despite repeated comments about a global real estate crisis after the news from the U.S. – we do not see this scenario happening. There are, admittedly, serious problems in the U.S. residential market as well as in the so-called subprime segment of mortgage financing. Consequences for the global capital and credit markets have been significant, and also consequences for economic growth outside the USA are expected, although at a more moderate scale. There is no doubt that these developments have an impact on real estate markets. However, as real estate markets are mainly regional markets, a differentiated assessment is required.

With these changes in the general business environment, we are now even more convinced than before that MAGNAT pursues the right strategy. MAGNAT invests in the growth markets of Eastern Europe, with supplemental investments in special situations in the still attractive German real estate market. These investment locations continue to hold out good prospects. With its investment program now being almost completed, MAGNAT offers a well diversified project and real estate portfolio with a balanced geographic (Eastern Europe spread out across several countries / Germany), functional (residential / commercial) and profit mix (high potentials with attractive development yields in Eastern Europe / above-average rental returns with additional appreciation potential in Germany). Despite the changes in the general business environment, the first sales could be completed after comparatively short holding periods.

The MAGNAT share

Sentiment on the stock markets has improved after the sharp correction in summer, yet negative reports about further write-offs in particular by financial institutions have lead to continued uncertainty. The price decline among real estate shares is sustained and especially pronounced, which in many cases is not in line with operational development of the respective companies. Positive news from listed real estate companies were hardly rewarded. More recently, comments by analysts and commentators have more and more pointed to a negative exaggeration in the listed real estate segment (just as the price gains in previous years are seen as exaggerations).

The MAGNAT share price has not been able to escape this trend. The issue price for the stock in July 2006 was EUR 1.45. The current price (final XETRA quote on 29 November 2007) is EUR 1.60, or 27 percent below the price of the last capital increase at EUR 2.20 (in April of this year). Real estate indices have experienced a similar trend since the beginning of April (e.g. EPRA 250 down 32 percent; DIMAX down 24 percent).

Considering in particular the following factors, we come to the conclusion that the development of MAGNAT's share price is not consistent with the fundamental data of the company:

- Total equity raised by MAGNAT (foundation capital plus capital increases in July 2006, October 2006 and April 2007) amounts to EUR 87 million, which corresponds to EUR 1.64/share.
- Consolidated shareholders' equity as of 30 September 2007, after minority interests, is EUR 88.4 million, therefore EUR 1.67/share. When assessing this value, it must be kept in mind that MAGNAT, contrary to the prevailing industry practice, has so far entirely refrained from "IFRS 40 revaluations" of its real estate portfolio in its financial statements.
- A significant appreciation is inherent in the Germany portfolio already now – less than one year after the acquisition of the properties – due to a 9 percent rental yield that is well above industry average. Further appreciation is achievable through active asset management, such as reducing vacancies in the German residential portfolio. Updated property appraisals will be obtained on the occasion of the preparation of the annual financial statements as of 31 March 2008.
- Appreciations are also inherent in the land bank not developed yet, as a result of the continued dynamic growth of the Eastern European markets as well as the initial phases of the development programs (e.g. infrastructure and planning measures, improvement of building density). In those cases where appreciation is above-average, we are also considering the potential sale of individual land plots as a measure to realize such appreciation, as an alternative to development.
- The most significant value added is embedded in real estate development, MAGNAT's core business. The development portfolio, which is progressing according to plan, contributes to earnings after completion and sale of individual properties. The first profits from sales could be realised after comparatively short holding periods.

It is important to consider MAGNAT's strategy and accounting policies when evaluating its key figures and in particular its profitability (in absolute terms and relative to the share price, and also when comparing to "traditional" real estate companies). MAGNAT is focused on real estate development, where recording of a profit requires the completion of a sale (taking place, as a general rule, not before completion of the property). Whereas prerequisites for the recognition of income by "traditional" real estate companies in their financial statements (from rent and, where applicable, from appreciations as well) are already met after completion of an investment, it is not the case for real estate development. Two important consequences for MAGNAT need therefore to be factored into any evaluation of MAGNAT's results:

- A gain in the financial statements of a development company is recorded not before the particular point in time when a sale is made. Consequently, realization of profits is deferred accordingly, which imposes limitations on earnings planning and forecasts for specific accounting periods. Normal project terms can be several years, and in any given case depend on a variety of factors specific to the features of the particular investment. MAGNAT's business policy is designed to partially compensate for these effects by adding to the portfolio properties with recurring rental income and by setting high capital turnover targets in the development portfolio (e.g. through investing in development projects with existing building permits; through selling individual land plots before development). Nevertheless, basis effects remain in place.
- This business policy imposes limitations in respect of the continuity of the earnings. This holds true in particular when comparing quarterly, semi-annual and annual results, which may fluctuate significantly depending on the recognition of profits from sales.

The profit achieved in the first half-year of the financial year 2007/08 is, in light of the above, very pleasing as significant gains could be realised after a comparatively short period of time – and also because we at MAGNAT have so far completely refrained from any "IFRS 40 appreciations" of the real estate portfolio. We will do our utmost to continue to surprise positively within the parameters of our strategic alignment with its focus on real estate development.

Frankfurt, November 2007

Jan Oliver Ruester　　　　　Peter Waldner

Interim Management Report
for the period 1 April through 30 September 2007

1 Strategy, Positioning and General Environment

Strategy and positioning

MAGNAT Real Estate Opportunities GmbH & Co. KGaA (hereinafter also "MAGNAT") is Germany's first listed real estate company focusing on real estate development in Eastern Europe. The investment strategy is supplemented by special situations in the German home market. Unlike traditional investment strategies, MAGNAT's business model aims at development returns ("develop and sell") and at special situations with additional value added ("buy and sell"). The target holding period of individual investments is between one and three years.

MAGNAT concentrates on real estate markets with interesting cycles: undervalued markets ("anticyclical investing") and markets with high economic growth ("growth markets"). In Central, Eastern and South Eastern Europe – also referred to as the CEE/SEE/CIS region[1] – MAGNAT invests mainly in "second wave" countries. The main markets are Ukraine, Russia, and Turkey; further investments during the reporting period were also in Poland, Romania, Bulgaria and Georgia. This development portfolio in the CEE/SEE/CIS region is supplemented with a residential and a commercial portfolio in Germany with recurring rental income, as well as one investment in Austria.

With this strategic alignment, the position of MAGNAT is in a segment that offers an above-average return / risk profile. A central element of its investment policy is risk diversification, in several respects, through a balanced asset mix:

- **Geographic mix** through investments in the *CEE/SEE/CIS region*, supplemented by special situations in *Germany*
- **Functional mix** through *residential* and *commercial* properties
- **Yield mix** through *real estate development* (opportunity for high development returns in the CEE/SEE/CIS region) and *properties with recurring rental income* (special situations in Germany with above-average rental yields and additional upside)

[1] CEE = Central&Eastern Europe; SEE = South-Eastern Europe; CIS = Commonwealth of Independent States

This purposely broad strategic alignment requires a focused outsourcing of all key real estate activities, with according effects on its organizational structure and processes. R-QUADRAT Immobilien Beratungs GmbH, Vienna ("R-QUADRAT"), in the framework of its particular responsibilities provided for by the articles of association, provides services for MAGNAT in its capacity as asset manager which cover the entire value added chain of real estate activities to a large extent. This outsourcing is especially important for operations in the CEE/SEE/CIS region because MAGNAT would not be able to build up its own resources with sufficient speed and quality and at acceptable costs for the activities in these markets.

General environment – real estate markets, credit markets and economic development

The real estate crisis in the U.S. ("subprime residential mortgages") and the global tightening of liquidity ("credit crunch", mainly as a result of securitisation markets mostly drying up) have led to a sharp correction in the stock markets since mid-July. The key indices such as the Dow Jones and the DAX have since recovered from the lows they reached in the summer, but market players have grown more cautious. Central banks in the U.S. and Europe have provided liquidity to the markets in order to avoid bottlenecks, and interest policies have been realigned to the new situation. While the ECB has stopped the interest escalation cycle for now, the US Federal Reserve lowered the interest rate for the first time in over four years.

Forecasts for a continuation of the positive climate and economic growth in Europe that has been experienced for the last several years remain mostly positive but have become more cautious, along with a slight reduction in the growth forecasts for 2008. But it is still too early to get answers clear enough to central questions like how the US economy will develop (above all how the problems on the US housing market will impact US economic growth), how oil prices will progress, how inflation risks will turn out and how exchange rates will develop, all of which provide for a climate of uncertainty.

In the European real estate sector, we have seen indirect effects of the crisis in the US housing market. Although there are indications of similar problems in individual European countries (England, Ireland, Spain), overall the Western European real estate market continues to look robust, considering the liquidity squeeze and the existing uncertainties. The Eastern European real estate markets felt little effect from the turbulences.

Effects on MAGNAT from the changes in the general environment

MAGNAT does not do business on the US real estate markets, neither through direct investments nor through investments in securitized instruments. Consequently, **the US problems do not have a direct effect** on MAGNAT. It goes without saying that also MAGNAT has had to adapt to the changed environment since summer of this year, resulting from the consequential effects of the credit, real estate, and stock markets. Below is an **assessment of the indirect effects anticipated** for MAGNAT, resulting from the changes in the general environment.

The significant restrictions on liquidity available in the **credit markets** changed the real estate financing landscape. Leverage ratios for real estate project financing were reduced, while financing costs in the form of interest and ancillary costs have increased. In this changed environment, MAGNAT was able to secure the following bank financings:

- Acquisition financing for the German residential projects Eberswalde and Rostock for EUR 15 million (with a leverage of 60% of acquisition costs)
- Construction financing amounting to PLN 83 million (at the current exchange rate approx. EUR 22.5 million) for the residential development project Nasze Katy in Breslau, Poland
- Construction financing in the amount of RUR 167 million (at the current exchange rate approx. EUR 4.6 million) for the Sadko I project in Moscow (co-investment in the form of a minority stake by MAGNAT)
- Lease finance amounting to EUR 59 million for the Hotel Schwarzenberg development project in Vienna (co-investment in the form of a minority stake by MAGNAT)
- Revolving credit facility in the amount of EUR 5 million for MAGNAT Real Estate Opportunities GmbH & Co KGaA

MAGNAT's expectations are that the tightening of liquidity in the credit markets will extend into 2008. The traditional credit markets (bank financing) are expected to normalise during the first half-year of 2008, although lenders are expected to continue applying high quality standards to potential creditors and properties/projects, leverage ratios are expected to be relatively low and financing costs still high. A comeback of the securitisation markets is still not on the horizon.

The recent **developments on the interest front** are a positive for real estate investors, since the interest escalation cycle in the EUR has come to a halt for now, and it was reversed in the USD. Overall inflationary tendencies are generally advantageous for real estate investments because they offer protection against inflation – provided that real economic growth continues.

The assessment of the effects of **the situation in the credit markets on MAGNAT** is as follows:

- A significant tightening of liquidity comparable to that in the U.S. and Western Europe has not been apparent over the past months in the CEE/SEE/CIS region or for the national economies of those countries. Growth dynamics are intact, and from today's point of view the developments in the capital and credit markets will not result in a lasting curtailment. The real estate markets thus continue to profit from the overall economic dynamics in these regions, coupled with a high level of demand caused by the need to catch up in nearly all segments. MAGNAT will continue to concentrate on those markets and is planning to increase its commitment in the medium term.

- Already before, securitisation markets were in fact not accessible for development project financings because of their specific features. Bank financing continues to be available for real estate development in the CEE/SEE/CIS region; material changes of credit margins and equity ratios (comparatively high already in the past) have not taken place. These premises were used for all of MAGNAT's initial project calculations; hence unfavourable consequences are not anticipated.

- From today's point of view, it is not expected that the credit situation will constrain the potentials for selling finished properties out of the CEE/SEE/CIS commercial development portfolio to institutional end investors. Double-digit acquisition yields in MAGNAT's major markets create enough leeway for adequate risk premiums for buyers as well as bank financings. Still it remains to be seen whether forward sales to end investors – i.e. the sale of properties during the construction phase – will be possible at very early phases of development and whether buyers will be able to obtain financing.

- No perceptible constraints are anticipated with respect to the sale of apartments and homes to owner-occupants in the CEE/SEE/CIS region. Rather, in the past it was not even possible for private buyers to get credit financing in most countries. Only recently has the legal foundation been laid and financing been offered by local banks. This has led to a strong stimulation of residential markets in those markets, from which MAGNAT is benefiting accordingly.

- The general environment for acquisition financing of German properties with recurring rental income was markedly altered by the collapse of the securitization markets. It is no longer possible to reach high leverage ratios of 85% or more, while at the same time the effects of changes in the competitive environment for traditional bank loans and in risk assessment are higher financing costs. This has an impact also on MAGNAT, although the effects are less severe for MAGNAT when compared to the times of highly liquid credit markets because added value comes primarily from the focus on special situations (with high rental yields, and additional potential for value added in the properties), and leverage ratios are comparatively low.

- With respect to the sale of German properties, the changed situation in the credit markets may cause MAGNAT to extend holding periods. Investors continue to show a high level of interest in the German real estate market, which is among the most promising markets in Western Europe. Nevertheless, it has become more difficult for prospective buyers to secure appropriate financing. Consequently, opportunistic financial investors, which were important players in the market in recent years, have now pulled out. Longer holding periods should, however, not negatively effect overall returns for the following reasons: A price increase is expected on the German residential market because – in addition to the comparatively low level of rents and prices – the number of building permits and therefore the creation of new residential space have reached a record low in recent years (with the consequence of a tightening of the residential real estate supply medium term). The potentials for appreciation are therefore significant, with rental yields of around 9% (actual rental income as a function of gross acquisition costs) and a further upside being the elimination of vacancies.

2 Capital Market Activities

As the last step thus far in a multistage capitalisation program, in the reporting period MAGNAT implemented a capital increase of 20.7 million new shares (with an issue price of EUR 2.20) and now has equity of around EUR 88 million. Once project-related debt financing is factored in, this capitalisation is the basis for a gross investment volume in the order of up to EUR 200 million in real estate and real estate projects.

On 30 October 2007 MAGNAT shares were admitted to the Regulated Market by the Admissions Office of the Frankfurt Stock Exchange. First trading day in the General Standard was on 31 October 2007. From 26 July 2006 to 30 October 2007 MAGNAT shares were listed on the Open Market.

3 Business Operations in the Reporting Period

One of the focal points of operations during the reporting period was the implementation of the investment program. All key investments are developing according to plan. But above all else, first-time sales could be realised after comparatively short holding periods (see separate report in this section).

Investments and progress of projects – real estate development

The following new investments were added to the development portfolio during the reporting period:

- "Vacaresti" / Bucharest (Romania): Acquisition of around 6,600 m² of land for a total of EUR 8.4 million; MAGNAT holds 75% of the project company (a EUR 6.3 million investment). The major portion of MAGNAT's investment – besides the share capital in the project company, which was founded with minimal capital – is provided through a shareholder's loan. The construction of around 400 apartments in the medium quality segment with total floor space of around 37,000 m² is planned on the property. The land is zoned for residential developement; initial planning and measures to optimise development opportunities are under way; a building permit has not been issued yet. Plans call for the construction costs to be financed through a bank loan and the sale of apartments in the planning and construction phases.

- "Pancharevo" / Sofia (Bulgaria): Acquisition of around 7,800 m² of land for a total of EUR 1.4 million, MAGNAT holds 75% of the project company (a EUR 1.1 million investment). The construction of around 100 apartments in the top quality segment with total floor space of around 10,000 m² is planned on the property. The land is zoned for residential developement; first phase planning is already well underway; a significant improvement of the development ratio may be achievable, as compared to the original project calculation. Application for building permit will be filed in the first quarter of 2008. Plans call for the construction costs to be financed through a bank loan and the sale of apartments during the planning and construction phases.

- YKB Portfolio (Turkey): Acquisition of a comprehensive real estate inventory from the Turkish Bank Yapı ve Kredı Bankası A.Ş. ("YKB"), consisting of a total of around 400 properties with a variety of uses, with a regional concentration in the greater Istanbul area, in a consortium with the project partners Adama Holding Public Ltd. (consortium leader) and Immoeast AG. The purchase price for the whole portfolio was EUR 136.5 million plus ancillary costs. One of the consortial partners provided a bridge loan of EUR 100 million with a one-year term, offers of a bank loan have been received, and financing discussions are currently under way. A local partner has a pre-emptive right to take a share of up to 25% at acquisition costs plus another 5% at market prices, exercisable within one year. First-time sales (subsequent to the end of the reporting period) generated a gross profit of EUR 6 million on sales revenues of EUR 13.8 million (therefore a EUR 2 million share of gross profit for MAGNAT before costs and taxes).

- <u>"Peremogi 67" / Kiev (Ukraine)</u>: 45% interest in a Ukrainian project company that is lessee for the land and holds an existing building permit for the construction of a "Class A" office and commercial building with 32,000 m² of usable floor space and approximately 420 parking spaces. Total costs of the investment (hereof 36% through a capital increase into the project company) are EUR 10.6 million, plus ancillary charges; another capital increase by the shareholders amounting for USD 2.5 million (MAGNAT's share of which is 45%) has been contractually agreed and is under implementation. Construction has already commenced. An offer of USD 50 million for financing the remaining construction costs has been received; the bank is currently conducting the credit check.

- <u>"Koncha-Zaspa" / Kiev (Ukraine)</u>: Acquisition of around 33,000 m² of land for a total of EUR 4.9 million; MAGNAT holds a 75% interest in the project company (a EUR 3.7 million investment). The lot was purchased through a trustee; the project company has not been entered in the land register yet. The construction of up to 300 apartments in four-storey buildings or approximately 90 villas is planned on the property, depending on the marketing opportunities currently being researched. The land is zoned for residential developement; a building permit has not been issued yet. The plan calls for construction costs to be financed through a bank loan and by selling apartments in the planning and construction phases.

- <u>"Podillja" / Chemelnitzky (Ukraine)</u>: The investment agreement for phase 2 of the Chemelnitzky project was signed in May 2007; the project is currently in the permit-issuance phase. MAGNAT has the right to step into this project. See the comments in the sections below with respect to phase 1 of this project.

- <u>"Digomi" / Tbilisi (Georgia)</u>: Acquisition of around 20,000 m² of land for a total of EUR 2.1 million, MAGNAT holds 56.25% of the project company. The major portion of MAGNAT's investment – besides the share capital in the project company, which was founded with minimal capital – is provided through a shareholder's loan of EUR 1.4 million, plus equity in the project company of EUR 0.1 million. The construction of a retail park is planned on the property. Currently preliminary plans and measures to optimise the development opportunities are being worked out; a building permit has not been issued yet.

- <u>"Schwarzenberg" / Vienna (Austria)</u>: Acquisition of a 19% interest in an Austrian project company holding a leasing right on the "Hotel Schwarzenberg" property. The investment for MAGNAT's 19% interest in the project company is EUR 3 million. Lease based financing for the whole project has already been secured.

- Russian Land AG, Vienna: Founded in August 2007 with total equity of EUR 5 million, hereof MAGNAT assumed EUR 2.5 million. Russian Land will focus on the land banking segment in the Moscow area.

The investments in Poland (Nasze Katy, Breslau), the Ukraine (Podillja I, Chemelnitzky; Cottage Village Vitaly, Kiev; Alexander, Kiev), Russia (Sadko I and II, Moscow) and Romania (Mogosoaia, Bucharest) existing as of the end of financial year 2006/2007 have developed as follows during the reporting period:

- "Housing Estate Nasze Katy" / Breslau (Poland): Construction of around 1,000 apartments in several phases on a lot with an area of 66,000 m²; MAGNAT holds a 50% interest in the Polish project company (MAGNAT's investment takes the form of participation in the project company and a shareholder's loan, totalling EUR 2.8 million). All of the 67 apartments finished so far were sold during the reporting period; the sale prices were significantly above plan. It was therefore possible to increase the profit forecast for the overall project compared with the initial estimate. The start of the next construction phase commenced after the reporting period; financing has been secured.

- "Cottage Village Sadko I and II" in / Moscow (Russia): Construction of approximately 600 single-family homes in total in multiple phases on a 900,000 m² land plot in Moscow-Oblast. MAGNAT has a 20.31% interest in Sadko I and II (the two Russian project companies are currently held by a trustee; the legal process of assignment of shares to MAGNAT is under execution); MAGNAT's total investment amounts to EUR 1.8 million. Sadko I develops according to plan; buyers have been found (presales against down payment) for around 2/3 of the around 100 homes, which are in different stages of construction. Construction of Sadko II will commence after Sadko I will have been completed. The market value of the Sadko II land has appreciated significantly as real estate prices continue to rise; at the same time, the building work and infrastructure developments in the Sadko I project have an appreciating effect.

- Land Plots "Alexander" / Kiev (Ukraine) and "Mogosoaia" / Bucharest (Romania): Size of the land plots is about 200,000 m² and 57,000 m² respectively; MAGNAT's investment (75% interest in each of the project companies) is EUR 2.3 million and EUR 2.8 million respectively. In the case of MAGNAT's investment in Mogosoaia – besides its participation in the project company, which was founded with minimal capital – the major portion of the investment is in the form of a shareholder's loan. Both land plots are zoned for residential development; the Alexander plot is held through a trustee. Decision was taken to put both plots up for sale due to the rise of real estate prices above initial planning.

- "Cottage Village Vitaly" / Kiev, Ukraine: Investment of EUR 0.7 million with a contractual right to a share of profits from the overall project (construction of 57 luxury villas). Building permit for the project had already been issued at the time of MAGNAT's investment, one home has been sold. Taking progress so far into consideration, as a precaution profit forecasts were lowered.

- "Podillja" / Chemelnitzky (Ukraine): Phase I was sold in the reporting period; the execution of the sale has not been completed yet – refer to section "Sales" below.

Investments and progress of projects – properties with recurring rental income

The existing residential portfolio (Eberswalde and Rostock) was expanded by the purchase of an additional portfolio (seven multi-family homes in Saalfeld with around 17,000 m² of usable floor space and 280 residential units at a price of EUR 7.3 million plus ancillary costs) during the reporting period. Saalfeld was not recorded as a purchase in the financial statements for the reporting period because the beneficial transfer had not completed yet.

The entire residential portfolio, of which MAGNAT holds a 75% interest, now comprises (including Saalfeld) around 1,500 apartments and has a rentable floor space of around 85,300 m². The rental yield is 9.1% (actual rental income relative to acquisition costs including ancillary costs); acquisition costs are around EUR 420/m². The embedded appreciation potential is significant, due to the above-average rental yield and with the elimination of vacancies. In addition, a price increase is expected in the German housing market because the creation of new residential space has reached a record low in recent years; this will cause a tightening in the housing supply medium term.

The existing office portfolio (A&T Portfolio Worms, Parchim and Halle) was expanded during the reporting period by the purchase of the medical centre in Delitzsch (around 5,600 m² of usable floor space at a price of EUR 5.0 million plus ancillary costs). Delitzsch was not recorded as a purchase in the financial statements for the reporting period because the beneficial transfer had not been completed yet.

The entire commercial portfolio, of which MAGNAT holds a 75% interest, has a rentable floor space of around 10,100 m² (including Delitzsch). The rental yield is 9.0% (actual rental income relative to acquisition costs plus ancillary costs); acquisition costs are around EUR 1,160/m².

In August 2007 SQUADRA Immobilien GmbH & Co. KGaA ("SQUADRA") was founded with total equity of EUR 25.1 million; hereof, EUR 4 million were subscribed by MAGNAT. SQUADRA will focus on investments on the German real estate market.

Sales

A number of sales were completed during the reporting period from the portfolio of investments which were made in the (abbreviated) financial year 2006/07 – which is after a comparatively short holding period of around one year.

- With an investment of USD 2.6 million (EUR 2.0 million at an exchange rate of 1.295), MAGNAT had financed the completion of development stage 1 of the wholesale park "Podillja" in Chemelnitzky/Ukraine. With this investment, MAGNAT acquired a contractual right to 500 commercial units; development phase 1 consisted of around 4,500 commercial units in total. These 500 commercial units could be sold for USD 8 million during the reporting period through a share deal to a sales company. Payment of the purchase price, however, has been delayed by the sales company. Major reason was that the end investor did not release payment because finishing works on the project as a whole had not been completed on time, and consequently, the official permits for opening of the whole park for operations were outstanding (both finishing works and official permits were in the scope of the responsibility of the local project partner). The shares of the project company will remain pledged for the benefit of the seller MAGNAT until payment of the purchase price. In October 2007 MAGNAT decided, in addition to the existing investment, to provide a loan of USD 1 million (EUR 0.7 million at an exchange rate of 1.407) to the local project partner against security in the form of another 100 commercial units. The purpose of that loan was to secure the financing and therefore the timely performance of the finishing work required for receipt of the official permits for opening of the whole park for operations. These finishing works essentially involve the fireproof paint required by the authorities and measures related to the market's infrastructure (energy and traffic routes). These works were finished at the end of November 2007; also approval was received by the local authorities at that time. With this, official requirements were met for the market to commence operations on a provisional basis. The end investor requires the final permits for opening of the whole market for operations by the competent regional authorities before releasing the purchase price; that will be granted once the connected electrical load is increased by installing two transformers (to be completed until the end of January). Based on the above, management believes that the remaining conditions will be satisfied and the payment be received until the end of January 2008. For reasons of conservatism, a reserve in the amount of 10 percent of the receivable (to account for the currency risks and the net present value of the receivable) was recorded.

- In the Nasze Katy project in Breslau/Poland (see the comments in the foregoing section entitled "Investment Activities and Project Progress – Real Estate Development" for a detailed description of the investment), the first phase with 67 units was completed during the reporting period; all apartments were sold already. Sale prices of PLN 4,000/m^2 were approx. 25% higher than the prices originally budgeted. Since the end of October talks have been held with an interested party regarding the possible sale of the whole project.

- In the Sadko I project in Moscow, marketing has gone well; for approximately 2/3 of the around 100 homes in various stages of construction, buyers could be found already (presales against down payment – hence not yet recognized as income). It has been possible to raise sales prices step by step. Currently negotiations are being conducted with four banks regarding (partial) debt financing for the buyers; finalisation is expected by the beginning of 2008. This is expected to further support demand.

- In light of the positive developments in the real estate markets, it was decided with the supervisory board's approval to put the "Alexander" property in Kiev, Ukraine and the "Mogosoaia" property in Bucharest, Romania up for sale. In Kiev as well as Bucharest, the dynamic market development has led to substantial appreciation. Because the demand for modern residential space continues to be high, availability of properties in good locations is in increasingly short supply. In addition, in Kiev the 2007 moratorium on conversions of OSG land into building land (which is likely to be extended another year until the end of 2008) has also contributed to appreciation.

- In the YKB portfolio in Turkey, the first sales (subsequent to the end of the reporting period) generated a gross profit of EUR 6 million on sales revenues of EUR 13.8 million (i.e. a EUR 2 million share of gross profit for MAGNAT before costs and taxes).

4 Earnings, Financial and Asset Position

Development of Revenue and Earnings

As discussed in Section 1, MAGNAT's business model is primarily focused on achieving gains from sales. Rental income is only a supplemental element. As write-ups to market values (pursuant to IFRS 40) were not made, profits are exclusively from gains realised through sales or from rental income.

Rental income in the reporting period came to EUR 1.8 million. Sales, as discussed in the preceding section, contributed EUR 3.1 million to consolidated earnings before taxes, and are reflected in gains from investments in associated companies. After deduction of costs, earnings before interest and taxes (EBIT) of EUR 2.4 million remained. Net financial income contributed EUR 0.3 million to the earnings in the first half year. Earnings before taxes are EUR 2.7 million, while the consolidated net income after taxes and minority shares comes to EUR 2.6 million.

Financial Position

In April 2007, MAGNAT Real Estate Opportunities GmbH & Co. KGaA carried out the most significant capital increase in its corporate history so far. Share capital was increased by EUR 20.7 million to EUR 52.9 million through the issuance of new shares. Including share premium, a gross amount of EUR 45.54 million was raised. Thus, a sustained strengthening of equity was achieved. Equity of the Group as of 30 September 2007 came to EUR 100 million, or EUR 88 million after deduction of minority interests. This total equity corresponds to an equity ratio of 90% on a consolidated basis.

In addition to the capital increase in the reporting period, there are several reasons for the high equity ratio as of 30 September 2007: Acquisition financing for German properties was in some cases not drawn upon until after the end of the reporting period; project financing for development projects is being drawn upon only according to progress of the projects; purchase of land is exclusively equity financed. In addition, the investments in significant projects such as YKB and Peremogi are not fully consolidated but rather recorded "at equity" as investments in associates. With increasing progress of projects, specifically of development projects, and with the full utilisation of financing lines of credit, total assets will increase and the equity ratio in the future will be incrementally reduced. The medium term goal is an equity ratio of at least 50% to 60% in any case.

Liquidity available in the total amount of EUR 10.4 million as of 30 September 2007 was composed of cash on hand of EUR 4.1 million and credit lines not yet fully drawn from the acquisition financing of Eberswalde and Rostock in the amount of EUR 6.3 million. Further, the Company on 2 November 2007 received a commitment for an additional credit line in the amount of EUR 5 million. The purchase price financing for Eberswalde and Rostock as well as the credit line in the amount of EUR 5 million are up for renewal after one year.

The beneficial transfer of ownership of the properties Saalfeld and Delitzsch has not yet taken place; accordingly the purchase price payments were not due yet. MAGNAT has a contractual obligation for the project Peremogi in Kiev, Ukraine, to carry out a further capital increase in the amount of USD 1.1 million and - under certain conditions - to grant an additional shareholder's loan to the project company in the amount of USD 3.75 million. The liquidity planning of MAGNAT assumes financing of these payment obligations from available liquidity, the expected cash inflows (Podillja 1, sale of land plots) and from free cash flows of rented properties.

Net Assets

Total assets as of 30 September 2007 in the amount of EUR 112 million are composed of long-term assets in the amount of EUR 43 million and short-term assets in the amount of EUR 69 million. The relatively high percentage of short-term assets is attributable to the fact that, as a result of MAGNAT's strategy, the German portfolio properties as well as land plots are to be recognized in the balance sheet as current assets. For a more detailed description of the investments, see Section 3.

5 Research and Development

The Company does not engage in any research and development activities on its own.

6 Transactions with Related Parties

For the report concerning material transactions with related parties, please see the selected explanatory disclosures in the notes to the condensed interim consolidated financial statements.

7 Supplemental Report

By decision of 30 October 2007 of the Listing Board of the Frankfurt Stock Exchange, the shares of MAGNAT were admitted to the Regulated Market. Commencement of quotation in the General Standard took place on 31 October 2007. From 26 July 2006 through 30 October 2007, the shares of MAGNAT were listed on the Open Market.

In October 2007, MAGNAT made available to the local project partner in the Podillja I project, in addition to the existing investment, a loan for USD 1 million. The purpose of this loan is to ensure the financing and thus the timely performance of the final work that is necessary for obtaining the official occupancy permits. These finishing works essentially involve the fireproof paint required by the authorities and measures related to the market's infrastructure (energy and traffic routes). For further details, refer to Section 3, subsection "Sales".

With sales proceeds of EUR 13.8 million, the initial sales in the YKB portfolio (subsequent to the end of the reporting period) generated gross profit of EUR 6 million (thus the prorated gross earnings before costs and taxes for MAGNAT is EUR 2 million). Also since the end of October, negotiations are being carried out concerning the sale as a whole of the Nasze Katy project / Breslau (Poland). The option for acquisition of 25% of the project partnership Nasze Katy at the original acquisition costs (including prorated assumption of the shareholder loan) will expire at the end of November.

At the end of October 2007, MAGNAT received a commitment for a revolving credit line in the amount of EUR 5 million.

8 Risk and Opportunity Management

The business activities described in Section 1 are – in comparison to traditional real estate investment strategies – geared towards generating above-average returns, which entails corresponding risks. This above-average risk/return profile is reflected both in the functional (development and opportunistic exploitation of special situations) and the geographical (CEE/SEE/CIS region) business activity. A central element of the investment policy is risk diversification through a balanced asset mix according to geographic, functional and yield factors (for details, see also Section 1). Concerning the individual projects, refer to the discussion in Section 3.

Against this background, risk policies cannot be geared to completely or largely avoiding risks. Risk management is concentrated on the ongoing identification and active management of risks typical for the business. Within certain ranges, risks are tolerated, being offset through corresponding opportunities for returns. On principles of opportunity and risk management, refer to the consolidated management report for the (abbreviated) fiscal year 2006/07. In the course of the semi-annual reporting, the risk situation in the Group was reviewed.

In order to hedge the U.S. dollar exposure, on 28 September a EUR call / USD put option for USD 25 million was purchased at an exercise price of 1.47. Thus all long-term USD investments (Ukraine, Russia, Georgia) are hedged at an exchange rate of USD 1.47. An opposite option with an exercise price of 1.25 was sold in order to reduce the premium expenses. This hedging strategy covers the investments of the Company but not the expected profits from the respective projects. A further weakening of the U.S. dollar thus would be neutral for the EUR transaction value of the investment, but would have a negative effect on the profit potentials in these projects. No hedging of the foreign currency exposures in Romania, Bulgaria and Poland is made since management does not expect significant devaluation risks, due to the incremental convergence to the euro. For the YKB investment in Turkey, the euro is considered to be the functional currency since all material payment flows are made in euros. Bank financing in project companies are taken up in the relevant currency of the project.

No hedging of interest rate risks of financial liabilities is made, due to the short-term to intermediate-term planned holding period of the investments. In addition, management expects that the cycle of rising interest rates in the euro has come to a standstill for now and that it has even turned around in the U.S. dollar.

For real estate development, bank financing can usually negotiated with banks only subsequent to MAGNAT's investment decision, as important factors for financing decisions (e.g. project planning and building permit) become only available subsequent to the purchase of a parcel of land or entry into a project. If bank financing cannot be obtained or cannot be obtained as planned, there is a risk that the project timetable will be delayed and/or more equity will be necessary for a project and/or the costs of loan financing will be higher than planned. See Section 3 for the status of financing for the respective projects.

In individual cases it can be necessary, in particular in the countries of the CEE/SEE/CIS region, that an acquisition of land or an investment in project companies by MAGNAT is executed through trustees. The goal in each case is to dissolve the trust agreements as quickly as possible and to attain ownership under civil law. In the case of the land plots Konche-Zaspa and Alexander and the interests in the project companies Digomi and Sadko I and II, this is still in progress.

In summary, taking into consideration all known facts and circumstances, there are no risks that could jeopardise the existence of the MAGNAT Group in the foreseeable future.

9 Outlook

For information on the economic environment and the changes of general conditions and their impact on MAGNAT, refer to the detailed discussions in Section 1. Despite the changes of general conditions on the credit and financial markets, management assumes that there will be a continuation of the positive trend of the environment in Eastern Europe and that there will also be a positive, though slightly weaker, development in Germany. In the current environment, however, forward looking statements are subject to considerable uncertainties.

Following the mostly completed investment phase, the execution of the projects is now the centre of focus for MAGNAT. Cash returns from sales will be selectively reinvested, with a medium term plan to increase the focus on the CEE/SEE/CIS region.

Through the formation of SQUADRA Immobilien GmbH & Co. KGaA – with a start-up capital of EUR 25.1 million – in which MAGNAT holds a minority interest of EUR 4 million, the prerequisites for outsourcing the German business in the medium term (following sales of existing direct investments) has been created.

In assessing the current and estimating the future net asset and earnings positions, it must be taken into account that MAGNAT – in contrast to the very predominant practice in the real estate industry - to date has entirely abstained from "IFRS 40 appreciations" of the real estate portfolio in its financial statements. Thus the profits recognised in the financial statements of MAGNAT are exclusively realised gains from sales or rental income. Accordingly, evaluation of earnings for the second half year of 2007/08 is essentially determined to what extent further sales can be realised until the end of the fiscal year as of 31 March 2008.

As a result of the strategic direction of MAGNAT with its focus on development activities, the following special features must be taken into consideration in assessing past and future performance:

- A gain in the financial statements of a development company is recorded not before the particular point in time when a sale is made. Consequently, realization of profits is deferred accordingly, which imposes limitations on earnings planning and forecasts for specific accounting periods. Normal project terms can be several years, and in any given case depend on a variety of factors specific to the features of the particular investment. MAGNAT's business policy is designed to partially compensate for these effects by adding to the portfolio properties with recurring rental income and by setting high capital turnover targets in the development portfolio (e.g. through investing in development projects with existing building permits; through selling individual land plots before development). Nevertheless, basis effects remain in place.
- This business policy imposes limitations in respect of the continuity of the earnings. This holds true in particular when comparing quarterly, semi-annual and annual results, which may fluctuate significantly depending on the recognition of profits from sales.

In the next meeting of the Supervisory Board in January 2008, management will again debate with the Supervisory Board the effects expected for MAGNAT from the external general conditions. In particular, it will have to be determined then whether an adjustment of the current strategy of “buy & sell” (with significant elements of property trading) is deemed appropriate for the Germany portfolio. With reference to the statements at the end of Section 1, increased potentials for added value (implementation of rental programs, expected tightening on the German residential market) are possible with a medium term holding strategy. A change in strategy would result in a reclassification of these properties in the financial statements from short-term to long-term assets, and thus applicability of IFRS 40.

Disclaimer

This interim financial report contains future-oriented statements and information concerning expected developments. Such forward-looking statements are based on our present expectations and estimates and certain assumptions. Risks and uncertainties are inherent. The actual events, results and performances therefore can deviate significantly. MAGNAT does not assume liabilities of any kind, and does not intend to update such future-oriented statements in view of new information or future events.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS / IFRS
(for the period from 1 April 2007 – 30 September 2007)

- consolidated balance sheet
  as of 30 September 2007

- consolidated income statement
  for the period 1 April through 30 September 2007

- consolidated statement of changes in equity per IFRS

- consolidated cash flow statement
  for the period 1 April through 30 September 2007

- notes to consolidated financial statements

MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Consolidated Balance Sheet as of 30 September 2007 (in Euro)

	30 Sept 2007 EUR	31 March 2007 EUR
Non-current assets		
Investments in associates	30,620,759.37	2,000,650.17
Other investments	9,518,824.00	
Loans to associates and other loans	3,080,765.61	2,824,369.02
Total non-current assets	**43,220,348.98**	**4,825,019.19**
Current assets		
Investment properties	56,730,288.44	12,052,357.15
Trade receiveables and other receiveables	201,511.08	2,296,168.83
Financial receivables and other financial assets	7,423,174.24	215,000.00
Derivative financial instruments	0.00	145,000.00
Income tax receivables	342,053.51	242,808.20
Securities	68,408.53	56,048.59
Cash and cash equivalents	4,103,147.70	30,161,665.27
Total current assets	**68,868,583.50**	**45,169,048.04**
Total assets	**112,088,932.48**	**49,994,067.23**
Shareholders' Equity and Liabilities		
Shareholders' Equity		
Subscribed capital	52,950,000.00	32,250,000.00
Reserves	36,446,654.35	11,230,267.33
Currency translation	(972,857.80)	
Equity attributable to the shareholders of the parent company	**88,423,796.55**	**43,480,267.33**
Minority interests	12,165,690.24	1,969,715.18
	100,589,486.79	**45,449,982.51**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	127,779.31	13,528.31
	127,779.31	**13,528.31**
Current Liabilities		
Accrued liabilities	302,655.37	223,661.00
Trade payables and other liabilities	2,283,037.99	4,278,111.41
Financial liabilities	8,708,588.02	27,500.00
Income tax liabilities	77,385.00	1,284.00
	11,371,666.38	**4,530,556.41**
Total liabilities	**11,499,445.69**	**4,544,084.72**
Total shareholders' equity and liabilities	**112,088,932.48**	**49,994,067.23**

MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Consolidated Income Statement for the period 1 April through 30 September 2007 (in Euro)

	1 April 2007 - 30 Sept 2007 EUR	06 April 2006 - 30 Sept 2006 EUR
Rental income	1,824,386.58	
Operating expenses for the generation of rental income	(583,138.39)	
Rental profit	**1,241,248.19**	
Gain on investments in associates	3,091,665.36	
Loss on investments in associates	(2,171.64)	
Profit on entities accounted for using the equity method	**3,089,493.72**	
Other operating income	11,172.44	
General and administrative expenses	(1,555,976.48)	(112,762.48)
Other operating expenses	(411,519.00)	
EBIT	**2,374,418.87**	**(112,762.48)**
Financial income	981,677.49	227,740.54
Financial expenses	(632,951.77)	
Profit before taxes	**2,723,144.60**	**114,978.06**
Income taxes	(219,585.54)	
Profit after taxes	**2,503,559.06**	**114,978.06**
Thereof attributable to:		
Minority interests	**(68,295.32)**	**0.00**
Shareholders of the parent company	**2,571,854.38**	**114,978.06**
Undiluted earnings per share	0.05	0.01
Fully diluted earnings per share	0.05	0.01
Weighted average number of shares	51,175,000.00	19,208,333.33

MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Consolidated statement of changes in equity IFRS (in EUR 000')

	Partners' capital		Reserves					
	General partner's capital	Subscribed capital	Capital reserve	Revenue reserves	Other reserves	**Equity attributable to the shareholders of the parent company**	Minority interests	**Total equity**
1 April 2007	**50**	**32,200**	**10,894**	**336**		**43,480**	**1,970**	**45,450**
Capital increases	0	20,700	24,719	0		**45,419**	0	**45,419**
Costs of raising capital	0	0	-2,074	0		**-2,074**		**-2,074**
Change in the consolidated group	0	0		0		**0**	10,196	**10,196**
Profit for the period	0	0	0	2,572		**2,572**	0	**2,572**
Currency translation					-973	**-973**		**-973**
30 September 2007	**50**	**52,900**	**33,539**	**2,908**	**-973**	**88,424**	**12,166**	**100,590**
6 April 2006	**50**	**16,500**	**0**	**0**		**16,550**	**0**	**16,550**
Capital increases	0	6,500	2,925	0		**9,425**	0	**9,425**
Cost of raising capital	0	0	-224	0		**-224**		**-224**
Change in the consolidated group	0	0	0	0		**0**	-1,970	**-1,970**
Profit for the period	0	0	0	115		**115**	0	**115**
Currency translation						**0**		**0**
30 September 2006	**50**	**23,000**	**2,701**	**115**	**0**	**25,866**	**-1,970**	**23,896**

MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Consolidated Cash Flow Statement for the period 1 April - 30 September 2007 (in EUR 000')

	01 April 2007 - 30 Sept 2007 EUR	06 April 2006 - 30 Sept 2006 TEUR
Profit after taxes	2,503,559	115
Change in accrued liabilieties	78,994	
Other non-cash income and expenses	(3,089,494)	
Change in investment properties	(44,677,931)	
Change in trade receiveables and other receivables	2,094,658	(196)
Change in financial receivables and other financial assets	(7,208,174)	
Change in derivative financial instruments	145,000	
Change in income tax receivables	(99,245)	
Change in deferred tax liabilities	114,251	
Change in trade payables and other liabilities	(1,995,073)	384
Change in liabilities from income tax	76,101	
Cash flows from operating activities	**(52,057,355)**	**303**
Acquisition of subsidiaries (net of cash acquired)		
Cash paid to increase subsidiaries' capital reserves		
Loans to associates	(256,397)	(1,825)
Cash paid for the acquisition of investments in associates	(35,049,439)	
Cash paid for financial assets		(215)
Cash paid for the acquisition of securities	(12,360)	
Cash flows from investing activities	**(35,318,196)**	**(2,040)**
Proceeds from capital increases	52,635,945	25,751
Proceeds from borrowings	8,681,088	
Cash flows from financing activities	**61,317,033**	**25,751**
Changes in cash and cash equivalents	**(26,058,518)**	**24,014**
Cash and cash equivalents at the beginning of the period	30,161,665	0
Cash and cash equivalents	**4,103,148**	**24,014**

MAGNAT Real Estate Opportunities GmbH & Co. KGaA –
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. General disclosures

1. Applicability of International Financial Reporting Standards (IFRS) and § 37w German Securities Trading Act (WpHG)

This unaudited semi-annual financial report (reporting period from 1 April 2007 through 30 September 2007) was prepared in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union. It was also not subjected to a review.

The consolidated financial statements of the MAGNAT Group prepared for MAGNAT Real Estate Opportunities GmbH & Co. KGaA as its parent company were prepared according to uniform accounting and valuation principles. The methods of consolidation, currency translation, accounting presentations and valuation remain unchanged from those of the consolidated financial statements as of 31 March 2007 and are presented therein. These interim consolidated financial statements do not contain all of the disclosures and explanations necessary for consolidated annual financial statements and should be read in combination with the consolidated financial statements as of 31 March 2007. In addition, the regulations to be observed pursuant to IAS 34 were applied.

2. Material Discretionary Decisions and Estimates

The principles for discretionary decisions and estimates are consistent with those of the consolidated financial statements of the fiscal year 2006/2007. Regarding the valuation of a receivable in respect of an investment that is classified in the balance sheet item "Investments in associates", reference is made to the detailed discussion in the section "Consolidation Group" and in the interim financial report of the Group, Section 3, subsection "Sales".

II. Consolidated Companies and Methods of Consolidation

1. Consolidated Companies

During the reporting period, the following companies were added to the group of consolidated companies:

Name	Date of formation/ acquisition	Percentage of voting rights	Cost in EUR 000'	Type of consolidation
SOFA Holdings S.A., Luxemburg	16.08.2007	33.33%	12,976	at equity
Vierte Magnat Immobiliengesellschaft mbH, Germany[1)]	03.04.2007	75.00%	186	full consolidation
Fünfte Magnat Immobiliengesellschaft mbH, Germany[1)]	03.04.2007	75.00%	137	full consolidation
R-Quadrat Ukraine Alpha LLC, Ukraine (shares held indirectly through MAGNAT Real Estate UA III BV, the Netherlands)[1)]	15.05.2007	75.00%	2,515	full consolidation
R-Quadrat Ukraine Beta LLC., Ukraine (shares held indirectly through MAGNAT Real Estate UA VI BV, the Netherlands)[1)]	31.08.2007	75.00%	3,675	full consolidation

Name	Date of formation/ acquisition	Percentage of voting rights	Cost in EUR 000'	Type of consolidation
R-Quadrat Ukraine Gamma LLV, Ukraine (shares held indirectly through MAGNAT Real Estate UA V BV, the Netherlands)[2]	31.08.2007	50.00%	670	at equity
R Quadrat Bulgaria EOOD, Bulgaria[1]	07.06.2007	75.00%	1,050	full consolidation
JJW Hotel Palais Schwarzenberg Betriebsges. mbH, Austria[1]	18.07.2007	18.75%	3,018	at cost
CARMEN-TRADING LLC, Ukraine (shares held indirectly through OXELTON ENTERPRISES Limited, Cyprus)[1]	05.07.2007	45.00%	10,594	at equity
S.C. Teo Impex s.r.l.[1]	01.06.2007	75.00%	1[3]	full consolidation
Victory International Consulting s.r.l.[1]	01.06.2007	75.00%	1[4]	full consolidation
IRAO MAGNAT DIGOMI LLC[1]	29.06.2007	56.25%	1[5]	full consolidation
SQUADRA Immobilien GmbH & Co.KGaA, Germany	03.08.2007	16.00%	4,000	at cost
Russian Land AG, Austria	25.07.2007	49.99%	2,499	at cost

1) Units are held indirectly through MAGNAT Investment I B.V., the Netherlands.

2) Units are held indirectly through MAGNAT Investment II B.V., the Netherlands.

3) Plus a shareholder loan in the amount of EUR 2,795 k

4) Plus a shareholder loan in the amount of EUR 6,300 k

5) Plus a shareholder loan in the amount of EUR 1,420 k

In addition, the Company has acquired / established interests in 15 companies ("Vorratsgesellschaften") in view of implementing future projects. To date, these companies have not become operational and are not material. They nevertheless were included in the consolidated financial statements (by way of full consolidation or at equity); a detailed listing of them was omitted for the sake of clear presentation.

One company that was previously consolidated at equity (33.3%) was eliminated from the group of consolidated companies as a result of its sale (MAGNAT Real Estate UA I B.V., the Netherlands). The sale relates to the project Chemelnitzky (for more information, see the following discussion as well as the detailed explanations in the interim management report of the Group, Section 3, subsection "Sales").

The additions and eliminations produce the following selected effects on the net assets, financial position and results of operations:

The material additions during the reporting period related to the acquisition of or advance payments made for investment properties in the amount of TEUR 44,678. This amount is essentially the result of projects in the following companies:

Name of the company	Additions in EUR 000'
Zweite Magnat	21,826
SC TEO Impex s.r.l.	3,516
Dritte Magnat	2,800
Vierte Magnat	262
Fünfte Magnat	187
R-Quadrat Ukraine Alpha LLC	2,878
R-Quadrat Ukraine Beta LLC	4,584
R Quadrat Bulgaria EOOD	1,365
Irao Magnat Digomi LLC	1,941
Victory International Consulting s.r.l.	5,303

During the reporting period, the project Chemelnitzy was sold by way of a share deal. The sale was made by MAGNAT Investment II B.V., which is accounted for in the consolidated financial statements "at equity". A reserve of TEUR 564 was recorded on the receivable of MAGNAT Investment II B.V. in the amount of TEUR 5,640; the gain from investments in associated enterprises as a result of this transaction is TEUR 3,092. For more information, refer to the detailed discussion in the interim management report of the Group, Section 3, subsection "Sales".

The increase in equity of TEUR 55,703 is primarily the result of the capital increase in April 2007 which led to an increase in reserves (TEUR 25,780 and an increase in subscribed capital in the amount of TEUR 20,700.

III. Segment reporting

MAGNAT's primary segment reporting format is subdivided in "properties with recurring rental income", "Development" and "investment at equity and others". As a secondary segment reporting format, the Company classifies its investments geographically into Germany and the countries of the CEE/SEE/CIS region.
The segment "properties with recurring rental income" is congruent with the segment "Germany".

in EUR 000'	31 March – 30 September 2007
Rental income	
properties with recurring rental income	1,823
Development	1
Investments at equity and others	0
Group	1,824
EBIT	
properties with recurring rental income	710
Development	-550
Investments at equity and others	2,214
Group	2,374

EBT

properties with recurring rental income	510
Development	-552
Investments at equity and others	2,765
Group	2,723

IV. Notes on the Consolidated Balance Sheet

1. Financial Liabilities

Financial liabilities as of 30 September 2007 were TEUR 8,709 (acquisition financing of Eberswalde and Rostock).

V. Other Notes

1. Other Financial Obligations

In order to hedge the U.S. dollar exposure, on 28 September a EUR call / USD put option for USD 25 million was purchased at an exercise price of 1.47. Thus all long-term USD investments (Ukraine, Russia, Georgia) were hedged at an exchange rate of USD 1.47. An opposite option with an exercise price of 1.25 was sold in order to reduce the premium expenses. This hedging strategy covers the investments of the Company but not the expected gains from the respective projects.

2. Related Parties Disclosures

Business relations with related parties are carried out at arm's length conditions. In the case of MAGNAT Management GmbH (general partner) and R-QUADRAT Immobilien Beratungs GmbH (special limited partner with obligations pursuant to the partnership agreement), the conditions are established in the statute of the company.

a) MAGNAT Management GmbH

As general partner, MAGNAT Management GmbH receives the following compensation pursuant to Art. 8 (2) of the statute of MAGNAT Real Estate Opportunities GmbH & Co. KGaA (status pursuant to resolution of the shareholders' meeting of 30 August 2007, recorded in the commercial register on 24 October 2007):

(a) For management activity, reimbursement of costs and expenses incurred in connection with carrying out proper business operations at the general partner, especially personnel and non-personnel expenses, plus 3% on this total amount plus any statutory VAT that may be applicable; but limited to a maximum of 0.5% of equity of the Company per the consolidated financial statements for the respective fiscal year (on the basis of IFRS International Financial Reporting Standards),

(b) For the assumption of general liability, a compensation of 5% of the general partner's capital stock plus any VAT that may be applicable. This compensation is payable annually after the close of the fiscal year.

b) R-QUADRAT Immobilien Beratungs GmbH

As founding limited shareholder of the Company and holder of the registered shares with restricted transferability and having special duties according to the statute, R-QUADRAT Immobilien Beratungs GmbH receives the following compensation for the aforementioned activities pursuant to Section 8 (3) of the statute of MAGNAT Real Estate Opportunities GmbH & Co. KGaA (status pursuant to resolution of the shareholders' meeting of 30 August 2007, recorded in the commercial register on 24 October 2007):

(a) 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 in the case of indirectly held real estate investments, in particular in the event of direct or indirect majority interests in property project companies that are fully consolidated, are the acquisition and production costs per the consolidated financial statements pursuant to IFRS, in each case multiplied by the interest percentage of the Company; the assessment base in the case of indirectly held real estate investments, in particular in the case of direct or indirect minority interests in real estate project companies which are not fully consolidated, is the acquisition and production costs calculated pursuant to IFRS, in each case multiplied by the interest percentage of the Company.

This compensation includes any statutory VAT that may be applicable and is payable quarterly in arrears on the 15^{th} 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.

(b) A one-off 1.0% on the costs and incidental acquisition costs pursuant to IFRS in the case of direct or indirect real estate investments; the assessment base in the case of indirect real estate investments, in particular in the case of direct or indirect majority interests in real estate project companies that are fully consolidated, are the acquisition costs including incidental acquisition costs per the consolidated financial statements pursuant to IFRS, in each case multiplied by the interest percentage of the Company; the assessment base in the case of direct or indirect minority interests in real estate project companies that are not fully consolidated are the acquisition costs including incidental acquisition costs calculated pursuant to IFRS, in each case multiplied by the interest percentage of the Company as a lump sum compensation for the increased expense in connection with the acquisition of direct or indirect real estate investments or of the structured search for suitable real estate and real estate projects, the preliminary selection and examination of the properties including coordination of a due diligence examination, carrying out negotiations in the name of and on behalf of the general partner, preparation of contracts with the help of attorneys, etc., closing, as well as arranging of financing (negotiations with credit institutions, optimisation of financing structure).

This compensation includes any statutory VAT that may be applicable and is payable following the legally binding conclusion of the acquisition process.

(c) A one-off 2.5% of the production costs including incidental production costs pursuant to IFRS in the case of indirect or direct real estate investments; the assessment base in the case of indirect real estate investments, in particular in the case of direct or indirect majority interests in real estate project companies that are fully consolidated, are the production costs including incidental production costs according to the consolidated financial statements pursuant to IFRS, in each case multiplied by the interest percentage of the Company; the assessment base in the case of indirectly held real estate investments, in particular in the case of directly or indirectly held minority interests in real estate project companies that are not fully consolidated, is the production costs including incidental production costs calculated pursuant to IFRS, in each case multiplied by the interest percentage of the Company as a lump sum compensation for the increased expense in connection with supporting and coordinating in the case of 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 reviewing and preparing development opportunities in advance.

This compensation includes statutory VAT that may be applicable and is payable quarterly over the planned period of production, specifically in arrears on the 15th of the month following the end of the quarter. During the period of production, the estimated production costs are to be used as the base; following completion there will be a final settlement.

(d) A one-off 2.5% of sales proceeds pursuant to IFRS upon the sale of direct or indirect real estate investments; the assessment base in the case of the sale of indirectly held real estate investments, in particular in the case of directly or indirectly held real estate project companies that were fully consolidated, is the sales proceeds per consolidated financial statements pursuant to IFRS, in each case multiplied by the ownership percentage of the Company; the assessment base in the case of the sale of indirect real estate investments, in particular in the case of direct or indirect minority interests in real estate project companies that were not fully consolidated, are the sales proceeds to be determined pursuant to IFRS, in each case multiplied by the ownership percentage of the Company as lump sum compensation for the increased expense in connection with the sale of direct and indirect real estate investments, i.e. in particular for structured searches for buyers, pre-selection of potential buyers including handling any due diligence on the part of the potential buyers, carrying out negotiations in the name of and on behalf of the general partner, preparation of contracts using attorneys, etc., handling and arranging financing (negotiations with banks, optimizing the financing structure),

This compensation is due only if the total profit of the investment sold (before taxes on income) corresponds to an annual internal rate of return on equity of the Company of at least 15% for the entire holding period of the investment. If the total profit of the investment (before taxes on income) does not reach an internal rate of return of 15% determined in this manner but is at least 10%, the compensation is 1.25%. If the total profit of the investment (before taxes on income) generates an internal rate of return between 10% and 15%, the compensation will be determined through interpolation (i.e., for example 1.875% in the event of an internal rate of return of 12.5%).

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

This compensation includes any statutory VAT; it is payable after the legally binding conclusion of the sales transaction.

Pursuant to Section 8 (4) of the statute, R-QUADRAT Immobilien Beratungs GmbH is also entitled to a success fee that is computed as follows (status pursuant to the resolution of the shareholders' meeting of 30 August 2007, recorded in the commercial register of 24 October 2007):

- "Amount A" = Consolidated net income of the fiscal year (on the basis of the consolidated financial statement pursuant to IFRS) prior to deduction of this contingency fee,
- "Amount B" = 12% of consolidated equity during the fiscal year (on the basis of the consolidated financial statement pursuant to IFRS) prior to taking into consideration this compensation; in the event of changes in group equity during the fiscal year, e.g. as a result of capital increases or dividend payments, the calculation is to be based on an average Group equity to be determined accordingly
- (Amount A less Amount B) multiplied by 20% = success fee
- To the extent "Amount A" less "Amount B" results in a negative amount (= "Amount C"), "Amount C" is carried forward to the following year. Only after "Amount C" plus any already existing negative carryover ("cumulative Amount C") is offset will a claim arise for the success fee as described above.

This compensation includes any statutory VAT that may be applicable and is payable after completion and audit of the consolidated financial statements.

c) Minority Interests

In the majority of cases, the Company made its investments in the form of co-investments with other investors. These investors in some cases are local project partners and internationally active real estate investors and in some cases companies that are also advised and managed in real estate investments by R-QUADRAT Immobilien GmbH, the 100% shareholder of R-QUADRAT Immobilien Beratungs GmbH (limited partner with special duties). In the case of the latter, the companies involved are R-QUADRAT Capital Beta GmbH and R-QUADRAT Capital Alpha GmbH; the shares of R-QUADRAT Capital Beta GmbH and R-QUADRAT Capital Alpha GmbH are held by companies that are related parties of R-QUADRAT Immobilien GmbH and R-QUADRAT Immobilien Beratungs GmbH. In some cases, short-term advance financing of these partnership was provided by or to MAGNAT. As of 30 September 2007, MAGNAT had a receivable resulting from such advance financing arrangements from R-QUADRAT Capital Beta GmbH in the amount of TEUR 4,979 and a liability due to R-QUADRAT Capital Alpha GmbH in the amount of TEUR 15.

For the acquisition financing of the projects Eberswalde and Rostock for the respective project companies, MAGNAT Real Estate Opportunities GmbH & Co. KGaA issued a comfort letter (*Patronatserklärung*) for 100% of the financing (financing line of TEUR 15,000) in favour of the financing bank. Thus this comfort letter extends on a prorata basis (i.e., in the framework of the 25% interest) to R-QUADRAT Capital Beta GmbH.

d) Capital Market Services

In connection with the capital increase in April 2007 (in the framework of a private placement), Bank für Investments und Wertpapiere AG was engaged to market and sell the shares. The agreed compensation is a total of 4% of the placement volume plus a discretionary success fee of 0.5%. In addition, there is a contract with Bank für Investments and Wertpapiere AG for the ongoing capital market services for a fee of TEUR 50 p.a.

3. Management and Supervisory Board

a. Management

Pursuant to the statute, the general partner, MAGNAT Management GmbH, Frankfurt am Main is responsible for the management of MAGNAT Real Estate Opportunities GmbH & Co. KGaA. The general partner’s managing directors are Mr. Peter Waldner and Mr. Jan Oliver Ruester.

As of 30 September 2007, the Company does not have employees. Management is in the hands of the general partner, MAGNAT Management GmbH.

b. Supervisory Board

The names, functions and occupation of the members of the Company’s Supervisory Board are presented in the following table.

Name	Function	Occupation
Prof. Dr. Werner Schaffer	Chairman	Tax Advisor
Dr. Oliver Mensching	Vice Chairman	Chartered Accountant/Tax Advisor
Dr. Carsten Strohdeicher		Of Counsel
Dr. Walter Steindl		Appraiser
Dr. Christoph Jeannée		Attorney
Wolfgang Quirchmayr		Chartered Accountant/Tax Advisor

At the shareholders' meeting of 30 August 2007, a resolution was passed for the compensation of the members of the first Supervisory Board, the chairman of the Supervisory Board and of those members that are members of the investment committee.

Within the framework of the shareholders' meeting of 30 August 2007, it was resolved to reduce the number of members of the Supervisory Board from six to three. As of the day of recording of the change in the statute on 24 October, the Supervisory Board is composed as follows:

Name	Function	Occupation
Prof. Dr. Werner Schaffer	Chairman	Tax Advisor
Dr. Carsten Strohdeicher	Vice Chairman	Of Counsel
Dr. Christoph Jeannée		Attorney

4. Subsequent Events

By decision of 30 October 2007 of the Listing Board of the Frankfurt Stock Exchange, the shares of MAGNAT were admitted to the Regulated Market. Commencement of quotation in the General Standard took place on 31 October 2007. From 26 July 2006 through 30 October 2007, the shares of MAGNAT were listed on the Open Market.

In October 2007, MAGNAT made available to the local project partner in the Podillja I project, in addition to the existing investment, a loan for USD 1 million. The purpose of this loan is to ensure the financing and thus the timely performance of the final work that is necessary for obtaining the official occupancy permits. These finishing works essentially involve the fireproof paint required by the authorities and measures related to the market's infrastructure (energy and traffic routes). For further details, refer to Section 3, subsection "Sales".

With sales proceeds of EUR 13.8 million, the initial sales in the YKB portfolio (subsequent to the end of the reporting period) generated gross profit of EUR 6 million (thus the prorated gross earnings before costs and taxes for MAGNAT is EUR 2 million). Also since the end of October, negotiations are being carried out concerning the sale as a whole of the Nasze Katy project / Breslau (Poland). The option for acquisition of 25% of the project partnership Nasze Katy at the original acquisition costs (including prorated assumption of the shareholder loan) will expire at the end of November.

At the end of October 2007, MAGNAT received a commitment for a revolving credit line in the amount of EUR 5 million.

Frankfurt, November 2007
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

The management of MAGNAT Management GmbH

Assurance of Management

As managing officers of MAGNAT Management GmbH (managing general partner of MAGNAT Real Estate Opportunities GmbH & Co. KGaA), we assure that in accordance with the applicable accounting regulations for interim reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the course of business including the results of operations and the situation of the Group are presented in the interim consolidated management report such that a suitable view of the Group's actual position is provided and the significant opportunities and risks of the prospective development of the Group in the remainder of the fiscal year are described.

Frankfurt, November 2007
MAGNAT Real Estate Opportunities GmbH & Co. KGaA

Jan Oliver Ruester Peter Waldner

Financial Calendar 2007/2008

Interim Report Q3 as of 31st December 2007	15 February 2008
Publication of annual financial statements/ Annual Report 2007/08	31 July 2008
Interim Report Q1 as of 30 June 2008	15 August 2008
Annual Shareholders' Meeting, Frankfurt/ Main	August 2008

IR-Contact

Eva Moertenhuber
MAGNAT Real Estate Opportunities GmbH & Co. KGaA
Grueneburgweg 18
D-60322 Frankfurt am Main
Phone: +49 (0) 69-719 189 79 15
Fax: +49 (0) 69-719 189 79 11
Email: eva.moertenhuber@magnat-reop.com
Web: www.magnat-reop.com

Information

The original of this financial 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.

www.magnat-reop.com

MAGNAT Real Estate Opportunities
GmbH & Co. KGaA

Grueneburgweg 18
60322 Frankfurt/Main
Germany

Tel. +49 (0)69-719 189 79 0
Fax +49 (0)69-719 189 79 11

E-Mail info@magnat-reop.com

designhouse-bayreuth.de