GSW Immobilien AG

Company Presentation

June 2011

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1 **Investment Highlights**

2 **Highlights Q1 2011**

3 **Outlook**

4 **Appendix**

Successful IPO on 15 April 2011

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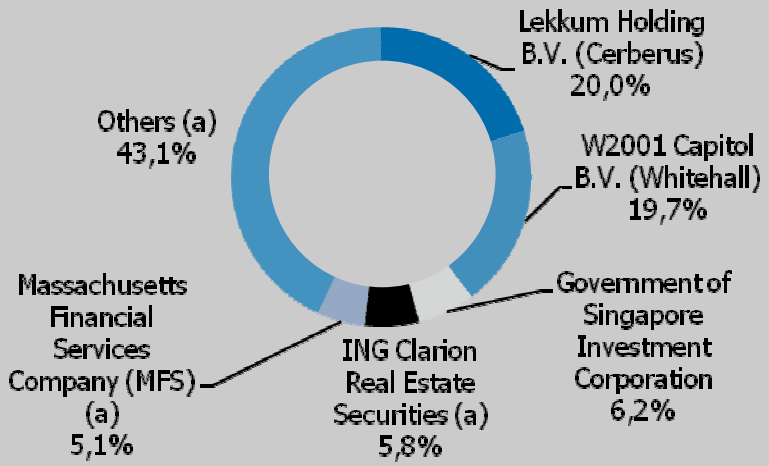
Overview

- Listing on Frankfurt and Berlin Stock Exchange
- Issue price of €19.00 (initial price range: €19.00 – €23.00)
- First price of €19.55
- Base deal shares 21.4m shares (6.1m primary, 15.4m secondary) and 3.2m Greenshoe shares (15%, all secondary)
- Total No. of shares 41,05m
- Total IPO size €467.6m
- Largest European and German real estate IPO since several years
- FTSE EPRA/NAREIT global real estate index series inclusion
- Free float according to Deutsche Börse of approx. 54%

Shareholder structure



Note: As of 25 May 2011 (based on last voting rights announcements due to WpHG)
(a) Part of free float based on Deutsche Börse definition. Free float of approx 54%

Investment Highlights

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1. Berlin residential real estate market offering attractive fundamentals
2. Robust business model, which has outperformed through recent recession
3. Solid quality portfolio with substantial upside potential
4. Fully integrated platform allowing for profitable growth from acquisitions
5. Experienced management team with proven industry track record
6. Sustainable financing structure, including low interest and well spread maturities
7. Strong and growing cash flow generation and sustainable dividend potential

Berlin residential real estate market offering attractive fundamentals

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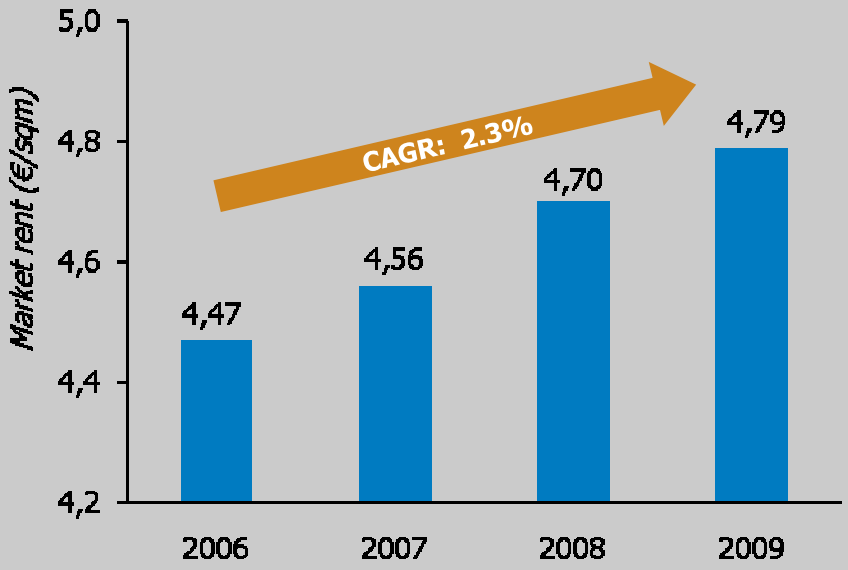
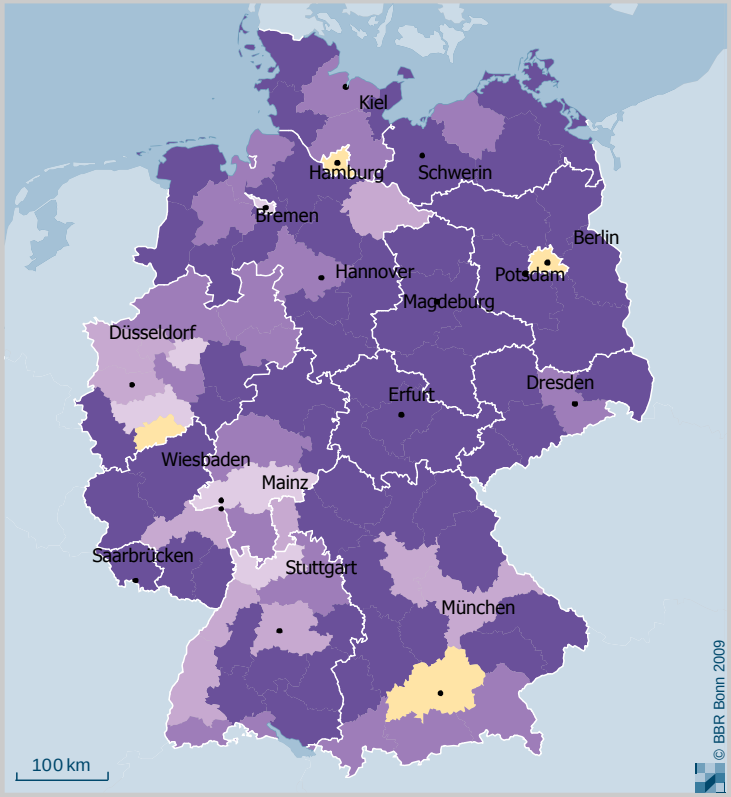
Berlin market existing rent development
(2006 – 2009)



- **Upcoming supply/demand imbalance in Berlin**
  - Approx. **3,000** residential units in multi-family homes have been completed per annum in 2006-2009
  - Demand for new residential units is projected to grow annually by approx. **6,000** units in the next five years due to new inhabitants and smaller household size

Highest occupancy levels in Berlin (2025E)



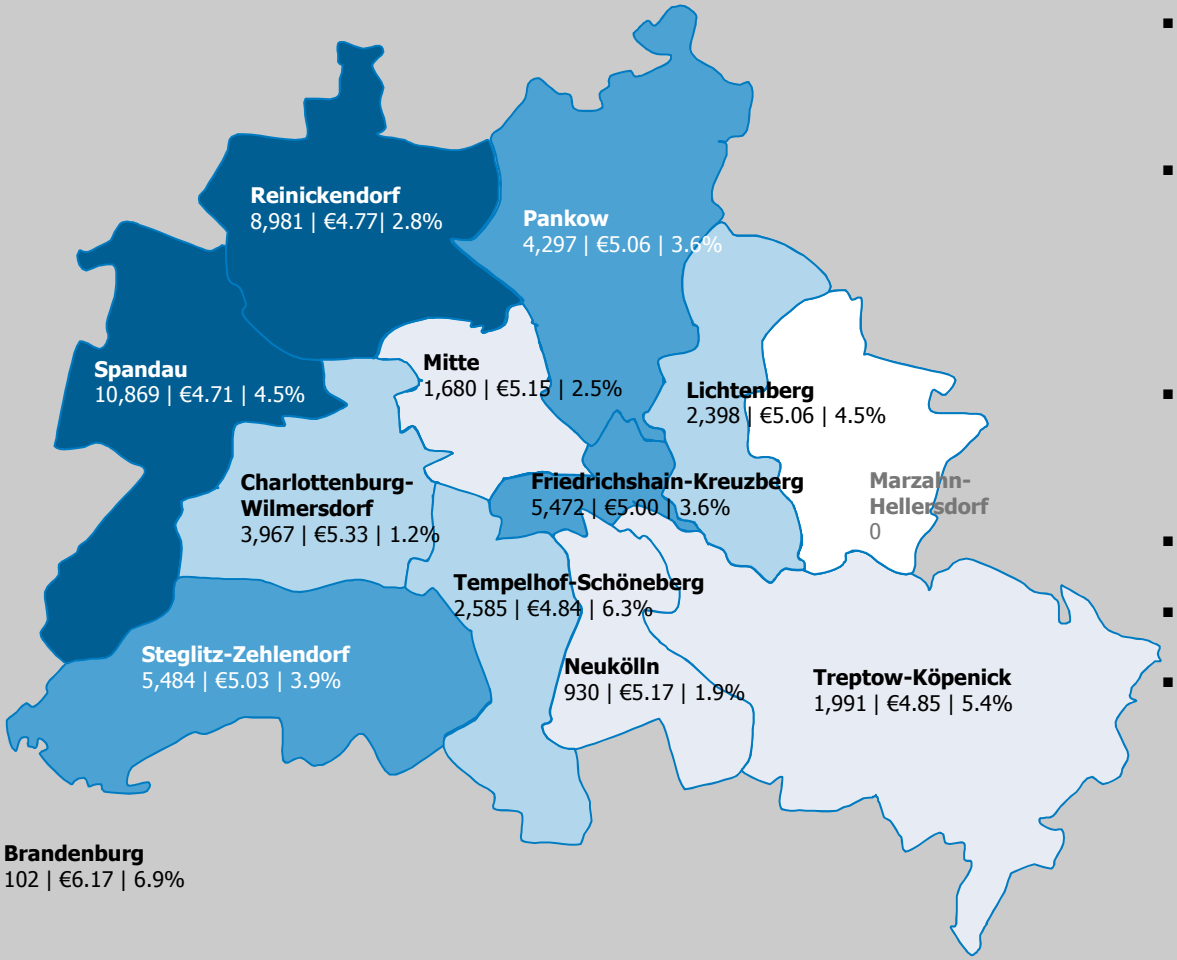
Expected vacancy risk in apartment buildings until 2025E

- Very High
- High
- Moderate
- Low
- Very Low

Note: Net cold rent in residential units (owned and managed residential properties) of members of BBU in Berlin

Source: BBU, Statistical Office Berlin and Brandenburg, Federal Institute for Research on Building, Urban Affairs and Spatial Development (Bundesinstitut für Bau-, Stadt- und Raumforschung)

GSW Portfolio overview as of 31 March 2011



- **Leading German residential real estate company, operating in the Berlin market**
- Residential portfolio comprising approx. 49,700 residential and commercial units in ownership, in total approx. 65,500 residential & commercial units under management
- Average apartment size per unit 61.5 sqm, meeting market demand for small- to mid-sized apartments
- Average residential rent €4.92/sqm
- Average residential vacancy 3.7%
- No. of residential units: 48,756

District

Residential Units | Monthly IPR €/m² | Vacancy in %

GSW Residential units

0	< 2,500	< 5,000	<7,500	> 7,500

Solid quality portfolio with substantial upside potential

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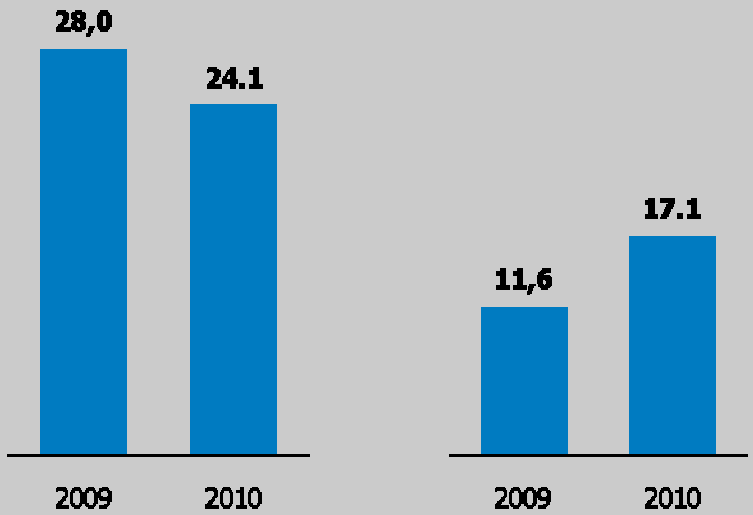
Maintenance/Capital expenditure



	2009	2010
Area (sqm)	3,196,949	3,149,814
€/sqm	8.8	7.6

	2009	2010
Area (sqm)	3,196,949	3,149,814
€/sqm	3.6	5.4

- **Overall €13/sqm spent in 2010**
- **In the coming years, additional modernisation capex to increase rents**

Solid Quality Properties

Settlements/ housing complexes[(a)] — 22%

	2008	2009	2010
Rent (€/sqm/month)	4.46	4.55	4.62
Occupancy	94.0%	95.0%	96.1%

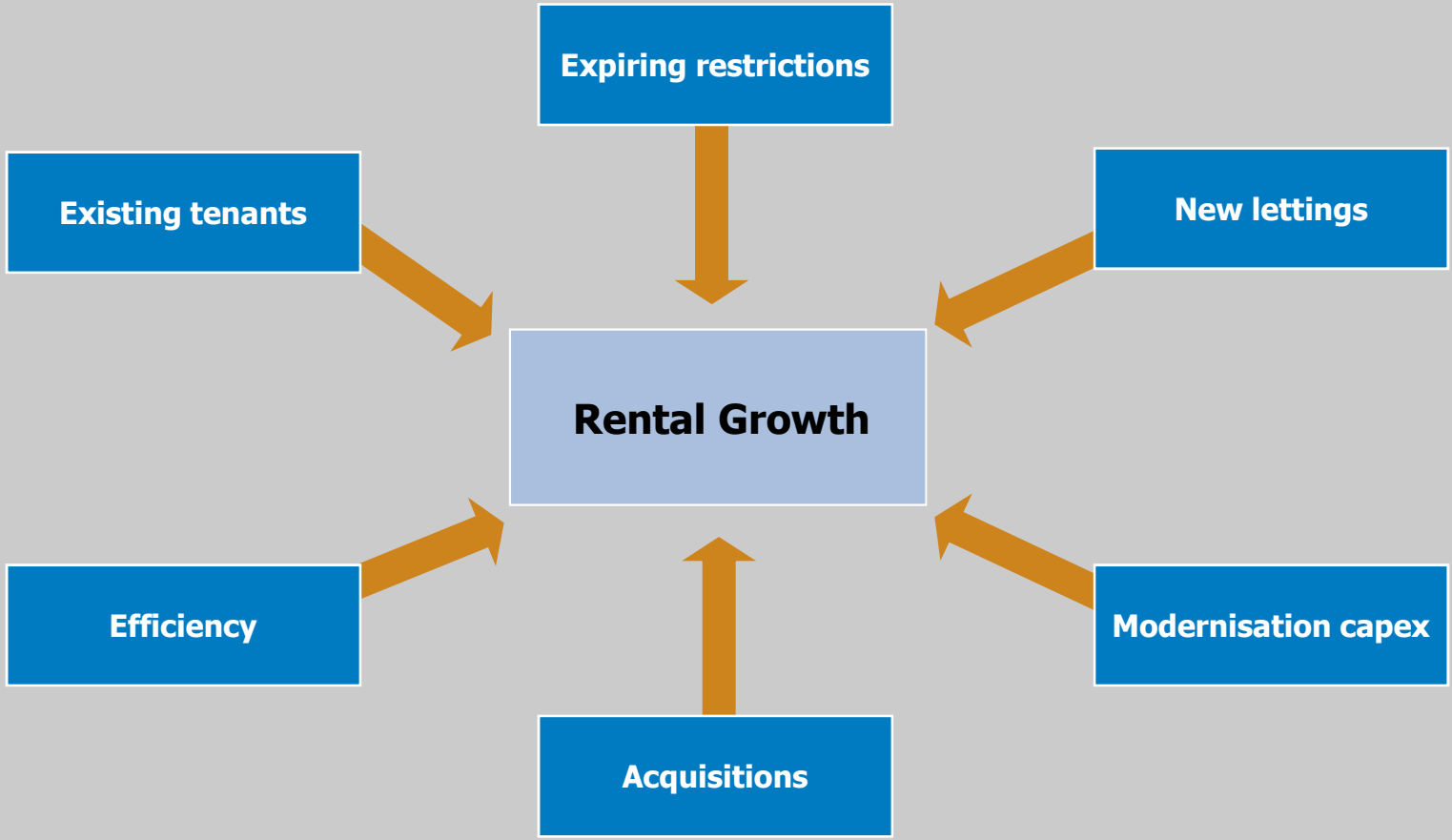
Multi-family buildings — 78%

	2008	2009	2010
Rent (€/sqm/month)	4.71	4.87	4.97
Occupancy	95.4%	96.2%	96.5%

(a) Represents residential quarters such as Siemensstadt, Falkenhagener Feld, Obstalleesiedlung and Zabel-Krueger-Damm, i.e. housing complexes with more than 2,000 units

Note: Figures quoted relate to like-for-like portfolio, excluding acquisitions after 31-Dec-2006

How GSW generates sustainable growth...



Continuation of rent and occupancy increases

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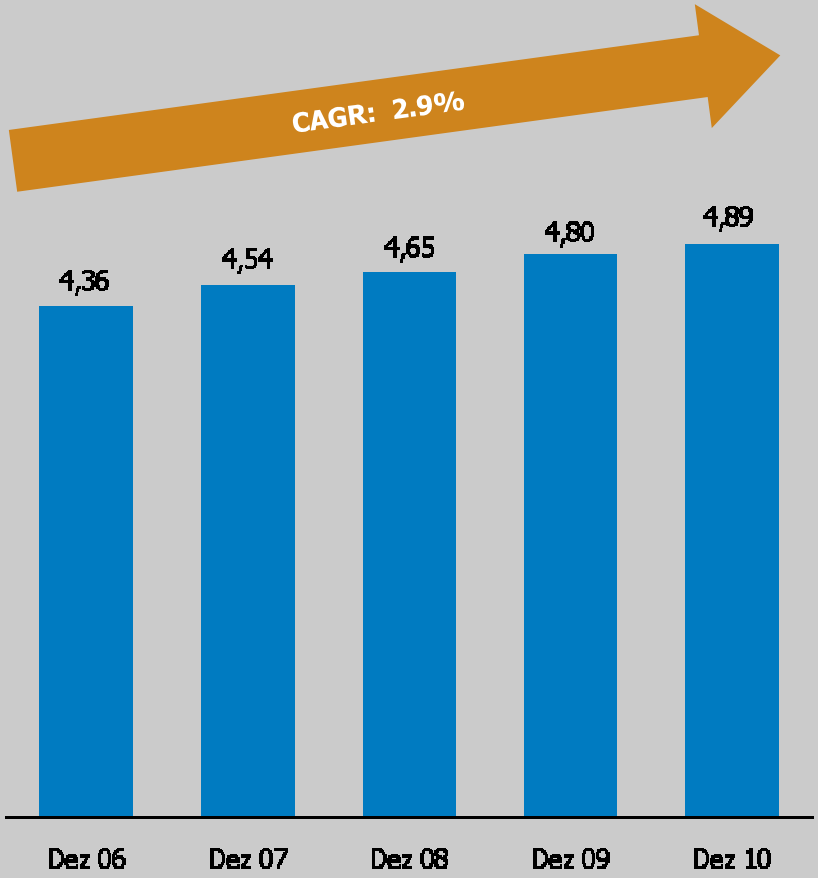
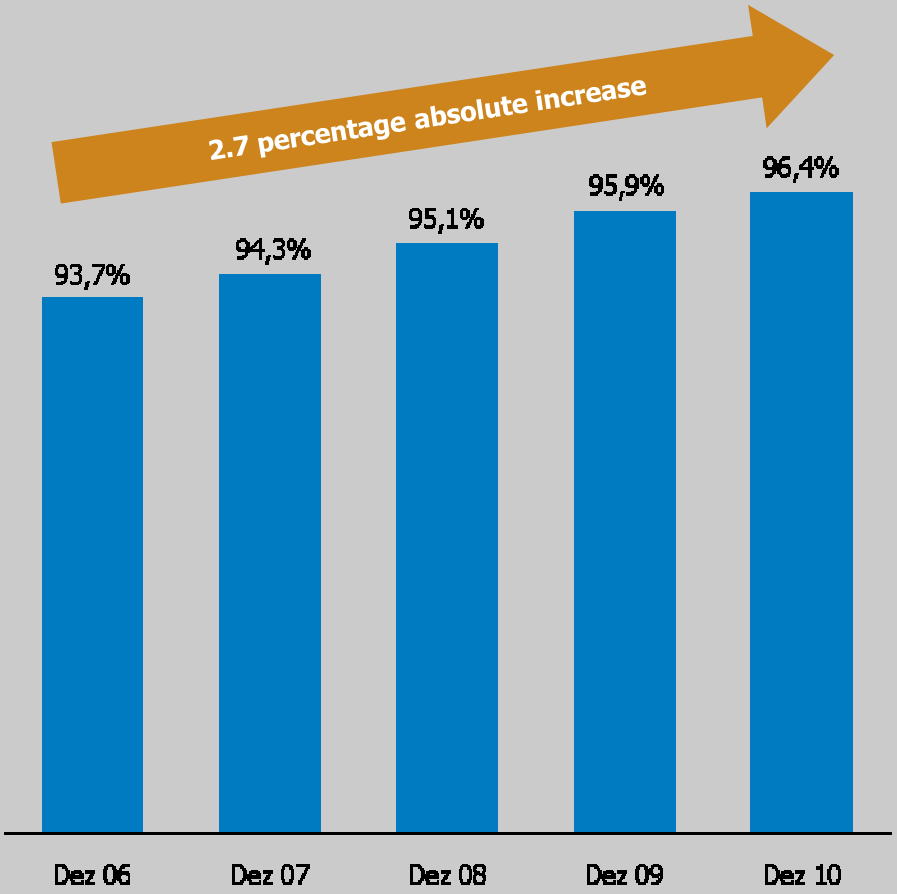
Rent increases

Residential in-place rent (€/sqm/month)



Occupancy increases

% of residential units



Note: Figures quoted relate to like-for-like portfolio, excluding acquisitions after 31-Dec-2006; overall in-place rent of €4.90/sqm/month and overall occupancy of 96.3% as of Dec-2010, i.e. not like-for-like

Strong and growing cash flow generation

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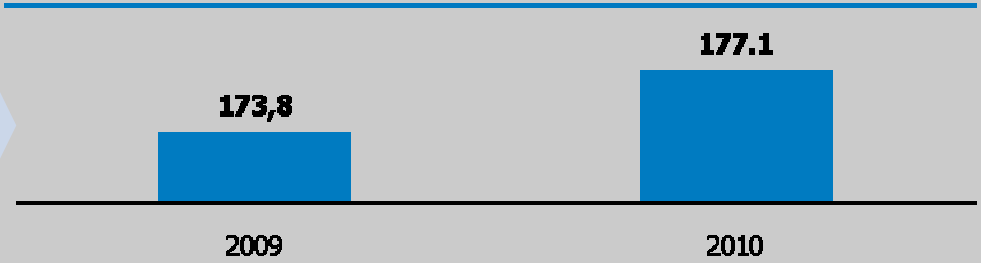
Diversified stream of rental income via 47,793 [a] rental contracts

Income from rents excl. Kochstrasse and Mod-Funds (€m)



Attractive portfolio return

Adjusted EBITDA (€m)

Advantageous and appropriate leverage maximises risk/return

FFO[b] (€m)

Number of Units[c]	**2009**	**2010**
	50,588	**49,684**

Total return including sustainable dividend and value-enhancing capex

Dividend

c. 65% of the future FFO intended to be paid as dividend

Capital Growth

c. 35% of the future FFO intended to be used for capital growth:

- Capex
- Debt amortisation

LTV Policy

LTV between 60% and 65% targeted

(a) As of 31 Dec 2010
(b) Excluding results on disposal of investment property
(c) Residential and commercial

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Highlights Q1 2011

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1 **IPO**
- 1st day of trading on 15 April 2011
- Issue price: €19.00 per share

2 **Refinancing of €875m**
- Weighted average life of above 8 yrs
- Overall all-in interest rate of 4.18% (nominal)
- Long-term financing structure

3 **Key financials**
- Net rental income: €34.8m
- Adjusted EBITDA: €28.8m
- FFO I: €13.2m

4 **Divestment of broadband cable business**
- Focussing on core business
- Positive NAV impact
- Positive effect on consolidated net income

Refinancing establishes long-term financing stability

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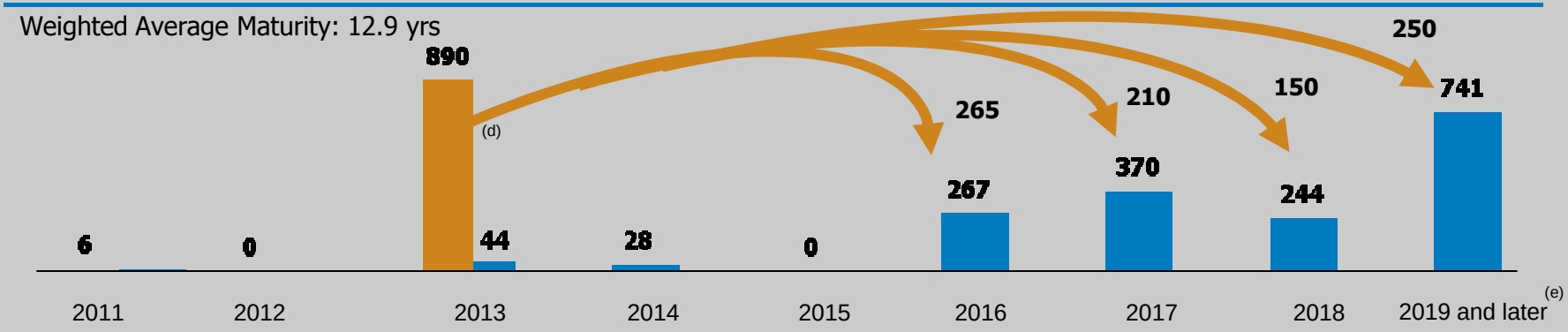
Key features of €875m new bank loans

- Structure: bilateral agreements with 6 banks
- All-in interest rates range from 3.8% to 4.4%
- Overall all-in interest rate of 4.18%[a]
- 100% fixed or swapped
- Maturities range from 5 – 33 years
- Average maturity of more than 8 years
- Earliest maturity in Q1 2016

Refinancing structure

Loan	Amount	Maturity	Bank	All in Cost
1	€215m	Q1 2016	UniCredit	4.0%
2	€210m	Q1 2017	Berlin Hyp	4.4%
3	€200m	Q1 2021	PBB	4.0%[b]
4	€150m	Q1 2018	IBB	4.3%
5	€50m	Q1 2016	DG Hyp	3.8%
6	€50m	Q1 2043	Muenchener Hyp	4.4%[c]
Total/ Average	**€875m**	**> 8 years**		**4.18%**

Post-refinancing GSW maturity profile (€m) – Total: €1,700m



Weighted average interest rate of 3.7% across entire loan portfolio[f]

(a) Interest rate post refinancing
(b) Interest rate fixed until 2015
(c) Interest rate fixed until 2021
Note: Maturities are based on nominal values and do not include regular annual amortisations

(d) Assumes exercise of loan extension option in 2011
(e) Includes loans without contractual maturity
(f) Based on interest rate post refinancing combined with the interest rate as of 31 December 2010 for the non-refinanced debt

Overview – operational and financial highlights

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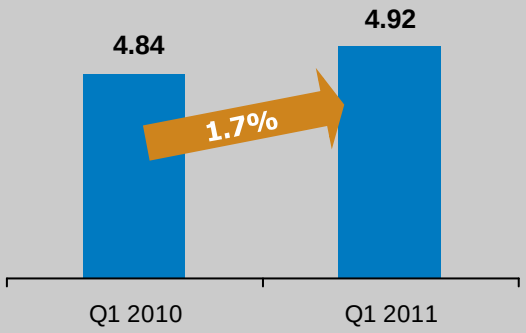
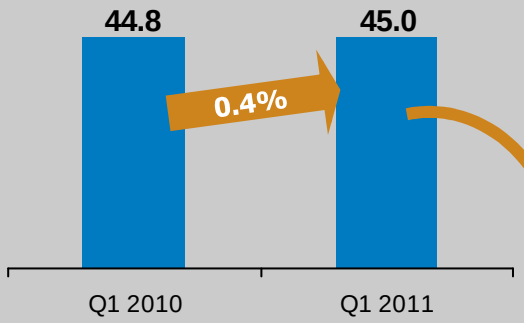
In-place rents

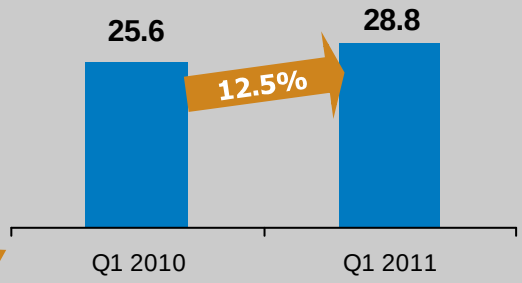
Residential in-place rent (€/sqm/month)



Income from rents (€m)

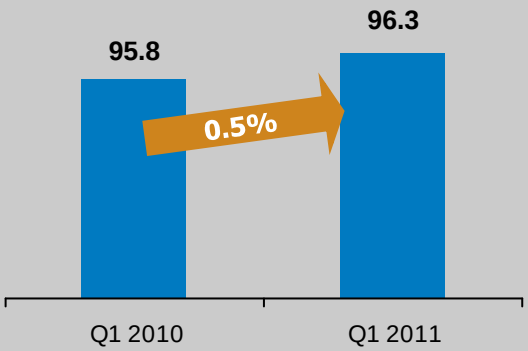


Adj EBITDA (€m)

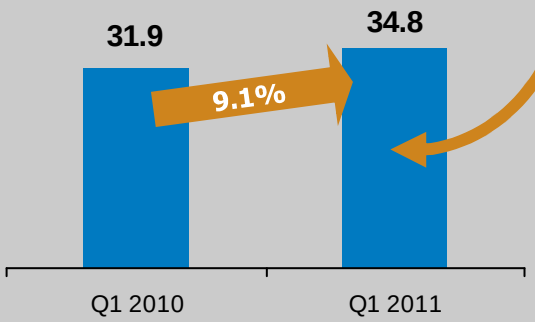


Occupancy increase

% of residential units

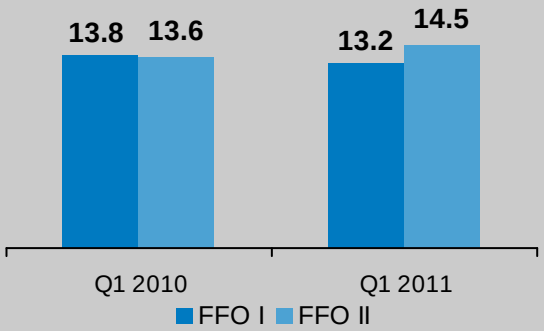


Net rental income (€m)



NRI Margin 77.3%

FFO I & II (€m)



Note: FFO I = FFO excl. result on disposal of investment property
FFO II = FFO incl. result on disposal of investment property

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Outlook

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- **Use of cash and proceeds**
  - External growth by acquisitions
  - Modernisation Capex
  - Payment of EK02 liability of €42m in September 2011
- **Dividend policy**
  - Targeted payout of approximately 65% of FFO I
  - Targeted first dividend payment in 2012 for 2011
- **Key Performance Indicators**
  - Company is focussed on development of Total rental income, Net rental income, adjusted EBITDA, FFO and NAV
- **FFO I guidance**
  - €54-59m expected for FY 2011

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Net Rental Income – Q1 2011

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(€m)	Q1 2011	Q1 2010
Income from rents	45.0	44.8
Income from management activities and other income	2.6	3.1
Gross rental income	**47.7**	**47.8**
Income from direct government grants	2.7	3.5
Total rental income	**50.4**	**51.3**
Costs of materials	(8.9)	(12.4)
Personnel expenses	(4.0)	(4.2)
Other property operating expenses/income	(2.6)	(2.9)
Net rental income	**34.8**	**31.9**

Comments

Q1 2011 includes €0.9m contribution of subsidiary BWG (3rd party management) and €1.4m of Facilita (facility management)

€3.1m lower maintenance expenses compared to Q1 2010

13-14 €/sqm for maintenance and capex expected in 2011

Income statement – Q1 2011

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(€m)	Q1 2011	Q1 2010
Net rental income	34.8	31.9
Result on disposal of investment property	1.3	(0.2)
Net valuation gains on investment property	0.0	(11.4)
Administrative expenses	(10.3)	(12.6)
Other income, net	25.4	0.0
Net operating profit (EBIT)	**51.2**	**7.7**
Net results of investments	0.1	0.1
Interest result	(16.7)	(18.3)
Profit before income taxes (EBT)	**34.5**	**(10.6)**
Income taxes	1.5	(0.7)
Consolidated net income for the period	**36.0**	**(11.3)**

Comments

No valuation in Q1 2011, next annual valuation at YE

	Q1 2011	Q1 2010
Admin expenses (total)	(10.3)	(12.6)
thereof IPO and projects expenses	(3.9)	(5.7)
Admin expenses adjusted	(6.5)	(6.9)

Extraordinary impact from sale of broadband cable business

	Q1 2011	Q1 2010
Interest income	8.1	2.2
Interest expense	(24.8)	(20.5)
Interest result	**(16.7)**	**(18.3)**
less valuation effects	2.5	7.4
less discounting	0.6	0.7
less accrued interest loans	(2.0)	(1.0)
Cashflow net interest	**(15.6)**	**(11.2)**

Adjusted EBITDA reconciliation – Q1 2011

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(€m)	Q1 2011	Q1 2010
EBIT	**51.2**	**7.7**
Depreciation	0.3	0.4
Fair value adjustment of investment property	0.0	11.4
EBITDA	**51.5**	**19.5**
IPO costs	2.5	5.4
Restructuring expenses	0.1	0.2
Project costs	1.4	0.3
Gains on disposal of shares in companies, associates, joint ventures, intangible assets and property, plant and equipment	(25.4)	0.0
Result on disposal of investment property	(1.3)	0.2
Adjusted EBITDA	**28.8**	**25.6**

Comments

Refinancing costs

Admin expenses	(0.8)
Capitalized expenses	(7.9)
Total	**(8.7)**[(a)]

(a) includes €0.1m from reversal of provisions

Derivation of FFO – Q1 2011

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(€m)	Q1 2011	Q1 2010
Adjusted EBITDA	**28.8**	**25.6**
Cash flow net interest	(15.6)	(11.2)
Results of associates, joint ventures and other investments consolidated using the equity method	0.1	0.1
Cash flow net taxes	(0.1)	(0.7)
FFO I (excl. result on disposal of investment property)	**13.2**	**13.8**
Result on disposal of investment property	1.3	(0.2)
FFO II (incl. result on disposal of investment property)	**14.5**	**13.6**

Comments

Impact of higher interest level and shifted payment dates

	Q1 2011	Q1 2010	
CMBS	(4.2)	(3.5)	interest level
Refi-loans	(3.7)	0.0	payment dates
Total	**(7.9)**	**(3.5)**	

Pro forma FFO I per share: €0.32 (based on 41.05m shares)

Balance sheet – Q1 2011

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Selected items (€m)	31-Mar-11	31-Dec-10
Non-current assets	**2,589.5**	**2,585.7**
Investment property	2,569.8	2,571.7
other non-current assets	19.7	14.0
Current assets	**107.2**	**96.0**
Assets held for sale	9.1	9.0
Cash and cash equivalents	75.4	70.8
Receivables and other current assets	22.6	16.2
Total assets	**2,696.7**	**2,681.7**

Selected items (€m)	31-Mar-11	31-Dec-10
Shareholders' equity	**1,019.2**	**976.4**
Financial liabilities	1,579.1	1,606.6
Other liabilities	98.4	98.8
Total equities and liabilities	**2,696.7**	**2,681.7**

NAV (€m)	31-Mar-11	31-Dec-10
Diluted NAV	**1,019.2**	**976.4**
Fair value of financial instruments (net)	2.9	15.0
Deferred tax	(0.0)	(0.0)
Diluted EPRA NAV (€m)	**1,022.1**	**991.4**

Pro forma NAV per share

Based on 41.05m shares without taking the IPO proceeds into account the NAV per share would have been €24.90

CBRE asset valuation as of 31-Dec-2010

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	Number of residential & commercial units	Fair value (€m)	Fair value per sqm (€)	Multiplier on potential rent
Total residential & commercial	**49,684**	**2,556.4**	**822**	**13.6x**
Spandau	11,043	536.7	727	12.6x
Reinickendorf	8,965	429.8	787	13.6x
Friedrichshain-Kreuzberg	5,849	350.2	865	13.5x
Steglitz-Zehlendorf	5,571	345.9	938	15.2x
Pankow	4,360	219.6	924	15.1x
Charlottenburg-Wilmersdorf	4,032	185.5	844	13.0x
Tempelhof-Schöneberg	2,670	138.6	757	12.3x
Lichtenberg	2,414	103.9	861	14.2x
Treptow-Köpenick	2,009	94.3	803	13.8x
Mitte	1,722	83.7	811	12.9x
Neukölln	944	58.3	956	14.6x
Brandenburg	105	10.1	1,155	15.7x
Undeveloped land	–	24.8	–	**–**
Total	**49,684**	**2,581.2**	**822**	**13.6x**

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

Rental upside via modernisation

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Description

- Focus on oven-heated units in good locations
- Non-modernised units, 13% of portfolio with avg. rent €4.20/sqm/month
- 7.5% p.a. targeted return
- Attractive financing available
  - e.g. KfW energy-efficiency programme with low interest loans and repayment bonuses

Example

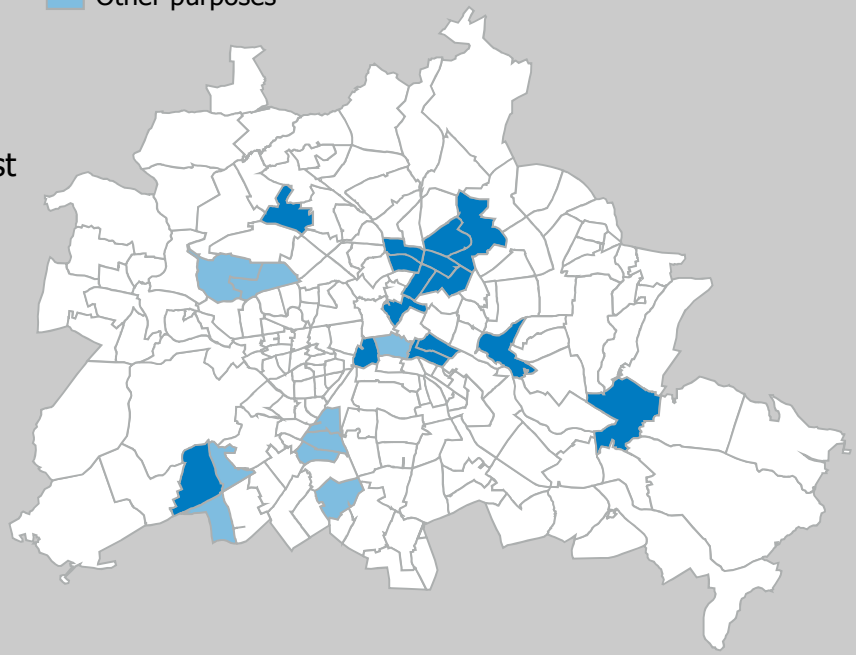
Before Modernisation	After Modernisation

Opportunity

Modernisation Potentials

Oven heated

Other purposes



Opportunity for modernisation of c. 6,000 units

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
	Human Resources	Privatisation/Sales	Legal Services, Auditing
	IT Systemhaus GSW	Purchase and Capex Management	Investor Relations
Years in Real Estate Industry	15 years	19 years	8 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 Viterra 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)

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