

## MAGNAT REAL ESTATE OPPORTUNITIES

### GMBH & CO. KGAA

GERMANY / REAL ESTATE

### NEWS FLASH

Primary exchange: Frankfurt, Xetra

Bloomberg symbol: MSR GR

ISIN: DE000A0J3CHO

<b>RATING:</b>	<b>Buy</b>
<b>PRICE TARGET:</b>	<b>€1.89</b>
<b>RETURN POTENTIAL:</b>	<b>302.1%</b>
<b>RISK RATING:</b>	<b>High</b>

### EARLIER CLOSING OF "PEREMOGI 67" TRANSACTION

**MAGNAT reported last Thursday that it was able to close the forward sale of its "Peremogi 67" project to the Austrian real estate company, AKRON Group, earlier than expected. We will incorporate the news in our comprehensive update which we will publish in following.**

**Very attractive project** The "Peremogi 67" project will result in the erection of a "Class A" office building with 30,000m<sup>2</sup> of usable space and 367 parking spaces in 2010 (development has commenced already). The project is situated in an attractive location eight kilometres from the city centre of the Ukrainian capital, Kiev, and close to an underground station. MAGNAT reported the signing of the forward sale contract on 21 August 2008.

**Sale closed earlier than expected, development yield of over 15% per year** The forward sale was closed earlier than expected, which means that AKRON met all conditions stated in the contract and the sale is contractually guaranteed. With the transaction, MAGNAT achieved a development yield of more than 15% per annum, which will impact the company's results in 2010.

**Buyer is well known in western and eastern Europe** AKRON was founded in 1995 and buys, manages and develops office and logistics buildings as well as shopping malls in Germany, the Netherlands, Poland, Hungary, Russia, Ukraine and Croatia. Moreover, it offers real estate funds to institutional and private investors. The company currently manages 57 properties worth c. €1.2bn and develops real estate worth €600m.

**New NAV at €1.99 takes into account expected high single-digit profit** MAGNAT expects a high single-digit profit from the forward sale which is taken into account in the company's new reported net asset value per share of €1.99.

**Comprehensive update to follow** We are currently working on a comprehensive update, in which we will revise our valuation methodology. We will also incorporate MAGNAT's news from last week into our update.

### FINANCIAL HISTORY & PROJECTIONS

	2006/07	2007/08	2008/09E	2009/10E	2010/11E	2011/12E
Revenue (€m)	1.01	4.48	8.96	15.68	25.88	39.33
Y-o-y growth	n.a.	345.1%	100.0%	75.0%	65.0%	52.0%
EBIT (€m)	-0.31	7.12	0.51	6.37	15.11	26.87
EBIT margin	-31.3%	159.0%	5.7%	40.6%	58.4%	68.3%
Net income (€m)	0.34	8.65	1.66	6.37	12.93	21.59
EPS (diluted) (€)	0.01	0.17	0.03	0.12	0.25	0.42
P/E (x)	72.6	2.8	14.7	3.8	1.9	1.1
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### RISKS

Risks to the company include: those inherent in emerging markets and property development; necessity to expand further east to gain early-mover advantage; reliance on market insight and contacts; and potential downside risks in projects should MAGNAT fail to find adequate buyers or if development costs exceed expectations.

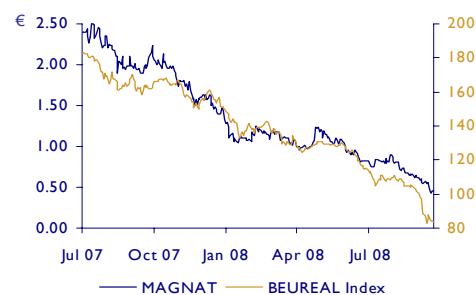
### COMPANY PROFILE

MAGNAT is a German property developer targeting central and south eastern Europe, the Commonwealth of Independent States and, in special situations, Germany and Austria. The company's strategy is "Develop and Sell" and/or "Buy and Sell", which is complemented by portfolio trading. MAGNAT usually holds its assets for between two and three years.

### TRADING DATA

Closing price (03.10.08)	€0.47
Shares outstanding	52.90m
Market capitalisation	€24.86m
52-week range	€0.42 / 2.13
Av. vol. (12 months)	127,844

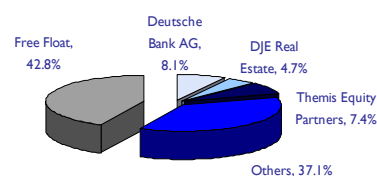
### STOCK OVERVIEW



### COMPANY DATA (as of 31 March 2008 unless noted)

Liquid assets (as of 30 June 2008)	€3.20m
Current assets	€84.52m
Intangible assets	€0.10m
Total assets (as of 30 June 2008)	€143.50m
Current liabilities	€22.92m
Shareholders' equity (as of 30 June 2008)	€140.20m

### SHAREHOLDERS



**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.	Date of publication	Previous day closing price	Recommendation	Price target	Interim high	% change to high
Initial Report	16 October 2007	€2.03	Buy	€3.30	-	-
2...11	↓	↓	↓	↓	↓	↓
12	13 August 2008	€0.83	Buy	€1.89	€0.81	-2.4%
13	22 August 2008	€0.71	Buy	€1.89	€0.74	4.2%
14	2 October 2008	€0.45	Buy	€1.89	€0.47	4.4%
15	Today	€0.47	Buy	€1.89	-	-

Adrian Kowollik  
Donal O'Byrne

First Berlin  
Equity Research GmbH

Lennéstrasse 9  
10785 Berlin

Tel. +49 (0) 30 - 80 93 96 90  
Fax +49 (0) 30 - 80 93 96 87

info@firstberlin.com  
www.firstberlin.com

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First Berlin's investment rating system is five tiered and includes an investment recommendation and a risk rating. Our recommendations, which are a function of our expectation of total return (forecast price appreciation and dividend yield) in the year specified, are as follows:

STRONG BUY: Expected return greater than 50% and a high level of confidence in management's financial guidance  
BUY: Expected return greater than 25%  
ADD: Expected return between 0% and 25%  
REDUCE: Expected negative return between 0% and -15%  
SELL: Expected negative return greater than -15%

Our risk ratings are Low, Medium, High and Speculative and are determined by ten factors: corporate governance, quality of earnings, management strength, balance sheet and financing risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, company size, free float and other company specific risks. These risk factors are incorporated into our valuation models and are therefore reflected in our price targets. Our models are available upon request to First Berlin clients.

Up until 16 May 2008, First Berlin's investment rating system was three tiered and was a function of our expectation of return (forecast price appreciation and dividend yield) over the specified year. Our investment ratings were as follows: BUY: expected return greater than 15%; HOLD: expected return between 0% and 15%; and SELL: expected negative return.

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