

Press Release

Strong start in first quarter for GSW Immobilien AG

- Net rental income up 9% compared to Q1 2010 to EUR 34.8 million
- Vacancy down 12% to 3.7% within the last 12 months
- Adjusted EBITDA rises 12.4% to EUR 28.8 million
- Consolidated earnings of EUR 36 million for first quarter
- Net asset value climbs to over EUR 1 billion

Berlin, 31 May 2011. The Berlin residential company GSW Immobilien AG, listed on the Frankfurt stock exchange since 15 April 2011, has enjoyed a good start to its first reportable quarter.

Earnings figures improved

Net rental income climbed by 9% to EUR 34.8 million in the first quarter of 2011 (Q1 2010: EUR 31.9 million). "In particular, the key factors driving the increase in rental income were the reduction in the vacancy rate from 4.2% to 3.7% and the positive development of the average net basic rent per square metre per month," explained GSW's CFO Andreas Segal. The Berlin company increased this figure from EUR 4.84 to EUR 4.92.

The 2011 rent index was published yesterday for the State of Berlin and showed an average rent of EUR 5.21 per square meter per month for the German capital. "The current rent level shows that GSW rents are still trailing the Berlin market," said Jörg Schwagenscheidt, COO at GSW, on the publication of Berlin's rent index (Mietspiegel).

The increase in **EBIT** from EUR 7.7 million to EUR 51.2 million is due to a number of extraordinary effects. Among other things, EBIT for Q1 2011 included income of more than EUR 25 million from the disposal of broadband cable business.

Taking into account the non-recurring effects, GSW's **adjusted EBITDA** increased from EUR 25.6 million to EUR 28.8 million (up 12.4%). In the first quarter of 2011, GSW generated **Consolidated net income** of EUR 36.0 million after EUR -11.3 million in the previous year.

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FFO I of between EUR 54 million and EUR 59 million forecast for year as a whole

Funds from operations (FFO I), the figure relevant for dividend payments, amounted to EUR 13.2 million as at the end of the first quarter of 2011. With 41.052 million shares, this corresponds to FFO I per share of EUR 0.32. "We are anticipating FFO I of between EUR 54 million and EUR 59 million for the year as a whole," forecasts Segal. GSW is planning to distribute around 65% of its FFO I as a dividend.

Successful refinancing in first quarter

In the first quarter, GSW refinanced a credit securitisation deal of around EUR 890 million, maturing by no later than 2013 (CMBS loan), well ahead of schedule. Given the new bilateral loan agreements with six German banks, GSW therefore has no further notable refinancing requirements until 2016. The higher average interest rate of the refinanced loans compared to the securitisation transaction in favour of securing a long-term financing structure will influence the FFO over the year.

Rise in equity ratio and net asset value

As of 31 March 2011, GSW's **IFRS equity ratio** was 37.8% (31 December 2010: 36.4%). The company's **EPRA NAV** rose on account of the positive results for the quarter by EUR 30.7 million from EUR 991.4 million as at 31 December 2010 to EUR 1,022.1 million. Based on 41.052 million shares after the capital increase, this corresponds to EPRA NAV per share of EUR 24.90. Given the analysis as at the end of the reporting period, these figures do not yet include the net proceeds of around EUR 100 million from the capital increase as part of the IPO.

The **Loan to Value (LTV)** ratio as at 31 March 2011 was 59.9% after 61.1% as at the end of the previous year (31 December 2010).

Value of portfolio unchanged at EUR 2.6 billion

The property portfolio is valued each year as at 31 December. The value of the property portfolio is therefore unchanged at EUR 2.6 billion. In the first quarter, GSW acquired 101 residential units in Berlin Reinickendorf. 122 apartments were sold.

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Capital increase and successful IPO

The shares of GSW were listed on the regulated market (Prime Standard) on 15 April 2011. The issue volume of the approximately 24.6 million shares placed, including full utilisation of the greenshoe option, was EUR 468 million. GSW Immobilien AG received gross issue proceeds of around EUR 115 million from the issue of new shares. GSW's IPO was the biggest flotation on a German stock exchange to date this year. The issue price per share was EUR 19.00. In the context of the listing, the first price for GSW shares was stipulated as EUR 19.55 per share and the closing price on the first day of trading was EUR 21.50 per share, corresponding to an increase of 13% from the issue price. On account of the shares issued, the interest held by the existing shareholders of GSW was reduced to approx. 40%. GSW's shares have been included in all key EPRA indices since 18 April 2011 due to fast entry regulations. The EPRA indices are a key benchmark for institutional real estate equity investors.

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About GSW

Founded in 1924, GSW Immobilien AG is a leading private residential property company in Berlin with a portfolio of around 48,800 residential units and total residential space of 3.0 million sqm. A subsidiary of GSW also manages around 15,800 residential- and commercial units for third parties. GSW's corporate strategy is focussed on the long-term management of rented apartments, using a systematic approach intended to enhance customer satisfaction and operational efficiency. As at 31 December 2010, the company's property portfolio was valued at around EUR 2.6 billion.

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Operational Highlights				
	31-Mar-2011	31-Mar-2010	Change	
Vacancy rate (residential)	3.7%	4.2%	0.5	-11.9%
In-place rent (Residential)	4.92 €/m ²	4.84 €/m ²	0.08 €/m ²	1.7%
Financial Highlights				
Income statement				
EUR mn	Q1 2011	Q1 2010	Change	
Net rental income	34.8	31.9	2.8	8.9%
Result on disposal of investment property	1.3	(0.2)	1.5	
Net valuation gains on investment property	0.0	(11.4)	11.4	
Net operating profit (EBIT)	51.2	7.7	43.5	565.5%
EBITDA	51.5	19.5	32.0	164.0%
Adjusted EBITDA	28.8	25.6	3.2	12.4%
Consolidated net income for the year/period	36.0	(11.3)	47.3	
FFO I (excl. result on disposal of investment property)	13.2	13.8	(0.6)	-4.4%
FFO II (incl. result on disposal of investment property)	14.5	13.6	0.9	6.9%
Balance Sheet				
EUR mn	31-Mar-2011	31-Dec-2010	Change	
Investment property	2,569.8	2,571.7	(1.9)	-0.1%
Cash and cash equivalents	75.4	70.8	4.6	6.5%
Total assets	2,696.7	2,681.7	15.0	0.6%
Shareholders' equity	1,019.2	976.4	42.8	4.4%
Financial liabilities	1,579.1	1,606.6	(27.4)	-1.7%
Diluted EPRA NAV	1,022.1	991.4	30.7	3.1%
Loan to Value	59.9%	61.1%	(1.2)	-1.9%
Equity Ratio	37.8%	36.4%	1.4	3.8%
Key Financials per share				
EUR	31-Mar-2011			
FFO I per share*	0.32			
EPRA NAV per share*	24.90			

* assuming 41.052.630 shares