

MAGNAT acquires residential portfolio in Saalfeld

MAGNAT Real Estate Opportunities GmbH & Co. KGaA has added another portfolio in Saalfeld (Thuringia) to its existing residential portfolio in Eberswalde and Rostock. The portfolio now consists of 1,500 units with a total lettable surface of approx. 85,000 sq m

The current rental yield of the residential portfolio – with total acquisition costs of EUR 35.7m (EUR 420 per sq m) and annual rental income of EUR 3.3m – is 9.2%. Until the end of 2009, through continued letting and supported by an investment program of about EUR 3m, the company has a target of a double digit rental yield.

The A&T-Portfolio (employment agencies in Parchim and Worms and Telekom in Halle) has been supplemented by a medical centre in Delitzsch (Saxony); closing of the Delitzsch transaction is under way. Total lettable surface of the commercial portfolio is now 10,100 sq m, all properties are fully let. The rental yield of the portfolio – with total acquisition costs of EUR 11.7m (EUR 1,160 per sq m) and annual rental income of EUR 1.06 million – is 9%. A disposition of both portfolios, in which MAGNAT holds an interest of 75% each, is planned.

Further direct investments in German properties are not intended, as MAGNAT will further increase its focus on Eastern Europe. Through an investment of EUR 4m in SQUADRA Immobilien GmbH & Co. KGaA, MAGNAT will continue to tap the potential of the promising German property market. SQUADRA, a newly established entity, raised EUR 25.1m of equity and will concentrate on special situations in the German-speaking countries.

MAGNAT CEO Jan Oliver Ruester commented on the German portfolio: "The German portfolio has a significant upside: Current rental yields of all our properties are distinctively better than prevailing market yields and can further improve in particular for the residential portfolio. Investors continue to show a high interest for the German property market. Strongly declining supply from new developments will lead to a shortage in the German residential sector in the medium-term. Und last, but not least, MAGNAT has not made any revaluations in its books to date".



Jan Oliver Ruester

Concerning the future strategy, Mr Ruester added: "In light of strong growth, we decided to operate our two core businesses out of two separate companies in the future. MAGNAT will focus on Eastern Europe and thus benefit from the higher than average growth rates in carefully selected property markets in this region. SQUADRA was newly established in order to continue the business model of concentrating on special situation in the German speaking countries in a separate company and to grow on the basis of a much stronger capital base."

MAGNAT is a real estate company with a focus on real estate development in Eastern European countries. Seed investors were the Silvia Quandt family, the two financial investors Themis Equity Partners and Heliad Equity Partners, and the management.