GAGFAH

GAGFAH Consolidated Annual Report

2009

Highlights

Highlights Financial Year 2009

- **PROFIT FROM THE LEASING OF INVESTMENT PROPERTY** up 2.8 % to €486.3 million in 2009 from €473.0 million in 2008 on a weighted average of approximately 5,400 fewer units. On an average-per-unit basis, the profit from the leasing of investment property increased by 6.1 %.

- **NAV:** Our asset value declined by 2 % year-on-year, giving us an NAV of €12.60 per share and gross asset value of €847 per square meter as of December 31, 2009.

- **FFO** in line with target at €190.0 million or €0.84 per share in 2009, from €200.2 million or €0.89 per share in 2008.

- **QUARTERLY DIVIDEND** for Q4 2009 of €0.20 per share will be paid on April 13, 2010.

RENTS

- Our rental growth rate was 1.3 %[1] for 2009, in line with our target.

PROPERTY SALES

- In total we sold or contracted to sell 11,306 units for a total value of €519.9 million, in line with our target of €500 million total sales.

- Robust results in condo sales[2]: 2,394 units sold at a margin of 27 % for a total value of €137.0 million in 2009 and 1,143 units sold in Q4 2009.

- Successful results for large multi-family home sales program: sale of 2,935 units closed in 2009 for a total volume of €125.5 million and another 5,977 contracted to sell for €257.4 million.

VACANCY

- Overall vacancy of 4.9 % at year end 2009, in line with our target.
- Excluding units held for condo sales, our vacancy rate was 4.8 %.

COST

- We reduced our average management cost per unit by 3.9 % to €391.

GAGFAH S.A. SHARES AS OF DECEMBER 31, 2009

ISIN	LU0269583422
Total Market Capitalization (€ million)	1,438.9
Industry Group	Real Estate
Number of Shares (Million)	225.9
Listing	Frankfurt Stock Exchange
Major Indices Memberships	MDAX, EPRA, GPR

[1] Same-store basis: Residential units GAGFAH owned at both dates: As of December 31, 2008, and as of December 31, 2009.
[2] Privatization / small multi-family homes.
All per-share data is based on the number of shares outstanding as of the respective dates.

Key Financial Information

Financial Figures

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ MILLION	2009	2008	Q4 2009	Q4 2008
Income from the leasing of investment property	976.8	979.3	227.1	237.5
Profit from the leasing of investment property	486.3	473.0	114.4	120.1
Profit from the sale of investment property	22.8	58.8	9.4	22.8
Loss from fair value measurement	- 197.0	- 233.0	- 51.2	- 223.0
EBITDA	262.7	249.2	73.5	- 85.9
EBIT	237.1	216.6	55.8	- 93.8
EBT	- 92.3	- 119.5	- 20.7	- 204.6
FFO	190.0	200.2	55.5	58.7
FFO in € per share	0.84	0.89	0.25	0.26

GROUP CAPITALIZATION

	12-31-2009 € million	12-31-2009 %	12-31-2008 € million	12-31-2008 %
Total equity	2,457.7	25.2	2,733.6	26.4
Financial liabilities	6,525.3	66.7	6,732.5	65.2
Other liabilities	794.3	8.1	865.4	8.4
Total equity and liabilities	**9,777.3**	**100.0**	**10,331.5**	**100.0**

OPERATIONAL FIGURES

	12-31-2009	12-31-2008
Group residential portfolio		
Units	165,789	172,298
Sqm	10,008,818	10,394,302
Net cold rent / sqm (in €)	5.02	4.95
Vacancy rate (in %)	4.9	3.9
Sold units	5,329	4,777

FFO is a non-IFRS financial measure used by our Group's management to report the funds generated from continuing operations. FFO is an appropriate measure of underlying operating performance of real estate companies, as it provides shareholders with information regarding the Group's ability to service debt, make capital expenditures or pay dividends. The following is a reconciliation from EBIT to FFO for our Group:

FUNDS FROM OPERATIONS – FFO

€ MILLION	2009	2008	Q4 2009	Q4 2008
EBIT	237.1	216.6	55.8	- 93.8
Reorganization and restructuring expenses	21.4	22.8	16.6	3.0
Depreciation and amortization	4.2	9.8	1.1	4.9
EBITDA	262.7	249.2	73.5	- 85.9
Loss from fair value measurement	197.0	233.0	51.2	223.0
Realized valuation gains through sales	21.2	9.9	12.8	5.2
Income / expenses for share-based remuneration	- 1.4	3.5	- 0.6	0.7
Net interest expenses (periodical)	- 301.4	- 296.9	- 79.3	- 74.4
Current tax expenses	- 10.8	- 14.5	- 7.7	- 9.0
Property development projects	4.4	13.4	- 1.5	2.3
Elimination large multi-family home sales program	5.8	n/a	2.3	n/a
Other	12.5	2.6	4.8	- 3.2
FFO	190.0	200.2	55.5	58.7
FFO in € per share	0.84	0.89	0.25	0.26

Stable performance in 2009

1.3 %

Net cold rent growth (residential same-store basis), in line with our target.

4.9 %

Overall vacancy.

€391

Cost per unit, 3.9 % reduction after €407 in 2008.

5,329

Units sold through our condo and multi-family home sales programs in 2009.

€12.60

Net Asset Value per share.

€237.1 MILLION

EBIT up by 9.5 % compared to 2008.

€262.7 MILLION

EBITDA up by 5.4 % compared to 2008.

€190.0 MILLION

Funds from Operations (FFO).

€0.84

FFO per share, exceeding our goal of €0.80 for 2009.

€847

Gross Asset Value per sqm.

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Letter to our Shareholders

Dear Fellow Shareholders:

The German residential housing market continued to demonstrate stable growth in 2009. In a year marked by economic volatility on a world wide scale, where German overall GDP contracted by 5.0 %, German residential rents grew on average by 1.1 %, and GAGFAH's by 1.3 %. Compared to many other real estate asset classes, German residential housing held relatively steady, consistent with its historical reputation.

GAGFAH's main objective is to maximize earnings and cash flow from the leasing and sale of residential apartments. We manage over 185,000 housing units, with an asset value of approximately €9.7 billion, spread across Germany. Our cash flow is highly recurring, with a turnover in our tenant base of only approximately 11 % per year.

In 2009, our goals for the year were to increase our cash flow, improve the efficiency of our operations, and capitalize on the market for asset sales. We were successful in meeting these targets. Profit from leasing our units increased 2.8 % for the year, despite having approximately 5,400 fewer units due to sales. We made strides in streamlining our turnover processes and regional organization. And finally, we exceeded our goals for asset sales, with €520 million of assets sold or under contract, ahead of our €500 million target. This was more than double the level of sales completed in 2008.

The success in the sales channel is important for several reasons. First, it allows us to capitalize on the wide gap between our share price and what we believe is the underlying value of our assets. Sales were completed at an average asset valuation of approximately 13x net cold rent, which was broadly in line with their carrying values. However, our shares currently trade at a significant discount to our net asset value. We intend on continuing to harvest our portfolio, particularly through the sale of more mature assets, so long as there is a gap between the value of our properties and the implied value of our assets in the public markets. Secondly, the significant liquidity generated by the asset sale program permits GAGFAH to retire or repurchase debt, reinvest in other assets, or return cash to shareholders through dividends or share buybacks.

We continue to see strong demand in the private markets for residential assets, and financing is readily available on attractive terms for purchasers. We plan to build on the success of our sales program in 2010, and target selling over €500 million again this year.

Our outlook for the business performance in 2010 is very similar to 2009. For revenues, we believe we can continue to moderately increase rents in line with the overall market while keeping occupancy stable at approximately 95 %. We continue to achieve operating efficiencies that help us reduce expenses. Specifically, on a per unit basis

we were able to reduce our cost to manage, (which exclude the funds we invest in repairs and maintenance), to €391 per unit, vs. €407 per unit at the end of 2008. Our target is to reduce this further in 2010. Additionally, we gained efficiency in our repairs and maintenance spending - we are now doing over 50 % of repairs and maintenance jobs in-house, up from circa 25% historically, and by doing so, have effectively halved the cost to prepare an apartment for re-letting. Here too, we see more opportunity ahead as we continue to streamline our operational processes. We believe the key to increasing shareholder value is to continue to grow the recurring cash flow of our business, and believe significant opportunity remains in our portfolio for cash flow improvements.

The vast majority of our debt is long term, non-recourse financing, locked at attractive low rates. While these loans do not mature for several years, the improvement in the capital markets over the course of the last several quarters is a positive for our refinancing efforts. For example, the German Pfandbriefe market, which historically supplied much of the funding for the residential mortgage market, has seen significant improvement and increased issuance over the last twelve months. We intend to take a proactive approach to extending our debt maturities, and take advantage of incremental refinancing opportunities

as liquidity returns to the markets. We believe the substantial cash generated by our asset sales program plus our increased run rate cash flow will go a long way toward addressing these issues.

In sum, we are broadly satisfied with the operating performance of our company in 2009. During the year, we strengthened the management team and appointed William Brennan as our new CEO. We intend to continue to focus on cash flow growth, and improving our balance sheet and property portfolio through selected asset sales. However, there is much work yet to do to reach our goal: becoming the most efficient and cost effective owner and manager of residential real estate in Germany.

We thank our staff for their hard work in providing high quality, safe and affordable housing for our tenants, and thank our shareholders for your continued support.

Robert I. Kauffman
Chairman

Management of GAGFAH S.A.

GAGFAH S.A. is managed by the Board of Directors. GAGFAH's operational subsidiaries in Germany are led by the Senior Management.

Board of Directors

The Board of Directors is vested with the broadest powers to manage the business of the Company and to authorize and perform all acts of disposal and administration falling within the purposes of the Company.

The Board of Directors is composed of the following members:

ROBERT I. KAUFFMAN
Chairman of the Board of Directors of GAGFAH S.A.

WESLEY R. EDENS

RANDAL A. NARDONE

WILLIAM J. BRENNAN (since August 1, 2009)

YVES WAGNER, PH.D.

DIETER H. RISTAU

DR. JÜRGEN ALLERKAMP

COMMITTEES
The Board is supported by an Audit Committee, whose members are:

Dr. Jürgen Allerkamp
Wesley R. Edens
Robert I. Kauffman
Randal A. Nardone

The primary tasks of the Company's Audit Committee are:

- to assist the Board in fulfilling its oversight responsibilities relating to the integrity of our Consolidated Financial Statements, including periodically reporting to the Board on its activities and;
- to make recommendations for the appointment, compensation, retention and oversight of, and consider the independence of the Company's external auditor and perform such other duties imposed by applicable laws and regulations of the regulated market or markets in which the shares are listed, as well as any other duties entrusted to the Committee by the Board.

In addition to the Audit Committee, we have a Compensation Committee in place, which consists of the following members:

Wesley R. Edens
Robert I. Kauffman
Randal A. Nardone
Yves Wagner, Ph.D.

The Compensation Committee reviews the Company's compensation policy, determines the remuneration of Executive Directors and the Senior Management of the Company's subsidiaries and exercises discretion with regard to employee and management benefit plans.

OTHER INFORMATION

The Directors are appointed at the Annual General Meeting of Shareholders by a simple majority of the votes cast. Directors serve for a period not exceeding six years or until their successors are elected. Directors may be removed with or without cause at the Annual General Meeting of Shareholders by a simple majority of the votes cast at such meeting. The Directors are eligible for re-election. As long as the shares are listed on one or more regulated stock exchanges, the Board of Directors must include three Independent Directors. In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next Meeting of Shareholders without regard to the independence requirement.

Amendments of the Articles of Incorporation of GAGFAH S.A. are approved by resolution at an Extraordinary General Meeting of Shareholders. Extraordinary General Meetings of Shareholders with the purpose of amending the Articles of Incorporation of GAGFAH S.A. are subject to a quorum of at least half of the issued and outstanding shares of GAGFAH S.A. If such quorum is not represented at a meeting, a second meeting may be convened with the same agenda. Such second meeting is not subject to a quorum. Amendments of the Articles of Incorporation of GAGFAH S.A., other than change of nationality, which requires unanimous consent of all shareholders, are approved by resolution of a two-thirds majority of the votes cast at the Extraordinary General Meeting of Shareholders.

GAGFAH S.A. has a total authorized share capital of approximately €9.999 billion. The Board of Directors has been authorized by the Annual General Meeting of Shareholders to issue shares up to the total amount of the authorized share capital without further approval of the shareholders. Shares may be issued within the authorized share capital of GAGFAH S.A. with or without reserving pre-emptive subscription rights to existing shareholders at the discretion of the Board.

GAGFAH S.A., acting through its Board, has been authorized by the Annual General Meeting of Shareholders to purchase, acquire or receive own shares in the Company up to 10 % of the issued share capital from time to time for a period of 18 months from April 21, 2009. In addition, share repurchases with capital reductions had been authorized for up to €28,214,971.25 for a period of 6 months from April 21, 2009.

Management of our Subsidiaries

Members of the Senior Management of the Company's subsidiaries are integral to the management of the Company's subsidiaries.

GAGFAH's operational subsidiaries in Germany are led by the Senior Management. The Members of the Senior Management are:

WILLIAM J. BRENNAN
William J. Brennan was appointed as member of the Senior Management of the Company's major operational subsidiaries with effect as of January 1, 2009. On May 12, 2009, he was appointed as CEO.

NICOLAI KUSS
COO Chief Operations Officer (since April 30, 2009)

WORNA ZOHARI
CSO Chief Sales Officer

GAGFAH S.A. Shares

On December 31, 2009, the number of shares of GAGFAH S.A. totaled 225,893,880. As of January 21, 2010, the total number of shares outstanding amounted to 225,898,266.

Each share represents one vote and all shares are entitled to the same dividend.

MAJOR SHAREHOLDERS

Shareholder	Number of shares	%
Fortress Residential Investment Deutschland (Fund A) LP	20,626,823	9.13
Fortress Investment Fund III (GAGACQ Subsidiary) LLC	16,539,554	7.32
Fortress Investment Fund III (Fund B) (GAGACQ Subsidiary) LLC	14,141,601	6.26
Fortress Residential Investment Deutschland (Fund B) LP	12,330,464	5.46
Fortress Subsidiary (GAGACQ) LLC	11,669,744	5.17

On December 31, 2009, the authorized unissued share capital of GAGFAH S.A. amounted to €9,998,882,650.00, represented by 7,999,106,120 shares, each such share with a nominal value of €1.25. As of January 21, 2010, the authorized unissued share capital of GAGFAH S.A. amounted to €9,998,877,167.50, represented by 7,999,101,734 shares, each such share with nominal value of €1.25.

SHARES ON DECEMBER 31, 2009

ISIN	LU0269583422
Security Identification Number	A0LBDT
Reuters Symbol	GFJ.DE
Bloomberg Symbol	GFJ.GR
Xetra share price (€)	6.37
Number of shares (Million)	225.9
Total market capitalization (€ million)	1,438.9
Stock exchange	Frankfurt a. M.
Segment (Industry Group)	Real Estate
Accounting standard	IFRS
End of fiscal year	December 31

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Directors' Report

GAGFAH at a Glance

GAGFAH S.A. is a joint stock corporation organized under the laws of the Grand Duchy of Luxembourg qualifying as a securitization company under the Luxembourg Securitization Law of March 22, 2004. The core business of our operating subsidiaries is the ownership and management of a geographically diversified and well-maintained residential property portfolio located throughout Germany. With a portfolio of more than 165,000 apartments, we are the largest German listed residential property company.

Competitive Strengths

We believe that the combination of our size, geographic diversity across Germany and scale of operations makes us a strong player in the residential real estate market in Germany. Our most significant competitive strengths are:

HIGH-QUALITY ASSET PORTFOLIO
We currently own more than 165,000 apartments totaling over ten million square meters with significant concentrations only in Dresden and Berlin. Our apartments have undergone substantial renovations over the last years, and we believe our portfolio is among the highest-quality multi-family portfolios in Germany.

EFFICIENT OPERATING PLATFORM
Our nationwide presence and the size of our business provides us with cost efficiencies with respect to our corporate functions and purchasing goods and services. However, we constantly optimize general and administrative expenses, and our aim is to continue to reduce our management cost per unit. We believe that we are among the most efficient property managers in Germany.

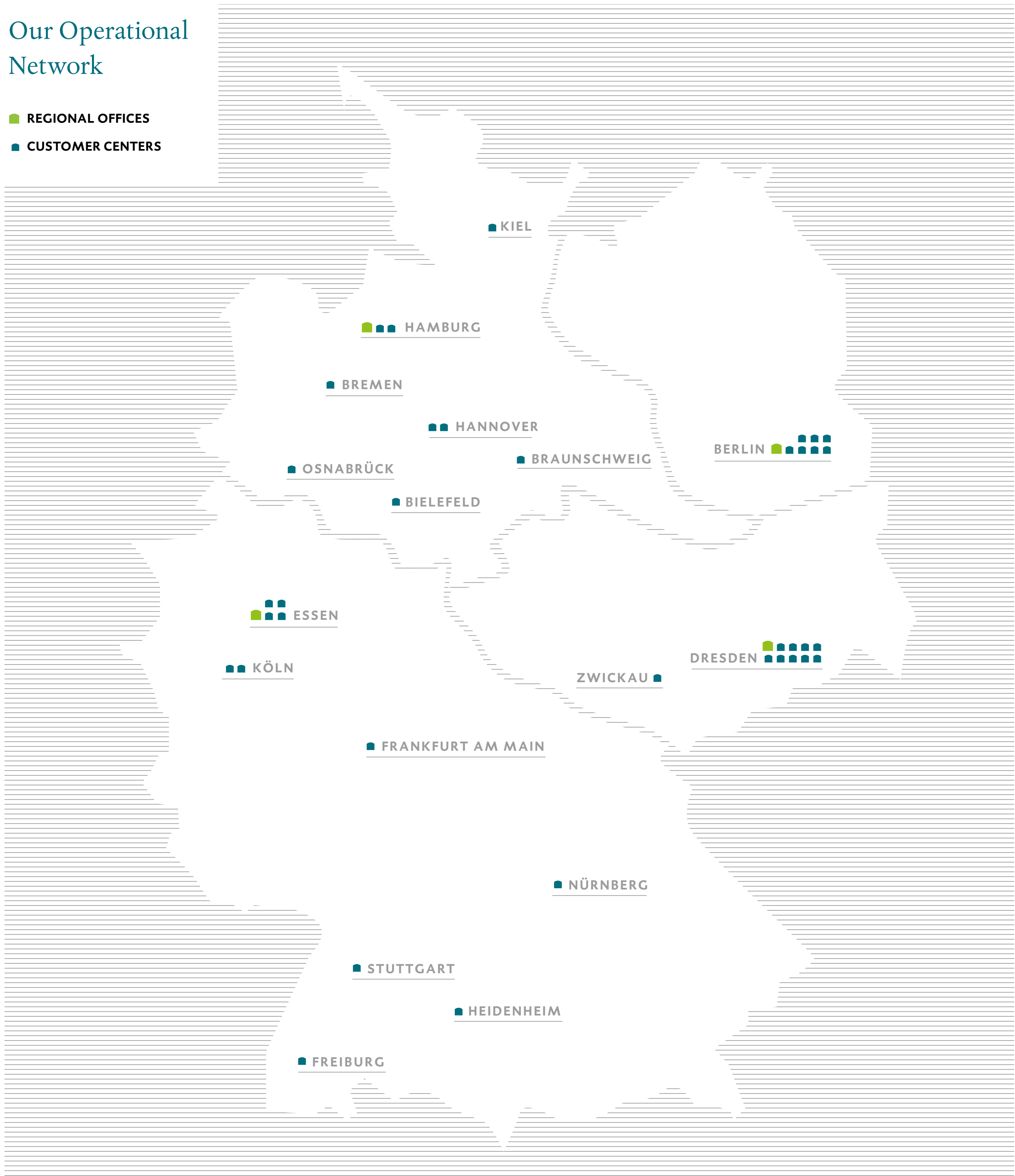
IN-DEPTH LOCAL MARKET KNOWLEDGE AND FOCUS ON GERMAN RESIDENTIAL REAL ESTATE
We have developed an in-depth knowledge of regional residential markets which enables us to efficiently manage, evaluate and acquire portfolios in all key markets throughout Germany. Our assets are directly managed through a streamlined operational network with 37 (December 31, 2009) customer centers in the four regions Southwest, East, North and Berlin. Our significant nationwide market presence through our properties located in more than 350 towns and cities across Germany gives us a competitive advantage over smaller or less diversified property companies.

Strategy

CONTINUE TO INCREASE RETURNS FROM CURRENT PORTFOLIO
We plan to continue to increase returns from our current portfolio while maintaining tenant stability and improving tenants' quality of accommodation. We intend to keep our occupancy at a high level and to increase rents to market levels to the extent permitted by German law and existing rent restrictions over time. As of December 31, 2009, our overall vacancy rate for our core residential portfolio was 4.9 %, in line with our target. The rental growth rate for 2009 was 1.3 % (on a same-store basis).

INCREASE PROFITABILITY THROUGH OPERATING EFFICIENCIES
We intend to continue to increase our profitability by reducing our SG&A expenses through higher operating efficiencies and by optimizing our cost of reletting vacant units.

Our Operational Network



We have further reduced our management cost per unit (which includes general and administrative expenses and personnel costs and excludes repairs and maintenance expenses) by 3.9 % to €391 in 2009 from €407 in 2008. We intend to continue to improve our operating efficiencies and as a result reduce our SG&A expenses and our cost to manage. We have initiated a reorganization of our regional operations and have started with the reorganization of our region in Berlin, including the consolidation of our customer centers from seven to three and a headcount reduction of 20 %. By clearly defining and reassigning the various real estate management tasks we were able to not only improve the quality and depth of our services but also to increase overall efficiency at the same time. We will implement similar reorganizations in the other three regions during the course of 2010.

Furthermore, we have optimized our cost of reletting vacant units while maintaining our assets in good condition. One the one hand, we are doing more of the regular and smaller repair and maintenance work through our cost-efficient, in-house staff. On the other hand, we are using a nationwide operating external service provider for the more complex refurbishment projects, which require different qualifications.

REALIZE VALUE THROUGH ASSET SALES

In 2009, we sold or contracted to sell a total of 11,306 units for €519.9 million. This is in line with our total sales target of €500 million. We sell through two channels, condo sales and large-multi family home sales.

Through our condo sales program, which includes privatization and small multi-family homes, we sold 2,394 apartments at a margin of 27 %, with a volume of €137.0 million, and we continue to see strong demand from current tenants and investors.

Through our large multi-family home sales, we closed the sale of 2,935 units with a volume of €125.5 million in 2009 and contracted to sell another 5,977 units for a total of €257.4 million.

Our shares are trading at a substantial discount to their NAV. We intend to continue to focus on incrementally realizing the value embedded in our assets. The net proceeds from sales can be used to optimize our capital structure, for example by repaying or repurchasing debt, paying dividends or repurchasing shares.

As a result of our total sales of €519.9 million, €319.4 million of related term debt has been or will be repaid.

OPTIMIZE OUR CAPITAL STRUCTURE

Our properties are financed in 11 separate, ring-fenced, non-recourse facilities with a weighted average interest rate of less than 4 %. Over 90 % of the Company's debt will mature in 2013 and beyond. We believe that the overall improving capital markets environment and in particular the increased liquidity in the mortgage bond market (Pfandbriefmarkt) should increase our refinancing alternatives.

Business Overview

PORTFOLIO

We own a geographically diversified and well-maintained residential property portfolio located throughout Germany, comprising more than 165,000 apartments totaling over ten million square meters. Approximately 23,000 units are publicly subsidized rent-restricted apartments. The majority of our buildings were built between 1950 and 1979. Our portfolio is characterized by a stable tenant base with an average tenant tenure of more than eleven years and a fluctuation rate of 11.8 %, which represents about 20,000 relettings per year. Our occupancy level is more than 95 %.

In addition to our residential apartment portfolio, we own approximately 2,000 commercial units, primarily retail stores located on the ground floor of our residential apartment buildings, and approximately 35,000 parking spaces, which typically belong to our residential apartment buildings.

Residential Property Portfolio[1]

Our portfolio is located in over 350 towns and cities across Germany, with significant concentrations only in Berlin and Dresden. The following table illustrates, inter alia, the geographic spread of our residential portfolio:

Top 20 Cities	Units	In % of total sqm	Rental area per sqm	Average unit size per sqm	Fully-let rent annualized in € million	In % of total	In-place rent per month and sqm (€)	Market rent per month and sqm (€)[2]	Vacant %
Dresden	40,636	20.9	2,291,939	56	128.6	19.0	4.68	4.98	5.7
Berlin	26,158	14.3	1,562,408	60	91.4	13.5	4.88	5.37	2.6
Hamburg	9,433	5.5	606,838	64	38.9	5.7	5.35	6.38	0.6
Hannover	6,207	3.6	391,547	63	25.7	3.8	5.47	5.79	5.4
Heidenheim	4,780	2.7	297,724	62	18.8	2.8	5.26	5.76	12.2
Bielefeld	4,171	2.5	276,404	66	14.5	2.1	4.36	4.70	2.1
Osnabrück	3,501	2.0	216,646	62	13.1	1.9	5.05	5.46	3.0
Braunschweig	3,233	1.8	198,857	62	12.2	1.8	5.11	5.52	2.5
Zwickau	3,087	1.6	172,790	56	8.5	1.3	4.11	4.28	16.8
Essen	2,355	1.4	155,242	66	9.8	1.4	5.27	5.82	6.2
Köln	2,309	1.6	176,066	76	13.4	2.0	6.33	6.99	2.8
Freiburg	1,867	1.1	125,485	67	8.8	1.3	5.87	6.51	1.8
Düsseldorf	1,684	0.9	97,910	58	7.9	1.2	6.76	6.91	1.8
Iserlohn	1,678	1.0	106,085	63	5.6	0.8	4.43	4.79	4.5
Frankfurt am Main	1,666	0.8	92,893	56	8.1	1.2	7.23	8.03	0.5
Bocholt	1,590	0.9	95,178	60	5.5	0.8	4.83	5.46	4.1
Bremen	1,563	0.9	99,178	63	5.8	0.9	4.91	5.38	6.8
Duisburg	1,431	0.9	96,333	67	5.0	0.7	4.37	4.89	18.5
Leverkusen	1,404	0.8	89,835	64	5.8	0.9	5.40	5.82	2.8
Göttingen	1,356	0.7	77,434	57	4.8	0.7	5.11	5.16	0.5
Subtotal Top 20 Cities	**120,109**	**66.0**	**7,226,790**	**60**	**432.5**	**63.9**	**4.99**	**5.50**	**4.7**
Other Cities	45,680	25.4	2,782,028	61	170.0	25.1	5.09	5.54	5.6
Total Core Residential Property Portfolio	**165,789**	**91.4**	**10,008,818**	**60**	**602.5**	**89.0**	**5.02**	**5.52**	**4.9**
Other[3]	n/m	8.6	944,415	n/m	74.7	11.0	n/m	n/m	25.6
		100.0	10,953,233		677.2	100.0			

[1] GAGFAH property information as of December 31, 2009.
[2] Market rents were determined by CBRE.
[3] Includes HB-Funds, commercial properties, garages and senior homes.

Operations

REAL ESTATE MANAGEMENT

Our operating platform is structured to manage our portfolio in an efficient manner. We operate through a streamlined operational network in the four regions Southwest, East, North and Berlin. Each customer center is in close proximity to its dedicated portfolio and tenants. Responsibilities include rent collection, new leases, lease renewals and other tenant issues and property management tasks. On average, our customer centers conclude approximately 20,000 new leases per year (fluctuation: 11.8 %). Our on-site caretakers are responsible for small to medium repair and maintenance work and typical facility management tasks, such as gardening, snow removal, etc. Our nationwide network of customer centers and caretakers provides us with real-time information and direct knowledge of the needs of our tenants, supporting our continuous efforts to retain existing tenants and attract new ones. This allows us to maintain an in-depth knowledge of the regional residential markets in Germany. All our corporate functions, such as information technology, human resources, accounting, controlling, finance and purchasing, are centralized.

In the region Berlin, where we owned 28,826 residential units as of December 31, 2009, we successfully implemented a reorganization project with the aim of reducing our costs while simultaneously increasing our quality of services and operational efficiency. This project included a consolidation of customer centers from seven to three as of January 2010 and a headcount reduction of 20 %. Each of the three new customer centers now services approximately 10,000 units and has full responsibility for all its operational income and expense items. We believe that this reorganization towards a more focused and more commercial approach will enable us to not only provide better services to our tenants but also generate better economic results at the same time. We will implement similar reorganizations in the other three regions during the course of 2010. The goal of these reorganizations is the same in all regions: Improve the depth and quality of services to our tenants while reducing costs through higher operational efficiency.

SALES

In 2009, we sold or contracted to sell 11,306 units for a total volume of €519.9 million in line with our stated goal of €500 million total sales in 2009.

Through our condo sales channel we sold 2,394 apartments at a margin of 27 %, with a volume of €137.0 million. As sales business is traditionally strongest in the last quarter of the year, we sold 1,143 units in the fourth quarter of 2009, which was almost half of the total volume for this channel in 2009.

Through large multi-family home sales, we closed the sale of 2,935 units with a volume of €125.5 million in 2009 and contracted to sell another 5,977 units for a total of €257.4 million. The sale of these rather mature, stabilized assets helps us strengthen our balance sheet and optimize the quality of our portfolio.

Industry

OVERALL ECONOMIC DEVELOPMENT
2009 saw the most severe GDP decline in the history of the Federal Republic of Germany with 5.0 %. Due to Germany's high dependency on exports, the economy suffered more than most other Western European countries and the US. The EU 27 countries, for example, saw an average GDP decrease of 4.1 % and the United States suffered a GDP decline of 2.5 % in 2009. The economic recovery is underway, however, and the GDP forecasts for 2010 range between a growth of 1.2 % (EU Commission, Nov. 2009) and 2.1 % (German Institute for Economic Research, Jan. 2010).

The unemployment rate in Germany increased relatively modestly from 7.8 % in 2008 to 8.2 % in 2009. The expected impact of the economic crisis on the employment market has not been as severe yet as initially feared. It is generally believed that one of the main reasons is that many companies have utilized to short-term work (Kurzarbeit) or relied on flexible working hours as opposed to lay-offs.

THE GERMAN RESIDENTIAL REAL ESTATE MARKET
Germany has the largest residential property stock in Europe with 40.1 million dwelling units, of which approximately 80 % are located in the western German states including western Berlin (the former West Germany), and approximately 20 % in the eastern German states and in eastern Berlin (the former East Germany). The owners of rented units are mostly private investors, followed by municipal housing and other communal housing enterprises, private housing enterprises, building cooperatives, banks, insurance companies, corporations and other owners. We expect the German housing industry to continue to change over the medium term, with local governments and corporations selling more of their residential property stock. Given the severe financial constraints under which many local governments find themselves, we believe that this trend will become stronger again in the foreseeable future. We believe that such market changes provide the potential for growth opportunities, as they play to our strengths as one of the most efficient owners and operators of residential housing.

DEVELOPMENT OF HOUSING SALES AND RENTAL PRICES
Historically, the German residential market has been very stable, both in terms of rent and house price development. In an otherwise difficult environment this was also demonstrated by our performance in 2009. That is contrary to other countries such as Spain, Ireland and Great Britain that have seen strong value appreciations followed by severe contractions in the wake of the financial crisis.

Rents in western Germany have shown stable and consistent growth through economic cycles and recessions since 1975. Only reunification in 1990 led to a significant increase in rents in western Germany followed by a rent decrease as a result of the end of the reunification boom. The historical performance of rents underlines residential property as a stable asset class. This was evident in 2009 as well: While GDP in Germany decreased by a record high of 5.0 % and inflation was at its lowest level since reunification with 0.4 %, the average net cold rent for residential properties in Germany climbed by 1.1 % (Source: German Federal Statistics Office 2010). Moderate net cold rent growth is expected for 2010 as well (Source: BulwienGesa 2009). This contrasts with more volatile asset classes such as office space, which decreased by about 5 % or retail space, which was down approximately 3 % in 2009 (Source: Deutsche Genossenschafts-Hypothekenbank AG).

HOME OWNERSHIP RATE

The home ownership rate in Germany is the second-lowest in the European Union with only 43 % compared to the E.U. average of 65 %. By 2020, the home ownership rate for Germany is expected to have grown to about 49 % (Sources: German Federal Statistics Office; German Federal Office for Building and Regional Planning; Euroconstruct). Among the reasons for this expected growth are the increasing view that owning a home is a store of value and the continued availability of financing to purchase residential real estate. Furthermore, the German Ministry of Traffic, Construction and Urban Development recently declared that it intended to work to increase home ownership in Germany.

CHANGE IN STOCK OF RESIDENTIAL HOUSING UNITS IN GERMANY

The construction industry as a whole has lost much ground over the past few years. While accounted for 6.0 % of the German GDP in 1991, it only represented 4.6 % in 2009 (Source: German Federal Statistics Office 2010). From 2004 to 2008 alone, the number of building permits for new residential constructions fell by 35 % down to a record low of only 175,000 (Source: German Institute for Urban Construction 2009). 2009 saw less than 200,000 new residential constructions and according to forecasts, this number will be similarly low in 2010 as well (Source: German Federal Office for Building and Regional Planning). We believe that

this decline in building permits and the low new construction of residential housing units is largely attributable to high construction costs, the scarcity of land available for construction, low risk-adjusted returns for developers and strict regulations, particularly regarding building construction. We do not expect the economic stimulus package of the German government to give much boost to the construction of residential housing, as these government funds are largely tied to public projects, such as schools, roads etc.

DEMOGRAPHIC DEVELOPMENTS

Assuming a net migration balance of 200,000 people per year, the population in Germany is expected to decline slightly from 81.8 million in 2010 to 80.8 million by 2025. During the same period, however, the number of households is forecast to grow by 1.2 million or 3 % to 41.9 million, which should lead to an increase in the demand for residential units (Source: German Institute for Construction, Urban and Spatial Research 2010). We expect these trends to have a positive impact on residential property rents and house prices.

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2009

€ MILLION	2009	2008	Q4 2009	Q4 2008
Income from the leasing of investment property	976.8	979.3	227.1	237.5
Transferable leasehold land interest	- 2.3	- 2.1	- 0.6	- 0.5
Operating expenses for the generation of rental income (excluding share-based remuneration)	- 488.2	- 504.2	- 112.1	- 116.9
Profit from the leasing of investment property	**486.3**	**473.0**	**114.4**	**120.1**
Income from the sale of investment property	262.5	206.0	192.9	97.5
Carrying amount of the investment property sold	- 239.7	- 147.2	- 183.5	- 74.7
Profit from the sale of investment property	**22.8**	**58.8**	**9.4**	**22.8**
Loss from fair value measurement	**- 197.0**	**- 233.0**	**- 51.2**	**- 223.0**
Income from the sale of property development projects	5.8	24.8	0.5	1.6
Carrying amount of the property development projects sold	- 2.8	- 25.7	- 0.4	- 0.6
Profit / loss from the sale of property development projects	**3.0**	**- 0.9**	**0.1**	**1.0**
Profit from other services	4.4	4.9	1.8	2.0
Selling expenses (excluding share-based remuneration)	- 23.0	- 15.0	- 4.9	- 4.5
General and administrative expenses (excluding share-based remuneration)	- 41.9	- 41.1	- 10.4	- 9.2
Income / expenses for share-based remuneration	1.4	- 3.5	0.6	- 0.7
Other operating income	27.2	24.3	18.3	12.3
Other operating expenses	- 24.8	- 27.6	- 5.7	- 11.3
Profit / loss from operations before reorganization and restructuring expenses	**258.4**	**239.9**	**72.4**	**- 90.5**
Reorganization and restructuring expenses	- 21.4	- 22.8	- 16.6	- 3.0
Profit / loss from operations	**237.0**	**217.1**	**55.8**	**- 93.5**
Profit / loss from other financial assets	0.1	- 0.5	0.0	- 0.3
Earnings before interest and taxes (EBIT)	**237.1**	**216.6**	**55.8**	**- 93.8**
Interest expenses (periodical)	- 321.0	- 309.1	- 78.1	- 78.0
Interest expenses (refinancing)	- 0.9	- 4.3	- 0.4	- 0.3
Interest income (periodical)	1.3	12.2	0.1	3.6
Other financial expenses	- 0.2	- 1.6	- 0.4	0.0
Loss / profit from the fair value measurement of derivatives	- 8.6	- 33.3	2.3	- 36.1
Net financing expenses	**- 329.4**	**- 336.1**	**- 76.5**	**- 110.8**
Earnings before taxes (EBT)	**- 92.3**	**- 119.5**	**- 20.7**	**- 204.6**
Income taxes	17.2	165.6	13.2	224.5
Net loss / profit	**- 75.1**	**46.1**	**- 7.5**	**19.9**
Other comprehensive income:				
Loss from measurement of swaps	0.0	- 1.1	0.0	0.0
Total comprehensive income for the year	**- 75.1**	**45.0**	**- 7.5**	**19.9**
Net loss / profit attributable to:				
Minority interests	- 4.0	4.9	- 3.0	- 1.6
Shareholders of the parent company	- 71.1	41.2	- 4.5	21.5
Total comprehensive income attributable to:				
Minority interests	- 4.0	4.9	- 3.0	- 1.6
Shareholders of the parent company	- 71.1	40.1	- 4.5	21.5
Weighted average number of shares (undiluted)	225,773,814	225,630,258	225,773,814	225,630,258
Weighted average number of shares (diluted)	228,019,111	226,216,407	228,019,111	226,216,407
Earnings per share (in €)	- 0.31	0.18	- 0.02	0.09
Diluted earnings per share (in €)	- 0.32	0.18	- 0.02	0.09

Results of Operations, Net Worth and Financial Position

Consolidated Statement of Comprehensive Income

INCOME FROM THE LEASING OF INVESTMENT PROPERTY

The leasing of investment property is our core business and hence the primary component of our income from operations. Our strategy is to raise rents to market levels while maintaining and increasing occupancy and the quality of accommodation. Rents are continuously evaluated against market levels and adjusted over time.

The income from the leasing of investment property breaks down as follows:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Rental income, fees	664.3	674.5	166.2	168.5
Allocations charged	309.5	301.6	59.7	68.0
Other	3.0	3.2	1.2	1.0
Total	**976.8**	**979.3**	**227.1**	**237.5**

Income from the leasing of investment property includes rental income, allocations charged and rents from subsidized apartments. In 2009, our income from the leasing of investment property was €976.8 million, compared to €979.3 million in 2008.

Approximately 68 %, or €664.3 million, of income from leasing was attributable to rental income. The slight decrease of 1.5 % in rental income is mainly due to an average of 3.1 % fewer units, as our average number of properties decreased by approximately 5,400 units in 2009. Rental income mainly consists of net cold rent, which grew on a same-store basis by 1.3 % to €5.02 per square meter since 2008, in line with our 2009 target.

Approximately 32 %, or €309.5 million, of income from leasing was related to charges to tenants for recoverable expenses (allocations charged). This approximates a stable ratio on an annual basis. On a quarterly basis, however, allocations charged can vary depending on the timing of recoverables billing to tenants.

Rental income is net of vacancy. Our overall vacancy rate for our core residential portfolio was at 4.9 % at the end of 2009, in line with our target. We estimate our stabilized occupancy for our current portfolio at around 95 %.

OPERATING EXPENSES FOR THE GENERATION OF RENTAL INCOME

In 2009, our operating expenses for the generation of rental income totaled €488.2 million, a reduction of 3.2 % as compared to 2008, mainly as a result of cost efficiencies and a more focused approach to spending. Quarter on quarter our operating expenses decreased by 12.0 % to €112.1 million in Q4 2009, from €127.4 million in Q3 2009.

Operating expenses for the generation of rental income consist of the following items:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Real estate operating expenses	278.7	263.3	60.4	60.4
Real estate tax	29.0	30.7	5.0	5.2
Operating expenses recoverable from tenants	**307.7**	**294.0**	**65.4**	**65.6**
Maintenance costs	66.2	90.6	16.9	22.2
Personnel expenses	61.9	58.1	15.4	13.9
Bad debt allowances	10.5	11.9	4.4	4.5
External costs for real estate management	10.0	13.5	1.8	3.6
Administrative expenses	7.6	9.2	2.2	2.6
Real estate operating expenses	4.5	4.5	1.8	0.8
Real estate tax	0.4	0.2	0.1	0.1
Amortization and depreciation on intangible assets and property, plant and equipment	2.1	3.5	0.5	0.9
Other	17.3	18.7	3.6	2.7
Non-recoverable operating expenses	**180.5**	**210.2**	**46.7**	**51.3**
Operating expenses for the generation of rental income	**488.2**	**504.2**	**112.1**	**116.9**

Operating expenses for the generation of rental income include expenses that are mainly recoverable from our tenants, such as heating, electricity, water, sewage and real estate taxes, and non-recoverable expenses such as maintenance costs and personnel expenses.

Operating expenses recoverable from our tenants increased to €307.7 million in 2009 as compared to €294.0 million in 2008, mainly as a result of higher energy costs. Non-recoverable operating expenses decreased to €180.5 million in 2009 from €210.2 million in 2008.

Repair and maintenance costs in 2009 were at €66.2 million, as compared to €90.6 million in 2008, as a result of a smaller portfolio, a more focused spending approach and the optimization of our cost of reletting vacant units. On a quarterly basis, maintenance costs decreased to €16.9 million in Q4 2009 from €22.2 million in Q4 2008. In 2009, we also spent €13.5 million in capex measures. In addition we benefit from the comprehensive modernizations and refurbishments in previous years.

Personnel expenses went up slightly, mainly because we increased our team of caretakers by about 25 % to be able to respond to our tenants' needs more quickly and to keep a higher share of repairs and maintenance work in-house.

Bad debt allowances decreased to €10.5 million in 2009 from €11.9 million in 2008.

External costs for real estate management include marketing expenses in connection with GAGFAH's leasing of rental units. In 2009, these costs were €10.0 million compared to €13.5 million in 2008.

The reduction of administrative expenses from €9.2 million to €7.6 million is mainly due to a reduction of administrative temporary employees and lower expenses for office supplies.

Other operating expenses for the generation of rental income were at €17.3 million and 7.5 % below previous year's level of €18.7 million.

PROFIT FROM THE LEASING OF INVESTMENT PROPERTY

The profit from the leasing of investment property rose by 2.8 % to €486.3 million in 2009 compared to the previous year in spite of having an average of 5,400, or about 3.1 %, fewer units in 2009. The increase in the profit from the leasing of investment property is mainly the result of lower operating expenses of 3.2 %. Per average unit, profit from the leasing of investment property increased by 6.1 % in 2009 compared to 2008.

On a quarterly basis, the profit from the leasing decreased by 4.7 % from Q4 2008 to Q4 2009, which is primarily attributable to lower recoverable charges to our tenants in Q4 2009. Within a fiscal year, allocations charged vary from quarter to quarter depending on the timing of recoverables billing.

The profit from the leasing of investment property represents the excess of income from the leasing of investment property over land rent expenses and the related operating expenses for the generation of rental income and is computed as follows:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Rental income, fees	664.3	674.5	166.2	168.5
Allocations charged	309.5	301.6	59.7	68.0
Other	3.0	3.2	1.2	1.0
Income from the leasing of investment property	**976.8**	**979.3**	**227.1**	**237.5**
Transferable leasehold land interest	- 2.3	- 2.1	- 0.6	- 0.5
Operating expenses for the generation of rental income	- 488.2	- 504.2	- 112.1	- 116.9
Profit from the leasing of investment property	**486.3**	**473.0**	**114.4**	**120.1**

SALE OF INVESTMENT PROPERTY

In 2009, we sold or contracted to sell 11,306 units for €519.9 million, in line with our target of €500 million total sales.

Through our condo sales channel we sold 2,394 units for a total of €137.0 million or €57,226 per unit at a margin of 27 % and a net cold rent multiplier of 15.7.

The net profit from the sale of investment property is the excess of income from the sale of investment property over the carrying amounts of the investment property sold. Recognizing disposition costs, such as external broker fees, capex (pro rata) and marketing costs, net profit from the condo sales program was as follows:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Sold units	2,394	4,777	1,143	2,783
Sold sqm	**137,046**	282,284	70,426	162,997

	2009 € million	Q4 2009 € million	2009 € per unit	2009 € per sqm
Gross disposition proceeds	137.0	71.7	57,226	1,000
Book value [1]	- 93.4	- 49.5	- 39,014	- 682
Disposition costs [2]	- 14.4	- 3.4	- 6,015	- 105
Net profit	**29.2**	**18.8**	**12,197**	**213**
Net profit margin	**27 %**	**36 %**	**27 %**	**27 %**

[1] Net of revaluation gains.
[2] Includes sales-related costs such as external broker fees, capex (pro rata), marketing costs, personnel costs and G&A.

Through large multi-family home sales we closed the sale of 2,935 units for a volume of €125.5 million in 2009. We sold our large multi-family homes approximately at carrying values and a net cold rent multiplier of 11.6. We contracted to sell another 5,977 units for a total sales volume of €257.4 million.

LOSS FROM FAIR VALUE MEASUREMENT

The value of our investment properties including assets held for sale amounts to €9,289.3 million or a net cold rent multiplier of 13.5 as of December 31, 2009. Our IAS 40 valuations for the investment properties indicated a net loss from fair value measurement of €197.0 million or 2.0 % over the values of our investment properties as of December 31, 2008.

Our fair market valuation module is based on a discounted cash flow (DCF) model, which derives the present value from the properties' future cash flows. The valuation is computed on a property-by-property basis. The DCF model is based on a detailed planning period of ten years, within which the relevant real estate cash flow components are forecast for each period according to the risk assessment of each individual property. For example, the rental growth is calculated in line with legal provisions and forecast to grow to market level over time. After the detailed planning period of ten years, a net present value is calculated for the remaining useful life.

The net cash flows for the detailed planning period are discounted with a weighted average discount rate of 5.54 % (prior year: 5.45 %), which is determined on the basis of discount rates for each property. The present values of the individual property cash flows are then aggregated and the net present value is added, resulting in the total value. Given the large and diverse nature of our portfolio, our aim is to verify the value of each of our investment properties by an independent third party appraiser on a rolling basis over a period of four years. In 2009, CB Richard Ellis GmbH confirmed the values of 45 % of GAGFAH's portfolio.

LOSS / PROFIT FROM PROPERTY DEVELOPMENT PROJECTS

The earnings before taxes (EBT) contribution of the property development projects was as follows:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Income from the sale of property development projects	5.8	24.8	0.5	1.6
Carrying amount of property development projects sold	- 2.8	- 25.7	- 0.4	- 0.6
Profit / loss from the sale of property development projects	**3.0**	**- 0.9**	**0.1**	**1.0**
Profit from other services	0.0	0.0	0.0	0.1
Selling expenses (excluding share-based remuneration)	- 0.1	- 0.5	0.0	- 0.1
Other operating income	5.3	2.1	4.5	1.0
Other operating expenses	- 11.5	- 11.6	- 2.6	- 3.7
Earnings before interest and taxes (EBIT)	**- 3.3**	**- 10.9**	**2.0**	**- 1.7**
Net interest expenses	- 1.1	- 2.5	- 0.5	- 0.6
Net loss / profit	**- 4.4**	**- 13.4**	**1.5**	**- 2.3**

OTHER INCOME AND EXPENSE ITEMS

€ MILLION	2009	2008	Q4 2009	Q4 2008
Profit from other services	4.4	4.9	1.8	2.0
Selling expenses	- 23.0	- 15.0	- 4.9	- 4.5
General and administrative expenses	- 41.9	- 41.1	- 10.4	- 9.2
Income / expenses for share-based remuneration	1.4	- 3.5	0.6	- 0.7
Other operating income	27.2	24.3	18.3	12.3
Other operating expenses	- 24.8	- 27.6	- 5.7	- 11.3
Total	**- 56.7**	**- 58.0**	**- 0.3**	**- 11.4**

Other income and expense items for our Group decreased by 2.2 % to a net expense of €56.7 million in 2009 compared to €58.0 million in 2008.

Profit from other services contains revenues from non-core activities, such as caretaker services for third parties and insurance brokerage fees. With €4.4 million in 2009, profit from other services was only slighly below the €4.9 million for 2008.

Selling expenses consist of personnel costs, costs for external brokers and marketing expenses for our sales business. In 2009, selling expenses increased to €23.0 million from €15.0 million in 2008 and to €4.9 million in Q4 2009 from €4.5 million in Q4 2008. The increase is mainly related to the increased sales activities in connection with the multi-family home sales program and the reversal of a sales transaction with €5.5 million.

General and administrative expenses mainly consist of personnel costs, IT costs, consulting fees, depreciation and office costs. In 2009, general and administrative expenses were slightly higher at €41.9 million compared to €41.1 million in 2008.

Income and expenses for share-based remuneration mainly relate to option programs for GAGFAH management. The income of share-based remuneration of €1.4 million in 2009 resulted from the forfeiture of options in 2009, which were partly offset by expenses for share-based remuneration related to new commitments.

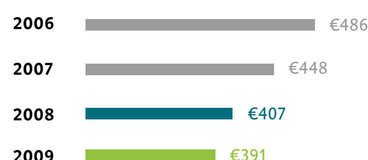
All income not directly allocable to the various functional areas is disclosed under other operating income. In 2009, other operating income grew by 11.9 % to €27.2 million from €24.3 million in 2008.

Other operating expenses were €24.8 million in 2009 and thus 10.1 % lower than the €27.6 million in 2008.

MANAGEMENT COST PER UNIT

As a result of our reorganization activities and focus on cost efficiencies, we were able to reduce our management cost per unit by 3.9 % to €391 in 2009, down from €407 per unit in 2008.

MANAGEMENT COST PER UNIT



REORGANIZATION AND RESTRUCTURING EXPENSES

Reorganization and restructuring expenses relate to our Group's rationalization of costs and integration of processes as we continue to combine and optimize our existing operations. In 2009, reorganization and restructuring expenses were €21.4 million, as compared to €22.8 million in 2008. The main part of the reorganization and restructuring costs in 2009 were attributable to severance payments and related provisions in connection with our reorganization in the region Berlin and the planned reorganizations in the other three regions.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

In 2009, our EBIT was €237.1 million, up 9.5 % from €216.6 million in 2008.

NET FINANCING EXPENSES

Net financing expenses are the sum of interest expenses on borrowings and the cost of refinancing our Group's indebtedness, adjusted by interest income and the loss / profit from the fair value measurement of derivatives. The increase of the interest expenses (periodical) to €321.0 million in 2009 from €309.1 million in 2008 is primarily attributable to pre-payment fees related to asset sales and one-off non-cash valuation effects on debt. Net of these effects, interest expenses related to term loans decreased by 8.2 % from €274.8 million in 2008 to €252.4 million in 2009. The decrease of cash interest expense results from the paydown of €222.6 million of debt mainly related to sales. Our net financing expenses are the sum of the following items:

€ MILLION	2009	2008	Q4 2009	Q4 2008
Interest expenses (periodical)	- 321.0	- 309.1	- 78.1	- 78.0
Interest expenses (refinancing)	- 0.9	- 4.3	- 0.4	- 0.3
Total interest expenses	**- 321.9**	**- 313.4**	**- 78.5**	**- 78.3**
Interest income (periodical)	1.3	12.2	0.1	3.6
Other financial expenses	- 0.2	- 1.6	- 0.4	0.0
Loss / profit from the fair value measurement of derivatives	- 8.6	- 33.3	2.3	- 36.1
Net financing expenses	**- 329.4**	**- 336.1**	**- 76.5**	**- 110.8**

EARNINGS BEFORE TAXES (EBT)

In 2009, our Group's EBT was €- 92.3 million, as compared to €- 119.5 million in 2008. Earnings before taxes are computed as earnings before interest and taxes (EBIT) of €237.1 million reduced by net financing expenses of €329.4 million.

INCOME TAXES

Income tax expenses of €15.4 million plus a net loss from changes in deferred taxes on temporary differences of €2.7 million were compensated by an increase in deferred tax assets on tax loss carryforwards totaling €35.3 million. Therefore, total income taxes amounted to a tax credit of €17.2 million in 2009.

NET LOSS / PROFIT

In 2009, we had a net loss of €75.1 million compared to a net profit of €46.1 million in 2008. Net profit before revaluation losses was €97.9 million (calculated as net loss of €75.1 million plus a €197.0 million loss from fair value measurement of our investment property and plus a €8.6 million loss from the fair value measurement of derivatives less €32.6 million deferred taxes) in 2009 and €132.3 million in 2008.

NET ASSET VALUE

NAV per share decreased to €12.60 at the end of 2009.

€ MILLION	12-31-2009	12-31-2008
Shareholders' equity	2,373.1	2,628.2
Deferred taxes on investment properties and assets held for sale	473.2	469.5
NAV	2,846.3	3,097.7
NAV per share (€)	12.60	13.72

Financial Position

GROUP CAPITALIZATION

As of December 31, 2009 and 2008, the Group's equity and liabilities were as follows:

	12-31-2009 € million	12-31-2009 %	12-31-2008 € million	12-31-2008 %
Total equity	2,457.7	25.2	2,733.6	26.4
Financial liabilities	6,525.3	66.7	6,732.5	65.2
Other liabilities	794.3	8.1	865.4	8.4
Total equity and liabilities	**9,777.3**	**100.0**	**10,331.5**	**100.0**

As of December 31, 2009, the Group's financial liabilities primarily comprised of the following liabilities:

	Carrying amount as of 12-31-2009	Notional amount as of 12-31-2009	Weighted average maturity	Current interest rate	Fixed or floating rate
Term loans	5,487.9	5,486.4	2013	4.07 %	Fixed
Term loans	329.4	311.8	2012	1.82 %	Floating [1]
Senior debt	408.9	499.3	2037	2.40 %	Fixed
Revolving credit facility	265.3	265.0	2010	2.94 %	Floating
NILEG other [2]	16.4	16.7	2011	1.46 %	Floating
Other	17.4	17.4			
	6,525.3	**6,596.6**		**3.78 %**	

1) In order to reduce the risk of interest rate fluctuations during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps.
2) Relates mainly to land developments pre-sold to local municipalities.

The difference between the notional amount and the carrying amount as shown in the balance sheet results mainly from the fair value measurement of senior debts, transaction costs and interest accruals.

Of the short-term liabilities, €282.5 million are term loans to be repaid due to the sale of the underlying assets.

Net Assets

The balance sheet of the GAGFAH Group breaks down as follows:

€ MILLION	12-31-2009	12-31-2008
Non-current assets	9,089.2	9,863.9
Current assets	413.7	462.3
Assets held for sale	274.4	5.3
Total assets	**9,777.3**	**10,331.5**
Equity	2,457.7	2,733.6
Non-current liabilities	6,442.2	7,254.9
Current liabilities	877.4	343.0
Total equity and liabilities	**9,777.3**	**10,331.5**

Non-current assets amount to €9,089.2 million, of which 99.2 % relate to investment property of €9,014.9 million and 0.5 % to property, plant and equipment of €41.5 million. Non-current assets make up 93.0 % of total assets (€9,777.3 million).

Current assets amount to €413.7 million, of which 11.5 % is comprised of inventories of €47.5 million and 57.1 % is cash and cash equivalents (€236.2 million).

Non-current liabilities of €6,442.2 million as of the balance sheet date were mainly comprised of financial liabilities of €5,906.2 million and deferred tax liabilities of €231.1 million. Non-current provisions of €117.5 million had been recognized as of the balance sheet date, of which €108.5 million relate to pension obligations.

Significant Events after the Reporting Date

There were no significant events after the reporting date.

Dividends

GAGFAH has declared a dividend for the fourth quarter 2009 of €0.20 per share, payable on April 13, 2010, to holders of record of GAGFAH S.A. shares on March 26, 2010. The shares will be ex-dividend for the fourth quarter 2009 dividend on March 29, 2010.

Disclosure regarding Article 11 (3) of the Law on Takeovers of May 19, 2006

a) Information regarding section a) of the law (structure of capital) can be found on pages 29 to 30 of this report.
b) There are no restrictions on the transfer of securities in the Articles of Incorporation of the Company.
c) Information regarding section c) of the law (significant direct and indirect shareholdings) can be found on page 11 of this report.
d) There are no securities granting special control rights to their holders.
e) The control rights of any shares issued in connection with employee share schemes are exercised directly by the respective employees.
f) There are no restrictions on voting rights.
g) There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of Directive 2004/109/EC (Transparency Directive).
h) Information regarding section h) of the law (rules governing the appointment and replacement of board members and the amendment of the Articles of Incorporation) are as follows: The Directors are appointed at the Annual General Meeting of Shareholders by a simple majority of the votes cast. Directors serve for a period not exceeding six years or until their successors are elected. Directors may be removed with or without cause at the Annual General Meeting of Shareholders by a simple majority of the votes cast at such meeting. The Directors are eligible for re-election. As long as the shares are listed on one or more regulated stock exchanges, the Board of Directors must include three independent Directors. In the event of a vacancy in the office of a Director because of death, retirement, resignation, dismissal, removal or otherwise, the remaining Directors may fill such vacancy and appoint a successor to act until the next Annual General Meeting of Shareholders without regard to the independence requirement. Amendments of the Articles of Incorporation of GAGFAH S.A. are approved by resolution at an Extraordinary General Meeting of Shareholders. Extraordinary General Meetings of Shareholders with the purpose of amending the Articles of GAGFAH S.A. are subject to a quorum of at least half of the issued and outstanding shares of GAGFAH S.A. If such quorum is not represented at a meeting, a second meeting may be convened with the same agenda. Such second meeting is not subject to a quorum. Amendments of the Articles of Incorporation of GAGFAH S.A., other than change of nationality, which requires unanimous consent of all shareholders, are approved by resolution of a two-thirds majority of the votes cast at the Extraordinary General Meeting of Shareholders.

i) Information regarding section i) of the law (issue and buy-back of shares and powers of the Board of Directors) are as follows: GAGFAH S.A. has a total authorized share capital of approximately €9.999 billion. The Board of Directors has been authorized by the General Meeting of Shareholders to issue shares up to the total amount of the authorized share capital without further approval of the shareholders. Shares may be issued within the authorized share capital of GAGFAH S.A. with or without reserving pre-emptive subscription rights to existing shareholders at the discretion of the Board. GAGFAH S.A., acting through its Board, has been authorized by the General Meeting of Shareholders to purchase, acquire or receive own shares in the Company up to 10 % of the issued share capital from time to time for a period of 18 months from April 21, 2009. In addition, share repurchases with capital reductions had been authorized for up to €28,214,971.25 for a period of 6 months from April 21, 2009.

j) There are no significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

k) There are no agreements between the Company and its Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

Outlook

The residential market in Germany has a long-standing tradition of stability, especially in terms of rent levels and house price development. GAGFAH's performance as a public company for more than three full years reflects this stable development. Given the nature of our business and the steady cash flows it creates, we believe that our business will continue to perform well. We are looking forward to an exciting and dynamic year 2010, confident that we will once again show a robust performance in our core business and optimistic that this year may bring interesting opportunities for additional forms of growth.

Forward-looking Statements

This Annual Report contains statements that constitute forward-looking statements. Such forward-looking statements relate to, among other things, future commitments to acquire real estate and achievement of acquisition targets, timing of completion of acquisitions and the operating performance of our investments. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “endeavour”, “seek”, “anticipate”, “estimate”, “overestimate”, “underestimate”, “believe”, “could”, “project”, “predict”, “continue”, “plan”, “forecast” or other similar words or expressions.

Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results from operations or of financial conditions or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is limited. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance may differ materially from those set forth in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from forecast results or stated expectations, including the risk that GAGFAH S.A. will be unable to increase rents, sell or privatize further units or further reduce management costs.

Luxembourg, March 9, 2010

The Board of Directors of GAGFAH S.A.

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Consolidated Balance Sheet

December 31, 2009

ASSETS

€ MILLION	Notes	12-31-2009	12-31-2008
Non-current assets			
Intangible assets	E.1.	27.1	27.9
Investment property	E.2.	9,014.9	9,774.1
Property, plant and equipment	E.3.	41.5	43.0
Other financial assets	E.4.	3.9	3.7
Receivables	E.6.	0.9	0.0
Other assets	E.7.	0.9	5.3
Deferred tax assets	E.9.	0.0	9.9
		9,089.2	**9,863.9**
Current assets			
Inventories	E.5.	47.5	58.8
Financial receivables and other financial assets	E.4.	0.0	1.8
Receivables	E.6.	76.7	182.6
Other assets	E.7.	44.7	26.0
Current tax claims	E.8.	8.6	16.7
Bank balances and cash on hand	E.10.	236.2	176.4
		413.7	**462.3**
Assets held for sale	**E.11.**	**274.4**	**5.3**
Total assets		**9,777.3**	**10,331.5**

EQUITY AND LIABILITIES

€ MILLION	Notes	12-31-2009	12-31-2008
Equity	**E.12.**		
Subscribed capital		282.4	282.1
Share premium		1,358.4	1,540.7
Legal reserve		28.2	28.2
Revenue reserves		704.1	777.2
Equity attributable to the shareholders of the parent company		**2,373.1**	**2,628.2**
Minority interests		84.6	105.4
Total equity		**2,457.7**	**2,733.6**
Liabilities			
Non-current liabilities			
Liabilities to minority shareholders	E.13.	4.3	4.1
Pension provisions	E.14.1.	108.5	106.9
Other provisions	E.14.2.	9.0	22.9
Liabilities from income tax	E.15.	89.7	101.9
Deferred tax liabilities	E.9.	231.1	273.6
Financial liabilities	E.16.1.	5,906.2	6,644.1
Other liabilities	E.16.2.	4.0	4.4
Deferred liabilities of government-granted loans		89.4	97.0
		6,442.2	**7,254.9**
Current liabilities			
Pension provisions	E.14.1.	6.5	6.5
Other provisions	E.14.2.	57.9	50.7
Liabilities from income tax	E.15.	47.3	39.6
Financial liabilities	E.16.1.	619.1	88.4
Other liabilities	E.16.2.	142.3	152.8
Deferred liabilities of government-granted loans		4.3	5.0
		877.4	**343.0**
Total liabilities		**7,319.6**	**7,597.9**
Total equity and liabilities		**9,777.3**	**10,331.5**

Consolidated Statement of Comprehensive Income

for the period from January 1 to December 31, 2009

€ MILLION	Notes	2009	2008
Income from the leasing of investment property	F.1.	976.8	979.3
Transferable leasehold land interest		- 2.3	- 2.1
Operating expenses for the generation of rental income (excluding share-based remuneration)	F.2.	- 488.2	- 504.2
Profit from the leasing of investment property		**486.3**	**473.0**
Income from the sale of investment property		262.5	206.0
Carrying amount of the investment property sold		- 239.7	- 147.2
Profit from the sale of investment property		**22.8**	**58.8**
Loss from fair value measurement	**F.3.**	**- 197.0**	**- 233.0**
Income from the sale of property development projects		5.8	24.8
Carrying amount of the property development projects sold		- 2.8	- 25.7
Profit / loss from the sale of property development projects	**F.4.**	**3.0**	**- 0.9**
Profit from other services	F.5.	4.4	4.9
Selling expenses (excluding share-based remuneration)	F.6.	- 23.0	- 15.0
General and administrative expenses (excluding share-based remuneration)	F.7.	- 41.9	- 41.1
Income / expenses for share-based remuneration	F.8.	1.4	- 3.5
Other operating income	F.9.	27.2	24.3
Other operating expenses	F.10.	- 24.8	- 27.6
Profit from operations before reorganization and restructuring expenses		**258.4**	**239.9**
Reorganization and restructuring expenses	F.11.	- 21.4	- 22.8
Profit from operations		**237.0**	**217.1**
Profit / loss from other financial assets		0.1	- 0.5
Earnings before interest and taxes (EBIT)		**237.1**	**216.6**
Interest expenses (periodical)	F.12.	- 321.0	- 309.1
Interest expenses (refinancing)		- 0.9	- 4.3
Interest income (periodical)		1.3	12.2
Other financial expenses		- 0.2	- 1.6
Loss from the fair value measurement of derivatives	F.12.	- 8.6	- 33.3
Net financing expenses		**- 329.4**	**- 336.1**
Earnings before taxes (EBT)		**- 92.3**	**- 119.5**
Income taxes	F.13.	17.2	165.6
Net loss / profit		**- 75.1**	**46.1**
Other comprehensive income:			
Loss from measurement of swaps		0.0	- 1.1
Total comprehensive income for the year		**- 75.1**	**45.0**
Net loss / profit attributable to:			
Minority interests	F.14.	- 4.0	4.9
Shareholders of the parent company		- 71.1	41.2
Total comprehensive income attributable to:			
Minority interests		- 4.0	4.9
Shareholders of the parent company		- 71.1	40.1
Weighted average number of shares (undiluted)		225,773,814	225,630,258
Weighted average number of shares (diluted)		228,019,111	226,216,407
Earnings per share (in €)	F.15.	- 0.31	0.18
Diluted earnings per share (in €)	F.15.	- 0.32	0.18

Consolidated Cash Flow Statement[1)]

for the period from January 1 to December 31, 2009

€ MILLION	2009	2008
Net loss / profit	- 75.1	46.1
Change in the value of investment property	197.0	233.0
Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment	3.9	9.8
Gains on the disposal of property, plant and equipment	0.0	- 0.1
Gains on the disposal of investment property	- 22.8	- 58.8
Gains on the sale of subsidiaries	0.0	- 8.7
Other non-cash income / expenses	58.0	76.0
Change in provisions, pension provisions and deferred liabilities of government-granted loans	- 16.7	- 25.0
Change in deferred taxes	- 32.6	- 180.1
Change in working capital	3.9	- 10.9
Cash flows from operating activities[2)]	**115.6**	**81.3**
Cash received from the sale of investment property	394.0	207.0
Cash paid for investment property - reinvestment	0.0	- 88.6
	509.6	**199.7**
Cash paid for investment property - acquisition and modernization	- 24.4	- 76.3
Cash paid for investments in intangible assets and property, plant and equipment	- 2.7	- 3.2
Cash received from disposals of property, plant and equipment	0.1	0.2
Cash received from the sale of other financial assets	0.0	0.4
Cash received from the sale of subsidiaries	0.0	16.7
Cash paid for the acquisition of subsidiaries and minority shares in subsidiaries	- 1.7	- 19.5
Cash flows from investing activities	**365.3**	**36.7**
Cash paid to stockholders of GAGFAH S.A.	- 180.6	- 180.5
Cash paid to minority interests	- 3.1	- 2.1
Cash paid for liabilities to minority shareholders	0.0	- 1.5
Cash received from raising financial liabilities	0.0	147.4
Cash repayments of financial liabilities	- 222.6	- 104.1
Interest and cost paid for refinancing	- 1.3	- 6.9
Cash flows from financing activities	**- 407.6**	**- 147.7**
Change in cash and cash equivalents	**73.3**	**- 29.7**
Bank balances, cash on hand and securities at the beginning of the year	176.4	206.1
Change in cash and cash equivalents due to changes in the Consolidated Group	- 13.5	0.0
Bank balances and cash on hand	**236.2**	**176.4**

1) For further information, please refer to section G.
2) Operating cash flow includes taxes paid of €17.2 million (prior year: taxes paid of €31.5 million), interest paid of €269.3 million (prior year: €283.4 million) and interest received of €3.2 million (prior year: €10.2 million).

Statement of Changes in Consolidated Equity [1)]

for the period from January 1 to December 31, 2009

€ MILLION	Subscribed capital	Share premium	Revenue reserves: Legal reserve	Revenue reserves: Unrealized gains / losses from derivative financial instruments	Revenue reserves: Retained earnings	Equity attributable to the share-holders of the parent company	Minority interests	Total equity
January 1, 2009	**282.1**	**1,540.7**	**28.2**	**0.0**	**777.2**	**2,628.2**	**105.4**	**2,733.6**
Total comprehensive income for the period	0.0	0.0	0.0	0.0	- 71.1	- 71.1	- 4.0	- 75.1
Share-based remuneration	0.3	- 1.8	0.0	0.0	0.0	- 1.5	0.0	- 1.5
Change in shareholdings and the consolidated Group	0.0	0.0	0.0	0.0	- 1.9	- 1.9	- 13.7	- 15.6
Dividends	0.0	- 180.5	0.0	0.0	- 0.1	- 180.6	- 3.1	- 183.7
December 31, 2009	**282.4**	**1,358.4**	**28.2**	**0.0**	**704.1**	**2,373.1**	**84.6**	**2,457.7**

[1)] For further information, please refer to section E.12.

Statement of Changes in Consolidated Equity [1)]

for the period from January 1 to December 31, 2008

€ MILLION	Subscribed capital	Share premium	Revenue reserves: Legal reserve	Revenue reserves: Unrealized gains / losses from derivative financial instruments	Revenue reserves: Retained earnings	Equity attributable to the shareholders of the parent company	Minority interests	Total equity
January 1, 2008	**281.9**	**1,537.5**	**28.2**	**1.1**	**916.5**	**2,765.2**	**102.0**	**2,867.2**
Total comprehensive income for the period	0.0	0.0	0.0	- 1.1	41.2	40.1	4.9	45.0
Share-based remuneration	0.2	3.2	0.0	0.0	0.0	3.4	0.0	3.4
Change in shareholdings and the consolidated Group	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6
Dividends	0.0	0.0	0.0	0.0	- 180.5	- 180.5	- 2.1	- 182.6
December 31, 2008	**282.1**	**1,540.7**	**28.2**	**0.0**	**777.2**	**2,628.2**	**105.4**	**2,733.6**

[1)] For further information, please refer to section E.12.

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A. General Information

The Company

GAGFAH S.A. is a joint stock corporation incorporated in Luxembourg, having its registered office at 2-4, Rue Beck, Luxembourg. The Company was formed on July 12, 2005, as NLG Acquisition Holdings S.C.A. and entered in the commercial register (Registre de Commerce et des Sociétés) of Luxembourg on July 27, 2005. On August 30, 2005, the Company changed its name to NLG Acquisition Investments S.C.A. and by shareholder resolution dated September 29, 2006, it was transformed into a Société Anonyme and renamed GAGFAH S.A.

GAGFAH S.A. and its subsidiaries form the GAGFAH Group (in the following also referred to as "GAGFAH"). GAGFAH S.A. is the Group's ultimate parent company. GAGFAH S.A.'s business is the securitization of risks relating to a geographically diversified residential property portfolio.

The core business of GAGFAH S.A.'s operating subsidiaries is the ownership and management of a geographically diversified and well-maintained residential property portfolio of more than 165,000 apartments throughout Germany. As of the balance sheet date, the Group was managing a total of more than 185,000 apartments. GAGFAH S.A.'s operating subsidiaries also operate in the area of real estate sales.

In addition, GAGFAH S.A.'s operating subsidiaries work in the area of property development projects, which will be closed down over time.

Consolidated Financial Statements

GAGFAH S.A. has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) – formerly Standards Interpretations Committee (SIC) – since its formation. All IFRSs that must be applied for the fiscal year were taken into account.

The fiscal year of GAGFAH S.A. is identical to the calendar year; it starts on January 1 and ends on December 31. If the fiscal year of any subsidiary deviates from the calendar year, additional Financial Statements as of calendar year-end are prepared.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for investment properties, assets held for sale, derivative financial instruments and available-for-sale financial investments that have been measured at fair value. The Consolidated Financial Statements have been prepared in euros (€). Unless stated otherwise, all values are rounded to the nearest million euros (€ million).

The prior-year Financial Statements were prepared using the same principles as the Financial Statements as of December 31, 2009.

In line with the recommendations of the European Public Real Estate Association (EPRA), the Consolidated Statement of Comprehensive Income was classified according to the cost of sales method.

The Consolidated Financial Statements for the year ending December 31, 2009, were formally approved by the Board of Directors on March 9, 2010, and will be presented to the Annual General Meeting of Shareholders for approval on April 21, 2010.

New Accounting Standards

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group adopted the following new and amended IFRSs and IFRICs interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did, however, give rise to additional disclosures, including in some cases revisions to accounting policies.

The amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards** and **IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate** allow first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost in accordance with IAS 27 of an investment in a subsidiary, jointly controlled entity or associate. Deemed cost is defined as the fair value at the entity's

date of transition to IFRSs or the previous GAAP carrying amount at that date. The standard was issued in May 2008 and becomes effective for financial years beginning on or after January 1, 2009. The new requirements affect only a parent's separate Financial Statements and do not have an impact on the Consolidated Financial Statements due to this standard.

The amendment to **IFRS 2 Share-based Payment – Vesting Conditions and Cancellations** was issued in January 2008 and became effective for financial years beginning on or after January 1, 2009. The standard clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. There was no impact on the Consolidated Financial Statements due to this amendment.

The amendment to **IFRS 7 Improving Disclosures about Financial Instruments** was published by the IASB in March 2009. The amendment is intended to improve disclosures about fair value measurements and liquidity risk management associated with financial instruments. The amendment requires entities to classify their financial instruments measured at fair value into three levels (the fair value hierarchy) depending on the type of input used for the valuation of those instruments. In addition, the amendments enhance disclosure requirements on the nature and extent of liquidity risk arising from financial instruments to which an entity is exposed. GAGFAH S.A. has concluded that the amendment will have no recognition or measurement impact on the Consolidated Financial Statements, but will lead to more disclosure.

IFRS 8 Operating Segments was issued in November 2006 and covers disclosures on an entity's operating segments, products and services, geographical areas and customer relationships and became effective for financial years beginning on or after January 1, 2009. It supersedes IAS 14. In accordance with IFRS 8, segment reporting must be prepared in the same way as internal reports for the entity's key decision makers (management approach). By contrast, IAS 14 stipulates that segment reporting must be structured in accordance with the source and nature of the entity's risks and returns. The new standard changed disclosures but there was no change in recognition and measurement for the Consolidated Financial Statements.

A revised **IAS 1 Presentation of Financial Statements** was issued in September 2007. The revised standard is aimed at enhancing the usefulness of the information pre-

sented in the financial statements. The main changes comprise e.g. the introduction of a new statement of comprehensive income, a newly structured statement of changes in equity and the introduction of a new terminology for some components of the financial statements, although this is not obligatory. The revised standard became effective for annual periods beginning on or after January 1, 2009. The new provisions of IAS 1 have not caused changes in measurement. Regarding the presentation of its financial statements, the Group decided to have only one statement of comprehensive income for the reporting period instead of one income statement and one statement of comprehensive income. IAS 1 was also subject to an annual improvement. The amended standard was issued in May 2008 and became effective for financial years beginning on or after January 1, 2009. It states that assets and liabilities classified as being held for trading in accordance with **IAS 39 Financial Instruments: Recognition and Measurement** are not automatically classified as current in the balance sheet. The amendment had no impact on the disclosure of the financial instruments used by the GAGFAH Group.

IAS 20 Government Grants was subject to an annual improvement in 2008. The amended standard was issued in May 2008 and became effective for financial years beginning on or after January 1, 2009. It states that loans granted in the future with no or low interest rates will not be exempt from the requirement to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. There was no material impact on the Consolidated Financial Statement due to this amendment.

A revised **IAS 23 Borrowing Costs** was issued in March 2007 and became effective for financial years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Since the Group already capitalizes borrowing costs for qualifying assets, the revised standard had no effect on its financial position.

The amendments to IAS 32 Financial Instruments: Presentation and **IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation** were issued in February 2008. The amended standards became effective for financial years beginning on or after January 1, 2009. The amended standards apply to balance sheet classification of puttable financial instruments and obligations

arising only on liquidation. As a result of the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the residual interest in the net assets of the entity. The amendment did not change the accounting for puttable minority interests in the Consolidated Financial Statements and therefore had no impact on the present Consolidated Financial Statements of the GAGFAH Group.

IAS 40 Investment Property was subject to an annual improvement. The amended standard was issued in May 2008 and became effective for financial years beginning on or after January 1, 2009. It states that investment property under construction is treated in accordance with IAS 40 and not IAS 16. There was no material impact on the Consolidated Financial Statement due to this amendment.

In May 2008, the IASB published "**Improvements to IFRSs**", an omnibus standard of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard and unless otherwise specified the amendments are effective for annual periods beginning on or after January 1, 2009. A more detailed description can be found in the Notes to the Consolidated Financial Statements as of December 31, 2008. GAGFAH S.A. has concluded that the amendments will have no material impact on the Consolidated Financial Statements.

IFRIC 15 Agreements for the Construction of Real Estate was issued in July 2008 and became effective for financial years beginning on or after January 1, 2009. The interpretation deals with the question of whether the developer is selling a product (goods) – the completed apartment or house – or is selling a service – a construction service as a contractor engaged by the buyer. Revenue from selling products is normally recognized at delivery (IAS 18). Revenue from selling services is normally recognized on a percentage-of-completion basis as construction progresses (IAS 11). Since GAGFAH Group decided to discontinue the business segment "Property construction / development" the interpretation had no impact on the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation was issued in July 2008 and became effective for financial years beginning on or after October 1, 2008. This interpretation clarifies the application of hedge accounting in accordance with IAS 39 with respect to a hedge of a foreign currency risk arising from net investments in foreign operations. As the Group is currently not exposed to exchange rate risks, the interpretation had no impact.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

In addition to the IFRSs, whose application is mandatory for fiscal year 2009, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), respectively, have also published other IFRSs and IFRICs, which will become effective at a later date and are explained below. Of these new accounting standards and interpretations, the following IFRSs and IFRICs have already received European endorsement:

IFRS / IFRIC	Date of endorsement
IFRIC 12 Service Concession Arrangements (not applicable to GAGFAH)	March 25, 2009
Amendments to IFRS 3 Business Combinations	June 3, 2009
Amendments to IAS 27 Consolidated and Separate Financial Statements	June 3, 2009
Amendment to IAS 39 – Reclassification of Financial Assets: Effective Date and Transition	September 9, 2009
Amendment to IAS 39 – Eligible Hedged Items	September 15, 2009
Revised IFRS 1 First Time Adoption of IFRS (not applicable to GAGFAH)	November 25, 2009
IFRIC 17 Distributions of Non-cash Assets to Owners	November 26, 2009
IFRIC 18 Transfers of Assets from Customers	November 27, 2009
Amendments to IAS 39 and IFRIC 9 Embedded derivatives on reclassifications of financial assets	November 30, 2009
Amendment to IAS 32 – Classification of Right Issues	December 23, 2009

The revised **IFRS 3 Business Combinations** was issued in January 2008 in connection with **IAS 27 Consolidated and Separate Financial Statements** and becomes effective for financial years beginning on or after July 1, 2009. The revised standard is the result of a joint project with the US Financial Accounting Standards Board. The main changes comprise e.g. the recognition of acquisition-related costs, the treatment of step acquisitions and the measurement of goodwill and non-controlling interests and will therefore have impacts on business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. In the case of GAGFAH Group it is January 1, 2010.

The amended **IAS 27 Consolidated and Separate Financial Statements** was issued in January and May 2008 in connection with **IFRS 3 Business Combinations** and becomes effective for financial years beginning on or after July 1, 2009. The amendments deal with increases or decreases in a parent's ownership interest that do not result in a loss of control, attributions of acquired entity's losses to non-controlling interest and

loss of control of a subsidiary. The Group already accounts changes in ownership interests of a subsidiary (without loss of control) as equity transactions as required by the amended standard.

The **Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets: Effective Date and Transition** clarifies the effective date and transition requirements of the amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures "Reclassification of Financial Assets" issued on October 13, 2008 (the October amendment). The October amendment permits entities in certain circumstances to reclassify non-derivative financial assets out of the held-for-trading category and the available-for-sale category at fair value on the date of reclassification. Such reclassifications are to be carried out on a real-time basis (i.e. at the current date), except that the amendment allows some backdating. This amendment clarifies that, in line with the IASB's original intention, reclassifications can be backdated as long as (a) the reclassification is made before November 1, 2008, and (b) the reclassification is not backdated to a date before July 1, 2008.

The **Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items** was issued in August 2008 and become effective for financial years beginning on or after July 1, 2009. The amendments address the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. GAGFAH S.A. has concluded that the amendment will have no impact on the Consolidated Financial Statements.

IFRIC 17 Distributions of Non-cash Assets to Owners was issued in November 2008 and becomes effective for annual periods beginning on or after July 1, 2009. The interpretation clarifies how an entity should measure distributions of assets other than cash when it pays dividends to its owners. GAGFAH S.A. has concluded that the interpretation will have no impact on the Consolidated Financial Statements.

IFRIC 18 Transfers of Assets from Customers was issued in January 2009 and becomes effective for the transfers of assets from customers received on or after July 1,

2009. The interpretation clarifies the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. GAGFAH S.A. has concluded that the interpretation will have no impact on the Consolidated Financial Statements.

On March 12, 2009, the IASB published the amendments **to IAS 39** and **IFRIC 9 Embedded Derivatives** for the purpose to clarify the accounting treatment of embedded derivatives that make use of the reclassification amendment issued by the IASB in October 2008. The reclassification amendment allows entities to reclassify particular financial instruments out of the 'fair value through profit or loss' category in specific circumstances. The March amendments clarify that on reclassification of financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendments become effective for annual periods ending on or after June 30, 2009. GAGFAH S.A. has concluded that the amendment will have no impact on the Consolidated Financial Statements.

Amendment to **IAS 32 Financial Instruments: Presentation – Classification of Rights Issues** was published on October 8, 2009. Many rights issues are denominated in a currency other than the entity's functional currency. The current standard requires rights denominated in foreign-currency and similar issues be treated as a derivative, with fair value movements in the profit or loss. The enacted amendment requires rights issues where the holder has the right to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as an equity instrument if, and only if, the entity offers the financial instrument pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The amendment applies on a retrospective basis and is effective for annual periods beginning on or after February 1, 2010, with earlier application permitted.

All newly published standards and interpretations will become mandatory at a later date. Voluntary early application of the relevant standards and interpretations are explicitly permitted and encouraged. GAGFAH S.A. did not apply any of the voluntarily applicable standards and interpretations as of December 31, 2009.

The following IFRSs and IFRICs are not yet endorsed by the EU:

IFRS / IFRIC	Date of planned endorsement
Standards	
IFRS 9 Financial Instruments	Postponed
Interpretations	
Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement	Second quarter of 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	Second quarter of 2010
Amendments	
Improvements to IFRSs (issued by the IASB on April 16, 2009)	First quarter of 2010
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions; withdraws IFRICs 8 and 11	First quarter of 2010
IAS 24 Related Party Disclosures	Second quarter of 2010

On November 12, 2009, the IASB issued **IFRS 9 Financial Instruments**, which is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement over the next year. The new standard introduces new requirements for the classification and measurement of financial assets. Financial liabilities are not currently in the scope of the standard. IFRS 9 uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard is effective for annual periods beginning on or after January 1, 2013, but may be applied earlier.

On November 26, 2009, the IASB issued **Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement**. The amendments correct an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Without the amendments, in some circum-stances, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and

the amendments correct the problem. The amendments are effective for annual periods beginning on January 1, 2011, with earlier application permitted. The amendments must be applied retrospectively to the earliest comparative period presented.

On November 26, 2009, the IASB issued **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**. IFRIC 19 declares the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability. IFRIC 19 clarifies that

- the entity's equity instruments issued to a creditor are part of the financial liability,
- the equity instruments issued are measured at the fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.
- the difference between the carrying amount of the financial liability (or part) extinguished and the measurement of the equity instruments issued is to be recognized in profit or loss.

IFRIC 19 must be applied in annual periods beginning on or after July 1, 2010. Earlier application is permitted. It must be applied retrospectively from the beginning of the earliest comparative period presented.

On April 16, 2009, the IASB issued "**Improvements to IFRSs**", an omnibus standard of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard and unless otherwise specified the most amendments are effective for annual periods beginning on or after January 1, 2010. In addition to the already described amendments to IAS 1, IAS 40 and IAS 20, the omnibus standard contains the following amendments:

- IFRS 2 – Share-based Payment – Scope of IFRS 2 and revised IFRS 3
- IFRS 5 – Disclosures of non-current assets or disposal groups classified as held for sale or discontinued operations
- IFRS 8 – Operating Segments – Disclosure of information about segment assets
- IAS 1 – Presentation of Financial Statements – Current / non-current classification of convertible instruments
- IAS 7 – Statement of Cash Flows – Classification of expenditures on unrecognized assets
- IAS 17 – Leases – Classification of leases of land and buildings
- IAS 18 – Revenue – Determining whether an entity is acting as a principal or as an agent

- IAS 36 – Impairment of Assets – Unit of accounting for goodwill impairment test
- IAS 38 – Intangible Assets – Additional consequential amendments arising from revised IFRS 3; measuring the fair value of an intangible asset acquired in a business combination
- IAS 39 – Financial Instruments – Treating loan prepayment penalties as closely related embedded derivatives; scope exemption for business combination contracts; Cash Flow Hedge Accounting
- IFRIC 9 – Reassessment of Embedded Derivatives – Scope of IFRIC 9 and revised IFRS 3
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation – Amendment to the restriction on the entity that can hold hedging instruments

GAGFAH S.A. has concluded that the amendments will have no material impact on the Consolidated Financial Statements.

On June 18, 2009, the IASB issued amendments to **IFRS 2 Group Cash-settled Share-based Payment Transactions** that clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. The amended standard prescribes that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments to IFRS 2 also contain guidance previously included in **IFRIC 8 Scope of IFRS 2 and IFRIC 11: IFRS 2 Group and treasury share transactions**, so IASB has withdrawn IFRIC 8 and IFRIC 11. The amendments are effective for annual periods beginning on or after January 1, 2010, and must be applied retrospectively. Earlier application is permitted.

On November 4, 2009, the International Accounting Standards Board issued amendments to **IAS 24 Related Party Disclosures.** The revised standard provides a partial exemption from the disclosure requirements of IAS 24 for entities that are controlled, jointly controlled or significantly influenced by a government (“government-related entities”) and clarifies the definition of a related party. The revised standard is effective for annual periods beginning on or after January 1, 2011, but earlier application is permitted. The revised standard requires retrospective application. Therefore, in the year of initial application, disclosures for the comparative period will need to be restated.

B. Consolidated Group and Consolidation Principles

1. Consolidated Group

In total, 56 subsidiaries were included in the Consolidated Financial Statements of GAGFAH S.A. on the fully consolidated basis since GAGFAH S.A. governs the financial and operating policies of these entities. Normally, control is possible if an entity holds the majority of voting rights, either directly or indirectly.

Two of these companies (No. 7 and No. 68 in the list of shareholdings) were included in the Consolidated Financial Statements due to their nature as special purpose entities (SPEs) according to SIC 12.

In addition, 20 fractional ownership funds ("HB-Fonds") were included in the Consolidated Financial Statements on a fully consolidated basis and four joint ventures on a proportionate consolidation basis.

Year on year, the number of subsidiaries has changed as follows:

	Number of subsidiaries
As of January 1, 2009	**80**
Sales	- 1
Upstream Mergers / Accretions	- 3
As of December 31, 2009	**76**

The composition of the GAGFAH S.A. Group as well as further information on upstream mergers and accretions are presented in the list of shareholdings attached as Exhibit (1).

COMPANY MERGERS AND SALES IN 2009

Upstream mergers and accretions in the Reporting Period

In the second quarter of 2009, GAGFAH First Property Holding GP GmbH and GAGFAH Pegasus Verwaltungs GmbH transferred their net assets as a whole to GAGFAH Acquisition 3 GmbH by upstream merger.

In the fourth quarter of 2009, GAGFAH Operations Advisor GmbH (general partner) sold its share in NILEG Hofheim GmbH & Co. KG to NILEG Norddeutsche Immobiliengesellschaft mbH (exclusive limited partner). NILEG Hofheim GmbH & Co. KG transferred its net assets as a whole to NILEG Norddeutsche Immobiliengesellschaft mbH.

Liquidations in the Reporting Period

In the second half of 2009, the Group's joint ventures Lühnde IGH und NILEG GbR and Danndorf GbR were liquidated. The companies transferred their net assets as a whole to NILEG Norddeutsche Immobiliengesellschaft mbH.

Sales in the Reporting Period

In the context of the acquisition of the GBH Group an option agreement was purchased. This option agreement contained a put option which entitled the GAGFAH Group to sell its 74.9 % shares in Baugesellschaft Frankenthal (Pfalz) GmbH ("BGF") at a fixed price of €47.8 million. The corporate purposes of BGF are the management of residential and other buildings in the region of Frankenthal (Pfalz), Germany, as well as construction and development activities.

In line with the Group's continuous portfolio optimization, the Senior Management of GAGFAH Group resolved to exercise the put option for BGF on January 7, 2009.

In the course of the classification of BGF as a disposal group, an impairment loss was allocated to investment property (€5.9 million) and property, plant and equipment (€0.2 million) in the first quarter of 2009.

Upon the exercise of the put option, the company was deconsolidated on April 1, 2009. The net assets of BGF as of April 1, 2009, break down as follows:

€ MILLION	04-01-2009
Assets	
Non-current assets	
Investment property	71.7
	71.7
Current assets	
Inventories	0.2
Receivables	2.2
Other assets	0.1
Current tax claims	0.1
Bank balances and cash on hand	13.5
	16.1
Assets of disposal group	**87.8**
Liabilities	
Non-current liabilities	
Minority interests	13.9
Liabilities from income tax	1.3
Financial liabilities	17.3
Other liabilities	0.3
Deferred liabilities of government-granted loans	0.7
	33.5
Current liabilities	
Other provisions	0.2
Liabilities from income tax	1.7
Financial liabilities	3.5
Other liabilities	1.1
	6.5
Liabilities of disposal group	**40.0**
Net assets	47.8
Purchase price	- 47.8
Effect from the deconsolidation	**0.0**
Cash inflow due to sale	
Sales price	0.0
Cash and cash equivalents disposed	- 13.5
Net cash inflow	**- 13.5**

Until the deconsolidation of BGF, the deferred purchase price of €47.8 million, which corresponds to the exercise price of the put option, was included in the Consolidated Balance Sheet of GAGFAH Group. With the deconsolidation of BGF, the purchase price was deconsolidated and therefore netted out.

2. Consolidation Principles

2.1. SUBSIDIARIES

In addition to GAGFAH S.A., all subsidiaries over which control is exercised pursuant to IAS 27.13 are fully consolidated. Control is deemed to be present when GAGFAH S.A. holds the majority of voting rights either directly or indirectly, may govern the financial and operating policies of the company or is entitled to appoint the majority of supervisory board members.

The financial statements of the individual subsidiaries are included in the Consolidated Financial Statements in accordance with IFRSs using the uniform accounting policies stipulated by GAGFAH S.A.

For the companies acquired, capital consolidation was performed using the purchase method in accordance with IFRS 3, under which the acquisition cost of the investment is offset against the respective share in the net assets (in line with the Group's interest) measured at fair value as of the acquisition date.

The assets and liabilities of the relevant subsidiaries were remeasured at fair value as of the respective acquisition dates.

If the acquired share of the net assets of the subsidiary exceeds the cost of the investment, the share of the net assets and the acquisition costs are reassessed as prescribed by IFRS 3.32. Any excess remaining after this reassessment is recognized immediately as profit or loss.

All intercompany receivables and liabilities (and provisions), revenues, expenses and income as well as gains and losses are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group obtains control. Inclusion in the Consolidated Financial Statements ends as soon as the parent ceases to have control.

An adjustment item for minority interests is recognized for shares in fully consolidated subsidiaries that do not belong to the parent company. Pursuant to IAS 27.27, the adjustment item is disclosed under consolidated equity as a separate item from the equity of the parent company.

Minority interests in consolidated profit or loss are recorded separately in the Consolidated Statement of Comprehensive Income as a "thereof" item below net profit or loss in accordance with IAS 27.27.

2.2. INCREASE IN MAJORITY INTEREST

A change in ownership interest of a subsidiary without a change of control is accounted for as an equity transaction.

2.3. JOINT VENTURES

The Group has interests in joint ventures. According to IAS 31.3, a joint venture is defined as a contractual arrangement between two or more parties to undertake economic activities that are subject to joint control. A jointly controlled entity is a joint venture which entails the formation of a separate entity in which each party has an interest. The Group accounts for its interest in the joint venture on the basis of proportionate consolidation. For proportionate consolidation, the same methods are generally applied as for the full consolidation of subsidiaries. Required consolidation entries for relationships with proportionately consolidated companies are performed in accordance with the respective share in equity. The Group combines its share in the assets, liabilities, income and expenses of the joint venture with the relevant items in the Consolidated Financial Statements. The Financial Statements of the joint ventures are prepared as of the same balance sheet date of the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

If contributions are made or assets sold to the joint ventures, recognition of the portion of a gain or loss from the transaction reflects the substance of the transaction. When the Group purchases assets from a joint venture, it does not recognize its share of the profits of the joint venture from the transaction until it resells the assets to an unrelated party.

2.4. ASSOCIATES

The investments over which GAGFAH exercises significant influence in accordance with IAS 28.6, but which it neither controls nor jointly controls, are disclosed as associates. The Group is considered to have a significant influence when it holds at least 20 % of the voting rights unless it can be clearly demonstrated that this is not the case.

Pursuant to IAS 28.13, shares in associates are accounted for using the equity method, i.e. at the Group's share in the net assets of the relevant associate, and increased or decreased in accordance with the Group's share in the associate's net profit or loss. Profits from the disposal of associates are disclosed with other operating income.

As of the balance sheet date, the Group does not have any associates.

C. Accounting Policies

1. Intangible Assets

ACQUIRED INTANGIBLE ASSETS
Acquired intangible assets with a finite lifespan are initially measured at cost and amortized straight line over their expected useful lives in accordance with IAS 38.97.

The software licenses recorded under intangible assets are amortized over a useful life of three to ten years.

GOODWILL
Goodwill arising upon capital consolidation represents the excess of the cost of a business acquisition over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary on the acquisition date.

Pursuant to IFRS 3.32, goodwill is recorded as an asset on the date of acquisition. It is not amortized, but subject to an annual impairment test pursuant to IAS 36. Following initial recognition, goodwill is measured at original cost less any accumulated impairment losses.

Basically, GAGFAH distinguishes whether the goodwill relates to a real estate portfolio or whether the goodwill relates to a service provider without a real estate portfolio.

In the case of a real estate portfolio, cash flows from the real estate are included in the calculation of the fair value of the real estate. For the calculation of the fair value of the real estate, the Company uses certain parameters based on valuation standards used for calculation of market prices. An additional amount can result from the fact that the individual parameters for GAGFAH (e.g. administrative expenses) turn out more favorable than the general estimation used in the valuation of the real estate. These cost advantages can result in an incremental value in use which justifies the goodwill for the underlying real estate.

In the case of a service provider without a real estate portfolio, the prospective discounted cash flows of that company are used for the impairment test of the goodwill. Future cash flows are projected in detail for two years. After this detailed planning horizon, no increase in future cash flows is planned.

For the purpose of impairment testing, the acquired goodwill is allocated to each cash-generating unit expected to benefit from the synergies of the combination as of the acquisition date. The cash-generating units of GAGFAH Group correspond to the particular regional divisions. Impairment is determined by assessing the recoverable

amount of the cash-generating unit to which the goodwill relates. The recoverable amount is the higher amount of the fair value in use and the fair value less costs to sell. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill linked to the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When a subsidiary is sold, the allocable amount of goodwill is included in determining the gain or loss on disposal.

2. Leases

Leases are assessed in accordance with their substance.

For finance leases, a Group company is deemed to be the lessee provided it alone has the risks and rewards incidental to ownership of the leased item. The leased item is capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. The lease payments are divided into interest and principal payments; the lease liability thus bears interest on an ongoing basis. Finance costs are recorded directly as expenses. If it is not sufficiently certain that the ownership has been transferred, the leased items are amortized / depreciated over their remaining useful lives or over the remaining term of the lease using the shorter of the two periods.

If a Group company acts as lessor but all risks and rewards incidental to ownership of the leased asset remain with the Group, the lease is considered to be an operating lease. Initial direct costs are capitalized and recorded as an expense over the term of the lease in accordance with the rent received. Lease payments from operating leases are straight-lined and expensed over the term of the agreement.

All existing rental leases related to the Group's investment properties have been assessed as operational leases. The tenants have a unilateral right to terminate within the statutory notice period.

3. Investment Property

A) RECOGNITION

Investment property is defined as property held in the long term to earn rentals and / or for capital appreciation. This includes land without buildings, land and similar land rights with buildings as well as land with third-party inheritable building rights. This balance sheet item does not include owner-occupied real estate (e.g. administrative buildings) or property held for short-term sale within the scope of ordinary activities.

Where buildings are partly owner-occupied and partly leased to third parties, the relevant parts of the buildings are accounted for separately in accordance with IAS 40.10 only if the leased part of the property can be disposed of separately or leased separately within the scope of a finance lease transaction.

Properties are allocated to the investment property portfolio if there is a change in their usage evidenced by the end of owner occupation or the beginning of a lease agreement with another party.

Properties are taken out of the investment property portfolio if there is a change in their usage evidenced by the beginning of owner occupation.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses from the discontinuation or disposal of the investment property are recognized in the year in which it was discontinued or disposed of.

Any gains or losses that result from a change in the fair value of the investment property are recognized as profit or loss for the period in which they arise.

B) VALUATION

Investment property is initially measured at cost plus any incidental purchase costs or transaction costs at the time of addition in accordance with IAS 40.20. In the subsequent annual accounts the portfolios are valued at their fair value. The valuation results are shown on the line “Profit / loss from fair value measurement” of the statement of comprehensive income.

Investment property is stated at net fair value (fair value less purchasers’ cost) upon subsequent measurement.

All investment property is valued internally by GAGFAH S.A. at the end of each fiscal year and at each quarterly reporting date.

Given the large and diverse nature of our portfolio, our aim is to verify the value of each of our investment properties by an independent third-party appraiser on a rolling basis over a period of four years.

The internal property valuation of GAGFAH S.A. is based on a Discounted Cash-Flow (DCF) model, which derives the present value from the properties' future cash flows. The valuation is conducted on a property-by-property basis.

The DCF model is based on a detailed planning period of ten years, within which the relevant real estate cash flow components are forecast for each period according to the risk assessment of each individual property. For example, the rental growth is calculated in line with legal provisions and forecast to grow to market level over time and with market growth thereafter. After the detailed planning period of ten years, a net present value is calculated for the remaining useful life.

The valuation model of GAGFAH S.A. uses market-oriented figures where relevant (e.g. capitalization rate, administrative expenses, repair and maintenance costs).

The future cash flows and the discount rate have the strongest influence on the value of the investment property.

Discount Rate

The discount rates used in the DCF model of GAGFAH's internal valuation are based on current transaction prices paid for residential property assets comparable to GAGFAH's property portfolio and reflect current developments in the German residential real estate market. The calculated average discount rate represents the market average for transactions in assets comparable to GAGFAH's assets. Based on this average, property-specific asset-by-asset discount rates are derived by applying a discount or premium to the average depending on the risk assessment for the specific asset.

The assessment of the real estate risk is carried out at a property-by-property level and is the result of a scoring model developed by GAGFAH that takes into account the criteria of lease-up, property and location risk. The lease-up risk reflects the profitability of the property, the vacancy and the fluctuation rate and the current tenant mix. The property risk is derived from the building structure as well as from the quality standard and the current building condition. The location risk is a result of the quality of the macro and micro location.

Market-oriented Figures

The net cash flows are based on the current asset-specific operating income less non-recoverable expenses such as vacancy loss, non-recoverable operating expenses, administrative costs, repair and maintenance costs and other operating costs such as ground rents.

Depending on the prevailing market rent and the asset-specific rent adjustment options, the current in-place rent is forecasted to reach the market level over time and grow in line with the market rent thereafter. The market rent grows at a property-by-property level and is assumed to increase between 0.00 % and 1.50 % per year. The net in-place rent is calculated by subtracting vacancy losses as well as rent reductions. First, the current vacancy loss is applied. Over a period of three years it then develops into and is continued as a property-specific, sustainable vacancy loss rate.

The asset-specific, directly allocable operating costs such as repairs and maintenance and other operating costs are derived from the scoring model.

C) WELFARE CONDITIONS AND CONTRACTUAL OBLIGATIONS

Several direct and indirect subsidiaries of GAGFAH S.A. agreed in certain share and asset purchase agreements by which the property portfolio of the GAGFAH Group was acquired to comply with welfare conditions, which in addition to the regular rent control conditions safeguard the relevant parts of the portfolio. It must be noted that these welfare conditions only relate to certain parts of the overall residential property stock of the GAGFAH Group and that certain specifications differ from unit to unit. Such welfare conditions include, but are not limited to, the following obligations in particular.

After the date of property purchases a general right of continuance usually exists for several years. Within this period, various regulations regarding the property apply:

In the event of planned single-property sales, for example, the respective properties may have to be offered first to the tenants or their immediate family members before they can be offered to third parties (pre-emption right). For certain parts of the portfolio, these offers may additionally be subject to predefined upper limits. In the event of planned sales of condo units, which includes privatization and small multi-family home sales, or leased buildings with more than one rental apartment, such sales may only be permitted if certain obligations are fulfilled, such as predefined tenant occupancy rates or vacancy rates.

Furthermore, the welfare conditions may comprise clauses defining upper limits of rent increases as well as regulations regarding minimum maintenance expenses and required improvement works. For certain parts of the portfolio, the respective subsidiaries moreover have committed themselves to invest a defined average amount per square meter in maintenance and improvements.

Additionally, there are absolute selling restrictions for certain parts of the portfolio. Sales of individual properties from this portfolio are only possible with the approval of existing minority shareholders.

4. Property, Plant and Equipment

If properties are owner-occupied within the scope of operating activities, they are disclosed under the balance sheet item property, plant and equipment.

Other property, plant and equipment of GAGFAH S.A. is accounted for at cost less accumulated depreciation and impairment losses in accordance with the cost method of IAS 16.30.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income for the year the item is derecognized.

The residual values of the items of property, plant and equipment, useful lives and depreciation methods are reviewed at the end of each fiscal year and adjusted as necessary.

In the case of major renovations, the relevant components are recognized as replacement investments if the recognition criteria are met.

Land and buildings held for the provision of services or for administrative purposes are recognized in the balance sheet at cost less depreciation. Cost includes consideration paid for third-party services and, with respect to qualifying assets, borrowing costs that were capitalized in accordance with Group accounting policies.

Assets under construction for administrative purposes or for non-specified purposes are recognized at cost less any impairment losses charged. Cost includes consideration paid for third-party services and, with respect to qualifying assets, borrowing costs that were capitalized in accordance with Group accounting policies.

Furniture and fixtures as well as **technical equipment and machines** are disclosed at cost less accumulated depreciation and any impairment losses recognized.

Technical equipment and machines and other equipment, furniture and fixtures are depreciated on a straight-line basis with the residual book value serving as assessment base. Owner-occupied buildings are depreciated on a straight-line basis with the acquisition and production costs serving as assessment base.

Depreciation on property, plant and equipment is generally based on the following useful lives:

	Useful life
Owner-occupied buildings	50 years
Technical equipment and machines	10 to 25 years
Other equipment, furniture and fixtures	3 to 13 years

The residual carrying amounts and useful lives are reviewed at every balance sheet date and adjusted if required. Impairment losses are recognized on the basis of impairment tests pursuant to IAS 16.63 in conjunction with IAS 36.59 if the carrying amount exceeds the higher of the value in use and the net selling price (please refer to section C.6. "Impairment of Items of Property, Plant and Equipment and Intangible Assets"). If the reasons for impairment cease to apply, the impairment is reversed in accordance with IAS 36.110.

5. Borrowing Costs

Except for borrowing costs relating to qualifying assets, borrowing costs are expensed as incurred, in accordance with IAS 23.8.

If borrowing costs can be allocated directly to the acquisition, construction or production of qualifying assets, they are capitalized as part of cost, in accordance with IAS 23.8.

A further prerequisite for the capitalization of borrowing costs is that the amount can be measured reliably and that the capitalized borrowing costs are matched by a probable future benefit.

As soon as costs including borrowing costs arise for the asset and preparations commence for the production of the asset, the borrowing costs are capitalized as part of cost, in accordance with IAS 23.17.

Pursuant to IAS 23.22, capitalization ceases once all required actions have been performed in order to render the asset usable or saleable. For construction or renovation projects, this is the completion-of-construction date.

If the production process is interrupted for a long period, capitalization of the borrowing costs is suspended for this period, in accordance with IAS 23.20.

In the normal course of business, (mortgage) loans are raised on a regular basis specifically for the production of an asset. Thus, only the interest actually accruing on this borrowing during the period less any investment income on the temporary investment of these borrowings is capitalized. The capitalized borrowing costs correspond to the specific borrowing costs of the relevant asset.

6. Impairment of Items of Property, Plant and Equipment and Intangible Assets

At every balance sheet date, GAGFAH S.A. reviews the carrying amounts of its items of property, plant and equipment and intangible assets (except for goodwill, see C.1) in order to ascertain whether there are any indications of impairment of these assets. If there are indications of such, the recoverable amount of the asset (or cash-generating unit) is estimated.

The recoverable amount is the higher of the fair value less costs to sell and the value in use.

If the estimated recoverable amount of an asset (or the cash-generating unit) is less than the carrying amount, the latter is reduced to the recoverable amount and the impairment loss is recognized immediately in profit or loss.

If the impairment is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the newly estimated recoverable amount. This increased value may not exceed the carrying amount that would have arisen after taking into account amortization / depreciation if no impairment had been recognized in the prior periods. The amount of any reversal is included immediately in profit or loss for the period. Once a reversal has been made, the amortization / depreciation charge is adjusted in future reporting periods in order to systematically allocate the adjusted carrying amount of the asset less a residual carrying amount over its remaining useful life.

7. Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument for another entity.

Gains and losses on the disposal of financial instruments are disclosed as other operating income or expenses. Impairment losses are disclosed as other operating

expenses. Other results from financial instruments, mainly interest, are disclosed in the financial result.

A) PRIMARY FINANCIAL ASSETS

IAS 39.9 divides financial assets into four categories for the purpose of subsequent measurement and recognition:

- Financial assets measured at fair value through profit or loss
- Held-to-maturity financial instruments
- Loans granted and receivables
- Available-for-sale financial assets

The financial assets are classified in accordance with the respective purpose for which they were acquired.

If securities are purchased within the Group, these are treated as **available-for-sale financial assets**. Other investments in equity instruments are also classified as **available-for-sale financial assets.**

Loans granted and receivables and **available-for-sale financial assets** are initially measured at fair value plus transaction costs directly allocable to the acquisition of the financial asset in accordance with IAS 39.43. Transaction costs mainly include commissions, broker fees, notary fees and swaps which have been subject to novation.

Assets allocated to the category **available-for-sale financial assets** are measured at fair value with gains and losses being carried in a separate equity item. The loss or gain accumulated in equity is recognized in profit or loss when the financial investment is derecognized or impaired.

The fair value of **available-for-sale financial assets** traded on organized financial markets is determined by reference to the market price on the balance sheet date. If there is no active market, measurement methods that rely on recent market transactions on arm's-length terms are used. If no fair value can be reliably measured, the asset is subsequently measured at amortized cost.

Ordinary purchases or sales of financial assets are accounted for as of the settlement date, and thus as of the date the asset is delivered.

On every balance sheet date, GAGFAH S.A. determines whether there are any objective indications of the impairment of a financial asset or group of financial assets.

Financial assets are derecognized when the contractual rights or obligations underlying the financial instrument no longer exist (elimination) or have been transferred to a third party (transfer).

Primary and acquired loans and receivables with fixed or determinable payments that are not traded on an active market are categorized as **loans granted and receivables.**

In this category, GAGFAH S.A. in particular has trade receivables and other long-term loans.

After initial recognition, loans granted and receivables are measured at amortized cost using the **effective interest method** in accordance with IAS 39.46 (a), provided the fair value is not lower.

Low-interest-bearing receivables due in more than one year are recognized at the discounted amount taking into account appropriate interest.

If there are objective indications of impairment, the asset is tested for impairment in accordance with IAS 39.58 in conjunction with IAS 39.63 et seq. If impairment is established, the expected cash flows are estimated and capitalized at the interest rate used for first-time recognition. If a loss arises from the difference of the present value of estimated future cash flows as compared with the carrying amount, this amount is recorded as profit or loss.

For rent receivables, the receivables from current rental agreements and rental agreements which are no longer in place are grouped together in order to test them jointly for impairment and specific bad debt allowances are recognized on the basis of past experience. For other loans and receivables, appropriate allowances are charged on an item-by-item basis (if required) for uncollectible amounts.

Subsequent reversals in accordance with IAS 39.65 are recognized as profit or loss.

For current trade receivables and other current receivables, the Company assumes that the carrying amount reflects a reasonable approximation of fair value.

The fair value of the non-current loans granted and receivables is determined by discounting the future cash flows at the market interest rate, as there is no active market for these assets.

B) PRIMARY FINANCIAL LIABILITIES

Primary financial liabilities within the GAGFAH Group comprise in particular financial liabilities, trade payables and rent liabilities.

Pursuant to IAS 39.14, financial liabilities are recognized on the date on which GAGFAH S.A. becomes a party to the contractual provisions governing the financial instruments.

Financial liabilities are initially recognized in accordance with IAS 39.43 at fair value plus transaction costs that are directly allocable to the raising of the financial liabilities.

Following initial recognition, the financial liabilities are measured at amortized cost using the effective interest method (IAS 39.47). Amortized cost is calculated by taking into account over the expected life of the financial liability any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. If the Group revises its estimates of payments or receipts, the carrying amount of the financial asset or financial liability (or group of financial instruments) will be adjusted in accordance with IAS 39.AG8 to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate or, if applicable, the revised effective interest rate calculated in accordance with IAS 39.92. The adjustment is recognized in profit or loss as interest income or interest expenses.

The fair value of the financial liabilities normally equals the amount received.

Liabilities that bear no or low interest for which the lenders receive occupancy rights for apartments at discounted rent in return are recognized at amortized cost using the effective interest method. The liabilities are initially measured at fair value on the date the government grant was issued using the market level of interest at that time. In accounting for the acquisition of subsidiaries, acquisition cost was determined on the basis of the fair values of the loans as of the acquisition date. The difference between the collected amount and the fair value is disclosed separately as a deferred item and allocated in subsequent years on a proportionate basis over the term of the loan as “revenues from real estate management”; by contrast, the interest expense is recorded at amortized cost using the effective interest method.

Financial liabilities – or parts thereof – are derecognized as soon as the liability is extinguished, i.e. when the obligations stipulated in the agreement are settled or canceled.

Gains or losses from financial liabilities are recorded in profit or loss in accordance with IAS 39.56 when the financial liability is derecognized. The amortization of transaction costs is also recorded in the statement of comprehensive income.

For current trade payables and other current financial liabilities, the Company assumes that the carrying amount reflects a reasonable approximation of fair value.

The fair value of the non-current financial liabilities is determined by discounting the future cash flows at the market interest rate, as there is no active market for these liabilities.

The pension and jubilee commitments of GAGFAH S.A. are made by way of a direct commitment. Corresponding liabilities are determined on the basis of actuarial principles.

Jubilee commitments are granted for 40 years, 25 years, 15 years and 10 years of service.

C) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RELATIONSHIPS

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently recalculated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At present, GAGFAH Group makes no use of the hedge accounting option as described by IAS 39.

Therefore, any gains or losses arising from changes in fair value on derivatives during the year are taken directly to the statement of comprehensive income.

8. Inventories

Inventories include land and buildings held for sale as well as other inventories.

Other inventories are initially measured at cost. Cost comprises all costs directly allocable to the production process and an appropriate share of overheads.

Financing costs are allocated to production costs if they are directly linked to financing within the meaning of IAS 23.8.

The inventories are measured at the lower of cost and net realizable value as of the balance sheet date in accordance with IAS 2.9. Net realizable value is the estimated selling price less all estimated costs of completion and marketing and selling expenses.

If inventories are sold, their carrying value is recognized as an expense in the year in which the related revenue is recognized in accordance with IAS 2.34.

9. Assets Held for Sale

Investment properties and owner-occupied property are classified as "held for sale" if the following requirements are fulfilled:

- The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets,
- the sale of the asset must be highly probable and
- the asset must not be in the process of being abandoned.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment properties classified as "assets held for sale" are measured in accordance with the fair value model in IAS 40. For owner-occupied property classified as "assets held for sale", depreciation is suspended from the moment of reclassification. These assets are measured at the lower of carrying amount and fair value less costs to sell.

In case of a later decision not to sell the asset, a reclassification from assets held for sale into investment properties has to be made. The recoverable amount at the date the decision was made is taken as a basis for the reclassification. The valuation of the investment property has to be made in accordance with IAS 40 on the next quarterly reporting date.

In case of a classification of properties as "held for sale", a decision about the use of the sales profit has to be made. If no reinvestment is intended, it is assumed that the Group has got a short-term repayment obligation. The respective financial liabilities need to be disclosed as short-term financial liabilities.

10. Provisions for Pensions

GAGFAH offers its employees both defined benefit plans and defined contribution plans.

In conjunction with the **defined benefit plans**, there are various types of employer-funded pension plans for company pensions. The provisions are measured according to the projected unit credit method in accordance with IAS 19. The amount of the obligation is based on the present value of the earned and realistic pension entitlements on the measurement date, including probable future increases in pensions and salaries. The GAGFAH subgroup, for example, grants its employees company pensions under Pension Regulation 2002 (hereinafter referred to as "VO 2002"). In addition to its own pension scheme, the NILEG subgroup also participates in the pension scheme

organized by the pension institution of the Federal Republic of Germany and the Federal States (hereinafter referred to as "VBL"). The GBH subgroup is involved in the pension scheme of the public corporation "Kommunaler Versorgungsverband Baden-Württemberg" (hereinafter referred to as "ZVK-KVBW").

Under the **defined contribution plans**, the Company pays contributions to public or private pension insurance schemes on the basis of statutory or contractual requirements. GAGFAH S.A. does not have any other benefit obligations beyond payment of contributions. The current contribution payments are disclosed as an expense in the relevant year under personnel expenses for the functional areas.

The VBL and the KVBW constitute a multi-employer defined benefit plan which pursuant to IAS 19.30 (a) was accounted for as if it were a defined contribution plan, as the VBL and the KVBW do not make available sufficient information to permit treatment as a defined benefit plan.

The GAGFAH subgroup pays old-age pensions, early retirement pensions, invalidity pensions, widow's / widower's and orphan's pensions according to VO 2002. Payments to recipients are made if the requirements under the workplace agreement are fulfilled and if payments from the pension insurance are made. The above-mentioned criteria have to be proved by presentation of a notice of a German pension insurance institution and a professional pension fund, respectively. The compliance with the waiting period, which in this case equals the legal vesting terms, is regarded as a general requirement.

The provisions for pensions from defined benefit plans are calculated using the projected unit credit method stipulated under IAS 19.64 with an actuarial valuation performed at each balance sheet date. This method takes into account both the pensions known and expectancies acquired as of the balance sheet date and the increases in salaries and pensions to be expected in the future.

Actuarial gains and losses are incurred if in the course of the fiscal year the actual development deviates from assumptions made at the beginning of the fiscal year or if the parameters determined at the end of the fiscal year are different than those determined at the beginning of the fiscal year.

The total (accumulated) actuarial gains and losses existing at the end of the fiscal year derive from the gains or losses existing at the beginning of the fiscal year less amortization plus additions in the fiscal year.

In accordance with IAS 19.92, actuarial gains and losses accumulated as of the balance sheet date are first recognized when the net gains and losses at the end of the

prior reporting period exceed the greater of 10 % of the present value of the defined benefit obligation at that date (before deducting plan assets) and 10 % of the fair value of any plan assets at that date.

Actuarial gains and losses exceeding the 10 % corridor of the obligation are, wherever appropriate, spread over the expected average residual number of years of service for each employee under the defined benefit plan.

11. Other Provisions

In accordance with IAS 37.14, other provisions are recognized if a legal or constructive obligation in respect of a third party exists that results from a past event and it is likely that the Company will be called on to settle this obligation and the anticipated amount of the provision can be reliably estimated.

In accordance with IAS 37.36, the provisions are measured at the amount of the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions expected to be utilized after more than one year are discounted in accordance with IAS 37.45 and recognized in the amount of the present value of the expected expenditure.

Provisions for restructuring expenses are recognized when the Group has prepared a detailed formal restructuring plan and made this plan available to the relevant parties.

12. Deferred Taxes

Deferred taxes are recognized using the liability method for all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax assets and unused tax losses can be utilized. The following exceptions were taken into account:

- Deferred income tax assets which arise from the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the

transaction affects neither the accounting profit or loss nor the taxable profit or loss may not be recognized.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets may only be recognized to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and sufficient taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which all or part of the deferred tax asset can be utilized.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset against each other when the Group has an enforceable right to set off the current tax assets against its tax liabilities and these assets and liabilities relate to income taxes levied by the same tax authority for the same taxable entity.

13. Income and Expenses

Income and expenses in the fiscal year are accounted for regardless of the date of payment. Revenues from leasing and sales are recognized when the owed service has been rendered, or the risks of ownership have been transferred and the amount of expected consideration can be reliably estimated.

The **rental income** is recognized monthly on the rendering of the service. The prepayments for operating expenses factored into the rent are recognized as revenues in the amount in which allocable operating expenses were incurred in the fiscal year. Any remaining difference is disclosed either as a rent receivable or liability.

Revenue from the **sale of land** is recognized when:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- no rights of disposal or control over the sold items remain with GAGFAH S.A. or its subsidiaries;

- the amount of revenue can be measured reliably;
- it is sufficiently probable that the proceeds from the sale will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Management fees are only recognized as **revenues from third-party real estate management** if the agreed management services (including chargeable part-services) have been rendered.

Other revenues are recognized when the service has been rendered, the risks of ownership have been transferred, and the amount of expected consideration can be measured reliably.

14. Government Grants

Pursuant to IAS 20.12, government grants should be recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

GAGFAH S.A. companies receive government grants in the form of construction cost allowances, redemption subsidies, redemption loans and low-interest loans.

Construction cost allowances are, wherever they relate to construction work, deducted from cost and released over the useful life of the subsidized asset. If the allowances do not relate to capitalizable maintenance work, they are listed as income immediately.

Redemption subsidies which are granted in the form of rent, interest and other redemption subsidies are recognized as income. They are disclosed under income from the leasing of investment property.

With the exception of the loans secured by charges on property, for which a modified waiver of receivables was issued, **redemption loans** have been recognized as liabilities.

Low-interest loans relate to government assistance. They are recognized at present value on the basis of the market interest rate prevailing at the date of issue. The difference is posted to a deferred item which is released to income from the leasing of investment property on a straight-line basis over the remaining term.

15. Share-based Remuneration

Senior management of GAGFAH Group is entitled to different equity-settled remuneration plans based on the individual employment contracts.

The conditions of the first equity-settled remuneration plan are as follows: When shares were granted prior to the initial public offering of the Company, the cost of the plan was measured at the share price of €19.00 offered in the initial public offering. All other costs of this plan are measured by reference to the fair value at the date on which the shares were granted.

In 2009, new stock options were granted to members of senior management and other levels of management. 50 % of the stock options vest on December 31, 2010; another 50 % vest on December 31, 2011. The exercise period ends on December 31, 2015.

The fair value of the options is estimated at the respective grant dates using the Black & Scholes option pricing model. The individual parameters taken as a basis for the calculation of the fair value are shown in the Notes to the Consolidated Statement of Comprehensive Income (see chapter F.8. "Expenses for Share-based Remuneration").

Together with a corresponding increase in equity, the costs of equity-settled transactions are recognized equally over the period in which the service conditions are fulfilled, ending on the date on which the relevant managers become fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The middle management of the Company's subsidiaries is entitled to a cash-settled remuneration plan based on a standardized additional agreement. The plan is running for three years starting on July 1, 2008. Costs of this plan are measured initially at fair value at the grant date. Subsequent measurement until the vesting date takes place by reference to the fair value at the respective balance sheet date.

The costs are recognized together with the corresponding increase in liabilities over the period in which the service conditions are fulfilled, ending on July 1, 2011. Changes in the provision are recognized in the statement of comprehensive income.

16. Cash Flow Statement

The consolidated cash flow statement is prepared in accordance with the provisions of IAS 7. It is split into the three parts: cash flows from operating, investing and financing activities. For mixed transactions, cash flows are allocated to more than one area as appropriate.

Cash flows from operating activities are disclosed using the indirect method, under which profit or loss for the period is translated into cash flow in a reconciliation. The cash flows from investing and financing activities are calculated on the basis of payments.

Cash and cash equivalents are defined as the balance of cash and cash equivalents and all securities with a residual term (at the acquisition date) of up to three months, less the liabilities from overdrafts disclosed under current financial liabilities which are part of the Group-wide cash management system.

Financial liabilities are all liabilities to banks and other lenders.

17. Estimates and the Exercise of Judgment by Management

A) THE EXERCISE OF JUDGMENT

Management exercises its judgment in recognizing and measuring items. This can have a significant influence on the amounts disclosed in the Consolidated Financial Statements. Major estimates requiring the exercise of judgment include the recognition of provisions, estimating useful lives of property, plant and equipment, assessing the recoverability of trade receivables and deferred tax assets as well as the adequate valuation of inventories.

Management has to exercise judgment with regard to the consolidation of special purpose entities (SPEs).

IAS 27 regulates the consolidation of companies controlled by other companies. Given that the standard does not explicitly govern the consolidation of SPEs, SIC 12.8 has to be applied. According to the latter, a special purpose entity has to be consolidated by another company when the SPE is controlled by that company from an economic perspective even if the company does not hold more than half of the SPE's shares.

The application of the control concept requires judgment in each individual case with consideration of all relevant factors (business operations for the benefit of the controlling company, power of decision of the controlling company, the right to profit from the SPE as well as the bearing of the majority of the risks immanent in the SPE).

B) UNCERTAINTIES RELATING TO ESTIMATES

The preparation of the Consolidated Financial Statements requires to a certain extent assumptions and estimates to be made which have an effect on the carrying amounts of recognized assets and liabilities, income and expenses and contingent liabilities. The assumptions and estimates relate mainly to the measurement of investment property, the uniform group calculation of useful lives for property, plant and equipment and the recognition and measurement of provisions. The assumptions and estimates are based on parameters which are derived from current knowledge at that time. In particular, the circumstances prevailing at the time of preparation of the Consolidated Financial Statements and the realistic future development of the global and industry environment were used to estimate cash flows. Where these conditions develop differently than assumed and beyond the sphere of influence of management, the actual figures may differ from those anticipated. If there are deviations between actual and anticipated development, the assumptions and, wherever necessary, the carrying amounts of the relevant assets and liabilities, are adjusted accordingly.

Currently there are considerable risks for the valuation of real estate due to the aftermath of the financial market crisis. The crisis in the global financial system and in particular, the failure of major investment banks have created a significant degree of uncertainty in the European real restate market. Despite the measures taken for recapitalizing banks and regulating financial markets by the EU in 2009, a lack of clarity as to the market drivers remains. In this environment, prices and values go through a period of heightened volatility whilst the market absorbs the various issues and draws its conclusions.

The average discount rate of 5.64 % (prior year: 5.61 %) used for the valuation of investment properties is derived from prices paid for assets comparable to the real estate portfolio of GAGFAH in Germany. For further information please refer to section E.2. “Investment Property”.

In real estate valuation a market value can only be securely and finally confirmed by the sale of such property. The insecurity lies especially in the assumptions for future cash flows and the discount rate.

A potential change in the discount rate by 10 basis points, for example, changes the total value of the GAGFAH Group portfolio by approximately €140.0 million (prior year: €135.0 million).

Pensions were discounted at a rate of 5.50 %, compared to 5.59 % as of December 31, 2008. Reference is made to section E.14.1. "Provisions for pensions and similar obligations".

Some loans granted by state-owned banks include an option for the bank to increase the interest rate over a specific period up to a maximum level. Due to the special organization of the lenders as state-owned banks the respective state parliaments have the option to cancel the interest increase by an act of parliament. For valuation purposes concerning loans granted by state-owned banks, senior management estimates the future interest rate adjustments on an annual basis. For the valuation in the fiscal year 2009, senior management assumed that the state-owned banks will exercise all possible future interest rate adjustment options and that the respective state parliaments will not cancel those adjustments. In the fiscal year 2009, these estimates did not change compared to the prior year.

D. Segment Reporting

GAGFAH Group applies IFRS 8 "Operating Segments" in its segment reporting for the reporting period beginning on January 1, 2009. According to this, the segment reporting must be prepared in a manner consistent with internal reports regularly used by the Group's key decision-makers for the internal assessment of the segments' performance or the allocation of resources to the Group's segments.

GAGFAH's reporting format is based on its core business segments "Real estate management" and "Real estate sales". These segments represent strategic business functions within the Group.

All other income and expenses that do not concern the real estate management and real estate sales segments are displayed in the separate column "Other" in the Group Segment Report.

"Segment revenues" and "Segment results (EBITDA)" are key performance indicators used by the Group for measuring segment performance. The primary differences between segment revenues and EBITDA on the one hand and Group revenues and EBITDA on the other hand are explained in footnotes (1) and (2) to the Group Segment Reports for the periods from January 1 to December 31, 2009, and 2008 on pages 82 and 83, respectively.

The segment revenues of the real estate management segment comprise the total income from the leasing of investment property as shown in the statement of comprehensive income plus revenues from third-party management and other services, reduced by non-cash income from government-granted loans.

The segment assets of the real estate management segment are mainly comprised of investment properties. The segment assets of the real estate sales segment primarily contain assets held for sale (condo sales) and receivables from sales of land (non-current assets).

The segment liabilities of the real estate management segment mainly consist of term loans, senior debt and the revolving credit facility. Liabilities from sales of land (non-current assets) and liabilities from commissions are allocated to the real estate sales segment.

Assets held for sale, the respective short-term liabilities and all relating income and expenses concerning the large multi-family home sales program are allocated to the column "Other".

Intragroup transactions between the segments are carried out at arm's length.

Group Segment Report

for the period from January 1 to December 31, 2009

€ MILLION	Real estate management	Real estate sales	Total Segments	Other	Total Group
Segment revenues	**980.1**	**137.0**	**1,117.1**	**141.2** [1]	**1,258.3**
Segment results (EBITDA)	**443.0**	**6.5**	**449.5**	**- 186.8** [2]	**262.7**
Reorganization and restructuring expenses	- 13.9	0.0	- 13.9	- 7.5	- 21.4
Depreciation / amortization	- 2.5	0.0	- 2.5	- 1.7	- 4.2
Earnings before interest and taxes (EBIT)	**426.6**	**6.5**	**433.1**	**- 196.0**	**237.1**
Interest expenses	- 292.2	0.0	- 292.2	- 38.5	- 330.7
Interest income	0.8	0.2	1.0	0.3	1.3
Earnings before taxes (EBT)	**135.2**	**6.7**	**141.9**	**- 234.2**	**- 92.3**
Income taxes	0.0	0.0	0.0	17.2	17.2
Net loss / profit	**135.2**	**6.7**	**141.9**	**- 217.0**	**- 75.1**
Segment assets	**9,055.7**	**68.1**	**9,123.8**	**653.5** [3]	**9,777.3**
Segment liabilities	**6,425.4**	**66.2**	**6,491.6**	**828.0** [4]	**7,319.6**
Segment investments (in investment property, property, plant and equipment or intangible assets)	24.4 [5]	0.0	24.4	2.7	27.1
Significant non-cash segment income (+) / expenses (-)	- 47.8 [6]	- 2.1	- 49.9	- 207.3 [7]	- 257.2

[1] The income includes income from the sale of properties from the large multi-family home sales program (€125.5 million), income from the sale of property development projects (€5.3 million), income from the amortization of deferred liabilities of government-granted loans (€8.0 million) and income from the leasing of investment property and revenues from other services of BGF (€2.4 million).

[2] The expenses include loss from fair value measurement of investment property (€- 197.0 million), EBIT attributable to property development projects (€- 3.3 million), the EBITDA contribution from the large multi-family home sales program (€- 5.8 million), income from the amortization of deferred liabilities of government-granted loans (€8.0 million) and income from the reversal of provisions (€14.8 million). Other adjustments amount to €- 3.5 million.

[3] This item basically includes properties from the large multi-family home sales program, cash, intangible assets, property, plant and equipment, inventories, other receivables and other assets, current tax claims, other financial assets and deferred tax assets.

[4] This item basically includes financial liabilities relating to the large multi-family home sales program, deferred tax liabilities, liabilities from income taxes, pension provisions, financial liabilities due to unfinished development on a trust basis, other liabilities and other provisions.

[5] Segment investments of real estate management are additions to investment property.

[6] Significant non-cash expenses of real estate management contain additions to provisions in relation to real estate management (€- 37.0 million), write-offs of rent receivables (€- 10.5 million) and write-offs of other receivables concerning real estate management (€- 0.3 million).

[7] Other significant non-cash income / expenses mainly consist of the loss from the fair value measurement of investment property (€- 197.0 million), the loss from the fair value measurement of derivatives (€- 8.6 million), expenses for compensation payments (€- 6.3 million), income from the amortization of deferred liabilities of government-granted loans (€8.0 million), the present value of loans carried at amortized cost (€- 8.8 million), income from the reversal of provisions (€14.8 million) and additions to other provisions (€- 7.6 million).

Group Segment Report

for the period from January 1 to December 31, 2008

€ MILLION	Real estate management	Real estate sales	Total Segments	Other	Total Group
Segment revenues	**978.3**	**206.0**	**1,184.3**	**41.6** [1]	**1,225.9** [2]
Segment results (EBITDA)	**424.6**	**38.6**	**463.2**	**- 214.0** [3]	**249.2**
Reorganization and restructuring expenses	- 7.5	0.0	- 7.5	- 15.3	- 22.8
Depreciation / amortization	- 4.2	0.0	- 4.2	- 5.6	- 9.8
Earnings before interest and taxes (EBIT)	**412.9**	**38.6**	**451.5**	**- 234.9**	**216.6**
Interest expenses	- 291.8	0.0	- 291.8	- 56.5	- 348.3
Interest income	6.4	3.8	10.2	2.0	12.2
Earnings before taxes (EBT)	**127.5**	**42.4**	**169.9**	**- 289.4**	**- 119.5**
Income taxes	0.0	0.0	0.0	165.6	165.6
Net profit / loss	**127.5**	**42.4**	**169.9**	**- 123.8**	**46.1**
Segment assets	**9,724.2**	**163.5**	**9,887.7**	**443.8** [4]	**10,331.5**
Segment liabilities	**6,887.3**	**10.4**	**6,897.7**	**700.2** [5]	**7,597.9**
Segment investments (in investment property, property, plant and equipment or intangible assets)	164.9 [6]	0.0	164.9	3.2	168.1
Significant non-cash segment income (+) / expenses (-)	- 38.6 [7]	- 1.2	- 39.8	- 268.8 [8]	- 308.6

[1] The income includes income from the sale of property development projects (€24.8 million), income from the amortization of deferred liabilities of government-granted loans (€7.3 million), income from the leasing of investment property and revenues from other services of BGF (€9.5 million).

[2] The difference compared to the Group segment revenues as disclosed in the prior-year Notes (€1,210.1 million) results from the adjustments according to IFRS 8. In the 2008 segment reporting according to IAS 14, the revenues from real estate management amounted to €979.3 million, which only included the income from the leasing of investment property. According to IFRS 8, the revenues of the real estate management segment also comprise revenues from third-party management and other services, reduced by non-cash income from the amortization of government-granted loans and by revenues of the Group's subsidiary BGF. Segment revenues in the column "Other" deviate from the prior-year amount of €24.8 million (only sale of property development projects) because non-cash income from the amortization of government-granted loans and revenues of the Group's subsidiary BGF are also included.

[3] The expenses include loss from fair value measurement of investment property (€- 233.0 million), EBIT attributable to property development projects (€- 10.9 million), income from the amortization of deferred liabilities of government-granted loans (€7.3 million) and income from the reversal of provisions (€6.1 million). Other adjustments amount to €16.5 million, thereof €7.7 million income from fair value measurement of investment property of BGF and €7.1 million result from HB funds.

[4] This item basically includes cash, intangible assets, property, plant and equipment, inventories, other receivables and other assets, current tax claims, other financial assets, deferred tax assets and assets of the Group's subsidiary BGF.

[5] This item basically includes deferred tax liabilities, liabilities from income taxes, pension provisions, financial liabilities due to unfinished development on a trust basis, other liabilities, other provisions and liabilities of the Group's subsidiary BGF.

[6] Segment investments of real estate management are additions to investment property (€76.3 million) and cash paid for reinvestment (€88.6 million).

[7] Significant non-cash expenses of real estate management contain additions to provisions concerning real estate management (€- 23.5 million), write-offs of rent receivables (€- 11.9 million) and write-offs of other receivables concerning real estate management (€- 3.2 million).

[8] Other significant non-cash income / expenses consist of the loss from fair value measurement of investment property (€- 233.0 million), the loss from the fair value measurement of derivatives (€- 33.3 million), income from the amortization of deferred liabilities of government-granted loans (€7.3 million), the present value of loans carried at amortized cost (€- 6.8 million), income from the reversal of provisions (€6.1 million), write-offs of other receivables (€- 0.7 million) and additions to other provisions (€- 8.4 million).

E. Notes to the Consolidated Balance Sheet

1. Intangible Assets

Intangible assets with a finite lifespan mainly comprise software licenses for user programs amounting to €3.5 million (prior year: €4.3 million). The decrease in software licenses for user programs is mainly due to the regular depreciation of an operating system.

With the exception of the goodwills from the acquisitions of GAGFAH Pegasus GmbH (previously: Apellas Property Holding GmbH, "APH") of €21.5 million (prior year: €21.5 million) and NILEG subgroup of €2.1 million (prior year: €2.1 million) relating to the service provider VHB FM GmbH, there are no intangible assets with an indefinite lifespan.

For the purposes of testing for impairment, the goodwills were assigned according to the policies laid out in section C.1. "Intangible Assets". The impairment test was carried out using a weighted average cost of capital (WACC) of 5.39 % (prior year: 4.60 %). Due to a rise in the beta factor from 0.89 to 1.31 and a slightly higher cost of debt, the underlying WACC increased compared to the prior year. This weighted discount rate reflects management's estimate of the risks specific to the cash-generating unit.

While these factors have led to an increased WACC there have also been efforts to reduce costs. The main force behind these efforts is the reorganization project of the regions. After having successfully completed the restructuring in the region Berlin, the Company will also complete the implementation of similar changes in the other three regions. Main elements of the reorganization include the closer integration between property management and facility management personnel, the centralizing of all customer and property-related processes and the reduction of customer centers.

While some changes we have made in Berlin are specific to that region, many of the improvements will also be implemented in the other three regions. The overriding goal is the same for all four regions: improve the depth and quality of services to tenants while reducing costs through higher operational efficiency. After a headcount reduction of 20 % in Berlin, the Company believes that similar results will be possible in the other three regions as well, leading to significant cost reductions for the Group.

No impairment loss was recorded as of the balance sheet date.

Please refer to the statement of changes in consolidated non-current assets, which is attached as Exhibit (2).

2. Investment Property

The following overview shows the development of the real estate portfolio:

€ MILLION	2009	2008
As of January 1	9,774.1	9,795.2
Changes in the consolidated Group	- 77.6	0.0
Additions	23.1	356.2
Disposals and reclassifications to assets held for sale	- 508.8	- 144.7
Reclassifications from property, plant and equipment and inventories	1.1	0.4
Changes in value	- 197.0	- 233.0
As of December 31	**9,014.9**	**9,774.1**

The changes to the consolidated Group relate to investment property of BGF of €77.6 million, which was disclosed as part of the disposal group as of March 31, 2009, and was deconsolidated as of April 1, 2009. In the course of the classification of BGF as a disposal group, the investment property of BGF was reduced to €71.7 million by allocation of an impairment loss of €5.9 million.

The additions of €23.1 million mainly relate to modernization programs (prior year: €50.8 million). There were no acquisitions of investment properties during the fiscal year 2009. The additions during the prior year mainly related to the purchase of property portfolios in Berlin (€124.7 million), Dresden (€99.2 million), Hannover (€46.5 million), Frankfurt a.M. / Essen (€31.4 million) and Hamburg (€3.6 million).

Regarding the reclassifications to assets held for sale we refer to section E.11. "Assets Held for Sale".

For investment property that was vacant either for a short time within the fiscal year, due to tenant fluctuation, or during the entire fiscal year, refurbishment expenses of €14.5 million (prior year: €24.3 million) in connection with modernizations, which cannot be capitalized, were incurred.

Investment property by region breaks down as follows:

€ MILLION	2009			
	Units [1]	Rental area [2] (sqm)	Fully-let rent annualized (€ million)	Fair value (€ million)
Region Berlin	27,557	1,631,137	97.8	1,361.6
Region North	50,434	3,080,937	189.0	2,583.9
Region East	48,009	2,836,471	157.7	2,097.5
Region Southwest	51,629	3,211,864	211.5	2,971.9
Total	**177,629**	**10,760,409**	**656.0**	**9,014.9**

€ MILLION	2008			
	Units [1]	Rental area [2] (sqm)	Fully-let rent annualized (€ million)	Fair value (€ million)
Region Berlin	33,026	1,928,885	112.0	1,547.5
Region North	51,089	3,117,519	189.6	2,717.1
Region East	51,200	3,136,142	168.9	2,279.9
Region Southwest	55,927	3,465,222	226.9	3,229.6
Total	**191,242**	**11,647,768**	**697.4**	**9,774.1**

[1] Including residential and commercial units, garages, senior homes and other units. Garages and other units are counted as 1/6 residential unit.
[2] For the garages no rental area is included.

Within the first three months of 2010, GAGFAH Group will achieve minimum leasing payments of approximately €147.4 million (prior-year estimate for fiscal year 2009: €151.3 million) from the present real estate portfolio and the existing operating lease contracts with third parties.

INTERNAL VALUATION

The valuation model used by the GAGFAH Group is described in detail in the Accounting Policies. For more information, please refer to section C.3. “Investment Property”.

The average discount rate of 5.64 % (prior year: 5.61 %) is derived from prices paid for assets comparable to the real estate portfolio of the GAGFAH Group in Germany.

Based on the processes described in the Accounting Policies, the property-specific discount rate weighted by the fair value for the GAGFAH Group is 5.54 % (prior year: 5.45 %).

The cash flows of the detailed planning period were discounted with the property-specific discount rate. The individual cash flows are then aggregated and the net present value is added, resulting in the total value.

Administrative expenses are calculated at a flat rate of €250.00 (prior year: €250.00) per unit. The costs for repairs and maintenance as well as other operational costs are also determined at a property-by-property level.

EXTERNAL VALUATION

Approximately 45 % of the investment property portfolio was externally valued by CB Richard Ellis Deutschland GmbH in accordance with International Valuation Standards (IVS) constituted by the International Valuation Standards Committee (IVSC). The valuation does not reflect or consider a specific financing structure available to a potential buyer or a portfolio sale which could result in a premium or a discount to the property values.

The appraiser's reports show the current market value as of the valuation date and are therefore identical to the value definition in accordance with IFRSs. A confirmation of the portfolio values therefore indirectly confirms the internal valuation assumptions including the applied discount rate.

3. Property, Plant and Equipment

The breakdown of property, plant and equipment is presented in the statement of changes in consolidated non-current assets, which is attached as Exhibit (2).

4. Financial Receivables and Other Financial Assets

The financial receivables and other financial assets break down as follows:

€ MILLION	12-31-2009	12-31-2008
Non-current		
Investments	0.8	0.8
Other	3.1	2.9
Total non-current	**3.9**	**3.7**
Current		
Financial receivables	0.0	1.8
Total current	**0.0**	**1.8**
Total	**3.9**	**5.5**

5. Inventories

The inventories of GAGFAH S.A. break down as follows:

€ MILLION	12-31-2009	12-31-2008
Land and land rights without buildings	35.1	47.4
Land and land rights with finished buildings	1.1	0.4
Land and land rights with unfinished buildings	0.8	1.5
Land with inheritable building rights of third parties	0.7	0.7
Other	9.8	8.8
Total	**47.5**	**58.8**

The decrease in total inventories compared to December 31, 2008, mainly results from the settlement of a development project. The carrying amount of the related land amounted to €10.7 million. Furthermore, GAGFAH S.A. sold inventories totaling €2.5 million (prior year: €25.7 million) in the fiscal year.

The increase in other inventories compared to December 31, 2008, is mainly due to an increase in the stock of repair material.

Impairment losses were recorded on some of the inventories following measurement at the lower net realizable value, with costs yet to be incurred being deducted from the discounted sale price. Impairment losses totaling €0.8 million (prior year:

€0.6 million) were posted to reflect the (lower) net realizable value. These impairment losses relate mainly to land and land rights without buildings.

6. Receivables

Receivables break down as follows:

€ MILLION	12-31-2009	12-31-2008
Non-current		
Receivables from other trade	0.9	0.0
Total non-current	**0.9**	**0.0**
Current		
Receivables from sales of land and buildings	58.5	164.6
Rent receivables	14.4	12.9
Receivables from other trade	3.7	4.7
Receivables from third-party real estate management	0.1	0.4
Total current	**76.7**	**182.6**
Total	**77.6**	**182.6**

Receivables from sales of land and buildings do not represent a material credit risk due to their contractual structure. They are pledged in the form of deposit on an interest-bearing notary trust account in the amount of €50.8 million (prior year: €42.6 million). The decrease in receivables from sales of land and buildings is mainly attributable to the fact that the closing conditions related to the receivables were met.

All other receivables are unsecured and therefore represent a theoretical maximum credit risk in the amount of their positive fair value. Invoiced receivables contain no interest rate risk.

Overall, impairment losses of €11.6 million (prior year: €13.1 million) were recognized for bad debts. There are no restrictions on ownership or disposal for the disclosed receivables.

The development of the Group's valuation allowances is shown in section H.1. "Additional Disclosures on Financial Instruments" of this report.

7. Other Assets

Other assets break down as follows:

€ MILLION	12-31-2009	12-31-2008
Non-current		
Receivables referring to subsidies for costs of demolition	0.9	5.3
Total non-current	**0.9**	**5.3**
Current		
Payments on account	14.4	2.9
Receivables referring to subsidies for costs of demolition	5.5	1.5
Claims for reimbursement	4.8	2.9
Prepayments	3.1	1.5
Receivables from joint venture partners	2.5	2.6
Insurance claims	2.0	2.7
Other	12.4	11.9
Total current	**44.7**	**26.0**
Total	**45.6**	**31.3**

The increase in payments on account is mainly due to the advance payment for external providers of maintenance activities.

The development of the Group's valuation allowances is shown in section H.1. "Additional Disclosures on Financial Instruments" of this report.

8. Current Tax Claims

As of December 31, 2009, GAGFAH S.A. disclosed current tax claims of €8.6 million (prior year: €16.7 million).

These are mainly related to claims from capital yields tax and value-added tax.

9. Deferred Taxes

A uniform tax rate of 32.00 % (prior year: 32.00 %) is generally applied to all Group companies. This comprises a corporate income tax rate including solidarity surcharge of 15.83 % (prior year: 15.83 %). Trade tax is charged at 16.17 % (prior year: 16.17 %).

Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset the current tax assets against the current tax liabilities and when the deferred tax assets and liabilities relate to the same taxpayer.

Deferred taxes are attributable to differences from recognition and measurement of the individual balance sheet items:

€ MILLION	12-31-2009	12-31-2008	Effect on income 2009	Effect on income 2008
Balance sheet				
Investment property	8.4	12.8	- 4.4	12.8
Financial assets	1.7	0.0	1.7	0.0
Other assets	7.1	9.6	- 2.5	- 1.6
Other provisions	13.3	9.6	3.7	3.3
Financial liabilities	6.1	9.9	- 3.8	9.9
Assets held for sale	0.2	0.0	0.2	0.0
Deferred tax assets on temporary differences	**36.8**	**41.9**	**- 5.1**	**24.4**
Loss carryforwards				
Corporate income tax	150.0	126.3	23.7	126.3
Trade tax	75.1	63.5	11.6	63.5
Deferred tax assets on loss carryforwards	**225.1**	**189.8**	**35.3**	**189.8**
Deferred tax assets	**261.9**	**231.7**	**30.2**	**214.2**

€ MILLION	12-31-2009	12-31-2008	Effect on income 2009	Effect on income 2008
Balance sheet				
Investment property	476.9	482.3	5.4	- 33.7
Financial assets	0.5	2.8	2.3	- 1.2
Other assets	0.2	0.9	0.7	2.4
Other provisions	2.0	2.1	0.1	- 2.1
Other liabilities	8.5	7.3	- 1.2	0.5
Assets held for sale	4.9	0.0	- 4.9	0.0
Deferred tax liabilities	**493.0**	**495.4**	**2.4**	**- 34.1**

Deferred tax liabilities resulted from investment property and also partly from deferred tax claims that resulted from the differences between the carrying values disclosed in the IFRS balance sheet and the tax balance sheet. The tax base values are based on the continued recognition of the property at fair value at the date on which former non-profit housing companies became taxable.

In the balance sheet, deferred tax assets on temporary differences of €261.9 million (prior year: €221.8 million) were offset against deferred tax liabilities because the relevant companies belong to a fiscal unity.

As of December 31, 2009, the Group had corporate income tax loss carryforwards of €1,742.2 million (prior year: €1,615.1 million) and trade tax loss carryforwards of €924.2 million (prior year: €787.1 million). These are based on information available at the time of preparation of the Consolidated Financial Statements and may be carried forward indefinitely pursuant to legislation in force as of December 31, 2009. Per period, tax gains of a maximum of €1.0 million and 60.0 % of the amount above this figure may be netted with tax loss carryforwards.

No deferred taxes were recognized on corporate income tax loss carryforwards of €794.5 million (prior year: €817.1 million) as well as on trade tax loss carryforwards of €459.5 million (prior year: €394.4 million), as these are not expected to be realized in subsequent years.

Interest expenses are deductible up to the amount of interest earnings. Beyond that amount, the deductibility is limited to 30 % of the fiscal year's EBITDA. Interest expenses which may not be deducted in the current year are carried forward to the following fiscal years (interest carryforward). Deferred tax assets shall be recognized for the interest carryforward to the extent that it is probable that the interest expenses can be used in following years. Due to the Group's capital structure, the use of the interest carryforward is not probable in the foreseeable future. According to this, no deferred taxes were recognized on interest carryforwards of €99.7 million (prior year: €54.4 million) as these interest expenses are not expected to be realized in subsequent years.

Temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to €9.2 million (prior year: €10.3 million).

10. Bank Balances and Cash on Hand

This item contains cash and cash equivalents in the form of cash on hand, checks and bank balances totaling €236.2 million (prior year: €176.4 million).

The Group's cash and cash equivalents are recorded at their nominal value.

The time deposits of GAGFAH S.A. have terms between one and three months and accrue interest between 0.05 % and 0.68 % (prior year: between 1.68 % and 3.62 %). The weighted average is 0.34 % (prior year: 2.52 %).

The bank deposits have no maturity and are daily disposable. The balances in current accounts mainly accrue interest of 0.00 % to 0.75 % (prior year: 1.68 % to 2.45 %). The weighted average of the interest rates from the Group's main banks amounted to 0.38 % for the fourth quarter and 0.48 % for the fiscal year 2009. Bank deposits at all other banks have an interest rate of 0.12 % for the fourth quarter and 0.31 % for the fiscal year 2009.

Of €236.2 million (prior year: €176.4 million) total cash, €182.6 million (prior year: €98.3 million) are restricted and €53.6 million (prior year: €78.1 million) unrestricted. Of restricted cash, €107.4 million (prior year: €10.6 million) relate to asset sales and will be used to pay down related debt. For further information on restrictions on cash, please refer to section G. "Notes to the Consolidated Cash Flow Statement".

11. Assets Held for Sale

Assets held for sale amounting to €274.4 million (prior year: €5.3 million) contain the carrying amounts of real estate for which the sale is highly probable and management has declared its intention to sell. The increase since December 31, 2008, is due to intensified sales activities in connection with the large multi-family home sales program that was initiated by the Group in the fiscal year 2009.

The assets held for sale concerning the large multi-family home sales program are displayed in the column "Other" within the segment reporting. Please refer to section D. "Segment Reporting".

Loans associated with assets that have been contracted for sale from the sale of large multi-family homes of €219.4 million (prior year: €0.0 million) were reclassified from non-current to current financial liabilities. Please refer to section E.16.1. "Financial Liabilities" of this report.

12. Equity

The development of equity of GAGFAH S.A. is presented in the statement of changes in consolidated equity.

Subscribed capital relates to the parent company's capital stock of €282.4 million (prior year: €282.1 million) and comprises 225,893,880 (prior year: 225,700,384) shares, each with a nominal value of €1.25 (prior year: €1.25).

Minority interests of €84.6 million (prior year: €105.4 million) comprise adjustment items for minority interests in equity subject to mandatory consolidation and their share in profit or loss. They break down as follows among the subgroups:

- GAGFAH subgroup: €63.3 million for fractional ownership funds (prior year: €67.4 million)
- WOBA subgroup: €20.1 million (prior year: €20.8 million)
- GBH subgroup: €0.0 million (prior year: €16.0 million)
- NILEG subgroup: €1.2 million (prior year: €1.2 million)
- UC ACQ Ireland Ltd.: €46 k (prior year: €46 k).

For more information on the minority interests in the net profit for the year, please refer to our comments on the statement of comprehensive income (Section F.14. "Result from Minority Interests").

On April 21, 2009, the shareholders approved the interim dividends paid for 2008 at the Annual General Meeting of Shareholders. Since the shareholders approved payment of the dividends out of the share premium, an amount of €180.5 million was reclassified from retained earnings. The interim dividends paid for 2009 continue to be shown in retained earnings.

In the fiscal year 2009, the following cash dividends were paid:

Respective period	Date of payment	€ million
Fourth quarter of 2008	April 6, 2009	45.1
First quarter of 2009	June 9, 2009	45.1
Second quarter of 2009	September 8, 2009	45.2
Third quarter of 2009	December 8, 2009	45.2
		180.6

The dividends paid were €0.20 per share.

The following table shows the development of the issued and fully-paid share capital from January 1, 2008 to December 31, 2009.

	Number of shares	Amount in €
January 1, 2008	**225,553,192**	**281,941,490.00**
Exercise of stock options	147,192	183,990.00
December 31, 2008 / January 1, 2009	**225,700,384**	**282,125,480.00**
Exercise of stock options	160,896	201,120.00
Issue of bonus shares as part of remuneration of independent directors and other employees	32,600	40,750.00
December 31, 2009	**225,893,880**	**282,367,350.00**

As of December 31, 2009, the number of authorized and unissued shares is 7,999,106,120 (prior year: 7,999,299,616), which are worth an amount of €9,998,882,650.00 (prior year: €9,999,124,520.00).

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. This implicates the generation of a sound capital base for the purposes of servicing its debt obligations and paying dividends to its shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following key financial figures are used in conjunction with the Group's capital management:

The Earnings before Interest, Taxes, Depreciation and Amortization (**EBITDA**) before results from fair value measurement are used as an indicator for the Group's ability to service its debt obligations. One-off income and expenses as well as interest, taxes and depreciation / amortization are not included.

The Net Asset Value (**NAV**) is a term used to describe the fundamental value of an entity. The Group's NAV is calculated as the shareholders' equity plus the deferred taxes on investment property and assets held for sale.

In 2009, the EBITDA before results from fair value measurement of €449.5 million (prior year: €463.2 million) and the NAV of €2,846.3 million (prior year: €3,097.7 million) were within the spread that was expected by the management.

During the fiscal year 2009, no changes were made in the objectives, policies or processes of capital management.

Furthermore, the GAGFAH Group is subject to certain customary financial covenants under the conditions of its loan agreements. These covenants include debt service cover ratios and in certain circumstances minimum capital expenditure per square meter and minimum average disposal price requirements.

The debt service cover ratio which is calculated monthly gives an indication of the ability of the Group to make its future interest payments with its main business, represented by EBITDA. The future interest payments are calculated as a forecast for the next four quarters.

During the period, GAGFAH Group complied with all externally imposed capital requirements to which it is subject.

13. Liabilities to Minority Shareholders

Liabilities to minority shareholders amounting to €4.3 million (prior year: €4.1 million) relate to the minority's share, which are financial liabilities.

Thereof, €3.5 million (prior year: €3.4 million) relate to WOBA subgroup and €0.8 million (prior year: €0.7 million) to KALIRA Grundstücksgesellschaft mbH & Co. KG.

14. Provisions

14.1. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Company pensions at GAGFAH S.A. are granted both by way of defined contribution and defined benefit plans. For a detailed description on these plans, please refer to section C.10. "Provisions for Pensions". The following tables present an overview of the plans.

The following groups are entitled to employer-funded pension benefits:

NUMBER OF COMMITMENTS

	12-31-2009	12-31-2008
Active employees		
Non-vested expectancies	524	549
Vested expectancies	488	503
	1,012	1,052
Vested expectancies of employees no longer with the Company	242	243
Current pensions	868	862
Total	**2,122**	**2,157**

The following Group-wide parameters were used to calculate the obligations:

	12-31-2009	12-31-2008
In % p.a.:		
Discount rate	5.50	5.59
Salary increase, pension increase in service	2.50	2.50
Cost of living adjustment	2.00	2.00
Turnover	4.50	5.00

The calculation is based on a flexible retirement age in the German pension insurance.

The 2005G mortality tables by Prof. Dr. Klaus Heubeck were used, for death and disability.

The salary trend accounts for the various reasons for salary increases, e.g. increases under collective wage agreements, promotions, etc.

The assumed turnover rate corresponds to the average turnover rate in Germany. Internal turnover tables provided by the actuary were used to factor this into the valuation.

If the actual development during the year deviates from the assumptions made at the beginning of the fiscal year or if differing parameters are set at the end of the fiscal year than at the beginning, (additional) actuarial gains or losses arise.

Provisions are recognized for obligations to current and former employees from future and current benefit entitlements.

The pension obligation is calculated as follows:

€ MILLION	2009	2008
Obligation as of January 1	102.2	105.4
Current service cost	1.8	1.9
Adjustment for past service cost	1.1	0.0
Interest expense	5.5	5.5
Effect of settlement on DBO	0.0	- 0.2
Actuarial gains and losses	- 3.8	- 4.0
Direct pension payments	- 6.5	- 6.4
Obligation as of December 31	**100.3**	**102.2**

The whole defined benefit obligation is not funded.

Reconciliation of liabilities from defined benefit obligation to the recognized pension provisions:

€ MILLION	12-31-2009	12-31-2008
Defined benefit obligation as of December 31	100.3	102.2
Unrecognized actuarial gains (+) / losses (-)	14.7	11.2
Provisions as of December 31	**115.0**	**113.4**

The pension provisions developed as follows in the fiscal year:

€ MILLION	2009	2008
Provisions as of January 1	113.4	112.9
Total pension expenses for the fiscal year	8.1	6.9
Direct pension payments	- 6.5	- 6.4
Provisions as of December 31	**115.0**	**113.4**

The total pension expenses in the Consolidated Statement of Comprehensive Income break down as follows:

€ MILLION	2009	2008
Current service cost	1.8	1.9
Adjustment for past service cost	1.1	0.0
Interest expense	5.5	5.5
Gains (-) or losses (+) on settlement in period	0.0	- 0.3
Actuarial gains (-) or losses (+) recognized in the statement of comprehensive income	- 0.3	- 0.2
Total	**8.1**	**6.9**

Current service cost, past service cost and actuarial gains or losses recognized in the statement of comprehensive income are disclosed under personnel expenses that are allocated to various categories of expenses due to the cost of sales method. The interest expense is disclosed under interest expense (periodical).

The expected pension expenses for fiscal year 2010 amount to €6.8 million (prior year estimate for fiscal year 2009: €6.9 million).

The supplementary pension funds VBL ("Versorgungsanstalt des Bundes und der Länder"; concerning NILEG subgroup) and ZVK-KVBW ("Zusatzversorgungskasse des Kommunalen Versorgungsverbandes Baden-Württemberg"; concerning GBH subgroup) constitute multi-employer defined benefit plans which pursuant to IAS 19.30 (a) were accounted for as if they were defined contribution plans, as the VBL / ZVK do not make available sufficient information to permit treatment as a defined benefit plan. GAGFAH S.A. is not aware of any specific information on any surpluses or deficits in the plan or any future effects that such surpluses or deficits may have. However, in 2005, an external appraisal valued NILEG subgroup's insufficiently financed pension obligations at €24.9 million. The potential impact of the insufficiently financed pension obligation is an increase in the future contribution to the VBL.

14.2. OTHER PROVISIONS

The other provisions developed as follows in the fiscal year:

€ MILLION	As of January 1, 2009	Changes within the consolidated Group	Utilization
Restructuring provisions	14.4	0.0	6.3
Provision for restitution proceedings	8.8	0.0	0.0
Warranty obligations and latent risks	6.3	0.0	1.2
Provision for demolition cost	7.5	0.0	1.3
Phased retirement	15.2	0.0	2.3
Severance payments, litigation cost and similar risks	4.3	- 0.2	0.3
Provision for refinancing	3.3	0.0	0.6
Provision for distribution obligations	1.2	0.0	0.4
Other provisions	12.6	0.0	8.0
Total	**73.6**	**- 0.2**	**20.4**

€ MILLION	As of January 1, 2008	Changes within the consolidated Group	Utilization
Phased retirement	16.4	0.0	1.1
Restructuring provisions	20.0	- 0.1	10.7
Provision for restitution proceedings	8.7	0.0	0.5
Provision for demolition cost	6.9	0.0	1.9
Warranty obligations and latent risks	7.5	- 0.6	1.5
Severance payments, litigation cost and similar risks	6.7	- 0.1	2.8
Provision for refinancing	7.7	0.0	3.9
Provision for distribution obligations	2.9	0.0	1.5
Other provisions	10.0	- 0.3	4.7
Total	**86.8**	**- 1.1**	**28.6**

All of the provisions recognized as of the balance sheet date meet the recognition criteria of IAS 37.14. Accordingly, provisions were only set up for current obligations to third parties as a result of past events which are highly likely to lead to a future outflow of resources and whose amount can be reliably estimated.

The **restructuring provisions** relate to employee severance payments and other costs related to the strategic repositioning of the subgroups. As of December 31, 2009, the provisions amounted to €21.7 million (prior year: €14.4 million). €6.3 million thereof was used during the fiscal year. Provisions of €15.6 million are allocated through restructuring expenses.

Reversals	Additions	As of December 31, 2009	Thereof non-current	Thereof current
2.0	15.6	21.7	4.4	17.3
0.1	0.8	9.5	0.0	9.5
1.5	4.7	8.3	0.0	8.3
0.0	1.0	7.2	1.0	6.2
10.0	1.5	4.4	2.9	1.5
0.7	1.0	4.1	0.0	4.1
0.3	0.0	2.4	0.4	2.0
0.0	0.8	1.6	0.0	1.6
1.4	4.5	7.7	0.3	7.4
16.0	**29.9**	**66.9**	**9.0**	**57.9**

Reversals	Additions	As of December 31, 2008	Thereof non-current	Thereof current
0.1	0.0	15.2	12.2	3.0
1.3	6.5	14.4	5.3	9.1
0.0	0.6	8.8	0.0	8.8
0.0	2.5	7.5	4.9	2.6
1.5	2.4	6.3	0.0	6.3
0.8	1.3	4.3	0.0	4.3
2.3	1.8	3.3	0.3	3.0
0.7	0.5	1.2	0.0	1.2
1.0	8.6	12.6	0.2	12.4
7.7	**24.2**	**73.6**	**22.9**	**50.7**

In 2009, a further restructuring plan was set up to optimize the processes in the Group's regions and thereby enable the regions to reduce the number of customer centers. The increase compared to the prior year is mainly due to the aforementioned new restructuring plan that is included in the allocations to an amount of €12.3 million. Please refer to section F.11. "Reorganization and Restructuring Expenses".

The **provision for restitution proceedings** amounting to €9.5 million (prior year: €8.8 million) concerns restitution requirements subject to the German Act on the Clarification of Property Claims ("Gesetz zur Regelung offener Vermögensfragen"- "Vermögensgesetz"; VermG), for example the return of properties to their former owners and requirements to reimburse sales proceeds or rentals generated in this context. The provisions are entirely current.

Warranty obligations and latent risks totaling €8.3 million (prior year: €6.3 million) were mainly set up for cases of liability from project business.

The **provision for demolition cost** amounting to €7.2 million (prior year: €7.5 million) was recognized for the fulfillment of contractual obligations to demolish certain buildings within a certain period of time.

GAGFAH S.A. concluded a collective agreement (GAGFAH and GBH subgroup) and workplace agreements (NILEG and WOBA subgroup) respectively on **phased retirement**. These models allow employees above the age of 55 to make a smooth transition into retirement and ensure employment for younger employees. In the reporting period, no new agreements were concluded (prior year: 53). All arrangements that were concluded in the past have already started as of the balance sheet date.

The favored model of phased retirement is the "block model", whereby the phased retirement period may not be longer than six years and is spread over a work phase (first phase, full-time employment) and a release phase (second phase).

The relevant employees receive gross monthly pay based on the agreed working time pursuant to the arrangements under the collective agreement and the workplace agreements in place. The employees receive this pay for the entire duration of phased retirement. Capital-forming payments are granted in line with the agreed part-time work, i.e. also in the release phase.

The provisions for phased retirement totaling €4.4 million (prior year: €15.2 million) recognized as of December 31, 2009, are mainly classified as non-current benefits. Due to the expiration of the phased retirement law and the company agreement as of December 31, 2009, an amount of €10.0 million had to be reversed. Please refer to section F.9. "Other Operating Income".

The **provisions for severance payments, litigation cost and similar risks** relate to estimated costs in connection with employees leaving the Company and litigation relating to project business. As of the balance sheet date, provisions of €4.1 million (prior year: €4.3 million) had been recognized.

The outflows of cash and cash equivalents from non-current provisions are largely expected within the next five years.

The provision for demolition cost is faced by claims against the municipal of Dresden. Concerning the other provisions, no asset items have been recognized for refunds.

15. Liabilities from Income Tax

As of December 31, 2009, the Group had obligations from corporate income tax, trade tax and capital yields tax totaling €137.0 million (prior year: €141.5 million). They break down as follows:

€ MILLION	12-31-2009	12-31-2008
Corporate income tax on EK 02	110.3	118.9
Corporate income tax	11.6	10.4
Trade tax	11.7	8.8
Capital yields tax	3.4	3.4
Total	**137.0**	**141.5**

The decrease of corporate income tax on EK 02 is due to payments of €16.6 million and to the charge-off of €1.7 million in connection with the deconsolidation of BGF. These effects are contrasted by an increase due to the addition of accrued interest (€4.7 million) and the addition of a provision for EK 02 risks (€5.0 million).

16. Liabilities

16.1. FINANCIAL LIABILITIES

Financial liabilities total €6,525.3 million (prior year: €6,732.5 million). Of this, €5,906.2 million (prior year: €6,644.1 million) relate to non-current liabilities and €619.1 million (prior year: €88.4 million) to current liabilities. These broke down as follows in the fiscal year:

Liabilities to banks total €6,472.3 million (prior year: €6,677.8 million) and mainly relate to the financing of residential real estate assets.

Liabilities to other lenders amount to €53.0 million (prior year: €54.7 million) and mainly relate to the financing of residential real estate assets.

The value of the investment property portfolio (including assets held for sale) of €9,289.3 million (prior year: €9,779.4 million) is predominantly encumbered by charges on property for the securization of the current and non-current financial liabilities to banks and other lenders. The financial liabilities which are secured by charges on property amount to €6,204.9 million (prior year: €6,360.9 million). No collateral has been provided for the remaining €320.4 million (prior year: €371.6 million).

For presentation purposes, the remaining term of a financial liability is based on the earlier date of the end of the interest lock-in period and the last principal repayment.

Of the total financial liabilities, €6,272.6 million (prior year: €6,466.8 million) relates to privately financed unsubsidized loans.

Overall, loans amounting to €222.6 million (prior year: €104.1 million) were repaid in the fiscal year. Thereof, 74 (prior year: 114) loans totaling €14.1 million (prior year: €11.4 million) were fully repaid in the fiscal year.

During the fiscal year 2009, no new loans were contracted. In 2008, an amount of €60.0 million was used for financing the portfolio located in Zwickau acquired by GAGFAH Acquisition 3 GmbH. This loan was repaid in 2009.

In 2009, several reclassifications from non-current to current financial liabilities were made. As of December 31, 2009, an amount of €282.5 million (prior year: €0.0 million) was reclassified from non-current financial liabilities to current financial liabilities due to the repayment expected to be prior to the contractual maturity of these liabilities (thereof €219.4 million in connection with the large multi-family home sales program and €63.1 million mainly related to condo sales). The liabilities have been revalued according to IAS 39.AG8. The current financial liabilities also increased by an amount of €6.3 million (prior year: €0.0 million) due to potential prepayment fees.

As of December 31, 2009, the Group had a credit facility of €300.0 million, of which €265.0 million had been used by year-end. The interest charged is currently EURIBOR plus 2.5 %. The revolving credit facility is due in late September 2010 and was therefore reclassified from non-current financial liabilities to current financial liabilities. The Group needs to repay or refinance its revolving credit facility until September 2010. Based on our current discussions with the refinancing bank we are confident to be able to refinance or repay the facility.

The Group is long-term financed. As of December 31, 2009, the Group's financial liabilities primarily comprised of the following liabilities:

€ MILLION						2010	
	Carrying amount as of 12-31-2009	Notional amount as of 12-31-2009	Weighted avg. maturity	Current interest rate	Fixed or floating rate	Required repay-ments	Interest payments
Term loans[1]	5,487.9	5,486.4	2013	4.07 %	Fixed	282.5	221.2
Term loans	329.4	311.8	2012	1.82 %	Floating[2]	0.0	5.8
Senior debt	408.9	499.3	2037	2.40 %	Fixed	15.8	14.5
Revolving credit facility	265.3	265.0	2010	2.94 %	Floating	265.0	5.9
NILEG other[3]	16.4	16.7	2011	1.46 %	Floating	0.0	0.2
Other	17.4	17.4					
	6,525.3	**6,596.6**		**3.78 %**		**563.3**	**247.6**

[1] The fixed-rate term loans attributable to the assets held for sale are €219.4 million. Consistent with the plan to sell such assets, the term loans will be repaid by such amount in 2010, resulting in reduced interest payments on the fixed-rate term loans in fiscal years 2010 through 2013. Another amount of €63.1 million mainly relating to other prepayments in connection with condo sales expected to be prior to the contractual maturity was reclassified from non-current to current financial liabilities.
[2] In order to reduce the risk of interest rate fluctuation during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps.
[3] Relates mainly to land developments pre-sold to local municipalities.

€ MILLION						2009	
	Carrying amount as of 12-31-2008	Notional amount as of 12-31-2008	Weighted avg. maturity	Current interest rate	Fixed or floating rate	Required repay-ments	Interest payments
Term loans	5,588.9	5,614.9	2013	3.96 %	Fixed	0.0	225.6
Term loans	337.3	322.5	2012	6.14 %	Floating[1]	0.0	20.1
Senior debt	450.7	538.9	2034	2.42 %	Fixed	17.0	15.3
Revolving credit facility	309.8	289.0	2010	5.26 %	Floating	0.0	15.4
NILEG other[2]	26.6	29.2	2010	4.08 %	Floating	9.0	0.9
Other	19.2	19.2					
	6,732.5	**6,813.7**		**4.00 %**		**26.0**	**277.3**

[1] In order to reduce the risk of interest rate fluctuations during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps.
[2] Relates mainly to land developments pre-sold to local municipalities.

To reduce the exposure to changes in interest rates, GAGFAH has concluded several interest swap agreements. Due to the valuation of the derivatives, interest rate swaps with a negative amount of €15.9 million (prior year: negative amount of €33.5 million) are disclosed in the financial liabilities.

2011		2012		2013		2014		2015		≥ 2016	
Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments
0.0	216.0	0.0	224.1	3,605.1	168.3	1,598.8	35.7	0.0	0.0	0.0	0.0
0.0	5.8	275.8	2.1	0.0	0.6	0.0	0.6	36.0	0.4	0.0	0.0
15.6	14.2	15.2	13.9	14.6	13.4	14.4	13.5	13.8	13.0	409.9	249.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
16.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32.3	**236.1**	**291.0**	**240.1**	**3,619.7**	**182.3**	**1,613.2**	**49.8**	**49.8**	**13.4**	**409.9**	**249.7**

2010		2011		2012		2013		2014		≥ 2015	
Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments	Required repay-ments	Interest payments
0.0	225.6	0.0	225.6	0.0	225.6	4,012.3	172.7	1,602.6	34.3	0.0	0.0
0.0	20.1	0.0	20.1	278.0	7.3	0.0	2.2	0.0	2.2	44.5	1.3
16.3	14.9	16.1	14.5	15.9	14.2	15.2	13.6	15.0	13.6	443.4	261.9
289.0	11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.6	0.7	16.6	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
308.9	**272.8**	**32.7**	**260.4**	**293.9**	**247.1**	**4,027.5**	**188.5**	**1,617.6**	**50.1**	**487.9**	**263.2**

The difference between the notional amount and the book value as shown in the balance sheet mainly results from debt discount, amortized transaction costs and interest accruals.

16.2. OTHER LIABILITIES

Other liabilities mainly include prepayments received, trade payables, rent liabilities and liabilities from operating expenses not yet invoiced. As of the balance sheet date, this item broke down as follows:

€ MILLION	12-31-2009	12-31-2008
Non-current		
Liabilities from commission on bank guarantee	1.9	2.4
Jubilee commitments	1.7	1.2
Trade payables	0.4	0.8
Total non-current	**4.0**	**4.4**
Current		
Prepayments received	42.5	10.5
Trade payables	30.7	22.0
Rent liabilities	19.9	14.2
Liabilities from operating expenses not yet invoiced	15.7	14.5
Other liabilities from bonus payments	10.4	7.3
Other liabilities from basic / decorative repairs	3.7	3.7
Tax liabilities	2.6	9.4
Liabilities from construction management services not yet invoiced	2.2	1.6
Seller's note	0.0	47.8
Other liabilities	14.6	21.8
Total current	**142.3**	**152.8**
Total	**146.3**	**157.2**

Compared to year-end 2008, the prepayments received increased by €32.0 million, mainly due to the sale of properties in connection with the large multi-family home sales program.

This increase is contrasted by a decrease due to the close-out of the deferral of the purchase price in connection with BGF (€47.8 million). Please refer to section B.1. "Consolidated Group".

With the exception of jubilee commitments (discount rate: 5.5 %), all items disclosed by GAGFAH S.A. as other liabilities are non-interest-bearing. There is no interest rate risk.

F. Notes to the Consolidated Statement of Comprehensive Income

1. Income from the Leasing of Investment Property

Income from the leasing of investment property of GAGFAH S.A. breaks down as follows:

€ MILLION	2009	2008
Rental income, fees	664.3	674.5
Allocations charged	309.5	301.6
Rent, interest and expense subsidies	2.1	2.2
Risk of default on allocations	0.9	0.9
Lease income	0.0	0.1
Total	**976.8**	**979.3**

The rental income is mainly attributable to the leasing of land with residential buildings. Rental income includes income from the reversal of deferred liabilities of government-granted loans in the amount of €8.0 million (prior year: €7.3 million).

The rent, interest and expense subsidies primarily relate to government allowances to allow lower rent to be charged for subsidized housing.

2. Operating Expenses for the Generation of Rental Income

Operating expenses for the generation of rental income break down as follows:

€ MILLION	2009	2008
Operating expenses	283.2	267.8
Maintenance costs	66.2	90.6
Personnel expenses	61.9	58.1
Real estate tax	29.4	30.9
Bad debt allowances	10.5	11.9
External costs for real estate management	10.0	13.5
Administrative expenses	7.6	9.2
Amortization and depreciation on intangible assets and property, plant and equipment	2.1	3.5
Other expenses for real estate management	17.3	18.7
Total	**488.2**	**504.2**

The increase in operating expenses compared to €267.8 million in 2008 is mainly due to higher energy costs.

Maintenance costs in 2009 were €66.2 million, as compared to €90.6 million in 2008 as a result of a smaller portfolio and a more focused spending approach.

3. Loss from Fair Value Measurement

Changes in the value from measurement of investment property in the fiscal year amount to a net loss of €197.0 million (prior year: a net loss of €233.0 million).

The loss from fair value measurement breaks down as follows:

€ MILLION	2009	2008
Land with leased residential buildings	- 196.9	- 231.3
Land without buildings	- 0.4	- 0.8
Buildings on third-party land	0.3	- 0.9
Total	**- 197.0**	**- 233.0**

4. Profit / loss from the Sale of Property Development Projects

The profit / loss from the sale of property development projects amounts to a profit of €3.0 million (prior year: loss of €0.9 million).

Income from the sale of property development projects amounts to €5.8 million (prior year: €24.8 million), and the carrying amount of property development projects sold to €2.8 million (prior year: €25.7 million).

In the prior year, there were a higher number of sales than in fiscal year 2009.

5. Profit from Other Services

The profit from other services breaks down as follows:

€ MILLION	2009	2008
Revenues from other trade	8.0	9.9
Revenues from third-party real estate management	5.7	5.9
Personnel expenses	- 5.0	- 5.1
Expenses from other trade	- 3.6	- 4.8
Expenses from third-party real estate management	- 0.7	- 1.0
Total	**4.4**	**4.9**

6. Selling Expenses

Expenses that are directly related to the sales activities of GAGFAH S.A. are recorded under this item. They are primarily attributable to sales and advertising.

Selling expenses break down as follows:

€ MILLION	2009	2008
External selling partners	5.7	4.0
Personnel expenses	5.5	4.5
Rescission of sales contracts	5.5	0.0
Marketing and selling prearrangements	2.5	1.9
General and administrative expenses	0.9	0.8
Maintenance on vacant flats and sample flats	0.7	1.6
Clearing from encumbrances	0.7	0.4
Other	1.4	1.3
Subtotal	**22.9**	**14.5**
Selling expenses due to property development projects	0.1	0.5
Total	**23.0**	**15.0**

7. General and Administrative Expenses

€ MILLION	2009	2008
Personnel expenses for administrative staff	19.3	16.9
Costs of office equipment, postage, telephone and IT	7.8	7.7
Consulting costs	2.7	4.6
Audit fees	2.5	2.6
Amortization and depreciation on intangible assets and property, plant and equipment	1.5	1.8
Insurances	1.1	1.1
Occupancy costs	0.9	1.3
Court and lawyers' fees	0.9	0.7
Other administrative expenses	5.2	4.4
Total	**41.9**	**41.1**

8. Income / Expenses for Share-based Remuneration

In 2009, a new stock option plan for members of the Senior Management and other levels of management was issued. A description of this plan can be found in the Accounting Policies, section C.15. "Share-based Remuneration".

The total fair value of the options, estimated at the respective grant dates using the Black & Scholes option pricing model, amounts to €3.9 million. The respective expenses are allocated equally over the vesting period. As of December 31, 2009, expenses of €1.3 million were recognized on the statement of comprehensive income.

The following table lists the inputs to the Black & Scholes option pricing model used for the new stock option plan issued in the fiscal year:

	2009
Weighted average share price (€)	5.23
Exercise price (€)	3.70 – 6.31
Expected volatility (%)	59.83 – 61.12
Expected life of the option (years)	2.58 – 3.75
Expected dividends / dividend yield (%)	12.68 – 21.62
Risk-free interest rate (%)	3.35 – 3.49

The underlying exercise prices of the options are equal to the respective closing prices of one share at the Frankfurt Stock Exchange on the trading day immediately preceding the individual grant dates.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected volatility used for the Black & Scholes option pricing model is based on a historical volatility calculated over 710 trading days.

The total income / expenses for share-based remuneration recognized in the Consolidated Statement of Comprehensive Income are shown in the following table:

€ MILLION	2009	2008
Equity-settled share-based payment (Stock Option Plan 2006)	2.8	- 3.3
Equity-settled share-based payment (Stock Option Plan 2009)	- 1.3	0.0
Cash-settled share-based payment	- 0.1	- 0.2
Total income (+) / expenses (-)	**1.4**	**- 3.5**

The expenses exclusively relate to share-based payment plans for management and executive staff.

The following table illustrates the movements in share options during the fiscal year:

	2009 No.	2008 No.
Outstanding as of January 1	**575,513**	**551,601**
Granted during the fiscal year	2,616,035	171,104
Forfeited during the fiscal year	- 309,930	0
Exercised during the fiscal year	- 160,896	- 147,192
Outstanding as of December 31	**2,720,722**	**575,513**

During the fiscal year, 160,896 (prior year: 147,192) shares were issued at a weighted average share price of €5.73 (prior year: €9.49).

The weighted average fair value of options granted during the year was €0.51 (prior year: €2.50).

The range of exercise prices for options outstanding at the end of the year was €0.00 to €6.31 (prior year: €0.00 to €0.00).

9. Other Operating Income

All income not directly allocable to the various functional areas is disclosed under other operating income totaling €27.2 million (prior year: €24.3 million).

Other operating income breaks down as follows:

€ MILLION	2009	2008
Income from the reversal of provisions	14.8	6.1
Write-off of liabilities	3.0	1.3
Income from the revaluation of non-current assets	0.3	0.0
Transferable leasehold land interest	0.2	0.2
Income from the sale of subsidiaries	0.0	8.9
Income from the sale of financial assets	0.0	0.3
Other	3.6	5.4
Subtotal	**21.9**	**22.2**
Other operating income due to property development projects	5.3	2.1
Total	**27.2**	**24.3**

The income from the reversal of provisions mainly contains income from the reversal of provisions for phased retirement (€10.0 million) due to the maturing phased retirement law and the maturing company agreement as of December 31, 2009. Please refer to section E.14.2. “Other Provisions”.

An amount of €5.3 million (prior year: €2.1 million) results from property development projects. Thereof, €1.9 million (prior year: €0.0 million) relate to claims for reimbursements against the Federal Republic of Germany due to building projects in prior years. A further €1.7 million (prior year: €0.3 million) relates to the write-off of liabilities due to lapse of time.

10. Other Operating Expenses

All expenses not directly allocable to the various functional areas are disclosed under other operating expenses totaling €24.8 million (prior year: €27.6 million).

These expenses break down as follows:

€ MILLION	2009	2008
Impairment of components of the disposal group (BGF)	6.1	0.0
Incidental costs	4.9	0.0
Additions to provisions	1.2	0.6
Expenses in connection with restitution objects	0.6	0.9
Squeeze-out process	0.1	0.6
Real estate transfer taxes	0.0	7.7
Goodwill impairment	0.0	3.0
Loss on the disposal of non-current assets	0.0	0.3
Other	0.4	2.9
Subtotal	**13.3**	**16.0**
Other operating expenses due to property development projects	11.5	11.6
Total	**24.8**	**27.6**

An amount of €11.5 million (prior year: €11.6 million) results from property development projects. Thereof, €5.3 million (prior year: €1.2 million) relate to prior-year expenses and additions to provisions concerning land sold, while €2.3 million (prior year: €4.3 million) relate to additions to provisions for costs concerning objects sold.

11. Reorganization and Restructuring Expenses

In 2009, reorganization and restructuring expenses were €21.4 million compared to €22.8 million in 2008.

Expenses break down as follows:

	2009			2008		
€ MILLION	Restructuring	Reorganization	Total	Restructuring	Reorganization	Total
Personnel-related expenses	16.7	0.2	16.9	9.0	2.4	11.4
Consulting fees	2.1	0.4	2.5	1.6	6.3	7.9
Non-personnel administrative costs	1.9	0.1	2.0	0.7	2.8	3.5
Total	**20.7**	**0.7**	**21.4**	**11.3**	**11.5**	**22.8**

Reorganization and restructuring expenses relate to our Group's rationalization of costs and integration of processes as we continue to combine and optimize the operations of the acquired companies and portfolios.

In 2009 we started a reorganization project in our regions with the aim of increasing our operational efficiency and reducing our costs and number of FTEs. An agreement on the reconciliation of interests was concluded with the works council in Berlin in 2009. Informative meetings have already been held with both the works councils and the employees in the other three regions, and the Company is in negotiations to conclude agreements on the reconciliation of interests with the other works councils. Once such agreements have been concluded, individual agreements with the employees affected by the restructuring will need to be concluded. The reduction potential has been identified and will be included in the agreements on the reconciliation of interests.

The main part of the personnel-related restructuring expenses result from additions to provisions (€11.3 million) in connection with the aforementioned restructuring plan. Further non-personnel-related provisions of €1.0 million were allocated through non-personnel administrative costs.

Please refer to section E.14.2. "Other Provisions".

12. Interest Expenses (Periodical) and Loss from the Fair Value Measurement of Derivatives

The current interest expense of €321.0 million (prior year: €309.1 million) mainly relates to interest on liabilities to banks. The item includes expenses from term loans and the revolving credit facility of €206.9 million (prior year: €224.9 million) and expenses from other loans of €10.3 million (prior year: €11.5 million). Another €35.2 million (prior year: €38.4 million) relates to accrued interest.

Furthermore, there are interest expenses of €8.8 million (prior year: €6.8 million) from the amortization of the present value of the government-granted loans, €5.5 million (prior year: €5.5 million) from the interest component of pension obligations, €4.7 million (prior year: €5.2 million) from the addition of accrued interest of liabilities due to corporate income tax on EK 02 and €2.3 million (prior year: €2.5 million) from the HB-funds.

The fiscal year 2009 includes non-cash expenses of €6.3 million (prior year: €0.0 million) relating to expected prepayment fees for the early repayment of loans prior to maturity in connection with assets held for sale. Please refer to section E.16.1. “Financial Liabilities”.

A revaluation loss of €9.4 million (prior year: €0.0 million) was recognized under IAS 39.AG8 relating to a term loan.

An amount of €1.1 million (prior year: €2.5 million) results from property development projects.

Measurement of the derivatives at fair value results in a loss of €8.6 million (prior year: loss of €33.3 million). Please refer to section H.2. “Financial Risk Management”.

13. Income Taxes

Income taxes break down as follows:

€ MILLION	2009	2008
Trade tax	- 5.3	- 7.8
Corporate income tax	- 3.4	- 3.4
Capital yields tax	- 0.3	- 3.4
Tax payments (-) / refunds (+) for / from prior years	- 6.4	- 0.4
Deferred taxes – temporary differences	- 2.7	- 9.7
Deferred taxes – loss carryforwards	35.3	189.8
Reversal of liabilities from income taxes	0.0	0.5
Total	**17.2**	**165.6**

In 2009, the Citizen Relief Act (Bürgerentlastungsgesetz) and the Act to Accelerate Economic Growth (Wachstumsbeschleunigungsgesetz) passed the legislative procedure. The following changes were made:

- implementation of a recapitalization exemption regarding tax loss carryforwards in the case of company transfers,
- increase of the threshold from €1.0 million to €3.0 million of the net interest expenses (interest expenses less interest income) within the interest barrier rules,
- implementation of group restructuring exemptions for real estate transfer tax and the use of loss carryforwards,
- modification of the use of loss carryforwards after company transfers,
- introduction of a five-year excess EBITDA carryforward,
- increase of the annual volatility margin for the equity compensation from 1 % to 2 % within the interest barrier rules and
- changes in the add back for trade tax purposes.

Most of the changes become effective as of January 1, 2010.

Consolidated profit before taxes, multiplied with the tax rate for the Group of 32.0 % (prior year: 32.0 %) leads to anticipated income taxes of €29.5 million (prior year: €38.2 million).

The following table reconciles this anticipation to effective income taxes.

€ MILLION	2009	2008
Loss before taxes	**- 92.3**	**- 119.5**
Anticipated income taxes	**29.5**	**38.2**
Income taxes not related to the period and other adjustments to current income taxes	- 6.4	- 0.4
Tax-free income	0.0	0.3
Tax portion for non-deductible expenses	- 19.1	- 20.1
Tax portion for non-deductible interest	- 14.3	- 17.4
Permanent trade tax effects	- 3.9	- 4.6
Effects of unrecognized deferred taxes on temporary differences	27.5	- 10.9
Effects of unrecognized deferred taxes on loss carryforwards	4.2	189.8
Corporate income tax on dividend within profit and loss absorption agreement	- 0.2	- 0.8
Other tax effects	0.2	- 3.6
Effective income taxes	**17.5**	**170.5**
Capital yields tax	**- 0.3**	**- 3.4**
Trade tax on capital gain minorities	**0.0**	**- 1.5**
Taxes from Income	**17.2**	**165.6**

Income taxes relating to the period prior to January 1, 2009, mainly apply to risks from tax audits for prior years. The tax portion for non-deductible expenses mainly relates to non-deductible expenses for tax purposes in Luxembourg and Ireland. The tax portion of non-deductible interest relates to the interest barrier (Zinsschranke).

The effects in particular of the addition of a quarter of the interest on permanent debt are disclosed under “permanent trade tax effects”. The effects from the measurement of deferred tax assets that result from the expected realization of deferred taxes are disclosed under the items “effects of unrecognized deferred taxes on loss carryforwards”.

The Company qualifies as a securitization vehicle falling within the scope of the Luxembourg Law on Securitization of March 22, 2004. The Company is therefore fully liable for corporate income tax and municipal business tax. However it is not subject to net worth tax (Paragraph 3 of the Net Worth Tax Law of October 16, 1934).

Any commitments to investors (i.e. profit distributions) and commitments to other creditors of the Company are deductible and will not be subject to Luxembourg withholding tax.

In 2009, the Group agreed with the responsible German tax authority to increase the tax base of the investment properties of one subsidiary. The resulting tax benefits are reflected in a decrease of deferred tax liabilities.

In 2008, the Company abandoned its plans to establish an overall tax group. Due to that decision, loss carryforwards of subsidiaries became realizable, which could not have been used, if an overall tax group had been established. Accordingly, the Company recognized the corresponding deferred tax assets.

14. Result from Minority Interests

A loss of €4.0 million (prior year: profit of €4.9 million) of net loss / profit relates to minority interests.

The profits and losses attributable to minority interests are allocated to the subgroups as follows: GAGFAH subgroup €2.6 million loss (prior year: €3.5 million profit), WOBA subgroup €0.8 million profit (prior year: €1.9 million profit) and GBH subgroup €2.2 million loss (prior year: €0.5 million loss).

15. Earnings per Share

Basic earnings per share amount to €- 0.31 (prior year: €0.18). They were calculated by dividing the net loss for the year distributable to ordinary equity holders of the parent company (€71.1 million; prior year: profit of €41.2 million) by the weighted average number of undiluted ordinary shares outstanding during the year (225,773,814; prior year: 225,630,258).

Diluted earnings per share amount to €- 0.32 (prior year: €0.18). These were calculated by dividing the net loss for the year distributable to ordinary equity holders of the parent company (€71.1 million; prior year: profit of €41.2 million) by the weighted average number of diluted ordinary shares outstanding during the year (228,019,111; prior year: 226,216,407).

Dilutive instruments exclusively comprise bonus shares and stock options in connection with share-based remuneration. For details please refer to section F.8. "Expenses for Share-based Remuneration".

The vesting schedule as of December 31, 2009 is:
- 2010: 1,388,617
- 2011: 1,318,429
- 2012: 6,839
- 2013: 6,839

The weighted average remaining contractual life for the share options outstanding as of December 31, 2009, is 1.50 years (prior year: 3.35 years).

G. Notes to the Consolidated Cash Flow Statement

The consolidated cash flow statement provides additional information on liquidity as part of GAGFAH S.A.'s Consolidated Financial Statements and thus serves to present the Group's financial position. The cash flow statement shows how cash and cash equivalents changed at GAGFAH S.A. over the course of the fiscal year. Cash flows are explained in accordance with IAS 7 and are split up into inflows and outflows of funds from operating activities, investing activities and financing activities.

Cash flows only contain cash and cash equivalents with terms of up to three months in accordance with IAS 7.7. These comprise all cash and cash equivalents disclosed in the balance sheet and break down as follows:

€ MILLION	12-31-2009	12-31-2008
Cash on hand	0.1	0.1
Bank balances	38.3	64.1
Restricted cash	182.6	98.3
"HB-Fonds" balances	15.2	13.9
Bank balances and cash on hand	**236.2**	**176.4**

Restricted cash mainly contains an amount of €30.4 million which corresponds to the interests on term loans due but not yet payable until the end of the reporting period and an amount of €2.7 million which is pledged for guarantee facilities. Restricted cash also includes an amount of €147.4 million which can be either used for the repayment of term loans or reinvestment for the acquisition of new properties.

Cash flows from financing activities include interest and cost paid for refinancing of €1.3 million (prior year: €6.9 million).

H. Other Notes

1. Additional Disclosures on Financial Instruments

The following table shows carrying amounts and fair values of all financial instruments included in the Consolidated Financial Statements:

TABLE 1

€ MILLION	Category in accordance with IAS 39[1]	Carrying amount 12-31-2009	Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Fair value 12-31-2009
Assets						
Bank balances and cash on hand	LaR	236.2	236.2			236.2
Investments	AfS	0.8	0.8			0.8
Receivables from sales of land	LaR	58.5	58.5			58.5
Rent receivables	LaR	14.4	14.4			14.4
Other	LaR	21.8	21.8			21.8
Liabilities						
Global loans	FLAC	- 5,799.3	- 5,799.3			- 6,167.4
Government annuity loans	FLAC	- 252.7	- 252.7			- 269.4
Privately financed annuity loans	FLAC	- 79.7	- 79.7			- 81.3
Financial liabilities of the funds	FLAC	- 53.5	- 53.5			- 53.5
Revolving credit facility	FLAC	- 265.3	- 265.3			- 265.3
Derivative financial liabilities measured at fair value	AFVtpl	- 15.9			- 15.9	- 15.9
Other financial liabilities	FLAC	- 58.9	- 58.9			- 58.9
Trade payables	FLAC	- 31.1	- 31.1			- 31.1
Rent liabilities	FLAC	- 19.9	- 19.9			- 19.9
Liabilities from operating expenses not yet invoiced	FLAC	- 15.7	- 15.7			- 15.7
Other	FLAC	- 19.5	- 19.5			- 19.5

[1] LaR: Loans granted and Receivables
AfS: Available-for-Sale Financial Assets
AFVtpl: At Fair Value through profit or loss
FLAC: Financial Liabilities measured at Amortized Cost

TABLE 1

€ MILLION	Category in accordance with IAS 39[1]	Carrying amount 12-31-2008	Amortized cost	Fair value recognized in equity	Fair value recognized in profit or loss	Fair value 12-31-2008
Assets						
Bank balances and cash on hand	LaR	176.4	176.4			176.4
Investments	AfS	0.8	0.8			0.8
Receivables from sales of land and buildings	LaR	164.6	164.6			164.6
Rent receivables	LaR	12.9	12.9			12.9
Other	LaR	22.2	22.2			22.2
Liabilities						
Global loans	FLAC	- 5,913.2	- 5,913.2			- 5,678.9
Government annuity loans	FLAC	- 265.7	- 265.7			- 248.2
Privately financed annuity loans	FLAC	- 102.4	- 102.4			- 98.3
Financial liabilities of the funds	FLAC	- 60.0	- 60.0			- 60.0
Revolving credit facility	FLAC	- 289.5	- 289.5			- 289.5
Derivative financial liabilities measured at fair value	AFVtpl	- 33.5			- 33.5	- 33.5
Other financial liabilities	FLAC	- 68.2	- 68.2			- 68.2
Trade payables	FLAC	- 22.8	- 22.8			- 22.8
Rent liabilities	FLAC	- 14.2	- 14.2			- 14.2
Liabilities from operating expenses not yet invoiced	FLAC	- 14.5	- 14.5			- 14.5
Other	FLAC	- 25.8	- 25.8			- 25.8

[1] LaR: Loans granted and Receivables
AfS: Available-for-Sale Financial Assets
AFVtpl: At Fair Value through profit or loss
FLAC: Financial Liabilities measured at Amortized Cost

Financial assets from the category "Loans granted and Receivables (LaR)" have short-term maturities. For this reason their carrying amounts approximate their fair values. Trade payables break down into current liabilities of €30.7 million (prior year: €22.0 million) and non-current liabilities of €0.4 million (prior year: €0.8 million).

Bank balances and cash on hand, receivables and other liabilities are predominantly short term. Therefore, their carrying amounts (book values) correspond approximately to their fair values.

The fair value for financial liabilities disclosed above was determined using mathematical methods on the basis of the market information available on the balance sheet date. In order to determine the fair value of financial liabilities, the mark-to-market calculation works with the actual cash value method. Therefore, a yield curve was created and the liabilities were discounted from the maturity date back to the current accounting date. All relevant and known market data as of the accounting date were used for the calculation of the values.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In the Group's Consolidated Financial Statements, derivatives are the only financial instruments measured at fair value as shown in Table 1. These derivatives themselves are not actively traded, but were valued by using a model with inputs that are directly or indirectly observable market data (Level 2). For further details please refer to section H.2. "Financial Risk Management", subchapter "Interest Rate Swaps".

The net results per measurement categories break down as follows:

TABLE 2

€ MILLION	From interest	At fair value	Impairment / reversal of impairment	From derecognition	Net gain (loss) 12-31-2009
		From subsequent measurement			
Loans granted and Receivables (LaR)	1.3	0.0	- 8.2	0.5	- 6.4
Available-for-Sale Financial Assets (AfS)	0.1	0.0	0.0	0.0	0.1
Financial Assets / Liabilities at Fair Value through profit or loss (AFVtpl)	- 8.0	- 8.6	0.0	0.0	- 16.6
Financial Liabilities measured at Amortized Cost (FLAC)	- 303.7	0.0	0.0	0.0	- 303.7

TABLE 2

€ MILLION	From interest	At fair value	Impairment / reversal of impairment	From derecognition	Net gain (loss) 12-31-2008
		From subsequent measurement			
Loans granted and Receivables (LaR)	9.1	0.0	- 14.3	0.2	- 5.0
Available-for-Sale Financial Assets (AfS)	0.3	0.0	- 0.3	0.0	0.0
Financial Assets / Liabilities at Fair Value through profit or loss (AFVtpl)	3.3	- 33.3	0.0	0.0	- 30.0
Financial Liabilities measured at Amortized Cost (FLAC)	- 303.0	0.0	0.0	0.0	- 303.0

The following table shows the development of the Group's valuation allowances during the fiscal year and the prior year:

TABLE 3

€ MILLION	12-31-2009	Utili-zation	Rever-sals	Addi-tions	Reclas-sifi-cations	12-31-2008	Utili-zation	Rever-sals	Addi-tions	Reclas-sifi-cations	12-31-2007
Receivables from sales of land	- 0.3	0.0	0.0	0.0	0.0	- 0.3	0.0	0.0	0.0	0.0	- 0.3
Rent receivables	- 22.6	0.9	3.9	- 4.8	0.1	- 22.7	0.3	2.5	- 1.4	- 0.5	- 23.6
Receivables from other trade	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	- 0.4
Receivables from third-party real estate management	0.0	0.0	0.1	0.0	0.0	- 0.1	0.0	0.0	0.0	0.0	- 0.1
Claims for reimbursement	- 0.5	0.0	1.4	0.0	0.0	- 1.9	0.1	0.1	0.0	- 0.6	- 1.5
Other	- 0.6	0.0	0.0	- 0.6	0.0	0.0	0.4	0.1	0.0	1.1	- 1.6
Total	**- 24.0**	**0.9**	**5.4**	**- 5.4**	**0.1**	**- 25.0**	**1.2**	**2.7**	**- 1.4**	**0.0**	**- 27.5**

CRITERIA FOR THE EVALUATION / IDENTIFICATION OF NEED FOR BAD DEBT ALLOWANCES

Receivables from sales of land and buildings

Receivables from sales of land and buildings are recorded with their maturity date. This is applicable in the case of an existing deposit in a notary trust account as at the date of conveyance of title. Subsequent to unsuccessful dunning procedure, the recoverability of overdue receivables is determined by the operating department (sales department, development department) as well as the need for and amount of a valuation allowance, which is then realized.

Rent receivables

Rent receivables are carried at amortized costs. The dunning procedure includes reminders, demand for payment by legal counsel and ultimately the court order. Subsequent to unsuccessful dunning procedure, rent receivables from ongoing contracts are subject to bad debt allowance and rent receivables from terminated contracts are written off.

Trade receivables, receivables from third-party real estate management and claims for reimbursement

Trade receivables, receivables from third-party real estate management and claims for reimbursement are recorded at their maturity date. Subsequent to unsuccessful dunning procedure, the recoverability of overdue receivables is determined by the operating department as well as the need for, and amount of, a valuation allowance, which is then realized.

The following table shows the age structure of assets that are not impaired.

TABLE 4

€ MILLION	Carrying amount	Of which: Neither impaired nor past due on the reporting date	Of which: Neither impaired nor past due on the reporting date in the following periods			
			0-90 days	91-180 days	181-360 days	> 360 days
12-31-2009 Assets						
Receivables from sales of land and buildings	58.5	56.3	1.5	0.0	0.0	0.5
Rent receivables	14.4	4.6	9.8	0.0	0.0	0.0
Receivables from other trade	4.6	2.8	1.8	0.0	0.0	0.0
Receivables from third-party real estate management	0.1	0.1	0.0	0.0	0.0	0.0
Claims from reimbursement	4.8	4.3	0.0	0.0	0.0	0.0
Other	12.3	11.1	0.6	0.0	0.0	0.0

TABLE 4

€ MILLION	Carrying amount	Of which: Neither impaired nor past due on the reporting date	Of which: Neither impaired nor past due on the reporting date in the following periods			
			0-90 days	91-180 days	181-360 days	> 360 days
12-31-2008						
Assets						
Receivables from sales of land and buildings	164.6	133.5	28.2	1.0	1.1	0.8
Rent receivables	12.9	3.5	7.9	0.0	0.6	0.9
Receivables from other trade	4.7	4.7	0.0	0.0	0.0	0.0
Receivables from third-party real estate management	0.4	0.1	0.2	0.0	0.0	0.1
Claims from reimbursement	2.9	2.9	0.0	0.0	0.0	0.0
Other	14.1	11.2	2.8	0.0	0.1	0.0

Regarding the financial assets that are neither impaired nor in delay of payment, there were no indications as of the balance sheet date that the debtors will not discharge all payment obligations.

The following table shows the expenses for full write-off of receivables and the corresponding income from recoveries on receivables written off per financial asset:

TABLE 5

€ MILLION	Expenses for full write-off of receivables		Income from recoveries on receivables written off	
	12-31-2009	12-31-2008	12-31-2009	12-31-2008
Receivables from sales of land and buildings	0.0	0.0	0.2	0.0
Rent receivables	- 8.3	- 13.4	0.0	0.0
Other	- 0.3	- 1.7	0.3	0.2

In 2009, no financial assets were transferred in such a way that either one part of them or all financial assets are not considered to be booked out.

2. Financial Risk Management

The main financial instruments used by the Group – apart from derivative financial instruments – comprise bank loans, overdrafts, cash and short-term deposits. The primary purpose of these financial instruments is to finance the Group's continuing operations. In addition there are other financial assets and liabilities such as trade receivables and trade payables that directly arise from the Group's operations.

The Group also applies derivative financial instruments (mainly interest rate swaps) to manage interest rate risks resulting from the Group's operating business and financing. The Group's policy states that derivative financial instruments are not used for speculative purposes.

The Group's significant financial risks are interest-rate-based cash flow risks, liquidity risks and credit risks. The Group is not exposed to any currency risks.

HEDGING POLICIES AND FINANCIAL DERIVATIVES

On December 31, 2009, the derivative financial instruments used by the Group were option agreements and interest rate swaps.

The fair value of derivative financial instruments depends on fluctuations in the underlying interest rates and other variable market factors.

In 2009 no derivative financial instruments were used for hedge accounting.

INTEREST RATE SWAPS

In the business year 2009, the Group used interest rate swaps to hedge future cash flows from variable-rate loans. The remaining amounts have not been designated as being hedging instruments so far.

Interest rate swaps are accounted for at fair value and disclosed on the assets side under the items "Other financial assets" or "Financial receivables and other financial assets", depending on their maturity, or on the liabilities side under the item "Financial liabilities (current / non-current)".

The following interest rate swaps existed as of the balance sheet date:

€ MILLION	12-31-2009	12-31-2008
Nominal value of interest rate swaps	316.6	600.4
Fair value of interest rate swaps	- 15.9	- 33.5

The nominal value of interest rate swaps decreased because two swaps were terminated in 2009.

Due to the valuation of the derivatives, interest rate swaps with a negative amount of €15.9 million (prior year: €33.5 million) are disclosed in the "Financial liabilities".

The market values of the interest rate swaps are regularly determined and monitored on the basis of the market data available on the balance sheet date and suitable valuation methods. As of December 31, 2009, the valuation was based on the following term structure:

Interest rate for six months	0.993 %
Interest rate for one year	1.247 %
Interest rate for five years	2.805 %
Interest rate for ten years	3.595 %

The residual term of the interest rate swaps is more than four years – the same as the residual terms of mirrored global loans.

Changes in the fair value of the interest rate swaps of €8.6 million (prior year: €33.3 million) were recognized through profit or loss under the item F.12. "Interest Expenses (Periodical) and Loss from the Fair Value Measurement of Derivatives".

OPTION AGREEMENTS

The options existing as of the balance sheet date break down as follows:

€ MILLION	12-31-2009	12-31-2008
Call option (writer):		
Nominal volumes	2.5	9.5
(Historical) cost	0.0	0.0
Put option:		
Nominal volumes	2.5	57.3
(Historical) cost	0.0	0.0

At the end of the fiscal year, GAGFAH Group entities had the following option agreements on shares in German limited liability companies.

The assets linked to the option agreements do not have a quoted market price in an active market. Furthermore, the fair value cannot be measured using a recognized method due to the lack of measurement parameters.

For this reason, the existing option agreements are recognized at (historical) cost in line with IAS 39.46c and IAS 39.AG80. The (historical) cost of all option agreements amounted to €0.00.

The first option agreement contained a call option by NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen m.b.H. (buyer), which at any time until December 31, 2012, has the right to acquire the shares in Städtische Wohnungsbau GmbH Göttingen, Wohnungsgesellschaft m.b.H für den Landkreis Goslar, Lehrter Wohnungsbau GmbH, Lehrte, and Wohnungsbaugesellschaft mit beschränkter Haftung Salzgitter, at a fixed price as defined in the agreement. However, NILEG Norddeutsche Immobiliengesellschaft GmbH (seller) had the opportunity to prevent the buyer from exercising this option by paying the buyer a fixed amount.

Furthermore, this option agreement contained a put option for the seller, who at any time between October 1, 2010, and December 31, 2011, has the right to sell the above-mentioned shares at the same fixed price.

On November 19, 2009, and December 1, 2009, respectively, NILEG Norddeutsche Immobiliengesellschaft GmbH sold its shares in Wohnungsbaugesellschaft mit beschränkter Haftung Salzgitter and Städtische Wohnungsbau GmbH Göttingen. In accordance with the two sales contracts, the aforementioned reverse call and put rights between NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen m.b.H. and NILEG Norddeutsche Immobiliengesellschaft GmbH concerning the shares in the two companies ceased. The nominal volumes of call and put options as of December 31, 2009, were reduced by the nominal volumes of the two options of €4.9 million (Salzgitter) and €2.1 million (Göttingen) respectively.

The reverse call and put rights concerning the two remaining companies, Lehrter Wohnungsbau GmbH, Lehrte, and Wohnungsgesellschaft m.b.H für den Landkreis Goslar, still exist at the balance sheet date with nominal volumes of €1.9 million and €0.6 million respectively.

Another option agreement was purchased in the context of the acquisition of the GBH Group. This option agreement contained a put option which entitled the GAGFAH Group to sell its shares in Baugesellschaft Frankenthal GmbH (74.90 %) at a fixed price of €47.8 million.

The senior management of GAGFAH Group resolved to exercise the put option for Baugesellschaft Frankenthal GmbH on January 7, 2009. The nominal volume of put options as of December 31, 2009, was reduced by the respective amount of €47.8 million.

For detailed information about the exercise of this put option and the deconsolidation of BGF, please refer to section B.1. “Consolidated Group”.

FINANCIAL RISK MANAGEMENT SYSTEM

The risk management system of the GAGFAH Group consists after the latest revision completed in December 2009 of the following elements:

- internal monitoring system
- early warning system
- controlling system

The internal monitoring system consists of supervisory measures which are either part of processes (organisational safeguards, controls) or independent security measures mainly monitored by the internal audit department. A basic task of the internal audit department is also the supervision of the risk system. Organizational safeguards are designed to ensure a set security level and are generally part of an ongoing, automatic process, including the prevention of failures in the operational and organisational structure (such as separation of function and Group directives).

The early warning system is the entirety of all activities relating to risk identification and risk control. The early warning system is based on the internal early warning directive that has been defined and communicated by the GAGFAH Group Management and which is mandatory for all employees. This directive lays out the basic principles of an early warning system, defining the parameters for assessing and controlling qualitative and quantitative risks. It furthermore defines potential risk categories as well as the responsibilities.

The quarterly reporting structure is based on the internal early warning directive. The risk owners report their risks on a standardised form to the risk coordinator who compiles all such information in a risk report. This risk report is presented to the GAGFAH Group Management on a quarterly basis. In addition to an overview of

quantitative and qualitative risks of the departments / regions, the risk report also includes descriptions of the measures to be taken.

As defined by the internal early warning directive, the monitoring of risks and the related countermeasures have to be followed up by the respective risk owners, in some circumstances in coordination with the CEO.

Irrespective of the quarterly reporting, there is also an ad hoc reporting system to the extent necessary as described in the internal early warning directive. In case of ad hoc reporting, the risk owners report informally and immediately.

A controlling system has been established and implemented for the delivery of all target figures, monitoring and possible countermeasures and also to serve as an indicator for entrepreneurial variances by target / actual analyses. The controlling system is positioned in the controlling department which prepares a monthly controlling report for the GAGFAH Group Management. This controlling system ensures proactive control of financial risks.

The early warning system and the monthly controlling report ensure that the measures are coordinated and adjusted to the current business environment as well as to the processes and functions.

The risk management procedures applied to the key categories of financial risks of the GAGFAH Group entities are described below.

INTEREST RATE RISK

Analyses of the current operating results show that a variation of the interest yield curve has an impact on the interest result.

If market interest rates were 50 basis points lower (or 100 basis points higher) by the next reporting date, results would be €1.6 million (€2.9 million) lower (higher).

The hypothetical effect of €- 1.6 million on income results from the potential effects of €- 4.2 million from interest rate derivatives and a reduction of €2.6 million from variable-interest financial liabilities.

If the market interest rates had been 100 basis points lower (higher) on December 31, 2008, results would have been €20.2 million (€18.7 million) lower (higher).

The current results are lower than in 2008, as GAGFAH Group has terminated several swap agreements which due to their long-term residual maturities have been more sensitive to interest rate changes.

Interest rate risks include the risk that future expected cash flows from a financial instrument could fluctuate due to changes in the market interest rate.

In particular, GAGFAH Group faces the risk of interest rate fluctuations in the area of financing. It is Company policy to mitigate these risks using financial derivatives. Derivatives are only used to manage interest rate risks and serve exclusively hedging purposes. Pure trading transactions without an underlying transaction (speculative transactions) are not carried out.

All hedging measures are coordinated and carried out centrally by the Group's Treasury Department.

Management receives regular reports on interest rate risk factors for GAGFAH Group.

The strategies pursued by the Company allow the use of derivatives if there are underlying assets or liabilities, contractual claims or obligations or planned operating transactions.

LIQUIDITY RISK

Liquidity risk is the risk that an entity may not be in a position to raise funds to meet commitments associated with a contract. Liquidity risk also arises from the possibility that tenants may not be able to meet their obligations to the Company under the terms of the lease agreements.

Furthermore, liquidity risk comprises the risk that financial assets cannot be sold quickly at fair value due to market bottlenecks (market liquidity risk).

The Group is financed long term. A liquidity plan based on a fixed planning horizon endeavors to ensure that GAGFAH Group entities have sufficient liquidity at all times.

GAGFAH Group provides guarantees for certain financing arrangements of the subsidiaries. These guarantees pose a risk in as much as they could be utilized. GAGFAH Group monitors these risks in close collaboration with its subsidiaries and takes appropriate measures wherever necessary.

For an analysis of the Group's financial liabilities, please refer to section E.16.1. "Financial Liabilities".

CREDIT RISK

Credit risk from financial assets involves the danger of a contractual partner defaulting and therefore amounts at most to the positive fair value of the asset vis-à-vis the relevant counterparty.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in section H.1., Table 1 "Additional Disclosures on Financial Instruments".

With regard to primary financial instruments, credit risk is accounted for by the recognition of bad debt allowances.

Deposits achieved of €84.1 million (prior year: €79.9 million) and amounts paid by contracting parties into notary trust accounts of €50.8 million (prior year: €42.6 million) serve as collateral securities mainly for the receivables from sales of land and buildings.

CURRENCY RISK

Currency risk results from the fact that the value of a financial instrument can change due to exchange rate fluctuations.

GAGFAH Group entities do not currently generate cash flows in foreign currencies. As a result, they are not exposed to exchange rate risk.

3. Joint Ventures

Joint ventures serve the purpose of the development and subsequent sale of property. As of year-end, the following entities were consolidated with a 50 % share in their net assets, liabilities, income and expenses:

- Wolmirstedt GbR
- Objekt Dresden GbR
- Grundstücksentwicklungsgesellschaft Oesselse "Langes Feld" GbR
- Möser GbR

The Group's joint ventures Lühnde IGH und NILEG GbR and Danndorf GbR were liquidated in the second half of 2009. The companies transferred their net assets as a whole to NILEG Norddeutsche Immobiliengesellschaft mbH.

The Group's share in the remaining four joint ventures breaks down as follows:

€ MILLION	12-31-2009	12-31-2008
Current assets	2.5	2.6
Current liabilities	0.2	0.3
	2.3	**2.3**
Income	0.0	0.1
Expenses	0.0	0.2

4. Contingent Liabilities and Other Financial Obligations

CONTINGENT LIABILITIES

There were no contingent liabilities in the fiscal year.

OTHER FINANCIAL OBLIGATIONS

The Group's other financial obligations break down as follows:

€ MILLION 12-31-2009	Within one year	Between one year and three years	Between three and five years	More than five years	Total
Outsourcing contracts (provider of maintenance activities)	60.0	120.0	120.0	230.0	530.0
Rent obligations (buildings)	4.1	6.3	4.8	7.8	23.0
Hosting fees for computer center	5.4	8.2	1.9	0.0	15.5
Repair and maintenance of software	2.2	2.7	0.2	0.0	5.1
Leasing obligations – automobile	1.1	1.7	0.4	0.0	3.2
Leasing obligations – copiers	0.4	0.5	0.1	0.0	1.0
Basic fees for telephony and data network	0.4	0.5	0.0	0.0	0.9
Rent and leasing obligations – hardware	0.4	0.3	0.0	0.0	0.7
Repair and maintenance of hardware	0.2	0.1	0.0	0.0	0.3
Total	**74.2**	**140.3**	**127.4**	**237.8**	**579.7**

€ MILLION 12-31-2008	Within one year	Between one year and three years	Between three and five years	More than five years	Total
Outsourcing contracts (provider of maintenance activities)	63.0	120.0	120.0	290.0	593.0
Hosting fees for computer center	5.7	9.2	5.3	0.0	20.2
Rent obligations (buildings)	3.5	7.0	4.0	4.8	19.3
Repair and maintenance of software	1.6	2.4	0.8	0.0	4.8
Leasing obligations – automobile	0.9	1.2	0.3	0.0	2.4
Basic fees for telephony and data network	0.8	1.0	0.1	0.0	1.9
Rent and leasing obligations – hardware	0.4	0.6	0.0	0.0	1.0
Project costs for the implementation of an operating system	0.9	0.0	0.0	0.0	0.9
Leasing obligations – copiers	0.3	0.4	0.1	0.0	0.8
Repair and maintenance of hardware	0.3	0.1	0.0	0.0	0.4
Total	**77.4**	**141.9**	**130.6**	**294.8**	**644.7**

There are individual renewal and rent adjustment clauses for some of the rental agreements for buildings. The rent adjustments are pegged to the consumer price index.

There are no purchase options for the rental agreements.

Neither renewal and rent adjustment clauses nor purchase options exist for the leasing contracts.

In the fiscal year 2009, the total payments for operating lease amounted to €5.1 million (prior year: €1.9 million).

5. Number of Employees and Personnel Expenses

The average number of employees is presented below, broken down according to GAGFAH's business segments:

	12-31-2009		12-31-2008	
€ MILLION	Heads	FTEs	Heads	FTEs
Real estate management	1,202	1,157	1,096	1,055
thereof facility management service	614	595	472	455
Real estate sales	39	39	48	47
Other	277	267	297	288
Total	**1,518**	**1,463**	**1,441**	**1,390**

Including 364 part-time employees (prior year: 381) and 89 trainees (prior year: 68), the total headcount was 1,971 (prior year: 1,890).

Personnel expenses amounted to €109.0 million (prior year: €101.8 million) and break down as follows:

€ MILLION	2009	2008
Wages and salaries	90.8	82.7
Social security	15.3	13.8
Pension costs	3.3	1.4
Other	- 0.4	3.9
Total	**109.0**	**101.8**

Other personnel expenses mainly contain income from share bonuses amounting to €1.5 million (prior year: expenses of €3.5 million) and prior-year personnel expenses of €0.9 million (prior year: €0.0 million).

€6.4 million (prior year: €6.2 million) of the expenses for social security are recognized as an expense for defined contribution plans.

6. Related Party Transactions

Natural persons related to GAGFAH S.A. in the meaning of IAS 24.9 are the management of GAGFAH S.A. and close family members (e.g. spouses, children) of the aforementioned persons.

Related parties of GAGFAH S.A. in the meaning of IAS 24.9 include the ultimate parent company, all subsidiaries and associates as well as certain companies not included in the Consolidated Financial Statements.

Related parties that are controlled by GAGFAH S.A. or over which GAGFAH S.A. may exercise significant influence are included in the Consolidated Financial Statements and recorded in the list of shareholdings, indicating in Exhibit (1) the relevant share capital.

GAGFAH S.A., Luxembourg, is majority-owned by the following investment funds, which are controlled by Fortress Investment Group LLC:

MAJOR SHAREHOLDERS

Shareholder	Number of shares	%
Fortress Residential Investment Deutschland (Fund A) LP	20,626,823	9.13
Fortress Investment Fund III (GAGACQ Subsidiary) LLC	16,539,554	7.32
Fortress Investment Fund III (Fund B) (GAGACQ Subsidiary) LLC	14,141,601	6.26
Fortress Residential Investment Deutschland (Fund B) LP	12,330,464	5.46
Fortress Subsidiary (GAGACQ) LCC	11,669,744	5.17

These entities are also related parties to GAGFAH S.A. In addition, Fortress Investment Group LLC controls a multitude of other entities which, however, are not relevant to the business of GAGFAH S.A.

All transactions with related parties are executed at arm's length on the basis of international methods of price comparison in accordance with IAS 24.

7. Management

7.1. BOARD OF DIRECTORS

Members

The Board of Directors is vested with the broadest powers to manage the business of the Company and to authorize and / or perform all acts of disposal and administration falling within the purposes of the Company.

The following individuals were members of the Board of Directors as of December 31, 2009:

Members	
Robert I. Kauffman	Chairman
William J. Brennan	Director
Wesley R. Edens	Director
Randal A. Nardone	Director
Dr. Jürgen Allerkamp	Independent Director
Dieter H. Ristau	Independent Director
Yves Wagner, Ph.D.	Independent Director

On March 25, 2009, Burkhard U. Drescher resigned from his position as member of the Board of Directors of the Company.

On April 21, 2009, William J. Brennan was appointed member of the Board of Directors of the Company with effect as of August 1, 2009.

Total Remuneration and Loans Granted

Robert I. Kauffman, William J. Brennan, Wesley R. Edens and Randal A. Nardone are not parties to service agreements with the Company and receive no compensation as Board members. William J. Brennan serves as member of the Board of Directors and the Senior Management. For details regarding the remuneration of Senior Management see below (section 7.2. “Senior Management”). The members of the Board of Directors are reimbursed for expenses incurred through their attendances of Board meetings.

Yves Wagner, Ph.D., Dieter H. Ristau and Dr. Jürgen Allerkamp are party to service agreements with the Company, receive compensation for their services as Board members and are reimbursed for their expenses on an annual basis. Such compensation consists (net) of €25,000 plus 5,000 shares in the Company. The service agreements do not provide for the receipt of any benefits upon termination of such service agreements.

We provide all Board members with directors' and officers' insurance. The total net compensation to members of the Board for the fiscal years 2007 and 2008 was paid in 2009 and amounts to €150,000 plus 30,000 shares in the Company.

As of December 31, 2009, no advances or loans had been granted to members of the Board.

7.2. SENIOR MANAGEMENT

Members

Members of the Senior Management of the Company's subsidiaries are integral to the management of the Company's subsidiaries. With the exception of William J. Brennan, members of the Board are not members of the Senior Management of the Company's subsidiaries. As a result, of the members of the Board, only William J. Brennan is active in the day-to-day management of the subsidiaries.

The following individuals were members of the Senior Management of the Company's respective subsidiaries:

Members	
William J. Brennan	Chief Executive Officer (CEO) (since May 12, 2009)
Nicolai Kuss	Chief Operations Officer (COO) (since April 30, 2009)
Worna Zohari	Chief Sales Officer (CSO)

William J. Brennan was appointed as member of the Senior Management of the Company's major operational subsidiaries with effect as of January 1, 2009. On May 12, 2009, he was appointed as CEO.

On April 6, 2009, Burkhard U. Drescher resigned from his position as member of the Senior Management of the Company's subsidiaries.

On April 30, 2009, Rainer Seifert resigned from his position as member of the Senior Management of the Company's subsidiaries.

With effect as of October 31, 2009, Rolf Glessing resigned from his position as a member of the Senior Management of the Company's subsidiaries.

Total Remuneration and Loans Granted

Current management remuneration comprises a fixed, a variable and a share-based component. In fiscal year 2009, the Senior Management received remuneration totaling €2.9 million (prior year: €4.3 million) for the performance of their duties within the Group.

Of total remuneration, €1.5 million (prior year: €1.6 million) relates to fixed remuneration, €1.4 million (prior year: €1.5 million) thereof to basic remuneration and €0.1 million (prior year: €0.1 million) thereof to fixed benefits in kind, which mainly comprise the provision of company cars.

The variable component (management bonuses) totaling €0.5 million (prior year: €1.3 million) includes annually recurring components linked to the success of the Company.

Additionally, management received share-based remuneration amounting to €0.9 million (prior year: €1.4 million).

As of December 31, 2009, no advances or loans had been granted to managers.

Pension Obligations and Other Pension Benefits

Under certain circumstances, members of management are entitled to pension payments. The pension entitlement is calculated as a percentage of part of the employee's fixed salary. The percentage is dependent on the employee's function on the management board and the length of office.

Pensions totaling €0.5 million (prior year: €0.4 million) were paid to former managers and their dependents in the fiscal year.

Jubilee Commitments

There are no obligations to pay jubilee bonuses to Senior Management.

Severance Payments

The subgroups have contractual arrangements with the members of management that regulate the granting of severance payments in the event of early retirement.

In the fiscal year, severance payments amounting to €0.4 million (prior year: €1.0 million) were made. In addition, as of the balance sheet date, the Group had outstanding obligations due to severance payments amounting to €0.4 million (prior year: €0.6 million).

8. Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

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(1) List of Shareholdings

UPSTREAM MERGERS IN FISCAL YEAR 2009

Parent company	Subsidiary	Closing balance sheet date	Date of the take-over of net assets	Date of entry into the commercial register
GAGFAH Acquisition 3 GmbH	GAGFAH First Property Holding GmbH & Co. KG	May 31, 2009	May 31, 2009	July 9, 2009
GAGFAH Acquisition 3 GmbH	GAGFAH Pegasus Verwaltungs GmbH	May 31, 2009	May 31, 2009	August 14, 2009
NILEG Norddeutsche Immobiliengesellschaft mbH	NILEG Hofheim GmbH & Co. KG	December 31, 2009	December 31, 2009	January 5, 2010

CHANGES OF CORPORATE FORM AND OF NAME IN FISCAL YEAR 2009

New corporate form / name	Former corporate form / name
GAGFAH S Service GmbH	NORD / IMG Immobiliengesellschaft für Mecklenburg-Vorpommern mbH

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Held by No.
1	GAGFAH S.A.	Luxembourg, Luxembourg		
2	GAGFAH Holding GmbH	Essen, Germany	100 %	1
3	KALIRA Grundstücks-Verwaltungsgsellschaft mbH	Grünwald, Germany	94.80 %	2
4	KALIRA Grundstücksgesellschaft mbH & Co. KG	Grünwald, Germany	94.90 %	2
5	GAGFAH Verwaltung GmbH	Essen, Germany	100.00 %	2
6	GAG ACQ Ireland Limited	Clonee, Ireland	100.00 %	1
7	UC ACQ Ireland Limited	Clonee, Ireland		
8	GAGFAH Operations Advisor GmbH	Essen, Germany	83.00 % 17.00 %	6 7
9	GAGFAH GmbH	Essen, Germany	82.48 % 17.52 %	2 7
10	GAGFAH M Immobilien Management GmbH	Essen, Germany	94.00 % 6.00 %	11 9
11	GAGFAH I Invest GmbH & Co. KG	Essen, Germany	100.00 %	9
12	GAGFAH B Beteiligungs GmbH	Essen, Germany	99.60 %	10
13	GAGFAH A Asset GmbH & Co. KG	Essen, Germany	100.00 %	10
14	VHB Grundstücksverwaltungsgesellschaft “Haus und Bodenfonds” mbH	Essen, Germany	100.00 %	10
15	Neues Schweizer Viertel Betriebs +Service GmbH & Co. KG	Berlin, Germany	94.99 %	10

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Held by No.
16	Schweizer Viertel Grundstücks GmbH	Berlin, Germany	94.74 % 5.26 %	10 15
17	IVS Immobilienversicherungsservice GmbH	Mülheim an der Ruhr, Germany	100.00 %	10
18	HaBeGe Bau- und Projektentwicklungsgesellschaft mbH	Essen, Germany	94.90 % 5.10 %	10 4
19	Haus- und Boden- Fonds 5	Essen, Germany	66.96 %	11
20	Haus- und Boden- Fonds 6	Essen, Germany	88.66 %	11
21	Haus- und Boden- Fonds 7	Essen, Germany	76.37 %	11
22	Haus- und Boden- Fonds 8	Essen, Germany	74.30 %	11
23	Haus- und Boden- Fonds 9	Essen, Germany	72.85 %	11
24	Haus- und Boden- Fonds 10	Essen, Germany	73.36 %	11
25	Haus- und Boden- Fonds 11	Essen, Germany	73.16 %	11
26	Haus- und Boden- Fonds 12	Essen, Germany	81.05 %	11
27	Haus- und Boden- Fonds 13	Essen, Germany	77.72 %	11
28	Haus- und Boden- Fonds 14	Essen, Germany	63.06 %	11
29	Haus- und Boden- Fonds 15	Essen, Germany	71.88 %	11
30	Haus- und Boden- Fonds 18	Essen, Germany	71.59 %	11
31	Haus- und Boden- Fonds 19	Essen, Germany	74.20 %	11
32	Haus- und Boden- Fonds 21	Essen, Germany	71.23 %	11
33	Haus- und Boden- Fonds 23	Essen, Germany	54.44 %	11
34	Haus- und Boden- Fonds 29	Essen, Germany	62.60 %	11
35	Haus- und Boden- Fonds 33	Essen, Germany	57.10 %	11
36	Haus- und Boden- Fonds 35	Essen, Germany	58.36 %	11
37	Haus- und Boden- Fonds 37	Essen, Germany	47.97 %	11
38	Haus- und Boden- Fonds 38	Essen, Germany	54.15 %	11
39	NILEG Immobilien Holding GmbH	Hannover, Germany	94.80 % 5.20 %	2 1
40	NILEG Real Estate GmbH	Hannover, Germany	94.81 % 5,19 %	39 4
41	NILEG Real Estate GmbH & Co. Management KG	Hannover, Germany	94.90 % 5.10 %	39 4
42	NILEG Norddeutsche Immobiliengesellschaft mbH	Hannover, Germany	94.86 % 5.14 %	39 41
43	GAGFAH S Service GmbH	Essen, Germany	100.00 %	39
44	Osnabrücker Wohnungsbaugesellschaft mbH	Osnabrück, Germany	94.09 % 5.91 %	39 4
45	OWG Beteiligungs GmbH	Hannover, Germany	100.00 %	44

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Held by No.
46	OWG Asset GmbH & Co. KG	Osnabrück, Germany	100.00 %	44
47	NILEG Norddeutsche Beteiligungs GmbH	Hannover, Germany	100.00 %	42
48	NILEG Commercial Asset GmbH & Co. KG	Hannover, Germany	100.00 %	42
49	NILEG Residential Asset GmbH & Co. KG	Hannover, Germany	100.00 %	42
50	Wohnungsgesellschaft Norden mbH	Hannover, Germany	94.88 %	42
51	WGNorden Beteiligungs GmbH	Hannover, Germany	100.00 %	50
52	WGNorden Asset GmbH & Co. KG	Hannover, Germany	100.00 %	50
53	Wohnungsbau Niedersachsen GmbH	Hannover, Germany	94.85 %	50
54	VHB FM GmbH	Essen, Germany	100.00 %	53
55	WBN Beteiligungs GmbH	Hannover, Germany	100.00 %	53
56	WBN Asset GmbH & Co. KG	Hannover, Germany	100.00 %	53
57	WOBA HOLDING GMBH	Dresden, Germany	94.80 % 5.20 %	2 1
58	Opera Co-Acquisition GP GmbH	Dresden, Germany	94.80 %	57
59	Opera Co-Acquisition GmbH & Co. KG	Dresden, Germany	94.90 %	57
60	WOBA DRESDEN GMBH	Dresden, Germany	100.00 %	57
61	Immo Service Dresden GmbH	Dresden, Germany	100.00 %	60
62	Dienstleistungs- und Bauhof Dresden GmbH	Dresden, Germany	100.00 %	61
63	Bau- und Siedlungsgesellschaft Dresden mbH	Dresden, Germany	94.73 % 5.27 %	60 59
64	Liegenschaften Weissig GmbH	Dresden, Germany	94.75 % 5.25 %	60 59
65	WOHNBAU NORDWEST GmbH	Dresden, Germany	94.90 % 5.10 %	60 59
66	SÜDOST WOBA DRESDEN GMBH	Dresden, Germany	94.90 % 5.10 %	60 59
67	Parkhaus Prohlis GmbH	Dresden, Germany	70.00 %	66
68	Immobilien-Vermietungsgesellschaft Knappertsbusch & Co. & SÜDOST WOBA Striesen KG	Leipzig, Germany	0.02 %	66
69	GAGFAH Acquisition 1 GmbH	Essen, Germany	94.80 % 5.20 %	2 1
70	GAGFAH Acquisition 2 GmbH	Essen, Germany	94.80 % 5.20 %	2 1
71	GAGFAH Acquisition 3 GmbH	Essen, Germany	94.80 % 5.20 %	2 1
72	GAGFAH Pegasus GmbH	Berlin, Germany	94.80 % 5.20 %	71 4
73	GAGFAH Erste Grundbesitz GmbH	Essen, Germany	100.00 %	71

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Held by No.
74	GBH Acquisition GmbH	Essen, Germany	94.80 % 5.20 %	2 1
75	GBH Service GmbH	Heidenheim an der Brenz, Germany	100.00 %	74
76	GBH Heidenheim Verwaltung GmbH	Heidenheim an der Brenz, Germany	100.00 %	74

Joint Ventures (as defined by IAS 31) included in the Consolidated Financial Statements on a Proportionate Basis:

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Held by No.
77	Objekt Dresden GbR	Hannover, Germany	50.00 %	42
78	Grundstücksentwicklungsgesellschaft Oesselse “Langes Feld” GbR	Essen, Germany	50.00 %	42
79	Wolmirstedt GbR	Essen, Germany	50.00 %	42
80	Möser GbR	Essen, Germany	50.00 %	42

Other Financial Assets of 20 % or More

LIST OF SHAREHOLDINGS AS OF DECEMBER 31, 2009

No.	Company name	Registered office	Share of capital	Total equity (€k)	Net profit / loss (€k)	Held by No.
81	Hannover Region Grundstücksgesellschaft Verwaltung mbH & Co. Businesspark Hannover Nord KG	Hannover, Germany	33.33 %	0.0 [1]	- 544.7 [1]	42
82	Wohnstätten Erste Vermögensverwaltungs GmbH	Heidelberg, Germany	20.00 %	1,196.0 [2]	167.0 [2]	42

[1] As of December 31, 2008
[2] As of December 31, 2003

(2) Statement of Changes in Consolidated Non-current Assets 2009

	Acquisition or production costs					
€ MILLION	Jan. 1, 2009	Change in the consolidated Group	Additions	Disposals	Reclassifications	Dec. 31, 2009
Intangible Assets						
Industrial rights	11.2	0.0	0.3	0.0	0.0	11.5
Goodwill	26.6	0.0	0.0	0.0	0.0	26.6
	37.8	**0.0**	**0.3**	**0.0**	**0.0**	**38.1**
Property, plant and equipment						
Land and buildings (owner-occupied)	55.6	- 0.5	0.0	1.0	- 0.9	53.2
Technical equipment and machines	3.5	0.0	0.0	0.0	0.6	4.1
Other equipment, furniture and fixtures	20.0	- 0.6	1.8	0.2	0.0	21.0
Assets under construction	0.0	0.0	0.6	0.0	- 0.6	0.0
	79.1	**- 1.1**	**2.4**	**1.2**	**- 0.9**	**78.3**
Other financial assets						
Investments	2.5	0.0	0.0	0.0	0.0	2.5
Other loan receivables	0.3	0.0	0.0	0.1	0.0	0.2
Other financial assets	3.2	0.0	0.0	0.0	0.0	3.2
	6.0	**0.0**	**0.0**	**0.1**	**0.0**	**5.9**
Total	**122.9**	**- 1.1**	**2.7**	**1.3**	**- 0.9**	**122.3**

Accumulated depreciation						Book value
Jan. 1, 2009	Change in the consolidated Group	Additions	Disposals	Reclassifications	Dec. 31, 2009	Dec. 31, 2009
6.9	0.0	1.1	0.0	0.0	8.0	3.5
3.0	0.0	0.0	0.0	0.0	3.0	23.6
9.9	**0.0**	**1.1**	**0.0**	**0.0**	**11.0**	**27.1**
20.2	- 0.3	0.8	1.0	0.0	19.7	33.5
1.7	0.0	0.2	0.0	0.0	1.9	2.2
14.2	- 0.6	1.8	0.2	0.0	15.2	5.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0
36.1	**- 0.9**	**2.8**	**1.2**	**0.0**	**36.8**	**41.5**
1.7	0.0	0.0	0.0	0.0	1.7	0.8
0.0	0.0	0.0	0.0	0.0	0.0	0.2
0.6	0.0	0.0	0.3	0.0	0.3	2.9
2.3	**0.0**	**0.0**	**0.3**	**0.0**	**2.0**	**3.9**
48.3	**- 0.9**	**3.9**	**1.5**	**0.0**	**49.8**	**72.5**

(2) Statement of Changes in Consolidated Non-current Assets 2008

€ MILLION	Acquisition or production costs					
	Jan. 1, 2008	Change in the consolidated Group	Additions	Disposals	Reclassifications	Dec. 31, 2008
Intangible Assets						
Industrial rights	11.7	- 0.1	0.1	0.5	0.0	11.2
Goodwill	26.6	0.0	0.0	0.0	0.0	26.6
	38.3	**- 0.1**	**0.1**	**0.5**	**0.0**	**37.8**
Property, plant and equipment						
Land and buildings (owner-occupied)	55.3	0.0	0.0	0.0	0.3	55.6
Technical equipment and machines	21.3	- 19.4	1.4	0.0	0.2	3.5
Other equipment, furniture and fixtures	21.8	0.0	1.5	3.3	0.0	20.0
Assets under construction	0.3	0.0	0.2	0.0	- 0.5	0.0
	98.7	**- 19.4**	**3.1**	**3.3**	**0.0**	**79.1**
Other financial assets						
Investments	2.6	0.0	0.0	0.1	0.0	2.5
Other loan receivables	0.3	0.0	0.0	0.0	0.0	0.3
Other financial assets	8.4	0.0	0.0	5.2	0.0	3.2
	11.3	**0.0**	**0.0**	**5.3**	**0.0**	**6.0**
Total	**148.3**	**- 19.5**	**3.2**	**9.1**	**0.0**	**122.9**

Accumulated depreciation						Book value
Jan. 1, 2008	Change in the consolidated Group	Additions	Disposals	Reclassifications	Dec. 31, 2008	Dec. 31, 2008
6.0	- 0.1	1.3	0.3	0.0	6.9	4.3
0.0	0.0	3.0	0.0	0.0	3.0	23.6
6.0	**- 0.1**	**4.3**	**0.3**	**0.0**	**9.9**	**27.9**
19.0	0.0	0.9	0.0	0.3	20.2	35.4
9.0	- 9.4	2.1	0.0	0.0	1.7	1.8
15.7	0.0	1.7	3.2	0.0	14.2	5.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0
43.7	**- 9.4**	**4.7**	**3.2**	**0.3**	**36.1**	**43.0**
1.4	0.0	0.3	0.0	0.0	1.7	0.8
0.0	0.0	0.0	0.0	0.0	0.0	0.3
0.1	0.0	0.5	0.0	0.0	0.6	2.6
1.5	**0.0**	**0.8**	**0.0**	**0.0**	**2.3**	**3.7**
51.2	**- 9.5**	**9.8**	**3.5**	**0.3**	**48.3**	**74.6**

Independent Auditor's Report

To the Shareholders of
GAGFAH S.A.
2-4, rue Beck
L-1222 Luxembourg

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Following our appointment by the Board of Directors, we have audited the accompanying consolidated financial statements of GAGFAH S.A., which comprise the Consolidated Balance Sheet as at December 31, 2009, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE "RÉVISEUR D'ENTREPRISES"

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the judgement of the "réviseur d'entreprises", including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises" considers internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of GAGFAH S.A. as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Directors' Report, which is the responsibility of the Board of Directors, is consistent with the Consolidated Financial Statements.

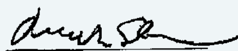
ERNST&YOUNG
Société Anonyme
Réviseur d'entreprises

René ENSCH

Luxembourg, March 9, 2010

Financial Statement Certification

To the best of our knowledge, we hereby confirm that, in accordance with the applicable generally accepted reporting standards, the Consolidated Financial Statements reflect the true asset, financial, and earnings situation of the Group and that the Directors' Report is a true and fair representation of the business development including the income and general situation of the Group and that the material risks and opportunities regarding the expected development of the Group for the remainder of the fiscal year have been described therein.

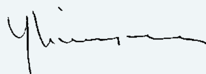


Wesley R. Edens

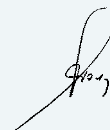
Robert I. Kauffman

Randal A. Nardone

William J. Brennan



Yves Wagner, PhD



Dieter H. Ristau

Dr. Jürgen Allerkamp

Luxembourg, March 9, 2010

Financial Calendar

March 10, 2010
Publication of Annual Report 2009

April 21, 2010
Annual General Meeting of Shareholders, Luxembourg

May 2010
Publication of Interim Report – Q1 2010

August 2010
Publication of Interim Report – Q2 2010

November 2010
Publication of Interim Report – Q3 2010

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