GSW IMMOBILIEN AG
INTERIM REPORT 9M-2012

MY BERLIN. MY HOME.

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

	30.09.2012	30.09.2011
Vacancy rate (residential)	3.2 %	3.6 %
In-place rent (residential)	5.17 EUR/sqm	4.95 EUR/sqm

P&L HIGHLIGHTS

Mio. EUR	01.01.-30.09.2012	01.01.-30.09.2011
Net rental income	120.9	102.8
Result on disposals	7.7	3.0
EBITDA	102.9	95.5
Adjusted EBITDA	100.7	86.4
Net operating profit (EBIT)	102.3	94.7
Consolidated net income for the period	40.7	45.8
FFO I (excl. sales result)	50.0	40.4
AFFO1	35.8	33.5
FFO II (incl. sales result)	57.6	43.4

[1] FFO I less capitalised expenses for modernisation and maintenance

BALANCE SHEET HIGHLIGHTS

Mio. EUR	30.09.2012	31.12.2011
Investment property	2,910.1	2,930.2
Cash and cash equivalents	232.8	62.6
Equity	1,327.7	1,166.4
Financial liabilities	1,728.4	1,770.9
Total assets	3,193.0	3,039.7
EPRA NAV[2]	1,412.0	1,219.9
Loan-to-Value	51.1 %	58.0 %
Equity ratio	41.6 %	38.4 %

[2] Deferred taxes (relating to losses from the remeasurement of financial instruments) of EUR 4.2 million (31 December 2011: EUR 2.7 million) reported in other comprehensive income are not included.

KEY FINANCIALS PER SHARE

EUR	01.01.-30.09.2012	01.01.-30.09.2011
FFO I per share[3]	1.07	1.04
AFFO per share[3]	0.77	0.96

EUR	30.09.2012	31.12.2011
Number of shares outstanding	50,526,314	41,052,630
EPRA NAV per share	27.95	29.72

[3] Based on the average of 46,480,982 shares outstanding in the first nine months of 2012 (9M 2011: 38,746,866) in accordance with IAS 33.19 (for calculation see notes); in the previous year, FFO I and AFFO per share were reported on the basis of the number of shares outstanding at the reporting date and amounted to EUR 0.98 and EUR 0.82 per share respectively.

MY BERLIN. MY HOME.

The listed company GSW has been letting, administering and managing one of the largest property portfolios in Berlin for more than 85 years. Its name is synonymous with experience, stability and economic soundness.

In order to maintain and expand our market position, we permanently strive to take new paths that bridge the gap between innovation and tradition.

We continue to develop without abandoning the tried and trusted. Our strategy focuses on the long-term management of rental property, using a systematic approach aimed at enhancing both customer satisfaction and operational efficiency.

As of 30 September 2012, we managed a real estate portfolio of 52,085 residential units that was valued at EUR 2.9 billion as of the end of the last financial year.

With a firm customer focus we use all of our experience and industry expertise to conserve and increase the value of our properties.

At the same time we are aware of our social responsibility for Berlin and are involved in social cultural and sports projects and for the people who live here, our tenants and employees.

As a capital market-oriented housing company we are bound to the interests and needs of all our stakeholders. Our duty is to identify and target shared objectives and find an appropriate and fair balance in the event of conflicting interests.

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LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,
DEAR LADIES AND GENTLEMEN,

In the first nine months of this year, GSW continued to expand whilst successfully structuring its rental and management business.

At the end of October, purchase agreements for a total of around 4,400 apartments in Berlin were concluded in three transactions. The average apartment size is 51 sqm, the monthly actual in-place rent is EUR 5.32 / sqm and the vacancy rate is 2.4 %. The purchase price for the three portfolios totals around EUR 200 million, or EUR 873 / sqm.

The majority of the acquired Berlin apartments are located in direct proximity to our existing residential properties, thereby serving to optimally supplement our overall portfolio. The acquisitions will only impact our earnings from the coming year, as the transfer of risks and rewards or ownership is to be completed at the turn of the year. We expect the acquisitions to have a long-term positive impact on our operating margins and FFO.

At the beginning of October, we sold our subsidiary BWG, which manages property portfolios for third parties as well as apartment ownership and freehold ownership for third parties, to STRABAG Property und Facility Services GmbH. With this sale, we are stepping up our focus on our core business, long-term management of our own rental properties.

We are also pleased with our operational development in the past nine months. Compared with the previous year, adjusted EBITDA increased by 16.5 % to EUR 100.7 million as expected. Positive factors here include the effect of last-year's acquisition. Higher average rents and the lower vacancy rate compared with the previous year also made a significant contribution to this improvement in earnings. Overall, net rental income rose by around 17.6 % to EUR 120.9 million compared with the first nine months of 2011. Here, we further reduced the vacancy rate from 3.6 % to 3.2 %, while the monthly in-place rent rose by 4.4 % to EUR 5.17 / sqm in the same period.

FFO I increased by 23.7 % to EUR 50.0 million year-on-year as a result of the operating performance and the larger portfolio. In addition, sound foundations for the long-term stability of FFO have been laid through active financial management and a sustainable financial structure.

Net asset value (EPRA NAV), which represents the Group's economic equity, increased to EUR 1,412.0 million at the end of September. The loan-to-value ratio decreased to 51.1%. Net asset value (EPRA NAV) per share declined from EUR 29.72 as of 31 December 2011 to EUR 27.95 as a result of the larger number of shares following the capital increase plus dividends payment of EUR 0.90 per share.

The situation on the Berlin housing market remains positive and stable. We are therefore confident of reaching the targets set for the 2012 financial year.

Berlin, November 2012

THOMAS ZINNÖCKER
(CEO)
GSW Immobilien AG

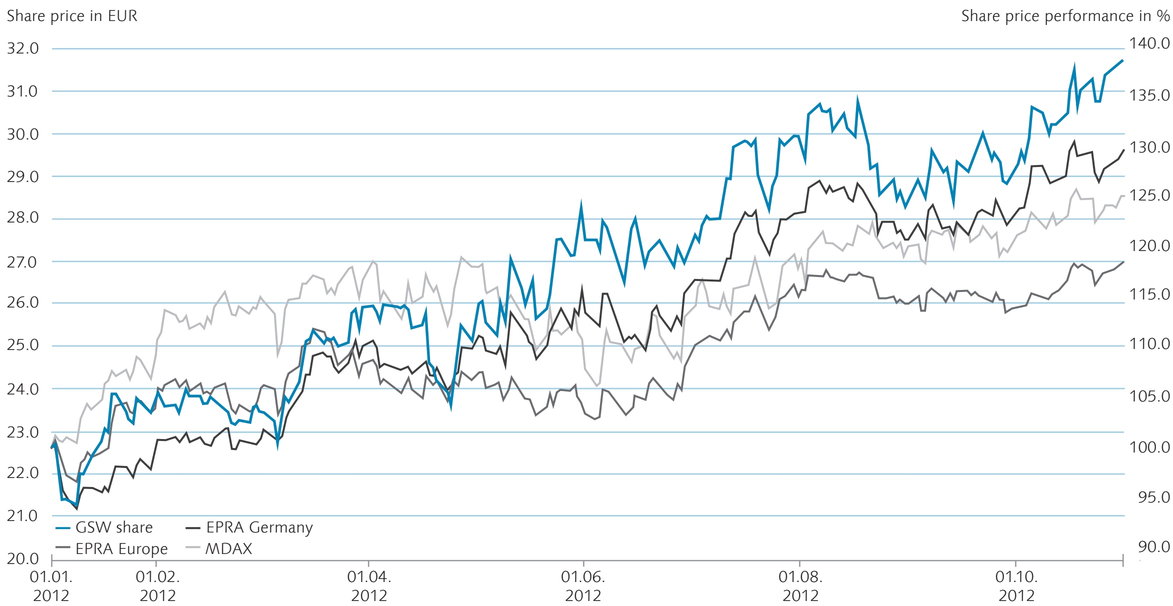
JÖRG SCHWAGENSCHEIDT
(COO)
GSW Immobilien AG

ANDREAS SEGAL
(CFO)
GSW Immobilien AG

SHARE

OVERVIEW

SHARE PRICE PERFORMANCE



KEY DATA

Sector	**Real estate**
German Securities Identification Number / ISIN	**GSW111 / DE000GSW1111**
Stock exchange symbol	**GIB**
Bloomberg	**GIB:GR**
Reuters	**GIBG.DE**
Share capital	**EUR 50,526,314**
Number of shares	**50,526,314 no-par-value shares**
Initial listing	**15 April 2011**
Market capitalisation (as of 31.10.2012)	**EUR 1,604 mn**
Market segment	**Prime Standard**
Trading centres	**Frankfurt Stock Exchange XETRA Regulated Market of the Berlin Stock Exchange**
Designated sponsors	**Deutsche Bank, Goldman Sachs International and DZ Bank**
Indices	**MDAX, FTSE EPRA / NAREIT Global Real Estate Index Serie, GPR 250, STOXX Europe 600, TR / GPR Global 100 Index EUR**

SHARE PRICE PERFORMANCE

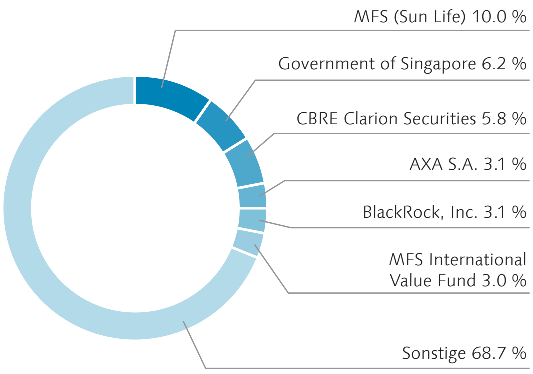
GSW's share clearly outperformed the market as a whole in the first nine months of 2012, closing at EUR 31.75 on 31 October – about 41.1 % higher than the opening price at the start of the year (EUR 22.50). By contrast, the benchmark indices DAX and MDAX rose by just 19.5 % and 26.1 % respectively since the start of the year, while the EPRA Europe (19.3 %) and EPRA Germany (31.2 %) also saw significantly more moderate development compared with GSW's shares.

Since reaching a nine-month low of EUR 21.19 on 9 January 2012, GSW's share price has risen constantly. On 20 August, the share price reached a nine-month high of EUR 31.10.

Due to the successful capital increase on 27 April 2012 and the positive share price performance of the last nine months, GSW's market capitalisation increased further, from about EUR 924 million at the beginning of the year to around EUR 1,604 million on 31 October. GSW's shares had a weighting of 1.8% within the MDAX and 18.2% within the EPRA Germany index as of 31 October. In addition, GSW's shares were included in the TR/GPR Global 100 Index EUR with effect from 24 September 2012.

SHAREHOLDER STRUCTURE

SHAREHOLDERS WITH SIGNIFICANT HOLDINGS



As of 31 October, 2012
(on the basis of voting right notifications pursuant to WpHG of which we are aware)
The free float as defined by Deutsche Börse AG accounts to roughly 94%.

IR ACTIVITIES

In the first nine months, GSW intensified its presence on the capital markets and attended 10 capital market conferences and 13 roadshows in Germany and abroad, allowing it to further promote the transparency of its business model on the capital markets and to increase the confidence in the company among all capital market participants.

The broad-based interest in GSW's business model on the capital markets, with its clear focus on residential property in the Berlin metropolitan area, is reflected in the number of research companies that regularly cover the company's shares. The target prices vary between EUR 22 and EUR 36.70. Additional research companies will start coverage of GSW's shares in future.

The following table provides an overview of the current analyst ratings:

ANALYST RECOMMENDATIONS (AS OF 31 OCTOBER, 2012)

RATING	NUMBER
Buy/Overweight/Add	6
Hold/Neutral/Equal-Weight	11
Sell/Reduce	1

FINANCIAL CALENDAR

19 November 2012	**Roadshow (London)**
20 November 2012	**Roadshow (Lugano)**
21 November 2012	**Roadshow (Zürich)**
22 November 2012	**Roadshow (Frankfurt)**
4 December 2012	**Roadshow (Edinburgh)**
5/6 December 2012	**Berenberg Conference (London)**
22 March 2013	**Annual Report 2012**
18 June 2013	**Annual General Meeting (Berlin)**

INTERIM CONSOLIDATED MANAGEMENT REPORT

ECONOMIC REPORT

DEVELOPMENT OF THE HOUSING PORTFOLIO

GSW's business model is focused on managing residential property in Berlin so as to generate stable cash surpluses that grow steadily over time. As one of Germany's most attractive residential real estate markets, Greater Berlin offers excellent background conditions. In contrast to the national average, the city has been characterised by positive demographic trends for a number of years.

One key strategic component is active, value-oriented portfolio management with the objective of generating and increasing sustainable yields in order to ensure the value retention of the portfolio and GSW's competitiveness in the long term. Among other things, this includes the continuous development of the company's own housing stock by means of maintenance and modernisation measures and efficiency improvements that add value while maintaining a clear customer focus in property management.

With 52,085 company-owned residential units, 911 commercial units and 8,757 garages/parking spaces, GSW leases one of the largest property portfolios in the German capital.

In the first nine months of 2012, GSW focused on continuing to optimise the management of its real estate portfolio. The economic data of the portfolio is developing in line with expectations, particularly in terms of the continuous development in rents and the reduction of the vacancy rate.

The vacancy rate for the residential units in GSW's portfolio amounted to 3.2% at the reporting date (30 September 2011: 3.6%) and declined by 0.2 percentage points in the first nine months of 2012. The average residential in-place rent in the portfolio was EUR 5.17/sqm on 30 September 2012, up EUR 0.09/sqm as against the end of 2011. Among other things, this development was driven by around 6,000 rent increases in the first nine months of the year, as well as the higher rent levels achieved when concluding new tenancies.

In the portfolio that GSW acquired from a subsidiary of GAGFAH S. A. in November 2011, the projections made were implemented as planned. Since the acquisition date, the in-place rent of the residential units has increased from EUR 5.61/sqm to EUR 5.77/sqm. The current vacancy rate is 2.9%, 0.6 percentage points lower than on 31 December 2011 (3.5%).

In addition to optimising its current portfolio, GSW is still planning to conduct targeted and appropriately priced acquisitions of new housing stock with good development and yield prospects, providing that these involve only a slight increase in administrative expenses. Potential offers for around 50,500 residential and commercial units were examined in the first nine months of 2012.

In October, purchase agreements for a total of around 4,400 apartments in Berlin were concluded in three transactions. The completion of the contracts is subject to the usual conditions and is expected by the end of the year. The portfolios are located in the districts of Spandau (43%), Mitte (26%), Reinickendorf (12%), Charlottenburg-Wilmersdorf (11%) and Treptow-Köpenick (8%). Around 88% of the rental units were constructed prior to 1949, meaning that they belong to one of the most attractive age groups. The other properties (12%) were constructed in the 1950s and 1960s. The average apartment size is 51 sqm, the monthly actual in-place rent is around EUR 5.32/sqm and the vacancy rate is 2.4%. The purchase price for the three portfolios is about EUR 200 million, corresponding to about EUR 873/sqm.

The majority of the newly acquired portfolios are located in direct proximity to our existing residential properties, thereby serving to optimally supplement our overall portfolio.

With the largest portfolio among the three transactions, GSW is repurchasing a portfolio that it sold to a foreign investor in 2005 as part of its privatisation and that has since been managed by a GSW subsidiary that was recently sold to Strabag.

However, the acquisitions will only impact GSW's earnings from the coming year, as the transfer of risks and rewards or ownership is planned for the turn of the year.

Selective opportunistic sales of residential units and portfolios round off the options. Such sales are made in particular from the portfolio of owner-occupied apartments. This also serves to generate additional cash flows for the company.

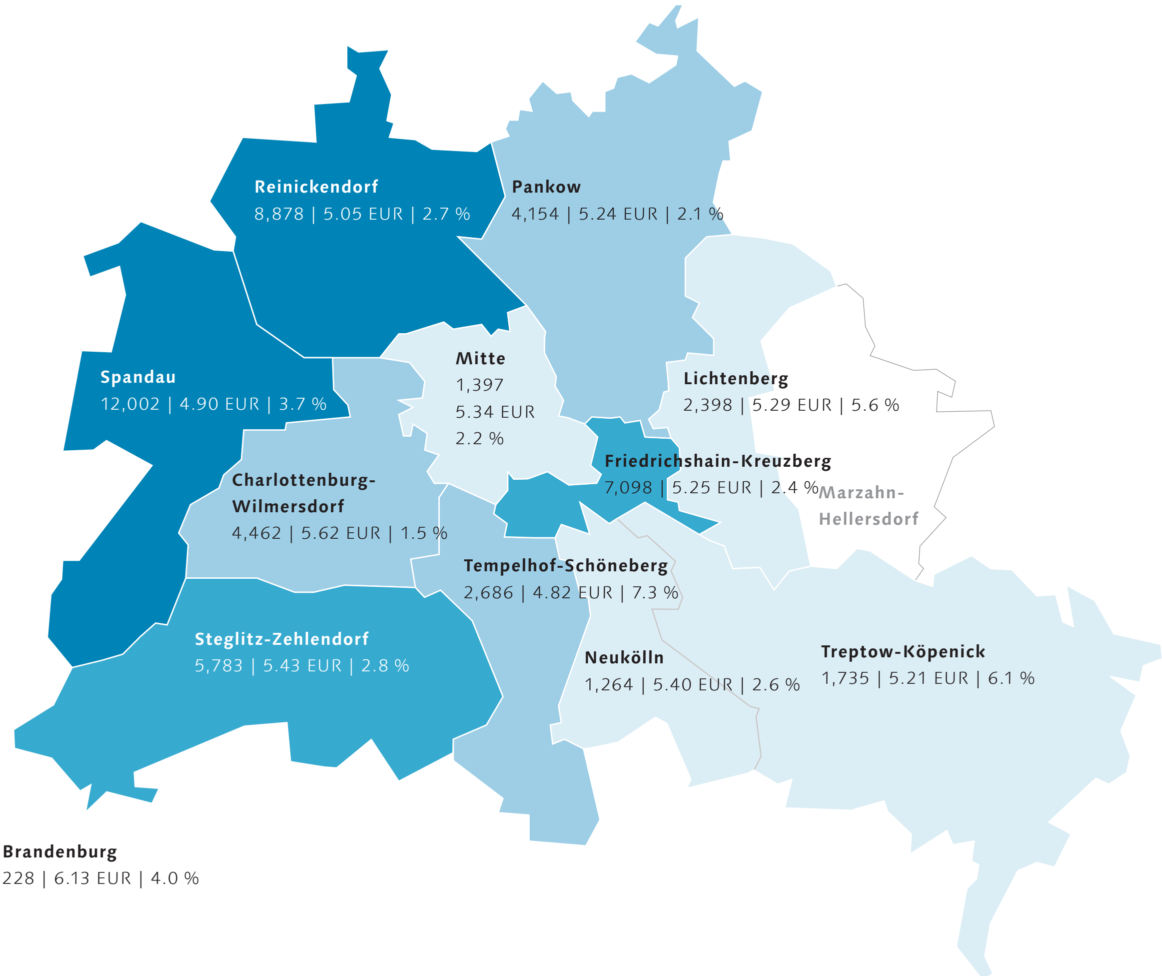
Through continuous investments in the structure of its buildings and the standard of its residential units, GSW ensures the basis for the long-term lettability of its housing stock and the appeal of its residential units. For instance, individual residential units are modernised before being re-let in order to bring them into a contemporary condition and hence allow an adjustment to reflect current market rents.

Alongside general maintenance and individual value enhancement measures, GSW will also undertake modernisation projects involving comprehensive packages of measures in future. In this way the overall solid positioning of the GSW portfolio on the Berlin market will be further strengthened and expanded.

HOUSING PORTFOLIO 30.09.2012

District
No. of residential units | In-place rent in EUR/sqm | Vacancy rate[1] in %

No. of GSW residential units
0 | < 2,500 | < 5,000 | < 7,500 | > 7,500



Brandenburg
228 | 6.13 EUR | 4.0 %

[1] The vacancy rate corresponds to the number of residential units that are not let divided by the number of residential units available for letting.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net rental income (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
Income from rents	151.5	134.6
Income from management activities and other income	8.1	8.2
Gross rental income	**159.6**	**142.8**
Income from direct government grants	6.1	7.8
Total rental income	**165.7**	**150.5**
Cost of materials	(27.4)	(30.2)
Personnel expenses	(13.6)	(13.8)
Other property operating expenses/income	(3.8)	(3.7)
Net rental income	**120.9**	**102.8**

Net rental income increased by EUR 18.1 million as against the same period of the previous year. This was primarily attributable to the acquisition of the Pegasus real estate portfolio in the fourth quarter of 2011. Higher average rents and the lower vacancy rate compared with the previous year also made a significant contribution to this improvement in earnings. The average rent for leased residential units increased to EUR 5.17/sqm as of 30 September 2012 (30 September 2011: EUR 4.95/sqm); while the vacancy rate fell to 3.2% (30 September 2011: 3.6%).

By contrast, income from government grants decreased in line with expectations to EUR 6.1 million (30 September 2011: EUR 7.8 million).

The decrease in the cost of materials is also a result of the higher level of capitalisation for value-enhancing modernisation and maintenance costs compared with the previous year, while other property management costs also decreased.

Result on disposals (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
Investment property disposal proceeds	51.9	32.8
Carrying value of investment property disposals	(37.9)	(23.7)
Operating expenses for investment property disposed	(6.4)	(6.1)
Result on disposal of investment property	**7.7**	**3.0**

Due to the extremely strong market demand for properties in Berlin at present, GSW sold a total of 709 residential and commercial units, including the transfer of risks and rewards, in the year to 30 September 2012 (30 September 2011: 480 units). Accordingly, the result on disposals increased significantly year-on-year to EUR 7.7 million.

Administrative expenses (adjusted) (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
General administrative expenses	(26.3)	(36.5)
Expenses for capital measure	0.0	6.6
Long Term Incentive Plan (LTIP)	2.0	9.1
Project expenses	1.0	2.2
Acquisition expenses	2.0	0.0
Administrative expenses (adjusted)	**(21.2)**	**(18.5)**

Unadjusted administrative expenses declined by EUR 10.2 million in the first nine months of 2012. Among other things, the decrease in administrative expenses is due to the non-recurring expenses incurred in the previous year, particularly for the IPO and the refinancing of the CMBS loan. It was also driven by the expenses for the Long Term Incentive Plan, which were significantly higher in the previous year than in the current financial year. By contrast, these developments were offset by non-recurring expenses for acquisition projects in 2012. Adjusted for these non-recurring effects, administrative expenses amounted to EUR 21.2 million, an increase as against the same period of the previous year (30 September 2011: EUR 18.5 million). This was primarily due to higher expenses, including in connection with the first General Shareholders' Meeting, as well as a slight increase in staff costs.

Net interest income (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
Interest income from valuation of derivatives and loan amortisation	7.3	12.3
Income from the disposal of an interest derivative receivable	0.0	10.8
Interest income from derivatives	7.4	8.0
Other interest income	1.2	1.4
Interest income	**15.8**	**32.5**
Interest expenses from valuation of derivatives and loan amortisation	(16.0)	(24.6)
Interest expenses from interest derivatives	(22.3)	(19.6)
Interest expenses from financing of investment property	(37.4)	(33.6)
Other interest expenses/finance leases	(0.9)	(1.8)
Prepayment fees	(0.2)	0.0
Interest expenses	**(76.7)**	**(79.6)**
Net interest income	**(60.9)**	**(47.1)**

The company's interest income decreased by EUR 16.7 million year-on-year to EUR 15.8 million. This was primarily attributable to the non-recurring effect from the disposal of a receivable that was recognised in interest income in the previous year, as well as lower interest income from the valuation of financial instruments. The increase in cash and cash equivalents following the capital increase in May 2012 has not led to a significant increase in interest income due to the low level of interest rates at present.

All in all, interest expenses decreased by EUR 2.9 million year-on-year to EUR 76.7 million, largely as a result of the lower expenses from the valuation of financial instruments. This was offset by higher interest expenses due to the larger volume of properties and derivatives as a result of property acquisitions.

All in all, net interest income fell by EUR 13.8 million year-on-year to EUR -60.9 million.

Income statement (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
Net rental income	120.9	102.8
Result on disposal of investment property	7.7	3.0
Net valuation gains on investment property	- *)	- *)
General administrative expenses	(26.3)	(36.5)
Other income net	0.0	25.4
Net operating profit (EBIT)	**102.3**	**94.7**
Net result of investments	1.2	0.1
Net interest income	(60.9)	(47.1)
Profit before income taxes (EBT)	**42.7**	**47.7**
Income taxes	(2.0)	(2.0)
Consolidated net income for the period	**40.7**	**45.8**

*External valuation of property generally once a year as of 31 December

Adjusted for these non-recurring effects, EBIT increased substantially by EUR 20.1 million, largely as a result of the higher net rental income and result on the disposal of investment property. In the first nine months of 2012, GSW generated consolidated net income of EUR 40.7 million. Although this is EUR 5.1 million lower than in the same period of the previous year, the prior-year figure was influenced to a large extent by non-recurring effects such as the gain on the disposal of the broadband cable business in January 2011 (EUR 25.4 million) and expenses in connection with the IPO in April 2011.

Earnings before taxes in the first nine months of 2012 were influenced by non-recurring income from financial investments. This relates to the dividend payment from a former subsidiary in the amount of EUR 1.1 million. Interest on this outstanding receivable is included in net interest income in the amount of EUR 0.2 million. Income taxes include current tax expense in the amount of EUR 0.5 million and deferred taxes in the amount of EUR 1.5 million.

FFO I is a key performance indicator for GSW and its shareholders. This liquidity-related indicator is derived from EBIT and shows the level of earnings from GSW's core business (not including the result on disposals) in the relevant period. Accordingly, non-recurring and non-cash effects are eliminated in the following calculation:

Adjusted EBITDA / FFO (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
EBIT	**102.3**	**94.7**
Depreciation and amortisation	0.6	0.7
Fair value adjustment of investment property	0.0	0.0
EBITDA	**102.9**	**95.5**
Costs for the capital increase (2012) / IPO (2011)	0.0	6.6
Restructuring expenses	0.1	0.3
Project expenses	1.4	3.3
Acquisition expenses	2.0	0.0
Long Term Incentive Plan (LTIP)	2.0	9.1
Gains/losses on disposal of property, plant and equipment and financial investments	0.0	(25.3)
Result on disposal of investment property	(7.7)	(3.0)
Adjusted EBITDA	**100.7**	**86.4**
Cash flow net interest	(51.8)	(45.6)
Net result of investments	1.2	0.1
Cash flow net taxes	(0.2)	(0.5)
FFO I (excl. sales result)	**50.0**	**40.4**
Capitalised expenses for modernisation and maintenance work	(14.1)	(6.9)
AFFO (FFO I less capitalised expenses for modernisation and maintenance)	**35.8**	**33.5**
FFO II (FFO I incl. sales result)	**57.6**	**43.4**

The EUR 14.3 million increase in adjusted EBITDA reflects the higher level of net rental income compared with the previous year. In line with planning, current interest payments increased as against the previous year due to the acquisition financing in the fourth quarter of 2011 and the CMBS refinancing, thereby resulting in a higher net cash outflow. Adjusted for interest and tax payments, FFO I for the year to date amounted to EUR 50.0 million (30 September 2011: EUR 40.4 million).

AFFO (adjusted FFO I) additionally takes into account the necessary investments in the property portfolio to maintain the long-term asset value, which must be paid from FFO I on an ongoing basis. After the deduction of capitalised modernisation and maintenance expenses from FFO I, AFFO amounted to EUR 35.8 million.

NET ASSETS

Balance sheet (EUR mn)	30.09.2012	31.12.2011
Non-current assets	**2,930.8**	**2,947.6**
Investment property	2,910.1	2,930.2
Other non-current assets	20.7	17.3
Current assets	**262.2**	**92.1**
Assets held for sale	14.7	17.1
Cash and cash equivalents	232.8	62.6
Receivables and other current assets	14.7	12.4
Total assets	**3,193.0**	**3,039.7**
Equity	**1,327.7**	**1,166.4**
Financial liabilities	1,728.4	1,770.9
Other liabilities	136.8	102.4
Total equity and liabilities	**3,193.0**	**3,039.7**

Equity increased by EUR 161.3 million in the year to date, largely as a result of the positive consolidated net income and the capital increase in May 2012. This was partially offset by negative remeasurement effects from derivatives and the dividend payment of EUR 45.5 million for the 2011 financial year in June 2012.

Adjusted for the negative fair value of financial instruments reported in other comprehensive income, EPRA NAV (net asset value) increased by EUR 192.1 million as against 31 December 2011:

NAV (EUR mn)	30.09.2012	31.12.2011
Equity (before minority interests)	1,327.7	1,166.4
Effect of exercise of options convertibles and other equity interests	0.0	0.0
NAV	**1,327.7**	**1,166.4**
Fair value of financial instruments (net)*	84.4	53.6
Deferred taxes**	(0.0)	(0.0)
EPRA NAV	**1,412.0**	**1,219.9**
Number of shares (mn)	**50.53**	**41.05**
EPRA NAV per share (EUR)	**27.95**	**29.72**

* Netting financial assets and liabilities.
** Deferred taxes (relating to losses from the remeasurement of financial instruments) of EUR 4.2 million (31 December 2011: EUR 2.7 million) reported in other comprehensive income are not included.

The higher level of cash and cash equivalents following the capital increase in May 2012 and the simultaneous reduction in financial liabilities meant that net debt was reduced to EUR 1,495.6 million as of 30 September 2012, resulting in a Loan-to-Value ratio (LTV) of 51.1 %.

LTV (EUR mn)	30.09.2012	31.12.2011
Financial liabilities	1,728.4	1,770.9
Cash and cash equivalents	(232.8)	(62.6)
Net debt	**1,495.6**	**1,708.3**
Investment property	2,910.1	2,930.2
Assets held for sale	14.7	17.1
Loan-to-Value ratio	**51.1 %**	**58.0 %**

FINANCIAL POSITION

Cash flow statement (EUR mn)	01.01.-30.09.2012	01.01.-30.09.2011
Cash flow from operating activities	30.3	(38.6)*
Cash flow from investing activities	38.4	47.6
Cash flow from financing activities	101.5	67.0*
Changes in cash and cash equivalents	**170.2**	**76.0**
Cash and cash equivalents at the beginning of the period	62.6	70.8
Cash and cash equivalents at the end of the period	**232.8**	**146.8**

*In comparison to the interim report 9M-2011, there was a retroactive offsetting between cash flow from operating activities (EUR +0.5 million) and cash flow from financing activities (EUR -0.5 million) in the first nine months of 2011. This relates to the shares issued to employees as part of the IPO.

Cash flow from operating activities increased by EUR 68.9 million year-on-year to EUR 30.3 million. This was primarily attributable to the higher net rental income in 2012 and the non-recurring effect of the repayment of EK02 tax liabilities in the 2011 financial year (EUR 41.8 million). In the previous year, the operating cash flow was also impacted by disbursements for the preparation and implementation of refinancing and the IPO.

Cash flow from investing activities decreased by EUR 9.2 million to EUR 38.4 million. This was largely due to the significant cash inflow in the first quarter of 2011 as a result of the disposal of BMH Berlin Mediahaus GmbH (EUR -19.8 million). Expenses for the modernisation of the property portfolio also increased in 9M-2012 (EUR -7.2 million); in the current financial year, however, this was offset by a higher cash inflow from the increased property sales volume (EUR +18.5 million).

Cash flow from financing activities was up year-on-year at EUR 101.5 million (30 September 2011: EUR 67.0 million). This was due to the capital increase in May 2012, which resulted in a net cash inflow of EUR 191.2 million (previous year: net cash inflow of EUR 109.2 million from the IPO). The payment of a dividend for the 2011 financial year (EUR 45.5 million), which was resolved for the first time by the General Shareholders' Meeting on 28 June 2012, reduced the cash flow from financing activities respectively.

REPORT ON POST-BALANCE SHEET DATE EVENTS

By way of a purchase and assignment agreement dated 25 June 2012, GSW sold its equity interest in GSW Betreuungsgesellschaft für Wohnungs- und Gewerbebau (BWG) mbH, Berlin, including all rights and obligations. The mutual fulfilment of the agreement was subject to various conditions that were met in the third quarter of 2012. This was followed by the transfer of economic ownership with effect from 1 October 2012. The purchase price of about EUR 5 million was paid on 2 October 2012. In accordance with the terms of the agreement, GSW retains an equity interest of EUR 500. This equity interest was already classified as assets and liabilities held for sale in accordance with IFRS 5 as of 31 December 2011. In this context, please refer to the information under note 25 to the consolidated financial statements for the year ended 31 December 2011. In line with the transfer of economic ownership, these assets and liabilities held for sale were derecognised in the fourth quarter of 2012.

GSW acquired various real estate portfolios in Berlin by way of notarial execution in October 2012. The acquisitions took the form of asset and share deals. The transfer of economic ownership is expected on 31 December 2012 and 1 January 2013, meaning that the acquisitions will not impact GSW's earnings situation in the current financial year. The total portfolio acquired consists of around 4,400 residential and commercial units.

RISKS AND OPPORTUNITIES

GSW Immobilien AG is subject to various risks in its day-to-day business activities. The most significant risks apart from general economic risk are vacancy risk, rental default risk and interest rate and liquidity risk. These risks may arise even if not caused or precipitated by the company's actions. Rental defaults for instance could increase as the result of amendments to laws and regulations or interest rate and liquidity risks could be exacerbated by changes in key interest rates.

The potential risks and the corresponding valuation processes for these risks are described in detail on pages 79 to 83 of the 2011 Annual Report of GSW Immobilien AG. No additional risks have arisen for the company since the reporting date.

For the current financial year 2012 the Management Board does not expect any risks to arise that could jeopardise the existence of GSW Immobilien AG and its subsidiaries.

OUTLOOK

The following factors significantly determine the trends in Berlin's residential property market, thus underpinning GSW's success: construction activity is generally low, while demand for housing space is rising, driven by growing numbers of residents in the city. At the same time, the number of households is increasing due to the trend towards single-occupant apartments. As a result, the company expects rents to increase further and vacancy rates to fall in the German capital. Given these circumstances, the company can look forward with optimism and confidence that rental income will be on a growth trend which will positively affect the company's revenue and earnings. The Management Board of GSW is therefore confirming its forecast for the 2012 financial year to FFO I of between EUR 61 million and EUR 64 million.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET – ASSETS

EUR thousand	Note	30.09.2012	31.12.2011
Non-current assets		**2,930,762**	**2,947,551**
Investment property	(8)	2,910,092	2,930,249
Property, plant and equipment		2,069	2,365
Goodwill		1,125	1,125
Other intangible assets		239	396
Other investments		6,171	6,171
Receivables and other non-current assets		11,024	7,203
Trade receivables		450	502
Receivables from rental, leasing and asset management		138	163
Receivables from sales of investment property		312	339
Derivatives		0	1
Other financial assets		10,574	6,700
Deferred tax assets		42	42
Current assets		**262,190**	**92,124**
Development of properties and inventories		2	2
Receivables and other current assets		14,696	12,444
Trade receivables		7,397	4,825
Receivables from property management		6,038	1,218
Receivables from sales		1,318	2,404
Other trade receivables		41	1,203
Receivables due from related parties		1	1
Income tax receivables		3,347	3,043
Other current assets		3,951	4,575
Other financial assets		1,364	1,508
Other miscellaneous assets		2,587	3,067
Cash and cash equivalents		232,806	62,618
Assets held for sale		14,686	17,060
Investment property held for sale	(8)	13,434	15,592
Other assets held for sale		1,252	1,468
Total assets		**3,192,952**	**3,039,675**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

EUR thousand	Note	30.09.2012	31.12.2011
Equity	**(8)**	**1,327,683**	**1,166,417**
Total shareholders' equity		1,327,443	1,166,160
Subscribed capital		50,526	41,053
Additional paid-in capital		313,011	128,800
Consolidated retained earnings		1,037,599	1,042,428
Accumulated other comprehensive income		(73,693)	(46,121)
Non-controlling interest		240	257
Non-current liabilities		**1,755,280**	**1,797,277**
Financial liabilities	(8)	1,660,417	1,733,821
Liabilities due to banks from financing investment property		1,658,912	1,732,172
Liabilities from finance leases		1,505	1,649
Employee benefits		1,779	1,893
Provisions		2,189	4,148
Trade payables		322	662
Other non-current liabilities		90,573	56,753
Derivatives		84,038	52,373
Other financial liabilities		505	505
Other miscellaneous liabilities		6,030	3,875
Current liabilities		**109,989**	**75,981**
Financial liabilities	(8)	68,007	37,069
Liabilities from financing investment property		67,801	36,849
Liabilities from finance leases		206	220
Provisions		2,585	1,492
Trade payables		28,992	24,307
Property management liabilities		25,351	19,844
Other trade payables		3,641	4,463
Payables due to related parties		20	20
Income taxes payable		647	376
Other current liabilities		9,251	12,053
Deferred grants		193	110
Derivatives		354	1,195
Other financial liabilities		3,387	3,719
Other miscellaneous liabilities		5,317	7,029
Liabilities associated with assets held for sale		487	664
Total equity and liabilities		**3,192,952**	**3,039,675**

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	01.01.-30.09.2012	01.01.-30.09.2011	01.07.-30.09.2012	01.07.-30.09.2011
Net rental income	(7)	**120,876**	**102,824**	**41,958**	**33,198**
Gross rental income		159,628	142,754	53,394	47,630
Government grants		6,077	7,771	1,965	2,480
Property operating expenses		(44,829)	(47,700)	(13,401)	(16,911)
Result on disposal of investment property		**7,679**	**3,010**	**2,903**	**393**
Investment property disposal proceeds		51,928	32,770	16,248	11,237
Carrying value of investment property disposals		(37,898)	(23,700)	(11,701)	(8,384)
Operating expenses for investment property disposed		(6,350)	(6,059)	(1,643)	(2,461)
Net valuation gains on investment property		**0**	**0**	**0**	**0**
Valuation gains on investment property		0	0	0	0
Valuation losses on investment property		0	0	0	0
Administrative expenses	(7)	(26,258)	(36,459)	(8,900)	(7,374)
Other income and expense		0	25,353	0	(92)
Net operating profit		**102,298**	**94,729**	**35,962**	**26,125**
Net result of investments		1,243	86	14	15
Interest income	(7)	15,847	32,457	3,773	19,636
Interest expenses	(7)	(76,700)	(79,561)	(23,111)	(27,261)
Profit before income taxes		**42,688**	**47,712**	**16,639**	**18,515**
Income taxes		(2,032)	(1,954)	(1,002)	(1,517)
Consolidated net income for the period		**40,655**	**45,757**	**15,637**	**16,998**
Thereof attributable to:					
Shareholders of GSW Immobilien AG		40,643	45,757	15,637	16,998
Non-controlling interest		12	0	0	0
Earnings per share (basic and diluted), EUR		**0.87**	**1.18**	**0.31**	**0.41**

Calculation of earnings per share (EPS) has been conducted in accordance with IAS 33.19 on the basis of a weighted average number of shares within every reporting period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	**01.01. - 30.09.2012**	**01.01. - 30.09.2011**	**01.07. - 30.09.2012**	**01.07. - 30.09.2011**
Consolidated net income for the period	40,655	45,757	15,637	16,998
Accumulative other comprehensive income				
Revaluation surplus resulting from the fair market valuation of AfS securities and other investments	0	(10)	0	1
Cumulative fair value changes of derivative interest rate contract constituting in cash flow hedges				
Fair value adjustment of derivatives in cash flow hedges	(29,881)	(27,541)	(12,276)	(28,437)
Reclassification of interest derivatives affecting income	777	(1,136)	223	75
Deferred taxes	1,503	1,689	787	1,275
Total comprehensive income for the period	**13,055**	**18,759**	**4,371**	**(10,087)**
Thereof attributable to:				
Equity holders of the parent	13,072	18,759	4,377	(10,087)
Non-controlling interest	(17)	0	(6)	0

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

				Accumulative other comprehensive income						
EUR thousand	Subscribed capital	Additional paid-in capital	Consolidated retained earnings	Revaluation surplus resulting from the fair market valuation of AfS securities and other investments	Revaluation surplus resulting from the fair market valuation of owner-occupied property	Cumulative fair value changes of derivative interest rate contract constituting in cash flow hedges	Total	Total shareholders' equity	Minority Interest	**Consolidated equity**
31 December 2010	**35,000**	**15,136**	**937,301**	**7**	**205**	**(11,280)**	**(11,068)**	**976,369**	**0**	**976,369**
Total result for the period	0	0	45,757	(11)	0	(26,987)	(26,998)	18,759	0	**18,759**
Issuance of equity instruments	6,053	108,947	0	0	0	0	0	115,000	0	**115,000**
Transaction costs for issuing equity instruments	0	(5,287)	0	0	0	0	0	(5,287)	0	**(5,287)**
Additional paid-in capital regarding to board compensations	0	9,087	0	0	0	0	0	9,087	0	**9,087**
30 September 2011	**41,053**	**127,884**	**983,058**	**(4)**	**205**	**(38,267)**	**(38,066)**	**1,113,929**	**0**	**1,113,929**
31 December 2011	**41,053**	**128,800**	**1,042,429**	**0**	**252**	**(46,374)**	**(46,121)**	**1,166,160**	**257**	**1,166,417**
Total result for the period	0	0	40,643	0	0	(27,571)	(27,571)	13,072	(17)	**13,055**
Issuance of equity instruments	9,474	192,439	0	0	0	0	0	201,913	0	**201,913**
Transaction costs for issuing equity instruments	0	(10,751)	0	0	0	0	0	(10,751)	0	**(10,751)**
Dividend distribution	0	0	(45,474)	0	0	0	0	(45,474)	0	**(45,474)**
Additional paid-in capital regarding to board compensations	0	2,524	0	0	0	0	0	2,524	0	**2,524**
30 September 2012	**50,526**	**313,011**	**1,037,598**	**0**	**252**	**(73,945)**	**(73,693)**	**1,327,444**	**240**	**1,327,683**

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Note	01.01.-30.09.2012	01.01.-30.09.2011
Consolidated net income for the period		**40,655**	**45,757**
Depreciation, amortisation and impairment/write-ups of non-current assets		604	721
Gains (-)/ losses (+) from the disposal of intangible assets and property, plant and equipment		(1)	0
Gains (-)/ losses (+) from the disposal of consolidated companies		0	(25,348)
Gains (-)/ losses (+) from the disposal of assets held for sale and investment property		(14,029)	(9,070)
Decrease (-)/ increase (+) in pension provisions and other long-term provisions		(2,074)	151
Changes in deferred taxes		1,503	1,689
Elimination of current income taxes		529	265
Elimination of financial results		59,610	47,018
Other significant non-cash expenses and income	(9c)	2,524	9,087
Increase /decrease in working capital			
Increase (-)/ decrease (+) in receivables from property management		(4,790)	(4,330)
Increase (-)/ decrease (+) in other assets		(3,636)	(5,016)
Increase (+)/ decrease (-) in current provisions		27	(618)
Increase (+)/ decrease (-) in trade payables		5,660	(4,545)
Changes in receivables due from related parties and payables due to related parties		0	(2)
Increase (+)/ decrease (-) in other liabilities		(1,689)	438
Other changes in operating activities		(578)	1,147
Income tax paid		(1,285)	(42,305)
Income tax received		19	4
Interest paid net of interest received		(51,789)	(45,629)
Disbursements for breakage costs from financing activities		(816)	0
Distributions received		1,243	88
Disbursements for processing fees from financing activities		(1,429)	(8,070)
Cash flow from operating activities		**30,258**	**(38,568)**

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	Note	01.01.-30.09.2012	01.01.-30.09.2011
Cash flow from operating activities		**30,258**	**(38,568)**
Proceeds on disposals of intangible assets and property, plant and equipment		2	0
Proceeds on disposals of assets held for sale and investment property		53,039	34,515
Proceeds from disposals of previously consolidated companies net of cash acquired		0	19,831
Proceeds from the disposal of other investments		0	450
Disbursements for investments in investment property		(14,556)	(6,916)
Disbursements for investments in intangibles assets and in property, plant and equipment		(48)	(294)
Disbursements for the acquisition of other investments		0	(32)
Cash flow from investing activities		**38,437**	**47,554**
Proceeds from the issuance of equity instruments[1]	(8)	201,913	114,440
Transaction costs of issuing new shares		(10,136)	(5,272)
Dividends paid	(8)	(45,474)	0
Repayments (-) from liabilities from financing investment property and other loans		(78,254)	(919,617)
Proceeds (+) from liabilities from financing investment property and other loans		33,736	877,737
Repayments of liabilities from financing leases		(292)	(305)
Cash flow from financing activities		**101,493**	**66,983**
Changes in cash and cash equivalents		**170,188**	**75,969**
Cash and cash equivalents at the beginning of the period		62,618	70,781
Cash and cash equivalents at the end of the period		**232,806**	**146,750**

[1] IPO 2011: After deduction of employee's shares in the amount of EUR 560 thousand.

SELECTED NOTES

TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF GSW IMMOBILIEN AG, BERLIN, AS AT 30 SEPTEMBER 2012

GENERAL INFORMATION

1) Business activities of the Group

GSW Immobilien AG (hereinafter "GSW") is a listed stock corporation domiciled in Berlin. Together with its subsidiaries (hereinafter the "GSW Group"), it is one of the biggest housing companies in the federal state of Berlin.

GSW was founded in 1924 and has its offices at Charlottenstrasse 4, 10969 Berlin. The company is registered with the commercial register of the Charlottenburg Local Court under HRB 125788 B. Since 15 April 2011, GSW has been listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange and the Regulated Market of the Berlin Stock Exchange. The company's shares have also been included in the MDAX segment of the Frankfurt Stock Exchange since September 2011.

The GSW Group's business activities primarily involve the management of its own residential and commercial properties with a focus on the core region of Berlin.

2) Principles of the interim consolidated financial statements

As a listed enterprise, GSW has prepared its condensed interim consolidated financial statements for the period from 1 January 2012 to 30 September 2012 in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the supplementary provisions of commercial law applicable in accordance with section 315a (1) of the German Commercial Code (HGB). The requirements of IAS 34 (Interim Financial Reporting) were complied with. In accordance with the accounting option provided by IAS 34.10, the notes to the interim consolidated financial statements are published in condensed form.

The currency for the consolidated interim financial statements is the euro (EUR). Unless indicated otherwise, all figures are rounded to the nearest thousand EUR (EUR thousand) or million EUR (EUR million). Since rounded figures are used in the calculations for presentation reasons, discrepancies between rounded and mathematically precise figures may occur in tables or references in the text.

The rental business of the GSW Group is generally not affected by seasonal and business cycle fluctuations. However, economic effects do exert an influence on sales of residential units.

3) Accounting policies

The accounting policies used in the preparation of the interim consolidated financial statements of the GSW Group are identical to those used in the same period of the previous year and in the IFRS consolidated financial statements of GSW Immobilien AG for the year ended 31 December 2011. The interim consolidated financial statements as of 30 September 2012 should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2011.

In accordance with IAS 8.42, adjustments to the interim report as of 30 September 2011 would arise in relation to share-based payment. In this context, please refer to the information under note 36 (b) to the consolidated financial statements for the year ended 31 December 2011.

For the interim consolidated financial statements as of 30 September 2012, the GSW Group has fully applied the newly introduced standards and interpretations which are obligatory for financial years starting after 1 January 2012. This has not led to any significant changes to the Group's net assets, financial position and results of operations.

4) Changes in the scope of consolidation

As of 30 September 2012, the scope of consolidation of the GSW Group including GSW as the parent company comprised 16 fully consolidated companies.

Following the exit resolution of its limited partner, GSW Grundbesitz GmbH & Co. KG, Berlin, was merged with GSW Immobilien AG, Berlin, effective 1 January 2012. Furthermore, following the exit resolution of its limited partner, GSW Verwaltungs- und Betriebsgesellschaft mbH & Co. Erste Beteiligungs KG, Berlin, together with all its assets and liabilities was merged with GSW Immobilien AG, Berlin, as of the end of 30 April 2012.

By way of a purchase and assignment agreement dated 25 June 2012, GSW sold its equity interest in GSW Betreuungsgesellschaft für Wohnungs- und Gewerbebau (BWG) mbH, Berlin, including all rights and obligations.

The mutual fulfilment of the agreement was subject to various conditions that were met in the third quarter of 2012. This was followed by the transfer of economic ownership with effect from 1 October 2012. The purchase price of around EUR 5 million was paid on 2 October 2012. In accordance with the terms of the agreement, GSW retains an equity interest of EUR 500.

This equity interest was already classified as assets and liabilities held for sale in accordance with IFRS 5 as of 31 December 2011. In this context, please refer to the information under note 25 to the consolidated financial statements for the year ended 31 December 2011. In line with the transfer of economic ownership, these assets and liabilities held for sale were derecognised in the fourth quarter of 2012.

No companies were acquired during the period under review.

The Weinmeisterhornweg fund, in which GSW held a 44.40% interest as of 30 September 2012 (31 December 2011: 42.73%), was not accounted for at equity due to its immateriality.

5) Significant discretionary decisions and estimates

It is necessary to make assumptions and estimates when drawing up IFRS consolidated financial statements. These influence the reporting of assets and liabilities, the recognition of contingent liabilities as of the balance sheet date, as well as income and expenses. Significant estimates and assumptions have been made particularly in relation to the fair value of properties, the likelihood of certain provisions being utilised, the determination of market interest rates at the time the non-interest-bearing or low-interest loans are granted and as to whether deferred tax assets can be realised.

The actual figures may diverge from the estimated figures and the amounts resulting from assumptions.

6) Segment reporting

There have been no changes in management reporting since the presentation in the consolidated financial statements as of 31 December 2011.

Accordingly, there is still one reportable segment in accordance with IFRS 8 containing all of the Group's operating activities (rental of residential units in the Berlin area) and about which reports are regularly submitted to the Management Board as the chief operating decision-maker.

7) Selected notes to the consolidated income statement

Net rental income is composed as follows:

EUR thousand	01.01.-30.09.2012	01.01.-30.09.2011
Income from rents	151,504	134,593
Income from management activities	3,519	3,206
Other income	4,605	4,956
Gross rental income	**159,628**	**142,754**
Income from direct government grants	6,077	7,771
Total rental income	**165,705**	**150,525**
Cost of materials	(27,382)	(30,213)
Personnel expenses	(13,631)	(13,826)
Depreciation and amortisation	(235)	(252)
Other operating expenses	(7,975)	(10,526)
Other cost of sales	**(49,223)**	**(54,817)**
Other operating income	4,394	7,117
Cost of property rental	**(44,829)**	**(47,700)**
Net rental income	**120,876**	**102,824**

General administrative expenses are composed as follows:

EUR thousand	01.01.–30.09.2012	01.01.–30.09.2011
Personnel expenses	(9,224)	(8,487)
Long Term Incentive Plan (LTIP)	(2,044)	(9,087)
Depreciation and amortisation	(353)	(486)
Legal and consulting expenses	(2,861)	(1,620)
Costs for annual financial statements, bookkeeping and audit	(622)	(525)
Expenses for postage, telecommunications and IT	(3,752)	(3,626)
Rent and leasing costs	(2,884)	(2,746)
Costs for the IPO / capital increase	(22)	(6,644)
Other expenses	(5,571)	(3,948)
Other operating income	1,075	709
General administrative expenses	**(26,258)**	**(36,459)**

General administrative expenses include expenses for the capital increase in the amount of EUR 22 thousand. Transaction costs relating to the capital increase were recognised as liabilities in the amount of EUR 10,751 thousand.

In the same period of the previous year, costs were incurred in the amount of EUR 6,644 thousand for ensuring the company's capital market viability.

Non-recurring project costs totalling EUR 1,424 thousand (prior-year period: EUR 3,296 thousand) were also incurred in the reporting period. The non-recurring project costs comprise expenses for third parties, which mainly relate to reorganisation projects and refinancing projects. Project costs amounting to EUR 1,006 thousand (prior-year period: EUR 2,177 thousand) relate to general administrative expenses.

In addition to the project costs, costs for acquisitions of EUR 1,954 thousand (prior-year period: EUR 0 thousand) were also incurred.

Net interest income is composed as follows:

EUR thousand	01.01.-30.09.2012	01.01.-30.09.2011
Income from the disposal of an adjusted interest derivative receivable	0	10,808
Interest income from valuation of interest derivates	21	3,546
Interest income from derivatives	7,374	7,998
Interest income from bank deposit	962	1,189
Interest income from receivables	203	9
Interest income from amortisation of loan*	7,240	8,714
Other interest income	48	193
Interest income	**15,847**	**32,458**
Interest expenses from financing of investment properties	(37,357)	(33,596)
Interest expenses from amortisation of loan*	(13,701)	(20,746)
Prepayment fees	(187)	0
Expenses from valuation of interest derivates	(2,271)	(3,814)
Interest expenses from interest derivatives	(22,306)	(19,574)
Interest expenses from finance leases	(134)	(145)
Interest expenses from accumulation of provisions and liabilities	(428)	(1,641)
Interest expenses for other financial liabilities	(118)	(18)
Other interest expenses	(198)	(28)
Interest expenses	**(76,700)**	**(79,562)**
Net interest income	**(60,853)**	**(47,104)**

* In addition to the amortisation effects arising from the effective interest rate method in accordance with IAS 39.9, this P&L item includes changes in present value and gains and losses on disposal recognised in income in accordance with IAS 39 AG 62 due to new contractual conditions, and changes in present value recognised in income in accordance with IAS 39 AG 8 due to modified estimates of cash inflows or outflows.

Earnings per share are calculated in accordance with IAS 33.19 by dividing consolidated net income by the weighted number of shares in circulation in the period under review.

The weighted average number of shares in circulation to date in the 2012 financial year is calculated as follows:

	01.01.– 30.09.2012	01.07.– 30.09.2012
Number of shares outstanding at the beginning of the period	41,052,630	50,526,314
Additional shares issued on 27 April 2012	9,473,684	0
Number of shares outstanding at the end of the period	50,526,314	50,526,314
Weighted average number of shares (diluted and undiluted)	**46,480,982**	**50,526,314**

The weighted average number of shares in circulation in the previous year is calculated as follows:

	01.01.– 30.09.2011	01.07.– 30.09.2011
Number of shares outstanding at the beginning of the period	35,000,000	41,052,630
Additional shares issued on 15 April 2011	6,052,630	0
Number of shares outstanding at the end of the period	41,052,630	41,052,630
Weighted average number of shares (diluted and undiluted)	**38,746,866**	**41,052,630**

Information on the amount of earnings per share can be found in the income statement.

8) Selected notes to the consolidated balance sheet

As of the reporting date for the interim consolidated financial statements, **investment property** in accordance with IAS 40 including **properties held for sale** in accordance with IFRS 5 broke down as follows:

	30.09.2012		31.12.2011	
	Residential properties	Commercial properties	Residential properties	Commercial properties
Units	52,085	910	52,790	913

One commercial unit used by the GSW Group is recognised in accordance with IAS 16.

The fair values of investment property and property held for sale accounted for in accordance with IFRS 5 can be broken down as follows:

EUR thousand	30.09.2012		31.12.2011	
	Investment property	Property held for sale	Investment property	Property held for sale
Developed plots	2,888,851	12,794	2,907,699	15,518
Undeveloped plots	21,242	640	22,550	74
Total	**2,910,093**	**13,434**	**2,930,249**	**15,592**

The decrease in property assets by a total of EUR 22,314 thousand compared with 31 December 2011 is due to current sales; this is largely offset by capitalised maintenance expenses in the amount of EUR 14,125 thousand and capitalised property tax in the amount of EUR 1,374 thousand.

The GSW Group employs derivative financial instruments to hedge against interest-rate risk arising from property financing. The derivative financial instruments are recognised at fair value.

Two existing swap agreements were terminated early with effect from 30 March 2012. The term for one further interest rate swap expired on the same date. In addition, a forward swap agreement with a term of six years was concluded on 26 September 2012. The interest rate swap will begin on 31 January 2015.

As of 30 September 2012, the Group held the following derivative financial instruments:

Number	Nominal value in EUR thousand	Swap rates	Fair value as of 30 September 2012 in EUR thousand
13 interest rate swaps	1,170,377	1.7 % to 4.8 %	(84,392)

Two of the interest rate swaps held do not meet the IAS 39 criteria for recognition as a hedging instrument. Changes in the fair value of the interest rate swaps that do not meet the criteria of IAS 39 for recognition as a hedging instrument, irrespective of their financial hedging effect, are recognised through profit or loss.

In the interim consolidated financial statements, losses from changes in the fair value of derivatives totalling EUR 29,881 thousand (previous year: EUR 27,541 thousand) were recognised directly in equity in the reporting period, while a further EUR 1,460 thousand (previous year: EUR 1,404 thousand) was recognised through profit or loss in the income statement. In addition, a release from equity totalling EUR 777 thousand (previous year: EUR 1,136 thousand) was recognised through profit or loss.

In the period under review, instances of ineffectiveness totalling EUR 14 thousand (previous year: EUR 0 thousand) were recognised in the income statement.

The change in the components of **equity** is shown in the statement of changes in shareholders' equity.

As of 30 September 2012, GSW's **issued capital** amounted to EUR 50,526 thousand (previous year: EUR 41,052 thousand). The number of ordinary shares issued amounted to 50,526,314 shares each with a notional interest in the share capital of EUR 1.00. The shares are fully issued and fully paid-up.

Effective 17 April 2012, the Management Board of GSW resolved – with the approval of the Supervisory Board – to carry out a capital increase against cash contributions with indirect subscription rights for the shareholders. Using the existing authorised capital, the company's share capital of EUR 41.1 million was increased by EUR 9.5 million to EUR 50.5 million against cash contributions by issuing 9,473,684 new ordinary bearer shares.

Cash contributions of EUR 21.30 per share (totalling EUR 201.9 million) were made for the newly issued shares. The capital increase was entered in the commercial register on 27 April 2012.

Premiums paid-in connection with the capital increase meant that **capital reserves** increased by EUR 192.4 million. The premiums paid were offset against the transaction costs incurred for the capital increase in the period under review. GSW's capital reserves also increased during the period under review as a result of the share-based remuneration for Management Board members (EUR 2,245 thousand) and Dr. Scharpe (EUR 279 thousand). Capital reserves totalled EUR 313,011 thousand as of 30 September 2012.

Revenue reserves include the undistributed earnings of the companies included in the consolidated financial statements in past periods and in the current period.

Other comprehensive income includes the adjustments in fair value for owner-occupied properties measured according to the revaluation method and adjustments in fair value for derivatives in cash flow hedges and for securities classified as available for sale and other financial investments. The change in other comprehensive income is shown in the statement of changes in Group equity.

The share of other comprehensive income attributable to other shareholders amounted to EUR -17 thousand as of 30 September 2012.

By resolution of the General Shareholders' Meeting, new authorised capital (Authorised Capital 2012) was created including the option to disapply shareholders' subscription rights. Under this resolution, the Management Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital on one or more occasions by a total of up to EUR 17,000,000.00 up to and including 27 June 2017 by issuing up to 17,000,000 new no-par value bearer shares in exchange for cash and / or non-cash contributions.

The General Shareholders' Meeting also authorised the Management Board to issue bearer and / or registered convertible bonds and / or bonds with warrants and / or profit participation rights and / or participating bonds with or without conversion rights or options or conversion obligations or a combination of these instruments, with or without a restriction on their term, with a total nominal amount of up to EUR 250,000,000.00 on one or more occasions up to and including 27 June 2017, and to grant the holders or bearers of such instruments conversion rights or options for the subscription of up to 7,500,000 new no-par value bearer shares of GSW Immobilien AG with a total nominal interest in the share capital of up to EUR 7,500,000.00 (Contingent Capital 2012).

In accordance with the resolution by the General Shareholders' Meeting on 28 June 2012, a **dividend** of EUR 0.90 per share (totalling EUR 45.5 million) was distributed for the 2011 financial year.

Financial liabilities are composed as follows:

EUR thousand	30.09.2012	31.12.2011
Liabilities due to banks from financing investment properties	1,726,713	1,769,020
Liabilities from finance leases	1,711	1,869
Financial liabilities	**1,728,424**	**1,770,889**

The liabilities due to banks are predominantly the result of financing for investment properties. This item decreased as against 31 December 2011 due in particular to scheduled and non-scheduled repayments. In addition, loans were refinanced in the period under review. No new loans were taken on.

These developments were offset by amortisation effects from the effective interest method in accordance with IAS 39.9 and by present value changes in accordance with IAS 39 AG 62 due to new contractual conditions.

9) Related party disclosures

For the GSW Group, related parties within the meaning of IAS 24 are defined as those parties that control the Group or exercise a significant influence and, conversely, parties that are controlled or significantly influenced by the Group.

Accordingly, the members of the Management Board and Supervisory Board of GSW and the subsidiaries, associates and joint ventures of the GSW Group are defined as related parties.

a) Relations with associates, joint ventures and non-consolidated related companies
With respect to the exchange of goods and services, the Group had no material relations with associates, joint ventures or non-consolidated affiliates.

b) Relations with consolidated affiliates
A control and profit and loss transfer agreement was concluded with GSW Acquisition 3 GmbH, Essen, with effect from 1 January 2012. The General Shareholders' Meeting approved this agreement on 28 June 2012.

A control and profit and loss transfer agreement between GSW Acquisition 3 GmbH, Essen and GSW Pegasus GmbH, Berlin was concluded on the same date.

c) Relations with related persons
The former shareholders W2001 Capitol B.V. and Lekkum Holding B.V. shall bear the costs for a supplementary payment component offering a long-term incentive (Long Term Incentive Plan, LTIP) within the framework of bilateral agreements with the Management Board members. For details, please refer to the information as of 31 December 2011 under note 36 (b) to the consolidated financial statements. In the year to 30 September 2012, the company reported expenses and a contribution to the capital reserves of EUR 1,765 thousand in accordance with IFRS 2. Further expenses are anticipated in subsequent years, which are to be paid by the former shareholders in shares and are linked to the precondition of Management Board members remaining with GSW. These agreements do not give rise to any charge on GSW's liquidity or (re) payment obligations with respect to the former shareholders.

In the first quarter of 2011, Dr. Scharpe reached an agreement in principle with the original shareholders that, in the event of a successful IPO, he would receive 10,000 shares in the company from the original shareholders as consideration for his role as Chairman of the Supervisory Board in the period from 2004 to 2010. The contractual implementation of this agreement and the allocation of the shares in the company took place in the second quarter of 2012. Accordingly, the company reported administrative expenses and a contribution to the capital reserves of EUR 279 thousand in accordance with IFRS 2.

The Long Term Incentive (LTI) which forms part of the Management Board employment contracts has been amended with effect from 1 January 2012. According to the provisions of IFRS 2, this led to an increase in expenses and capital reserves in the amount of EUR 480 thousand in the year to 30 September 2012.

10) Management and Supervisory Board

There have been no changes in the composition of the management since 31 December 2011.

The composition of the Supervisory Board of GSW Immobilien AG has changed since 31 December 2011 as follows:

Gisela von der Aue	Former Senator of Justice of the State of Berlin, Berlin (since June 2012)
Thomas Wiegand	Managing Director at Cerberus Global Investments B.V., Baarn, NL (until March 2012)
Geert-Jan Schipper	Managing Director at Cerberus Global Investments B.V., Baarn, NL (until March 2012)

11) Events after the balance sheet date

GSW acquired various real estate portfolios in Berlin by way of notarial execution in October 2012. The acquisitions took the form of asset and share deals. The transfer of economic ownership is expected on 31 December 2012 and 1 January 2013, meaning that the acquisitions will not impact GSW's earnings situation in the current financial year. The total portfolio acquired consists of around 4,400 residential units.

Berlin 15 November 2012

THOMAS ZINNÖCKER
(CEO)
GSW Immobilien AG

JÖRG SCHWAGENSCHEIDT
(COO)
GSW Immobilien AG

ANDREAS SEGAL
(CFO)
GSW Immobilien AG

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements of GSW Immobilien AG for the first nine months of 2012 give a true and fair view of the Group's net assets, financial position and results of operations, and the interim consolidated management report includes a fair view of the business development including the results and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Berlin 15 November 2012

GSW Immobilien AG
Management Board

Thomas Zinnöcker	Jörg Schwagenscheidt	Andreas Segal
Chief Executive Officer	Member of the Management Board	Chief Financial Officer

DISCLAIMER

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. They are not guarantees of future performance, but rather involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in the Risks and Opportunities Report on page 15. We do not assume any obligation to update the forward-looking statements contained in this report. This report does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor shall there be any sale, issuance or transfer of the securities referred to in this report in any jurisdiction in contravention of applicable law.

EDITOR'S NOTE

Rounding differences may occur in the tables.

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