

Press Release

GSW Immobilien AG with positive first half-year 2011

- Net rental income of EUR 69.6 million
- Vacancy rate still low at 3.8%
- Adjusted EBITDA also stable at EUR 59.1 million
- Consolidated net income up significantly to EUR 36.9 million
- Net asset value (EPRA) rises to EUR 27.67 per share
- Equity ratio climbs to 40.1%

Berlin, 30 August 2011 – GSW Immobilien AG has successfully completed the first half of the 2011 financial year and generated significantly higher consolidated net income than in the same period of the previous year. The company's operating activities continued to perform in a stable manner. The full interim report for the first half of 2011 can be viewed and downloaded at www.gsw.de.

Earnings figures verify solid business performance

At EUR 69.6 million, **net rental income** as at 30 June 2011 was roughly on par with the first half of 2010 (EUR 70.9 million) despite a reduction in the property portfolio of around 450 apartments. "The fact that we were able to generate almost the same net rental income from a lower number of residential units is thanks firstly to the low vacancy rate of our residential portfolio, which was 3.8% as at 30 June 2011. Secondly the monthly, in-place residential rent rose from EUR 4.88 per square metre in the same period of the previous year to EUR 4.94," explained Andreas Segal, CFO of GSW. The **result on the disposal of investment property** climbed to EUR 2.6 million (H1 2010: EUR 0.8 million).

In addition to the positive development in operating activities, the clear rise in **EBIT** from EUR 43.0 million to EUR 76.8 million is also due to the income of EUR 25.4 million generated predominantly by the disposal of the cable network.

After adjustment for non-recurring effects – particularly the proceeds from the sale of BMH and the costs in association with the IPO in April 2011 – GSW generated **adjusted EBITDA** of EUR 59.1 million, a figure virtually unchanged as against the same period of the previous year (EUR 59.7 million).

Overall, at EUR 36.9 million, GSW's **consolidated net income** for the first half of 2011 was significantly higher than the first half of 2010 (EUR 5.8 million). On the basis of the current number of 41.052 million shares, earnings per share increased to EUR 0.90 (previous year: EUR 0.14).

Management Board confirms guidance for FFO I of EUR 54 to EUR 59 million for year as a whole

In the first half of 2011, the figure relevant to the dividend, **FFO I (funds from operations, not including the result on disposals)** was EUR 29.0 million (previous year: EUR 38.6 million) and was in line with GSW's expectations for this period. On the basis of 41.052 million shares, the FFO I per share for the reporting period was EUR 0.71. In light of the positive performance in operating activities, the Management Board of GSW confirms the guidance already published of FFO I of between EUR 54 and EUR 59 million for 2011.

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This was also aided by moderate rental increase potential given the new rent index for Berlin. Average rent index rents rose by around 7.9% from EUR 4.83 per square metre in 2009 to EUR 5.21 in 2011. The analysis and implementation from the new 2011 Berlin rent index has been completed for GSW. This leads to a rent increase potential of around 6.8% for approximately 15,000 apartments over the next two years.

Net asset value and equity ratio rise significantly

As at 30 June 2011, the IFRS equity ratio was 40.1% (31 December 2010: 36.4%). The **company's EPRA NAV** rose on account of the positive results for the first half of the year and – taking into account the net proceeds of around EUR 100 million from the capital increase accompanying the IPO to a total of EUR 1,135.8 million or EUR 27.67 per share based on 41.052 million shares (31 December 2010: EUR 991.4 million). Taking into account the cash and cash equivalents, the loan-to-value ratio dropped to 55.7% as at 30 June 2011 after 61.1% on 31 December 2010.

Value of portfolio still around EUR 2.6 billion

The property portfolio of GSW is regularly evaluated as at 31 December of each year. Thus, the value of the property portfolio is still around EUR 2.6 billion. In the first half of the year, GSW sold a total of 298 apartments, primarily to owner-occupiers and capital investors, as part of its privatisation strategy. Contracts were also signed for 142 units with a sales price volume of around EUR 8.4 million and transfer of benefits and burdens after 30 June 2011.

GSW received well on capital market

While the first quarter was heavily influenced by the large-volume CMBS refinancing and the preparations for the IPO, GSW was successfully floated on the stock exchange at the start of the second quarter. Since the initial listing of GSW shares on the regulated market (Prime Standard) of the Frankfurt stock exchange, GSW has been met with a very positive response on the capital market. GSW's shares were included in all key EPRA indices on 18 April 2011 thanks to fast entry regulations. A further key milestone was the inclusion of GSW in the SDAX as at 20 June 2011. The keen interest on the capital market and the positive response to GSW are also reflected by the fact that GSW's shares are already being covered by eleven banks and research companies.

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About GSW

Founded in 1924, GSW Immobilien AG is a leading listed real estate company in Berlin with a portfolio of approximately 48,600 residential units and a total residential space of 3.0 million square meters. A subsidiary of GSW also manages approximately 16,500 residential- and commercial units for third parties. GSW's corporate strategy is focused on the long-term rental management of residential property, using a systematic approach intended to enhance both customer satisfaction and operational efficiency. As at December 31, 2010, the Company's property portfolio was valued at approximately 2.6 billion euros.

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Operational highlights				
	30 June 2011	30 June 2010	Change	
Vacancy rate (residential)	3.8%	3.9%	-0.1	-2.6%
In-place rent (residential)	EUR 4.94/sqm	EUR 4.88/sqm	EUR 0.06/sqm	1.2%
Financial data				
Income statement				
EUR million	H1 2011	H1 2010	Change	
Net rental income	69.6	70.9	-1.3	-1.8%
Result on disposal of investment property	2.6	0.8	1.8	225.0%
EBITDA	77.3	54.5	22.8	41.8%
Adjusted EBITDA	59.1	59.7	-0.6	-1.0%
Net operating profit (EBIT)	76.8	43.0	33.8	78.6%
Consolidated net income for the year/period	36.9	5.8	31.1	536.2%
FFO I (not including result on disposals)	29.0	38.6	-9.6	-24.9%
FFO II (including result on disposals)	31.6	39.3	-7.7	-19.6%
Statement of financial position				
EUR million	30 June 2011	31 Dec. 2010	Change	
Investment property	2,563.0	2,571.7	-8.7	-0.3%
Cash and cash equivalents	186.8	70.8	116.0	163.8%
Total assets	2,798.9	2,681.7	117.2	4.4%
Equity	1,123.0	976.4	146.6	15.0%
Financial liabilities	1,577.6	1,606.6	-29.0	-1.8%
Diluted EPRA NAV	1,135.8	991.4*	144.4	14.6%
Loan to value	55.7%	61.1%	-5.4	-8.8%
Equity ratio	40.1%	36.4%	3.7	10.2%
* before capital increase				
Financial data per share				
	H1 2011	H1 2010	Change	
FFO I per share**	EUR 0.71	EUR 0.94	-0.23	-24.5%
Consolidated net income per share**	EUR 0.90	EUR 0.14	0.76	642.8%
	30 June 2011	31 Dec. 2010	Change	
EPRA NAV per share**	EUR 27.67	EUR 24.15	3.52	14.6%
** based on 41,052,630 shares				