

GSW Immobilien AG

Company Presentation August-2012



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Agenda

1

GSW & Berlin Market Fundamentals

2

Portfolio Overview

3

Financials & Outlook

4

Appendix

GSW - triple pure play

**Focus
on**

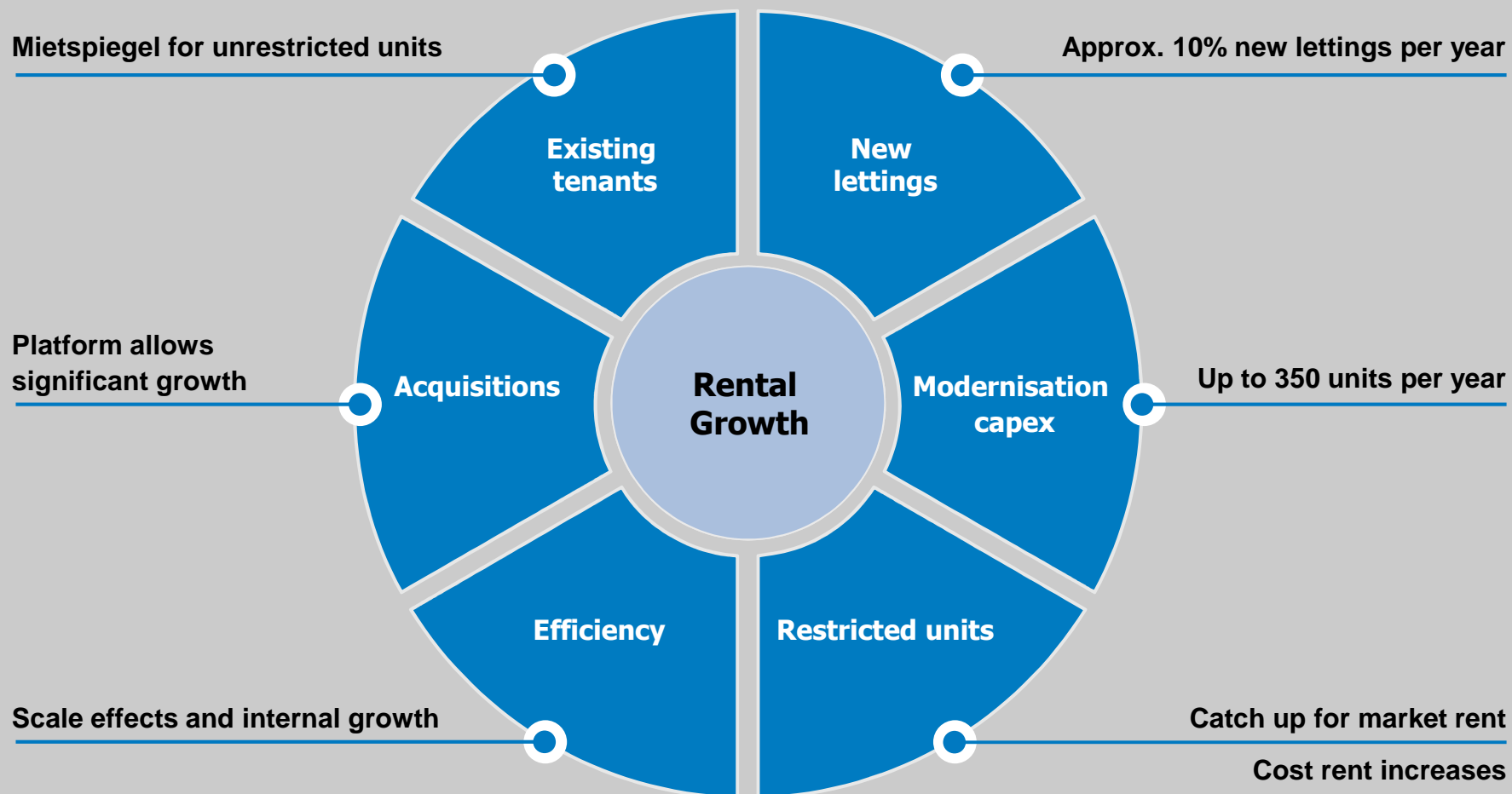
- 1 Berlin**
- 2 Residential**
- 3 Rental business**

- Over 85 years of real estate experience
- Portfolio comprising approx. 53,200 residential and commercial units in ownership
- Gross asset value of portfolio ca. €2.9bn
- Solid and long-term financing structure
- Strong and predictable cash flow generation

Note: Figures as of 30-Jun-2012

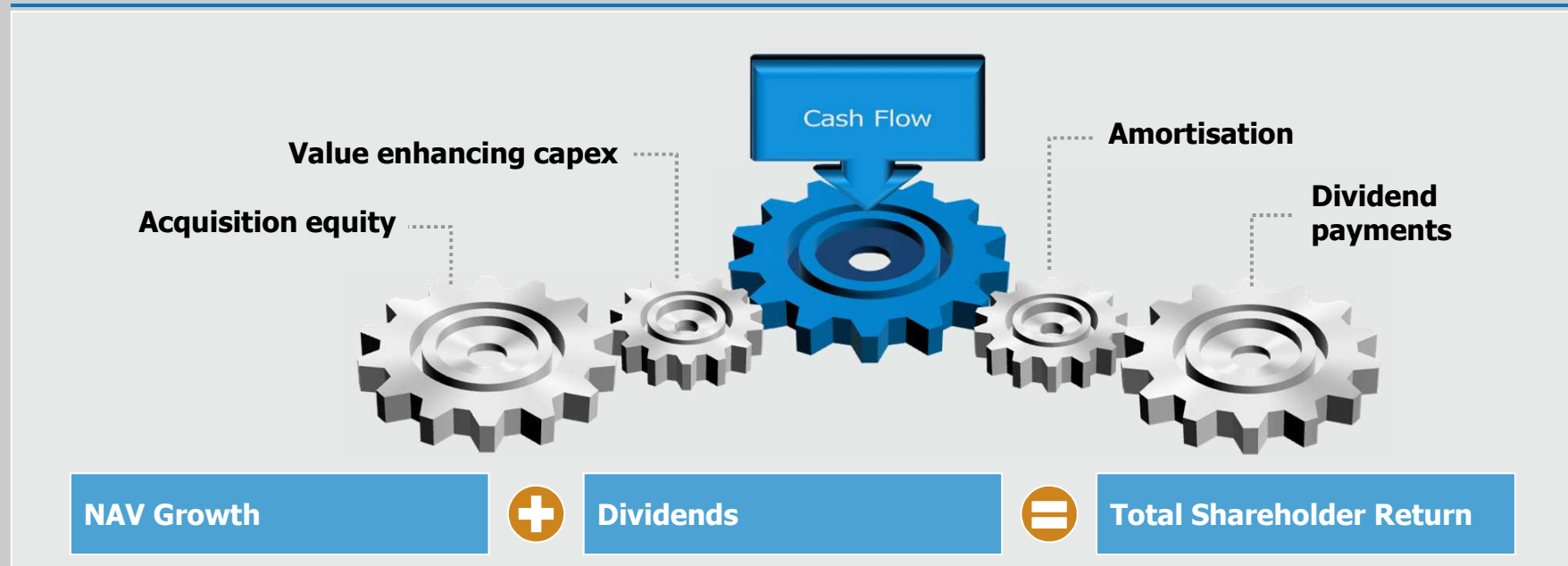


How GSW generates sustainable growth...



GSW as capital markets product

Committed to NAV growth and significant dividend payouts

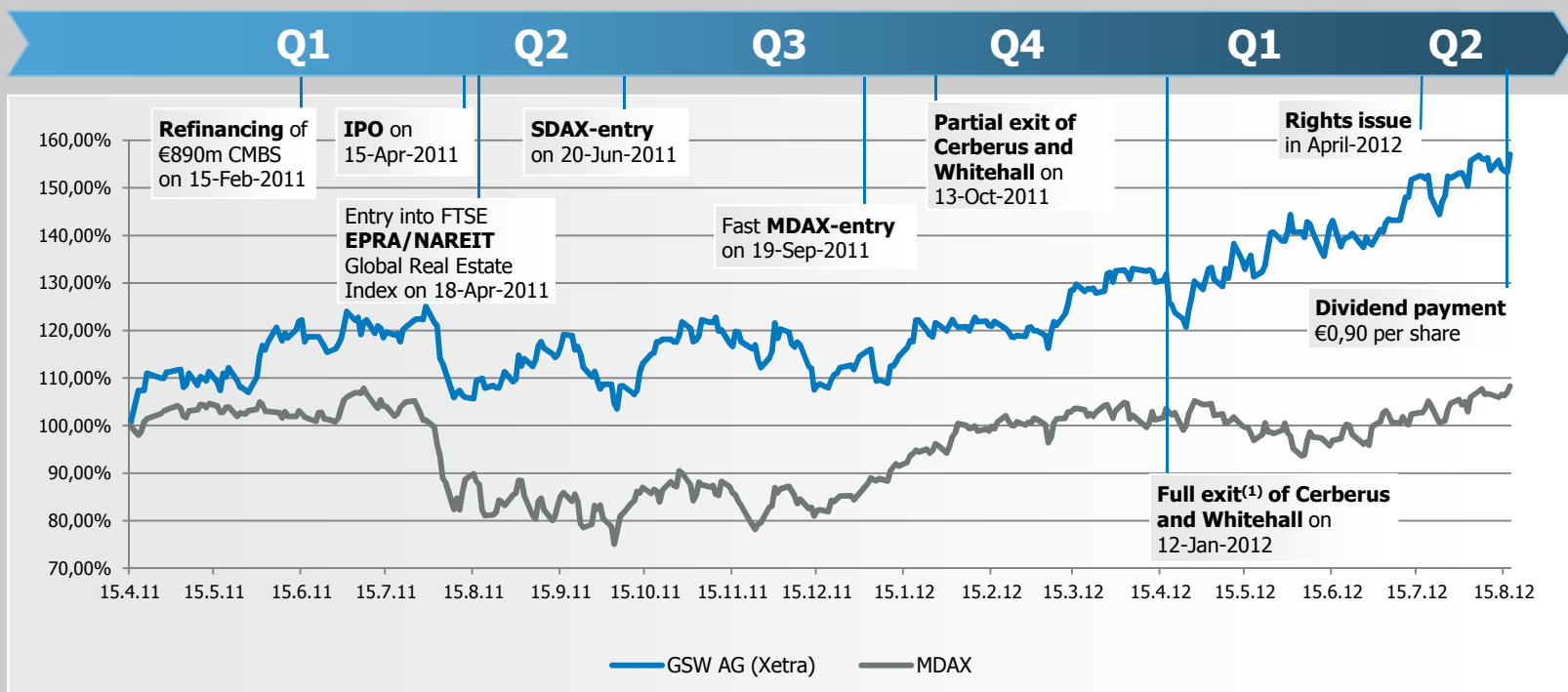


Premises

- Balancing the risk-reward ratio
- Constantly monitoring the banking and equity market requirements for leverage and regearing possibilities

Capital market history

GSW share



(1) Stakes below notification of voting rights threshold

Index weighting and Shareholder structure

Indizes

MDAX weighting as of 31-July-2012: 1.77%

MDAX ranking:
market cap = 21.
trading volume = 46.

Entry in **Stoxx Europe 600** as of 18-Jun-2012

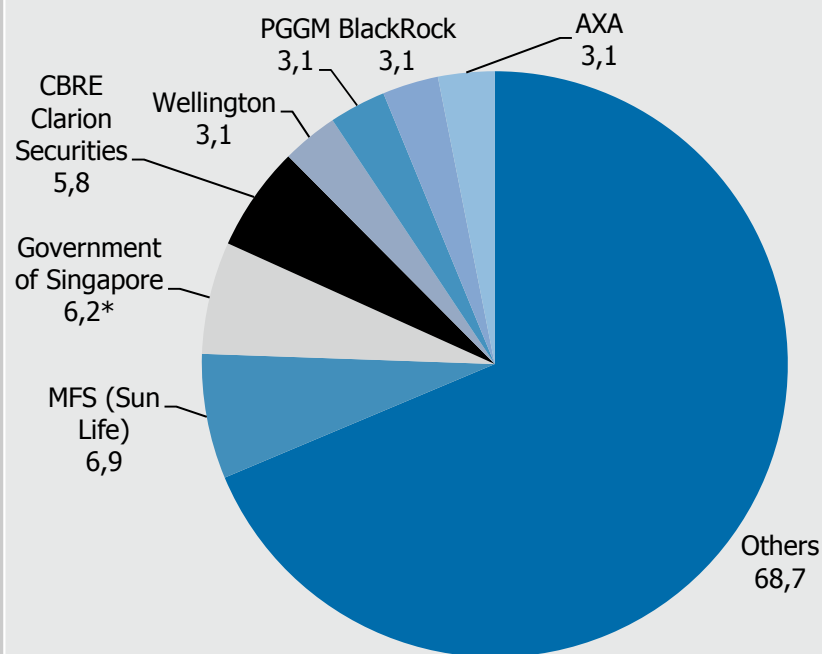
Entry in **GPR 250** as of 18-Jun-2012

EPRA Weighting

EPRA Germany:	17.9%
EPRA Europe:	1.5%
EPRA Global:	0.2%

Data as of 31-July-2012

Shareholder structure



As of 31-July-2012 (based on last voting rights announcements due to WpHG)

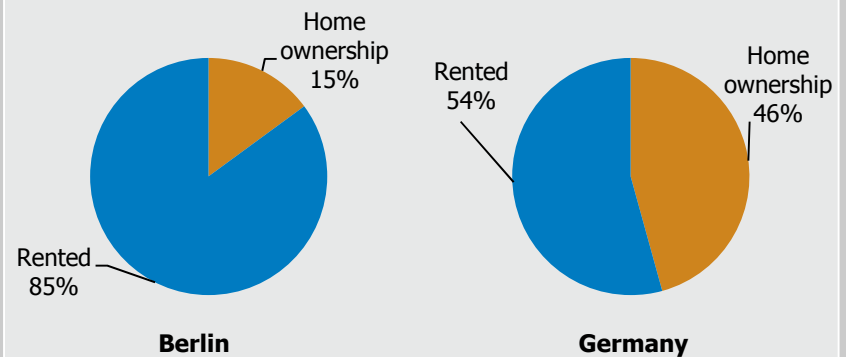
*not part of free float according to Deutsche Börse of approx. 94 %.

Key features of the Berlin residential market

Summary

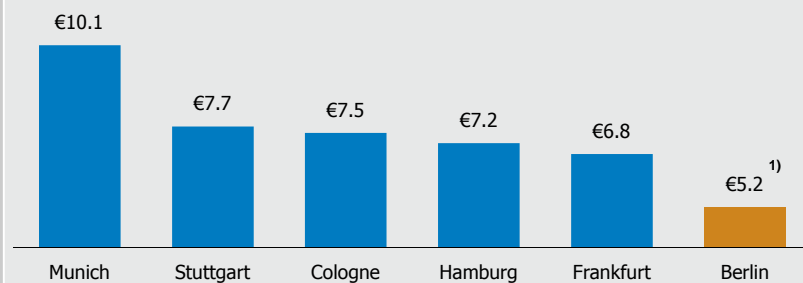
1. Berlin is represented by a strong tenant market
2. Positive economic and demographic fundamentals lead to increasing demand and to dynamic market development
3. Berlin rent level is still low compared to other German and European cities

Strong tenant market



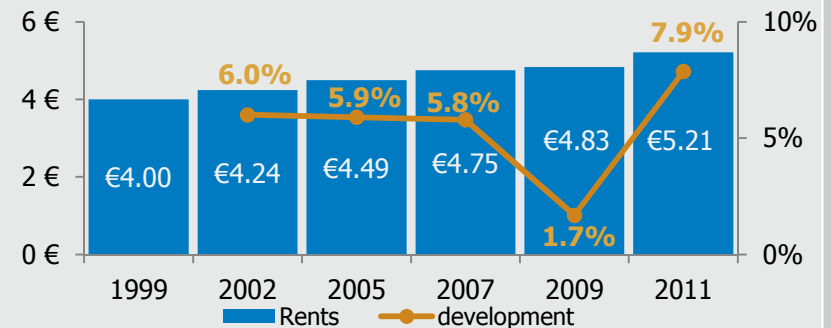
Source: Federal Statistical Office

Berlin's average rent is still low



Source: F+B Mietspiegelindex 2010, Berlin Mietspiegel 2011

Berlin Mietspiegel reflects market dynamics



Source: Berlin Mietspiegel of the relevant year

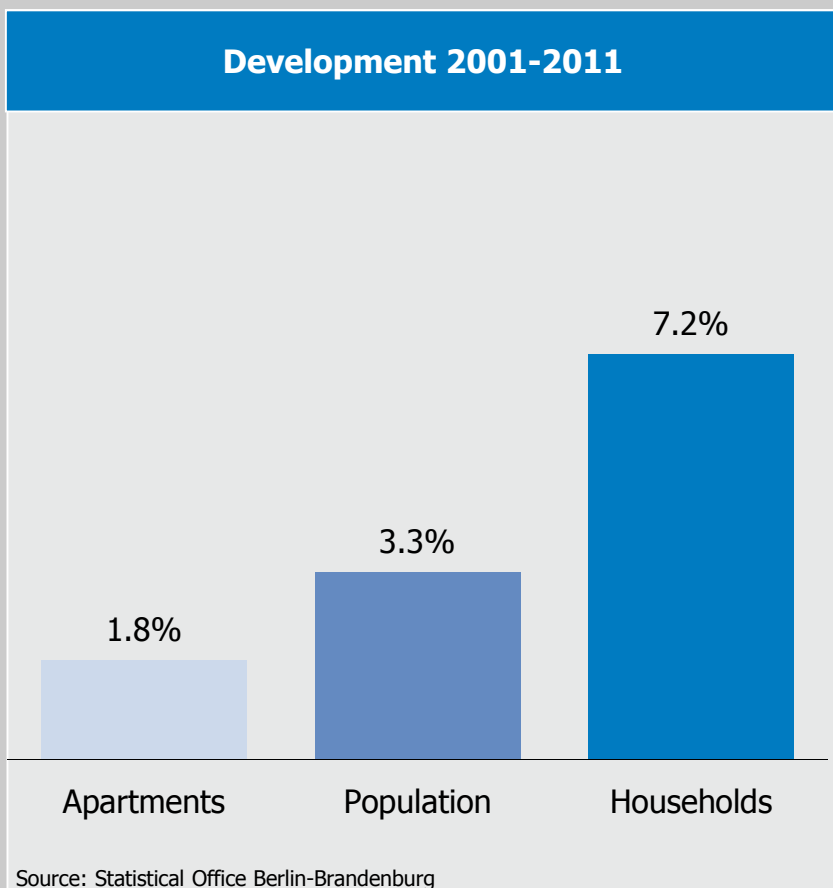
Berlin's residential real estate market

Population Berlin (12/2011) ⁽¹⁾	3,501,872
Population Capital Region Berlin-Brandenburg (12/2011) ⁽¹⁾	4,404,172
Unemployment rate July 12 (July 11) ⁽²⁾	12.3% (13.5%)
Purchasing power/ household per month (2010) ⁽³⁾	€2,601
Housing cost ratio/ household per month (2010)	24.2%
Number of residential units (2011) ⁽¹⁾	1,903,231
Completed new construction apartments (2011) ⁽¹⁾	4,491
Mean monthly net cold rent according to rent table (2011) ⁽⁴⁾	€5.21/sqm
Average vacancy rate (2010) ⁽⁵⁾	3.0%
Mean monthly asking rents analysed by CBRE (2011) ⁽³⁾	€6.59/sqm/month



Source: (1) Statistical Office Berlin-Brandenburg; (2) Federal Employment Agency; (3) CBRE /GSW Housing Market Report 2012; (4) Senatsverwaltung für Stadtentwicklung
5) Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V. (BBU)

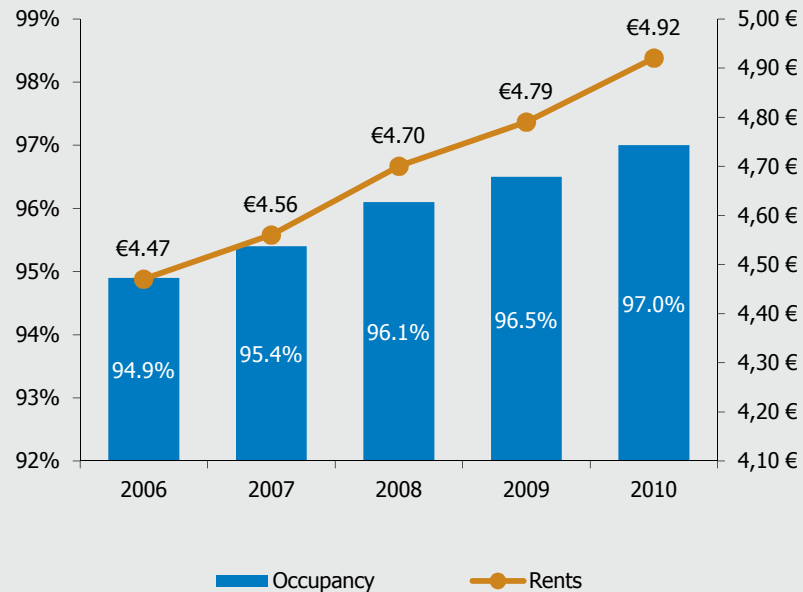
Drivers of demand and supply Berlin



- Drivers of supply and demand**
- Consistent population growth of 3.3% over the last 10 years, +1.2% in 2011
 - Significant growth of households of 7.2% over last 10 years. Strong trend towards smaller household size (1.7 persons on average)
 - Very limited new constructions (below 5,000 apartments p.a. on average over last 10 years)
 - Low housing cost ratio of 24.2%
 - Positive development of Berlin economics and employment rate
 - Low ownership ratio of 15% reflects strong tenant market

Drivers of demand and supply Berlin

Berlin market rent development & vacancy level development (2006 - 2010)



Note: figures for BBU-associated companies

Key drivers for rent development

Attractive fundamentals, increase demand faster than supply

Increasing demand leads to higher market rents

For new lettings landlord is able to achieve market rent

Rising market rents are reflected in Berlin Mietspiegel, which is a legal instrument to increase existing rents

Value enhancing modernisation leads to higher rents

Cost adjustments (inflation based) enable to increase "restricted rents"

Agenda

1

GSW & Berlin Market Fundamentals

2

Portfolio Overview

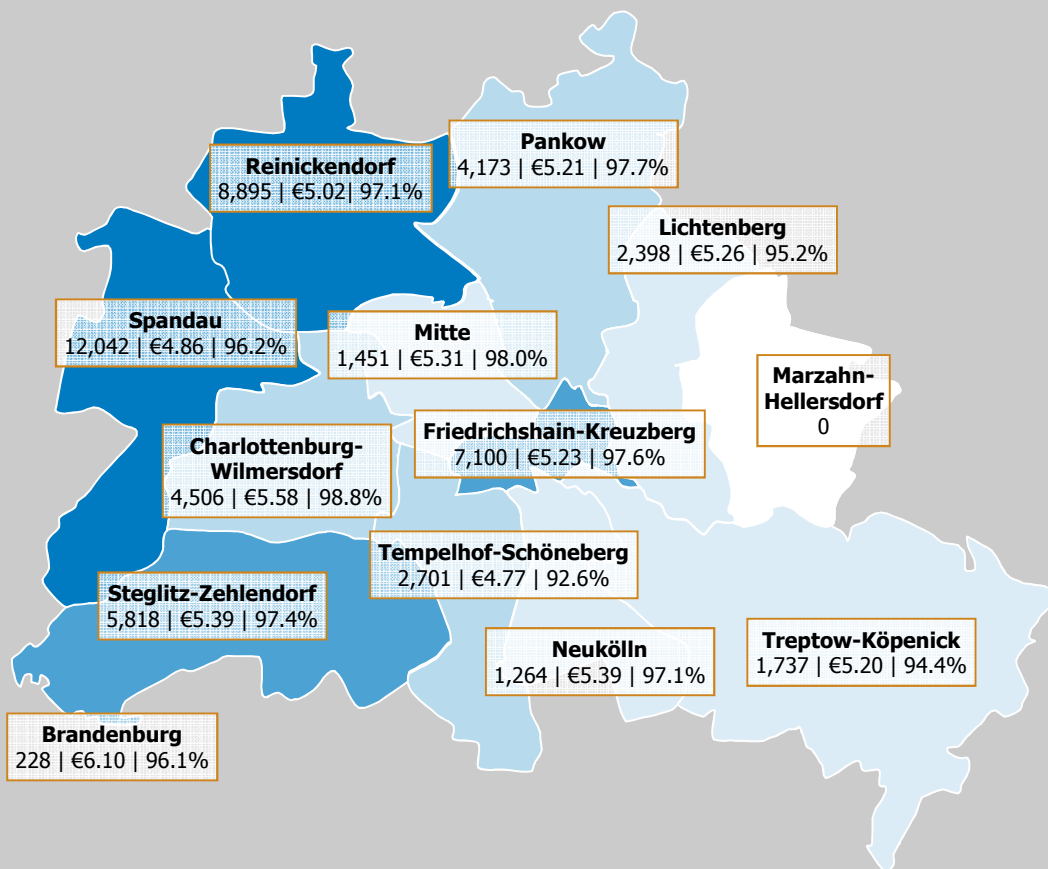
3

Financials & Outlook

4

Appendix

GSW portfolio overview as of 30-June-2012



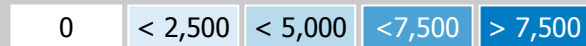
Overall Portfolio

Residential units	52,313
In-place rent	€5.14/sqm
Occupancy	96.8%
Average size	61.4 sqm

Valuation (31-Dec-2011)

Total Fair Value	€2,946.6 m
Fair Value	€873/sqm
IPR Multiple	14.5x
IPR Yield	6.9%

GSW Residential units

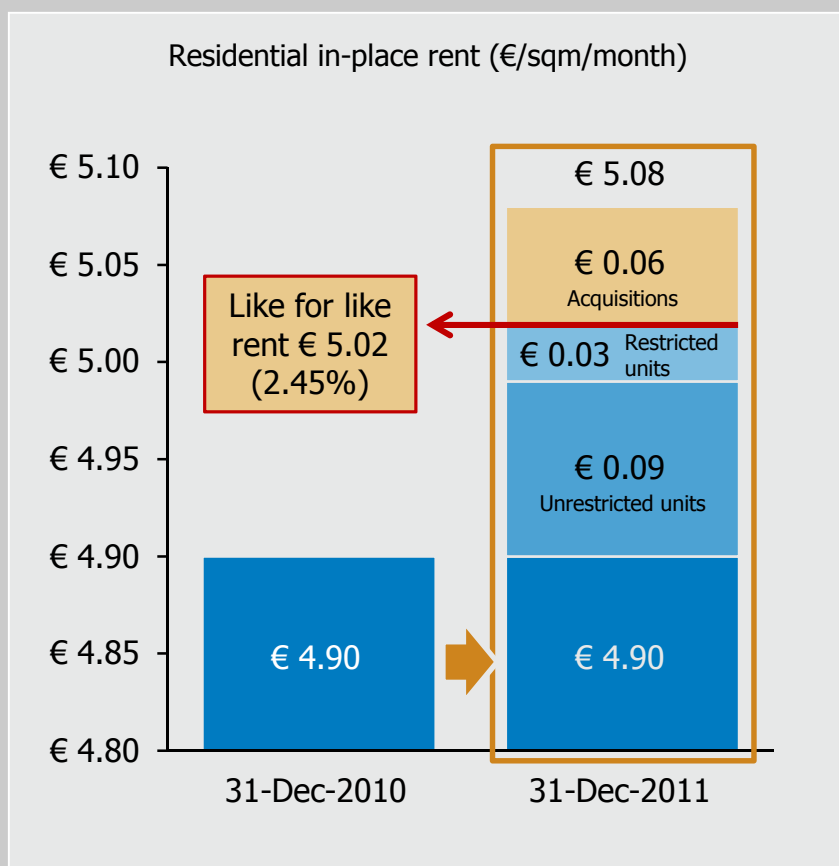


District

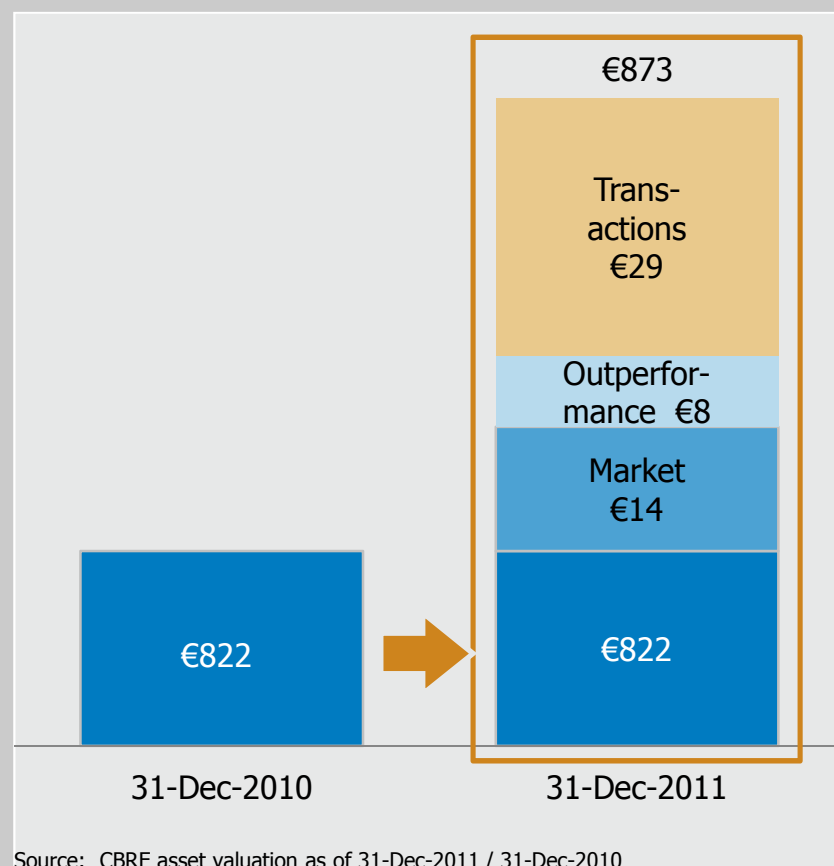
Residential Units | Monthly IPR €/sqm | Occupancy in %

Rent and fair value development 2011

Rent increases



Fair value (€/sqm)



Source: CBRE asset valuation as of 31-Dec-2011 / 31-Dec-2010

Acquisition Overview

Acquisition criteria

- NRI margin
- NRI yield
- Adj. EBITDA yield
- FFO I yield

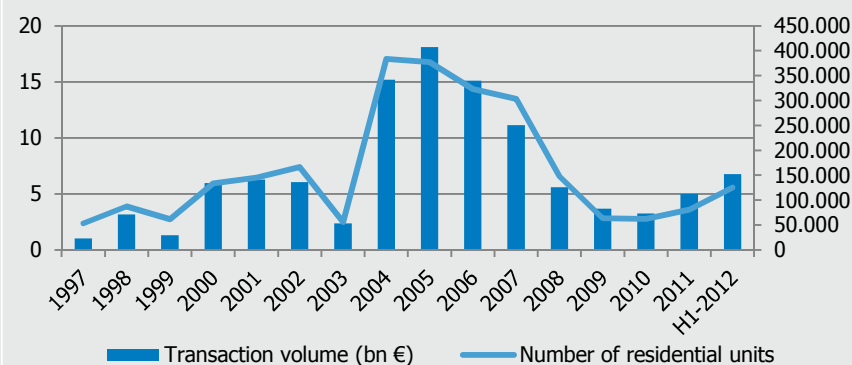
Purchase power

- Net proceeds of €190m from capital increase
- Intended LTV for new acquisitions 50%
- Purchase power for 6000 – 7000 units
- Still good access to bank lending

Summary & Outlook

- General expectations for 2012:
 - Increasing supply along with increased demand
 - Stabilisation of price levels for bigger transactions, as financing becomes a “regulating factor”

Transaction volume in Germany

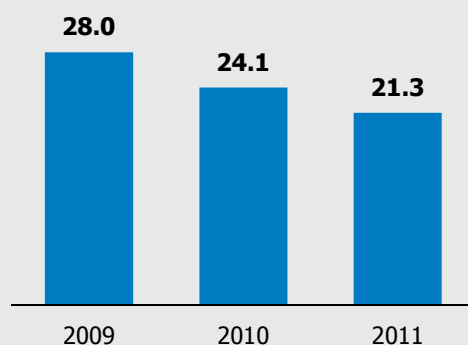


Source: CBRE

Capex and Maintenance

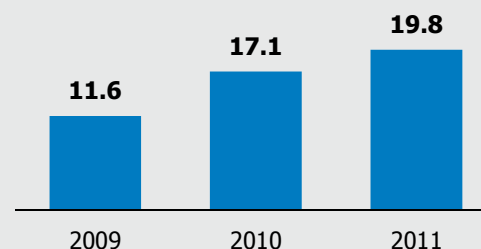
Maintenance/Capital expenditure

Maintenance (€m)¹⁾



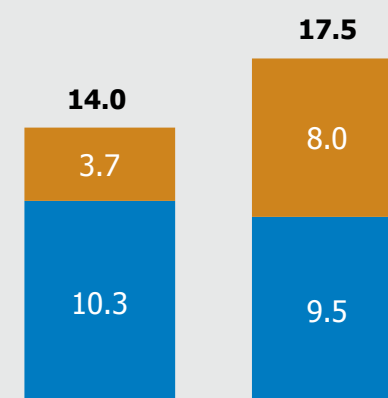
Area (sqm) ³⁾	3,196,949	3,149,814	3,161,024
€/sqm	8.8	7.6	6.8

Capital expenditure (€m)²⁾



Area (sqm) ³⁾	3,196,949	3,149,814	3,161,024
€/sqm	3.6	5.4	6.3

H1-2012



H1-2011 H1-2012

■ Capex (capitalised)
■ Maintenance

FY	2009	2010	2011
Maintenance/Capex total	€39.6 m	€41.2 m	€41.1 m
€/sqm	12.4 €/sqm	13.1 €/sqm	13.0 €/sqm

- 1) Expensed through P&L
- 2) Capitalised
- 3) Average area of the relevant year

Agenda

1

GSW & Berlin Market Fundamentals

2

Portfolio Overview

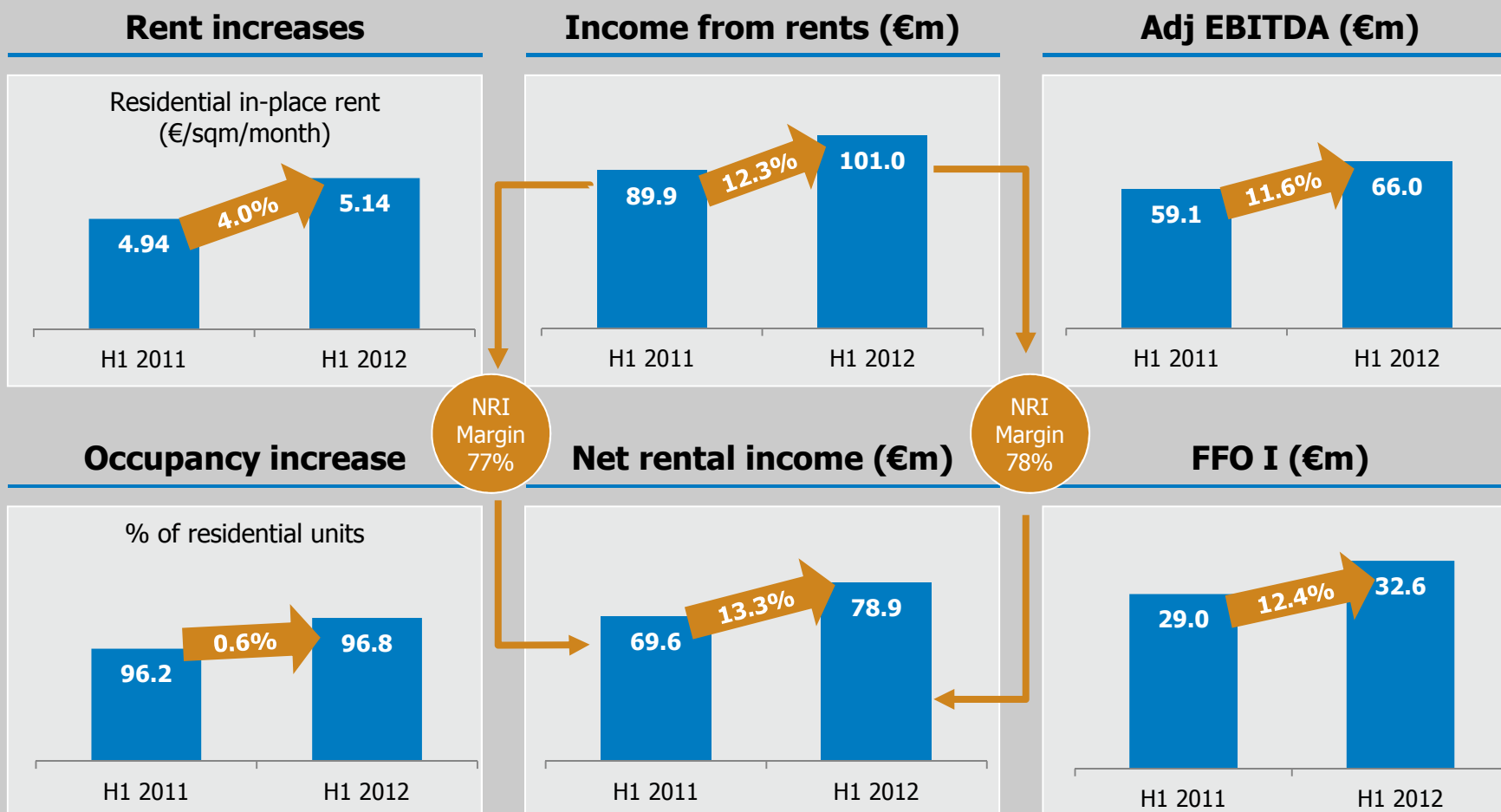
3

Financials & Outlook

4

Appendix

Overview – Operational and financial highlights



Note: FFO I = FFO excl. sales result

Net Rental Income

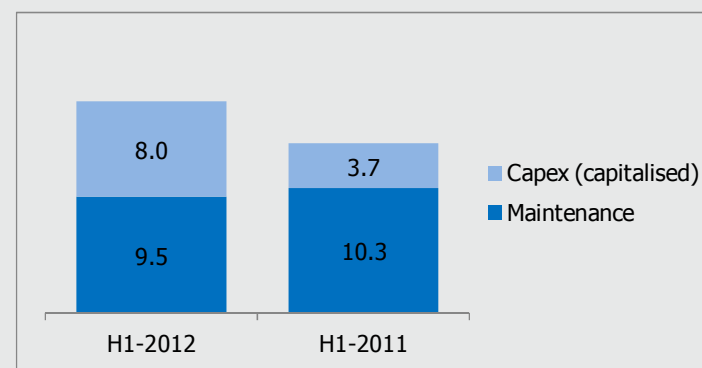
H1-2012

(€m)	H1 2012	H1 2011
Income from rents	101.0	89.9
Income from management activities and other income	5.3	5.2
Gross rental income	106.2	95.1
Income from direct government grants	4.1	5.3
Total rental income	110.3	100.4
Costs of materials	(18.8)	(19.9)
Personnel expenses	(9.4)	(9.1)
Other property operating expenses/income	(3.2)	(1.8)
Net rental income	78.9	69.6

Comments

Higher average rent per sqm, increased occupancy, acquisition impact

Like-for-like residential growth yoy: 2.83%; from €4.94/sqm (H1-2011) to €5.08/sqm (H1-2012)



Extraordinary provision effect in 2011

Income statement

H1-2012



(€m)	H1 2012	H1 2011
Net rental income	78.9	69.6
Result on disposal of investment property	4.8	2.6
Net valuation gains on investment property	0.0	0.0
Administrative expenses	(17.4)	(29.1)
Other income, net	0.0	25.4
Net operating profit (EBIT)	66.3	68.6
Net results of investments	1.2	0.1
Interest result	(41.5)	(39.5)
Profit before income taxes (EBT)	26.0	29.2
Income taxes	(1.0)	(0.4)
Consolidated net income for the period	25.0	28.8

Comments		
Admin expenses adjusted (€m)		
Admin expenses (total)	(17.4)	(29.1)
Thereof IPO + project expenses	0.7	8.6
Thereof LTIP (paid by former shareholders)	1.6	8.2
Thereof acquisition costs	1.4	0.0
Admin expenses adjusted	(13.7)	(12.3)
Sale of broadband cable business (one-off) in H1-2011		
Interest result (€m)		
Interest income	12.1	12.8
Interest expense	(53.6)	(52.3)
Interest result	(41.5)	(39.5)
Less valuation effects from loans	5.1	11.9
Less valuation effects from derivatives	1.5	(2.5)
Less discounting	0.3	1.2
Less accrued interest for loans & derivatives	(0.1)	(1.0)
Less breakage fees	0.1	0.0
Cashflow net interest	(34.5)	(30.0)

Adjusted EBITDA reconciliation

H1-2012

(€m)	H1 2012	H1 2011	Comments
EBIT	66.3	68.6	
Depreciation	0.4	0.5	
Fair value adjustment of investment property	0.0	0.0	Adjustment of €1.2m costs in Q1-2012 has been offset with capital reserve in Q2 -2012
EBITDA	66.7	69.1	
Costs of IPO / capital increase	0.0	6.7	
LTIP (by selling shareholders)	1.6	8.2	No impact on equity value; offset on balance sheet level
Restructuring expenses	0.1	0.2	
Project expenses	1.0	2.9	H1-2011: CMBS refinancing, sale of cable business
Acquisition expenses	1.4	0.0	
Gains on disposal of shares in companies, associates, joint ventures, intangible assets and property, plant and equipment	0.0	(25.4)	
Result on disposal of investment property	(4.8)	(2.6)	
Adjusted EBITDA	66.0	59.1	

Result on disposals (€m)	H1 2012	H1 2011
Investment property disposal proceeds	35.7	21.5
Carrying value	(26.2)	(15.3)
Sales expenses	(4.7)	(3.6)
Result on disposals	4.8	2.6

Derivation of FFO

H1-2012

(€m)	H1 2012	H1 2011	Comments
Adjusted EBITDA	66.0	59.1	
Cashflow net interest (normalised)	(34.5)	(30.0)	Mainly due to higher debt balance as a result of acquisitions
Results of associates, joint ventures and other investments	1.2	0.1	
Cashflow net taxes	(0.1)	(0.2)	
FFO I (excl. sales result)	32.6	29.0	FFO I per share average: €0.73 (€0.77 in H1-2011) ⁽¹⁾ FFO I per share reporting date: €0.64 (€0.71 in H1-2011) ⁽²⁾
AFFO (FFO I less capitalised expenses for maintenance and modernisation)	24.6	25.4	Shift from maintenance expenses to more value enhancing capex (capitalised)
FFO II (incl. sales result)	37.4	31.6	

(1) Based on an average number of 44,436,089 shares outstanding in H1-2012 (H1 2011: 37,574,876)
 (2) Based on number of shares outstanding 30-Jun-2012: 50,526,314 (30-Jun-2011: 41,052,630)

Balance sheet

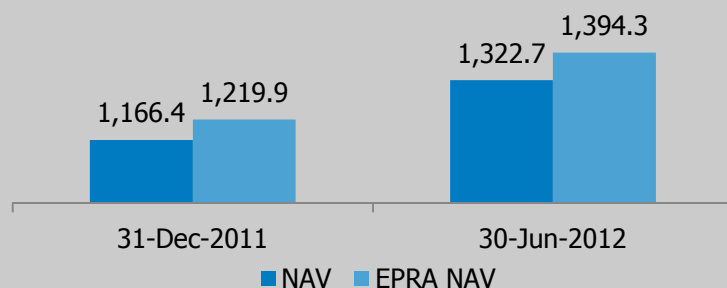
30-Jun-2012



Selected items (€m)	30-Jun-2012	31-Dec-2011
Non-current assets	2,932.0	2,947.6
Investment property	2,915.1	2,930.2
Other non-current assets	16.9	17.3
Current assets	263.9	92.1
Assets held for sale	15.0	17.1
Cash and cash equivalents	234.1	62.6
Receivables and other current assets	14.9	12.4
Total assets	3,196.0	3,039.7

Selected items (€m)	30-Jun-2012	31-Dec-2011
Shareholders' equity	1,322.7	1,166.4
Financial liabilities	1,743.3	1,770.9
Other liabilities	130.0	102.4
Total equities and liabilities	3,196.0	3,039.7

NAV Development (€m)



NAV (€m)	30-Jun-2012	31-Dec-2011
Diluted NAV	1,322.7	1,166.4
Fair value of financial instruments (net)	71.6	53.6
Deferred tax ⁽¹⁾	(0.0)	(0.0)

Diluted EPRA NAV (€m)	1,394.3	1,219.9
No. of shares outstanding	50.53m	41.05m

Diluted EPRA NAV per share: €27.59

(1) Not including deferred taxes on changes in valuation of derivatives (through OCI)
30-Jun-2012: €3.5m; 31-Dec-2011: €2.7m

Net debt and LTV reconciliation

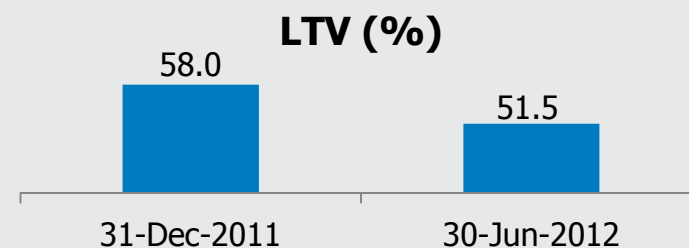
30-Jun-2012

(€m)	30-Jun-2012	31-Dec-2011
Financial liabilities	1,743.3	1,770.9
Cash and Cash equivalents	(234.1)	(62.6)
Net Debt	1,509.2	1,708.3
Investment properties	2,915.1	2,930.2
Assets held for sale	15.0	17.1
Loan-to-value ratio	51.5%	58.0%

Comments

Based on nominal debt of €1,845.3m the LTV is 55%

LTV development



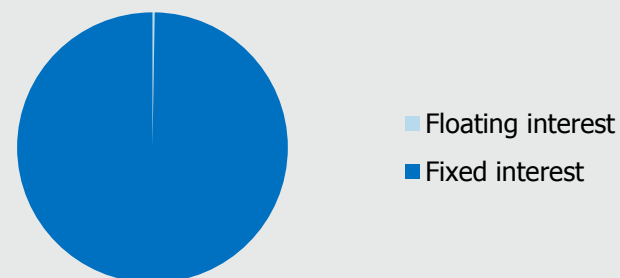
Long term & robust financing structure

344 bank loans of €1,845m

- Long term maturity profile (82% of debt expiring after 2016)
- Very low average costs of debt
- Almost 100% fixed/hedged

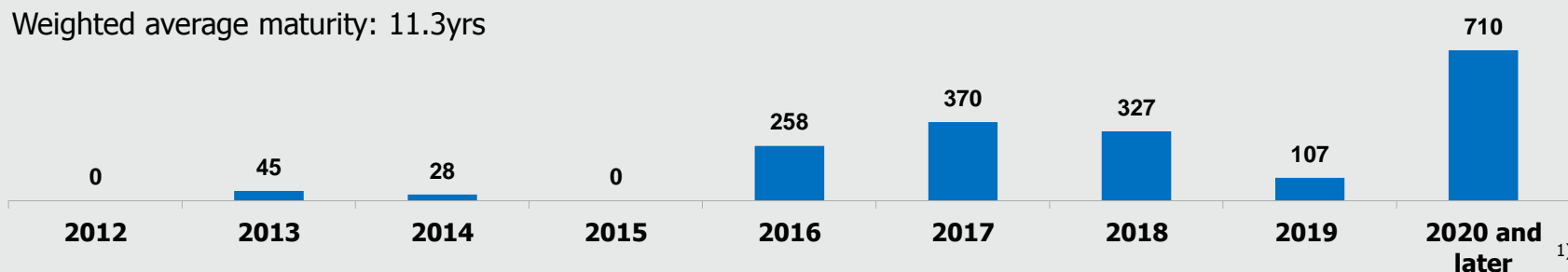
▶ **Stable basis for future growth**

Floating vs. fixed interest



GSW maturity profile (€m) – Total: €1,845m as of 30-Jun-2012

Weighted average maturity: 11.3yrs



Weighted average interest rate of approx. 4.0% across entire loan portfolio²⁾

1) Includes loans without contractual maturity

2) Based on average interest rate as of 30-Jun-2012 for the existing debt portfolio

Note: Maturities and debt are based on nominal values and do not include regular annual amortisations

Outlook & Guidance

FFO I

Raised to €61-64m for 2012

Maintenance and capex

€13-15/sqm expected for 2012, plus modernisation projects

Dividend

Intended dividend payout ratio for FY2012:
65% of FFO I

IR contact

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Agenda

1

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2

Portfolio Overview

3

Financials & Outlook

4

Appendix

Key investment highlights



Berlin residential real estate market, offering attractive fundamentals

Robust business model

Solid quality portfolio with substantial upside potential

Fully integrated platform allowing for profitable growth from acquisitions

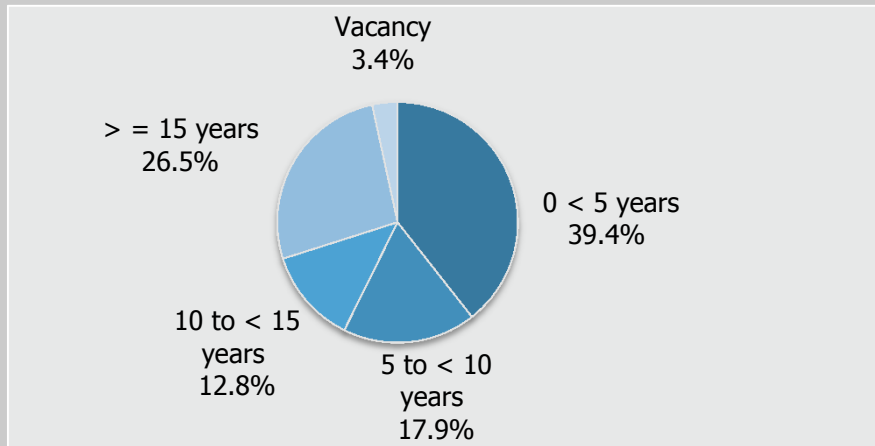
Experienced management team with proven industry track record

Sustainable financing structure, with almost 100% fixed/hedged and no near term refinancing needs

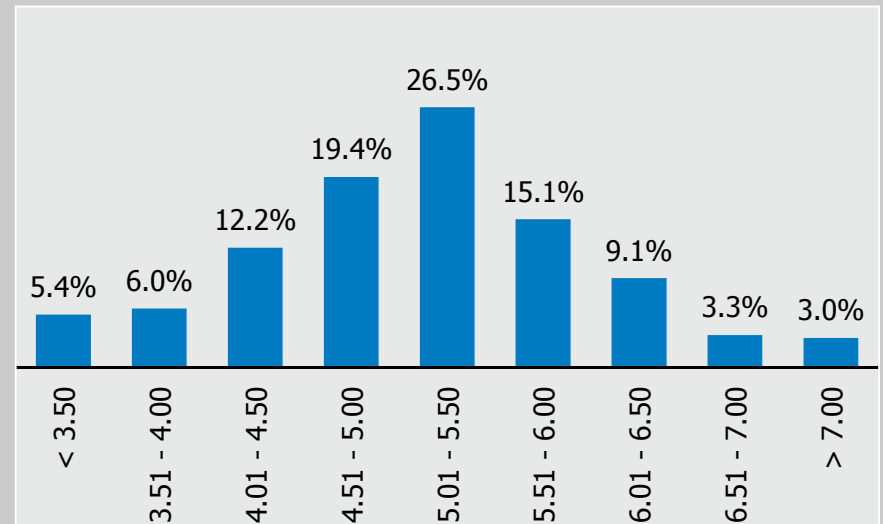
Strong and growing cash flow generation enabling sustainable dividend pay-out

Portfolio structure – long term stable cash-flow generation

Lease duration (Ø 12 yrs)

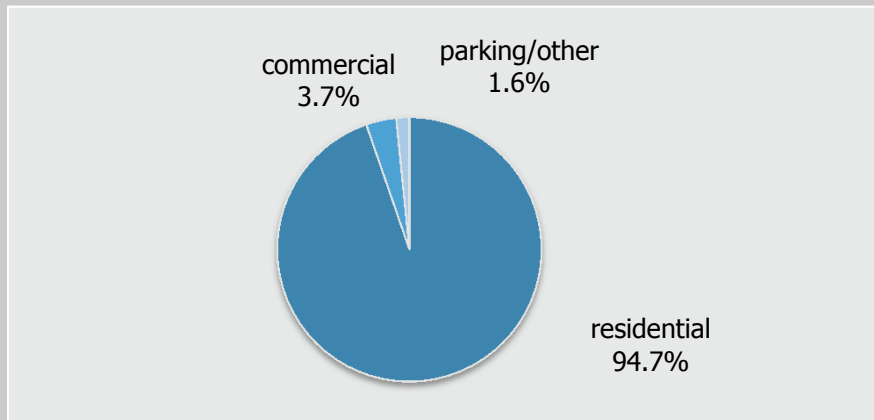


In-place rent (Ø 5.08 €/sqm/month)^(a)



Note: Excluding vacant apartments, which account for 3.4%

Annualised actual in-place rent



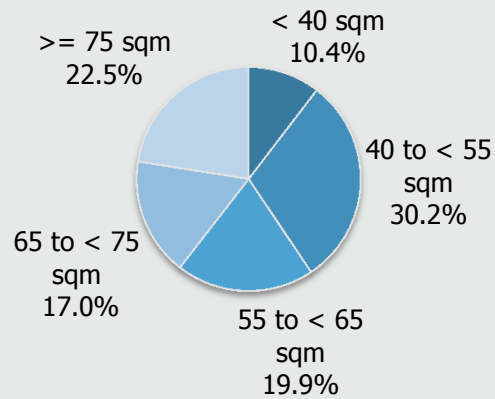
Comments

- Average lease duration of 12 years in residential units
- Affordable rent levels

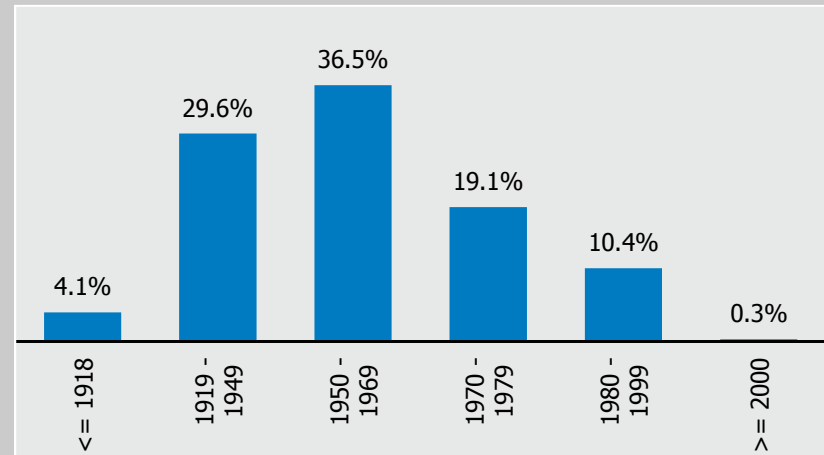
(a) Based on residential properties

Portfolio structure – characteristics meeting strong demand

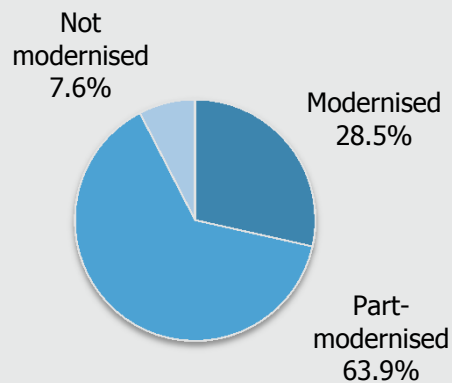
Apartment size



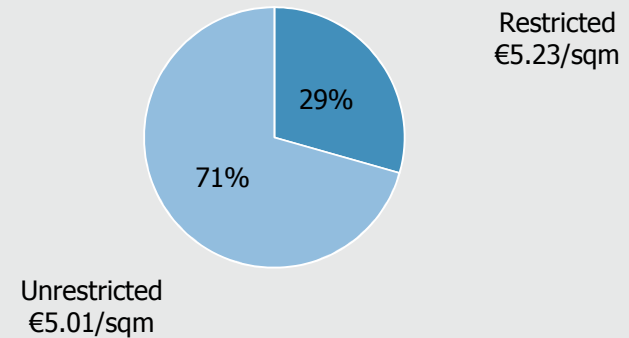
Year of construction



Condition of properties



Rental restrictions



GSW Management



Thomas Zinnöcker
CEO

Jörg Schwagenscheidt
COO

Andreas Segal
CFO



Responsibilities	Management Office	Asset and Transaction Management	Finance, Controlling
	Corporate Development and Comm.	Property Management	Accounting, Taxes
	Human Resources, Auditing	Privatisation/Sales	Legal Services, Compliance
	IT Systemhaus GSW	Purchase and Capex Management	Investor Relations
Years in Real Estate Industry	16 years	20 years	9 years
Professional Experience	CEO of Krantz TKT GmbH Member of the board of management of Deutsche Telekom Immobilien und Service GmbH	Member of the board of management of DB Immobilien GmbH Member of the board of management of BBT Bau-Boden Treuhand GmbH & Co. KG Regional Head at Viterro AG and Deutsche Annington GmbH	Corporate Finance at Commerzbank Member of the board of management of ProMarkt Handels GmbH CFO of Wegert Holding GmbH (Private Real Estate and Investment Holding)