INTERIM REPORT

GSW IMMOBILIEN AG 9M-2013

GSW

MY BERLIN. MY HOME.

Highlights

OPERATIVE HIGHLIGHTS

	30.09.2013	30.09.2012
Vacancy rate (residential)	2.7 %	3.2 %
In-place rent (residential)	5.34 EUR / sqm	5.17 EUR / sqm

INCOME STATEMENT HIGHLIGHTS

EUR mn	1.1.-30.09.2013	1.1.-30.09.2012
Net rental income	135.8	120.9
Result on disposals	6.1	7.7
EBITDA	106.8	102.9
Adjusted EBITDA	113.9	100.7
Net operating profit (EBIT)	106.4	102.3
Consolidated net income for the period / year	49.3	40.7
FFO I (excl. sales result)	62.5	50.0
AFFO[1]	47.1	35.8
FFO II (incl. sales result)	68.6	57.6

[1] FFO I excl. capitalised expenses for modernisation and maintenance

BALANCE SHEET HIGHLIGHTS

EUR mn	30.09.2013	31.12.2012
Investment property	3,283.0	3,302.2
Cash and cash equivalents	156.2	167.7
Equity	1,471.1	1,440.4
Financial liabilities	1,948.3	1,967.5
Total assets	3,547.8	3,569.9
EPRA NAV	1,524.7	1,525.6
Loan-to-value	54.0 %	53.8 %
Equity ratio	41.5 %	40.3 %

KEY FINANCIALS PER SHARE

EUR	1.1.-30.09.2013	1.1.-30.09.2012
FFO I per share[2]	1.24	1.07
AFFO per share[2]	0.93	0.77

EUR	30.09.2013	31.12.2012
EPRA NAV per share[3]	30.18	30.19
EPRA NAV per share (diluted)[4]	30.24	30.31

[2] Based on an average number of shares outstanding in the respective period based on IAS 33.19 (please see notes for calculation) | [3] Based on shares outstanding as of end of reporting period | [4] Assuming the convertible bond is exercised in full and converted into 5.21 mn new GSW shares on 30 September 2013 (5.05 mn on 30 September 2012)

My Berlin. My Home.

The listed company GSW has been managing one of the largest property portfolios in Berlin for almost 90 years. Its name is synonymous with experience, stability and economic soundness.

We manage a real estate portfolio of around 60,000 residential and commercial units that was valued at EUR 3.3 billion as of 31 December 2012.

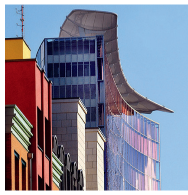
In order to maintain and expand our market position, we take new paths that bridge the gap between innovation and tradition. We continue to develop without abandoning the tried and trusted.

GSW's corporate strategy focuses on the long-term management of rental property using a systematic approach aimed at enhancing customer and employee satisfaction, operational efficiency and the value of our properties.

At the same time, we assume social responsibility for Berlin and are involved in social, cultural and sporting projects.

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. We take responsibility for finding an appropriate and fair balance in the event of conflicts of interest.

Contents



To our shareholders

Interim consolidated management report

Interim consolidated financial statements and notes

To our shareholders

DEAR SHAREHOLDERS,
LADIES AND GENTLEMEN,

Together we have had an extremely eventful quarter: Just in the last few weeks, a new chapter was opened in GSW's almost 90-year history. The long expected consolidation in the German residential property sector is now underway. And GSW is right at the centre of developments, which we see as clear proof of the company's appeal and the outstanding work by our staff.

On 2 October 2013, our competitor Deutsche Wohnen AG published a public takeover bid for GSW in the form of a share exchange. We have examined this intensively and open-mindedly with regard to the interests of the owners and all the stakeholders involved, especially our employees. At the same time, we held constructive talks with the Management Board of Deutsche Wohnen AG. Both sides agreed on a joint basis for a socially compatible integration. The Management Board and the Supervisory Board of GSW also came to the conclusion that the offer of Deutsche Wohnen AG is financially appropriate. In light of this, the two bodies have jointly recommended that GSW's shareholders accept the offer of Deutsche Wohnen AG. The combination is a winning opportunity to bundle the strengths of both companies while also enhancing their enterprise value.

The shareholders' strong consent to the offer of approx. 78 % after the first acceptance deadline on 30 October 2013 clearly shows that they share this opinion by a large majority. Thus, it is already clear today that the combination will take place.

GSW systematically continued its successful business performance in spite of these turbulent times. The average in-place rent climbed by around 2.3 % in the first nine months of the financial year to EUR 5.34 / sqm. The company generated a net profit of EUR 49.3 million in this period.

With FFO I (funds from operations) of EUR 62.5 million, approx. 25 % more than in the same period of the previous year, we are well on our way to achieving our forecast of EUR 73 to EUR 78 million for the 2013 financial year.

Berlin, November 2013

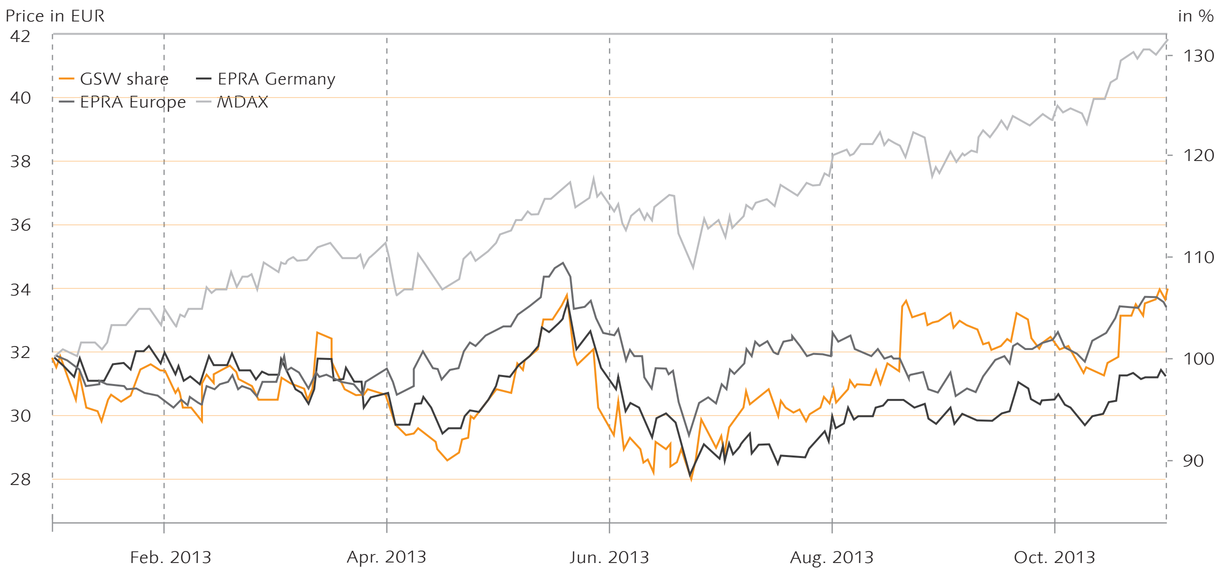
JÖRG SCHWAGENSCHEIDT
Co-CEO

A. Segal

ANDREAS SEGAL
Co-CEO

SHARE

SHARE PRICE PERFORMANCE



KEY DATA

Sector	**Real estate**
ISIN	**DE000GSW1111**
German Securities Code Number (WKN)	**GSW111**
Stock exchange symbol	**GIB**
Reuters	**GIBG.DE**
Bloomberg	**GIB:GR**
Initial listing	**15 April 2011**
Market segment	**Prime Standard**
Trading centres	**Frankfurt Stock Exchange** **XETRA** **Regulated Market of the Berlin Stock Exchange**
Indices	**MDAX** **FTSE EPRA / NAREIT Global Real Estate Index Serie** **GPR 250, STOXX Europe 600** **TR / GPR Global 100 Index EUR**
Designated sponsors	**Deutsche Bank** **Goldman Sachs International** **DZ Bank**

KEY SHARE DATA

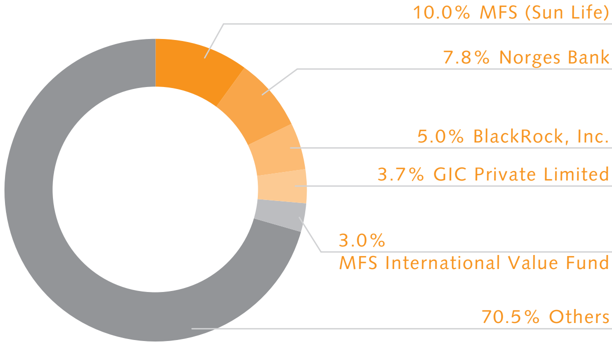
	31.10.2013	31.10.2012
Share capital as of 31 October (in EUR)	50,526,314	50,526,314
Number of shares as of 31 October	50,526,314	50,526,314
Closing price as of 31 October (XETRA, in EUR)	34.19	31.75
High (XETRA, in EUR) (current year)	34.64	31.90
Low (XETRA, in EUR) (current year)	27.88	21.19
Market capitalisation as of 31 October (in EUR m)	1,727.5	1,604.2
Average daily trading volume (XETRA, in EUR) (current year)	4,334,756	3,295,714

Public exchange offer by Deutsche Wohnen AG

On 2 October 2013, Deutsche Wohnen AG published the takeover documents for its public exchange offer for the acquisition of all outstanding shares of GSW Immobilien AG. In line with this, GSW shareholders were given the opportunity to exchange every 20 GSW shares for 51 shares of Deutsche Wohnen AG. In a reasoned statement dated 15 October 2013, the Management Board and Supervisory Board of GSW Immobilien AG recommended GSW shareholders to accept the exchange offer. The acceptance period for GSW shareholders ended on 30 October 2013.

By this date, approx. 78 % of all GSW shareholders had provided their shares for exchange, and therefore the minimum acceptance level of 75 % was exceeded.

SHAREHOLDER STRUCTURE AS OF 31 OCTOBER 2013



As of 31 October 2013 (based on last voting rights announcements due to WpHG); prior to the closing of the transaction.

Interim consolidated management report

ECONOMIC REPORT

Development of the housing portfolio

Overview

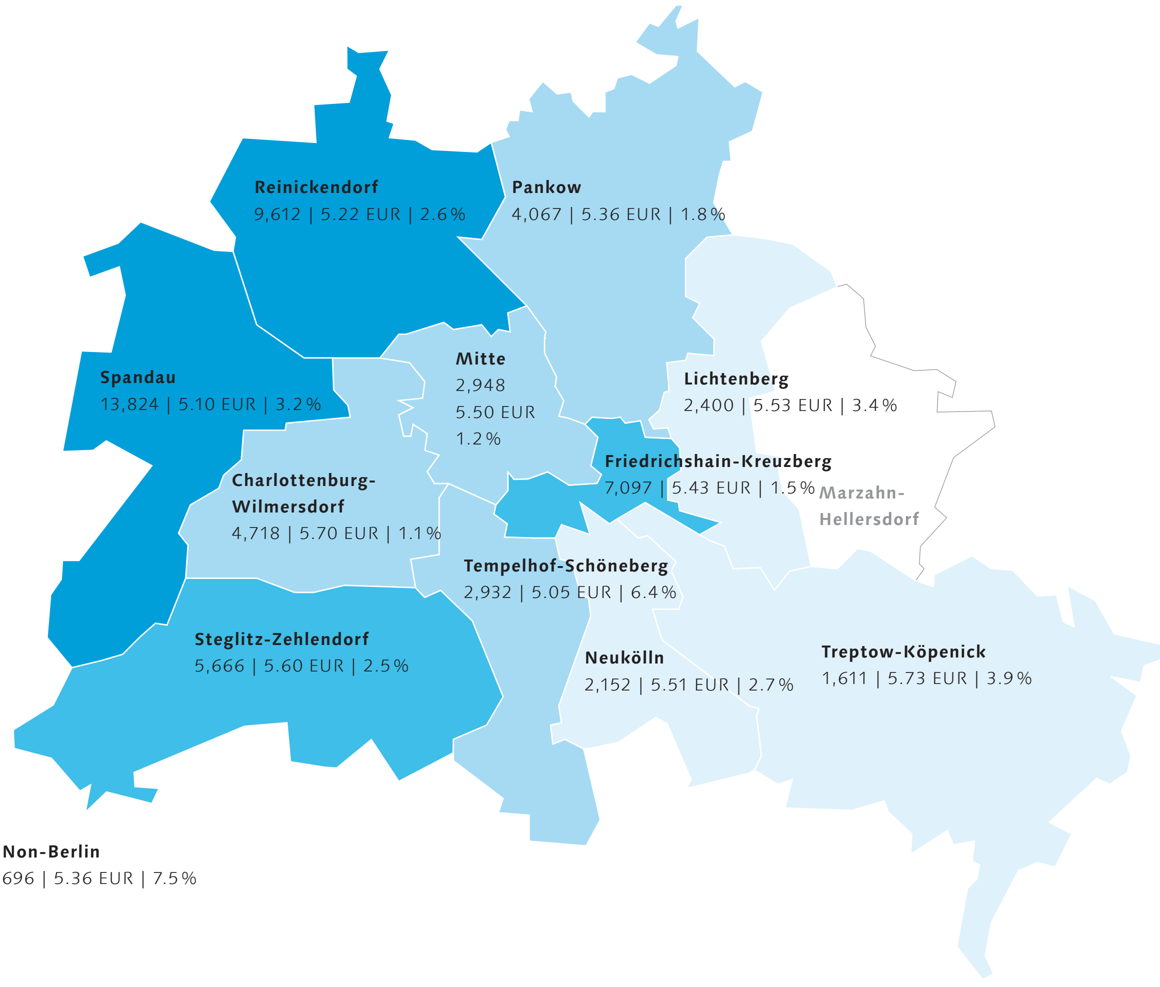
GSW's business model is focused on managing residential property in Berlin to generate stable cash surpluses that grow steadily over time. As one of Germany's most attractive residential real estate markets, Greater Berlin offers excellent general conditions, especially as – contrary to the national average – it has been characterised by positive demographic trends for recent years.

Active, value-oriented portfolio management with the objective of generating sustainable yields and increasing them as well as ensuring the value retention of the portfolio and GSW's competitiveness in the long term constitute one of GSW's key strategic components. Among other things, this includes the continuous development of the company's own housing stock by means of maintenance and modernisation measures and constant efficiency improvements that add value while maintaining a clear customer focus in property management.

HOUSING PORTFOLIO 30 SEPTEMBER 2013

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



Non-Berlin
696 | 5.36 EUR | 7.5 %

[1] The vacancy rate represents the ratio of vacant units to total lettable units.

In addition to optimising its current portfolio, GSW is 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 and sustained consolidation of the company's local market position in the Berlin area.

Selective opportunistic sales of apartments and sub portfolios enhance the company's options. The majority of sales involve owner-occupied apartments and serve to optimise income from property management. Additional cash flow for the company is also generated by this means.

With 57,723 of its own apartments, 977 commercial units and 9,457 garages / parking spaces, GSW manages one of the largest real estate portfolios in the German capital. As of the end of the reporting period, the vacancy rate for the apartments was 2.7 % (30 September 2012: 3.2 %). The average in-place rent for the portfolio as a whole amounted to EUR 5.34 / sqm on 30 September 2013 and was therefore EUR 0.12 / sqm higher than at the end of 2012. This was due to both rent increases for existing tenants and new rentals of units, which were well above existing rents on average.

The economic data for the approximately 6,500 apartments of the 2012 Berlin acquisition portfolio are developing in line with expectations. As of 30 September 2013, the in-place rent of the apartments was EUR 5.60 / sqm and the vacancy rate was 2.2 %.

The evaluation and implementation of the new 2013 Berlin rent index has been completed. As of 30 September 2013, around 75 % of the residential units in GSW's portfolio are below the Berlin rent index. GSW is assuming that around 12,000 rent increase demands will take effect for this year by 31 December 2013. Further adjustments will follow in 2014.

Maintenance and modernisation

Through continuous investment in both the fabric of its buildings and the standard of its residential units, GSW ensures that its housing stock can be let long-term and that its residential units are very attractive. For instance, residential units are modernised before being re-let to ensure they meet modern standards and thereby allow an adjustment in line with current market rents. This approach ensures that the generally sound positioning of the GSW portfolio on the Berlin market is consolidated and developed.

Acquisitions

Purchase agreements for some 2,800 residential units in Berlin were concluded in July and August in two transactions. The agreement is subject to normal market conditions. As of 1 October and 1 November of this year, a first part of the acquisition portfolio of about 630 residential units could already be integrated into the administrated portfolio. The remaining units are expected to be integrated by the end of the year. The properties are mainly located in Friedrichshain-Kreuzberg (28 %), Pankow (26 %) and Lichtenberg (24 %) with the remainder distributed between Neukölln, Tempelhof-Schöneberg and Mitte. The properties are mostly modernised and the majority were constructed in the 1970s and 1980s (85 %). The in-place rent for the residential units averages EUR 5.66 / sqm, the vacancy rate is around 0.9 %. The purchase price for the portfolios is around EUR 201 million, equivalent to approximately EUR 1,176 / sqm or 16.95 times the in-place rent. Assuming acquisition financing of around 50 % LTV (loan-to-value), the new properties should generate an FFO I contribution of around EUR 6.2 to 6.6 million from 2014.

Sales

A total of 1,160 residential and commercial units were sold in the first nine months of 2013. Thereof 558 units were sold to owner-occupiers and private capital investors as part of the Group's privatisation strategy. A further 602 units were sold on an opportunistic basis to streamline the portfolio; the vast majority of sales involved unmodernised properties located on the outskirts of Berlin-Köpenick. Additionally, the approximately 480 residential and commercial units in Duisburg, Essen, Erfurt and Magdeburg acquired by GSW in the previous year were sold in line with the portfolio strategy as planned. The agreements are in line with standard market conditions. As of 1 November, 450 units were transferred to the purchaser – the remaining 30 units are expected to be transferred by 1 December.

Results of operations, net assets and financial position

Results of operations

NET RENTAL INCOME

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012*
Income from rents	171.6	151.5
Income from management activities and other income	4.5	8.1
Gross rental income	**176.1**	**159.6**
Income from direct government grants	4.4	6.1
Total rental income	**180.6**	**165.7**
Cost of materials	(27.4)	(27.1)
Personnel expenses	(12.4)	(13.6)
Other property operating expenses / income	(5.0)	(4.1)
Net rental income	**135.8**	**120.9**

* Prior-year figures for cost of materials, personnel and other property expenses restated. In the interests of clearer presentation, income from the reversal of provisions was netted off against the corresponding expenses from the 2012 financial year.

In the first nine months of 2013, net rental income amounted to EUR 135.8 million and was therefore up EUR 14.9 million up on the same period of the previous year. A key factor influencing this was the acquisition of around 7,000 residential units where economic ownership was transferred at the end of 2012 / start of 2013. Higher average rents compared to the same period of the previous year and the lower vacancy rate also made a significant contribution to the improvement in earnings. By comparison, the monthly in-place rent for leased residential units increased to EUR 5.34 / sqm as of 30 September 2013 (30 September 2012: EUR 5.17 / sqm); GSW reduced the vacancy rate for these properties to 2.7 % (30 September 2012: 3.2 %).

By contrast, income from government grants fell to EUR 4.4 million in the first nine months of 2013 as anticipated (first nine months of 2012: EUR 6.1 million). The cost of materials rose by EUR 0.3 million as against the same period of the previous year as a result of maintenance and modernisation expenses due to volumes. Total expenses for maintenance were around EUR 32.4 million in the first nine months of 2013, EUR 15.4 million of which was capitalised.

RESULT ON DISPOSALS

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012
Investment property disposal proceeds	78.6	51.9
Carrying amount of investment property disposals	(67.5)	(37.9)
Operating expenses for investment property disposed	(5.0)	(6.4)
Result from the disposal of asset held for sale and investment property	**6.1**	**7.7**

On the basis of good market demand for properties in Berlin, GSW sold a total of 1,160 residential and commercial units, transferring the associated risks and rewards, in the first nine months of the current financial year (first nine months of 2012: 709 units). This included the strategic sale of a housing complex of more than 400 units in Berlin-Köpenick with the aim of optimising the real estate portfolio.

As lower sales margins are usually generated on block sales than on the sale of owner-occupied apartments, the result on disposal was EUR 1.6 million lower overall than in the same period of the previous year at EUR 6.1 million.

GENERAL ADMINISTRATIVE EXPENSES

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012
General administrative expenses	**(35.5)**	**(26.3)**
Expenses for capital measures	0.9	0.0
Long-term incentive plan (LTIP)	1.2	2.0
Project expenses	9.6	1.0
Acquisition expenses	1.1	2.0
Administrative expenses (adjusted)	**(22.6)**	**(21.2)**
Costs in connection with Management Board changes	2.1	-
Administrative expenses (adjusted) after extraordinary expenses	**(20.5)**	**(21.2)**

General administrative expenses rose by EUR 9.2 million in the first nine months of 2013 to EUR 35.5 million.

This increase primarily resulted from consulting expenses, which were incurred in the third quarter of 2013 in connection with the extensive review of the takeover bid by Deutsche Wohnen AG, Frankfurt. These expenses amounted to around EUR 8.8 million as of 30 September 2013. A further amount of around EUR 5.0 million will be owed to the consulting banks in the event of a takeover by Deutsche Wohnen AG in the fourth quarter of 2013.

Furthermore, the rise in administrative expenses was contributed to expenses for the preparation of a capital measure and the severance claims of the CEO Dr Kottmann, who left the company as of 15 July 2013.

Adjusted for non-recurring effects, general administrative expenses amounted to EUR 20.5 million and were around EUR 0.7 million below the previous year's level (first nine months of 2012: EUR 21.2 million). This decline was due to lower consulting expenses in addition to expenses for IT projects and declining rent expenses as a result of the sale of BWG in the fourth quarter of 2012.

The expenses associated with the change of CEO were included in the FFO, as are severance issues.

NET INTEREST INCOME

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012
Income from valuation of derivatives and loans	14.7	7.3
Interest income from derivatives	1.5	7.4
Other interest income	0.6	1.2
Interest income	**16.9**	**15.8**
Expenses from valuation of derivatives and loans	(14.0)	(16.0)
Interest expenses from derivatives	(20.2)	(22.3)
Interest expenses from financing of investment property	(33.9)	(37.4)
Other interest expenses / finance lease	(0.2)	(0.9)
Interest expenses for convertible bond	(5.0)	-
Breakage costs from financing activities	(0.4)	(0.2)
Interest expenses	**(73.7)**	**(76.7)**
Net interest income	**(56.9)**	**(60.9)**

The company's interest income rose to EUR 16.9 million year-on-year. A key factor here was an increase in income from the remeasurement of derivatives, which arose from the loss of a hedge between a loan and the derivative assigned to it in the second quarter of 2013. This was partially offset by lower income from interest rate derivatives due to the generally low level of interest rates.

Interest expenses decreased to EUR 73.7 million. This drop was mainly attributable to a reduction in remeasurement expenses, lower interest expenses for derivatives and a reduction in interest expenses from the financing of investment property as a result of the fall in interest rates for variable-rate loans. This was offset by interest expenses from the convertible bond for the accrued coupon interest and the remeasurement of the liability. Overall, net interest income climbed by EUR 4.0 million to EUR -56.9 million.

INCOME STATEMENT

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012
Net rental income	135.8	120.9
Result from the disposal of asset held for sale and investment property	6.1	7.7
Net valuation gains / losses on investment property	- *)	- *)
General administrative expenses	(35.5)	(26.3)
Net operating profit (EBIT)	**106.4**	**102.3**
Net result of investments	0.3	1.2
Net interest income	(56.9)	(60.9)
Profit before income taxes	**49.8**	**42.7**
Income taxes	(0.5)	(2.0)
Consolidated net income for the period	**49.3**	**40.7**

* Properties are valued by a third party once per year as of 31 December .

In the 2013 financial year to date, GSW has generated consolidated net income for the period of EUR 49.3 million, an increase of EUR 8.6 million on the same period of the previous year. Adjusted for non-recurring effects, there has been a sharp rise in EBIT of EUR 14.1 million, which is mainly due to the increase in income from letting. The increase in the net income and tax result also contributed to the consolidated net income for the period.

FFO I is a key performance indicator for GSW and its shareholders. This liquidity-based 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. Non-recurring effects and non-cash influences are eliminated here:

ADJUSTED EBITDA / FFO

EUR mn	01.01.- 30.09.2013	01.01.- 30.09.2012
Net operating profit (EBIT)	**106.4**	**102.3**
Depreciation and amortisation	0.4	0.6
EBITDA	**106.8**	**102.9**
Expenses for capital measures	0.9	0.0
Restructuring expenses	-	0.1
Project expenses	9.9	1.4
Acquisition expenses	1.1	2.0
Long-term incentive plan (LTIP)	1.2	2.0
Gains / losses on disposal of property, plant and equipment and financial investments	(0.0)	(0.0)
Result from the disposal of asset held for sale and investment property	(6.1)	(7.7)
Adjusted EBITDA	**113.9**	**100.7**
Cash flow net interest	(53.5)	(51.8)
Net result of investments	0.3	1.2
Cash flow net taxes	1.9	(0.2)
FFO I (excl. sales result)	**62.5**	**50.0**
Capitalised expenses for modernisation and maintenance	(15.4)	(14.1)
AFFO (FFO I excl. capitalised expenses for modernisation and maintenance)	**47.1**	**35.8**
FFO II (incl. sales result)	**68.6**	**57.6**

The increase in adjusted EBITDA of EUR 13.1 million reflects the increase in the rental income as against the same period of the previous year. Total financial liabilities rose in line with the financing of the real estate portfolios acquired. This led to a slight increase in interest payments. Adjusted for interest and tax payments, FFO I for the first nine months of 2013 amounted to EUR 62.5 million (first nine months of 2012: EUR 50.0 million). AFFO (adjusted FFO I) 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 47.1 million.

Net assets

BALANCE SHEET

EUR mn	30.09.2013	31.12.2012
Non-current assets	**3,304.6**	**3,324.0**
Investment property	3,283.0	3,302.2
Other non-current assets	21.6	21.8
Current assets	**243.2**	**245.9**
Receivables and other current assets	52.5	32.8
Cash and cash equivalents	156.2	167.7
Assets held for sale	34.4	45.3
Total assets	**3,547.8**	**3,569.9**
Equity	**1,471.1**	**1,440.4***
Non-current liabilities	**1,946.7**	**1,992.4**
Financial liabilities	1,874.9	1,888.8
Other liabilities	71.8	103.6*
Current liabilities	**130.0**	**137.0**
Financial liabilities	73.4	78.7
Other liabilities	56.6	58.4
Total equity and liabilities	**3,547.8**	**3,569.9**

* Restatement of prior-year figures due to changes in IAS 19 as of 1 January 2013. In line with this, actuarial gains and losses on pension commitments are recognised in full in other comprehensive income. The changes are made retrospectively.

Shareholders' equity rose by EUR 30.7 million as of 30 September 2013 and was largely influenced by the current positive net profit for the period. The positive effects from the remeasurement of derivatives also increased other comprehensive income. Furthermore, the share-based remuneration components ("LTIP") agreed with the former shareholders on the basis of the successful IPO were allocated and therefore recognised in full on account of the takeover bid by Deutsche Wohnen AG. These were allocated to the capital reserve in accordance with the regulations contained in IFRS 2 (Share-based Payment).

By contrast, equity was reduced by the dividend of EUR 45.5 million paid for the 2012 financial year on 18 June 2013. Adjusted for the negative fair value of financial instruments and the deferred taxes on them which are recognised in other comprehensive income (OCI), EPRA NAV was down slightly as against 31 December 2012. The additional calculation means that effects resulting from the convertible bond are presented in a diluted EPRA NAV:

NET ASSET VALUE

	30.09.2013			31.12.2012*		
EUR mn	Undiluted	Effect of exercising the convertible bond	Diluted	Undiluted	Effect of exercising the convertible bond	Diluted
Equity (before minority interests)	**1,471.1**		**1,471.1**	**1,440.4**		**1,440.4**
Effect of exercise of options convertibles and other equity interests		161.0	161.0		158.7	158.7
NAV	**1,471.1**		**1,632.1**	**1,440.4**		**1,599.2**
Fair value of financial derivatives (net)	60.2		60.2	91.2		91.2
Deferred taxes	(6.5)		(6.5)	(6.0)		(6.0)
EPRA NAV	**1,524.7**		**1,685.8**	**1,525.6**		**1,684.3**
Number of shares (mn)	50.53	5.21	55.74	50.53	5.05	55.58
EPRA NAV per share (EUR) (undiluted/diluted)	**30.18**		**30.24**	**30.19**		**30.31**

Loan-to-value-ratio

GSW's loan-to-value ratio developed as follows as of 30 September 2013:

LOAN-TO-VALUE

EUR mn	30.09.2013	31.12.2012
Financial liabilities	1,948.3	1,967.5
Cash and cash equivalents	(156.2)	(167.7)
Net debt	**1,792.0**	**1,799.8**
Investment property	3,283.0	3,302.2
Assets held for sale	34.4	45.3
Loan-to-value ratio	**54.0%**	**53.8%**

Despite the drop in financial liabilities, the loan-to-value ratio rose slightly to 54.0 % as, at the same time, there were lower cash and cash equivalents and properties offsetting this on account of selling activities.

Financial Position

CASH FLOW STATEMENT

EUR mn	01.01.-30.09.2013	01.01.-30.09.2012
Cash flow from operating activities	30.0	30.3
Cash flow from investing activities	29.6	38.4
Cash flow from financing activities	(71.1)	101.5
Changes in cash and cash equivalents	**(11.5)**	**170.2**
Cash and cash equivalents at the beginning of the period	167.7	62.6
Cash and cash equivalents at the end of the period	**156.2**	**232.8**

The cash flow from operating activities decreased by a total of EUR 0.3 million year-on-year. The cash inflows from the larger property portfolio over the course of the financial year to date were more than offset by higher expenses for consulting services in connection with the change of CEO, the costs of preparing for a capital increase, payments for the examination of the takeover bid and higher personnel expenses.

* Restatement of prior-year figures due to changes in IAS 19 as of 1 January 2013. In line with this, actuarial gains and losses on pension commitments are recognised immediately and in full in other comprehensive income. The changes are made retrospectively.

Despite higher proceeds from selling activities, the cash flow from investing activities decreased as these were offset by higher payments for the acquisition of a portfolio, transferring the associated risks and rewards in the fourth quarter of 2013, and for real estate transfer tax.

The cash flow from financing activities was down as against the same period in the previous year essentially as a result of the proceeds from the capital increase in the first nine months of 2012.

REPORT ON POST-BALANCE SHEET DATE EVENTS

On 2 October 2013, in accordance with sections 34, 14 (2) and (3) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act), Deutsche Wohnen AG published the takeover documents within the meaning of section 11 WpÜG for its voluntary public takeover bid in the form of an exchange offer to all shareholders of GSW Immobilien AG.

After the end of the acceptance period 30 October 2013, 12 pm, more than 75 % of GSW shareholders have accepted the exchange offer. Thus, after the closing of the transaction, GSW is majority owned by Deutsche Wohnen AG, Frankfurt, and will be included in the consolidated financial statements of its new parent company.

The exchange of risks and rewards of the property acquired in Berlin-Neukölln with more than 300 units took place on 1 October 2013.

From the purchased portfolio of approx. 2,500 apartment units in August 2013 approx. 320 apartments were already inherited as of 1 November 2013.

Mr Jan Bettink was appointed to the Supervisory Board of GSW Immobilien AG effective 10 October 2013.

RISKS AND OPPORTUNITIES

GSW Immobilien AG is exposed to various risks as a result of its operating activities. Apart from general economic risks, these are mainly vacancy risks, rental default risks as well as interest rate and liquidity risks. In some cases, these risks could arise without the company being either responsible for them or able to influence them. Defaults on rents could be increased by changes to political rules or interest rate and liquidity risks could be increased by decisions on headline rates.

The possible risks and the appropriate processes for measuring these risks are described in detail in the 2012 annual report of GSW Immobilien AG on pages 75 to 79. No additional risks have emerged for the company since the end of the reporting period. Viewed as a whole, the Management Board does not expect any risks to occur in the current 2013 financial year that could jeopardise the continued existence of GSW Immobilien AG or its subsidiaries.

OUTLOOK

The following factors, which determine the housing market in the German capital to a large extent, form the basis for GSW's success: in addition to generally low levels of new construction activity, demand for housing space is driven by increasing numbers of people moving to Berlin. At the same time, the number of households is rising because of the trend towards single households. The company therefore 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. Taking into account all planned and unplanned income and expenses in the first nine months of 2013, the Management Board is maintaining its forecast for 2013 as a whole of achieving FFO I of between EUR 73 and 78 million.

Interim consolidated financial statements and notes

Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET – ASSETS

EUR thousand	Note	30.09.2013	31.12.2012
Non-current assets		**3,304,590**	**3,324,001**
Investment property	(13)	3,282,963	3,302,195
Property, plant and equipment		1,870	2,130
Goodwill		1,125	1,125
Other intangible assets		188	203
Other investments		6,111	6,087
Trade receivables		245	321
Receivables from rental, leasing and asset management		106	133
Receivables from sales		139	188
Other non-current assets		12,078	11,926
Deferred tax assets		10	14
Current assets		**243,171**	**245,869**
Trade receivables		15,759	6,920
Receivables from property management		13,700	4,998
Receivables from sales		1,850	1,264
Other trade receivables		209	658
Receivables due from related parties		5	505
Income tax receivables		639	2,787
Other assets		36,118	22,595
Other financial assets		6,682	1,661
Other miscellaneous assets		29,436	20,934
Cash and cash equivalents		156,249	167,737
Assets held for sale		34,401	45,325
Total assets		**3,547,761**	**3,569,870**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABLITIES

EUR thousand	Note	30.09.2013	31.12.2012
Equity	**(14)**	**1,471,096**	**1,440,435**
Total shareholders' equity		1,470,704	1,440,089
Subscribed capital*		50,526	50,526
Additional paid-in capital		330,108	328,722
Consolidated retained earnings		1,143,978	1,140,177
Accumulated other comprehensive income		(53,908)	(79,336)
Non-controlling interest		392	346
Non-current liabilities		**1,946,649**	**1,992,397**
Financial liabilities	(15)	1,874,899	1,888,817
Liabilities from financing investment property		1,712,539	1,728,578
Liabilities from convertible bond		161,016	158,728
Liabilities from finance leases		1,344	1,511
Employee benefits		2,230	2,345
Provisions		2,596	3,055
Trade payables		258	483
Other non-current liabilities		66,351	97,434
Derivatives	(16)	59,202	90,952
Other financial liabilities		507	507
Other miscellaneous liabilities		6,642	5,975
Deferred tax liabilities		315	263
Current liabilities		**130,016**	**137,038**
Financial liabilities	(15)	73,395	78,687
Liabilities from financing investment property		70,000	78,449
Other loans and bank overdrafts		3,160	0
Liabilities from finance leases		235	238
Provisions		10,321	3,039
Trade payables		32,962	31,029
Property management liabilities		31,303	30,351
Other trade payables		1,659	678
Payables due to related parties		21	29
Income taxes payable		156	191
Other current liabilities		13,161	24,063
Derivatives	(16)	957	265
Other financial liabilities		5,082	6,971
Other miscellaneous liabilities		7,122	16,827
Total equity and liabilities		**3,547,761**	**3,569,870**

* Contingent Capital 30.09.2013 EUR 7,5 million (2012: EUR 7,5 million)

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT

EUR thousand	Note	01.01.-30.09.2013	01.01.-30.09.2012	01.07.-30.09.2013	01.07.-30.09.2012
Net rental income	**(9)**	**135,798**	**120,876**	**44,030**	**41,958**
Gross rental income		176,108	159,628	58,743	53,394
Government grants		4,445	6,077	1,396	1,965
Property operating expenses		(44,755)	(44,829)	(16,108)	(13,401)
Result on disposal of investment property		**6,059**	**7,679**	**1,786**	**2,903**
Investment property disposal proceeds		78,631	51,928	19,914	16,248
Carrying value of investment property disposals		(67,550)	(37,898)	(16,209)	(11,701)
Operating expenses for investment property disposed		(5,023)	(6,350)	(1,919)	(1,643)
Administrative expenses	**(10)**	**(35,483)**	**(26,258)**	**(15,546)**	**(8,900)**
Net operating profit (EBIT)		**106,374**	**102,298**	**30,270**	**35,962**
Net result of investments		277	1,243	19	14
Interest income	(11)	16,851	15,847	1,450	3,773
Interest expenses	(11)	(73,720)	(76,700)	(23,562)	(23,111)
Profit before income taxes		**49,782**	**42,688**	**8,178**	**16,639**
Income taxes		(479)	(2,032)	(1,332)	(1,002)
Consolidated net income for the period		**49,304**	**40,655**	**6,847**	**15,637**
Thereof attributable to:					
Shareholders of GSW Immobilien AG		49,275	40,643	6,838	15,637
Non-controlling interest		29	12	9	0
Earnings per share (undiluted), EUR	**(12)**	**0.98**	**0.87**	**0.14**	**0.31**
Earnings per share (diluted), EUR	**(12)**	**0.92**	**0.87**	**0.13**	**0.31**

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.

Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	01.01. - 30.09.2013	01.01. - 30.09.2012	01.07. - 30.09.2013	01.07. - 30.09.2012
Consolidated net income for the period		**49,304**	**40,655**	**6,847**	**15,637**
Accumulative other comprehensive income	(14c)				
thereof Non-Recycling					
Revaluation of properties classified as IAS 16		0	0	0	0
Deferred taxes		0	0	0	0
thereof Recycling					
Revaluation surplus resulting from acturial gains and losses of defined benefit obligations		0	0	0	0
Cumulative fair value changes of derivative interest rate contract constituting in cash flow hedges					
Fair value adjustment of derivatives in cash flow hedges	(16)	24,685	(29,881)	2,019	(12,276)
Reclassification of interest derivatives affecting income	(16)	351	777	0	223
Deferred taxes		410	1,503	1,241	787
Total comprehensive income for the period		**74,749**	**13,055**	**10,107**	**4,371**
Profit attributable to:					
Shareholders of GSW Immobilien AG		74,702	13,072	10,098	4,377
Non-controlling interest		47	(17)	9	(6)

Statement of changes in the shareholders' equity

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 owner-occupied property	Revaluation surplus resulting from acturial gains and losses of defined benefit obligations	Cumulative fair value changes of derivative interest rate contract constituting in cash flow hedges	Total accumulative other comprehensive income	Total shareholders' equity	Minority interest	Consolidated equity
Note	(14a)	(14a)	(14b)				(14c)			
December 31, 2011	**41,053**	**128,800**	**1,042,422**	**252**	**(116)**	**(46,374)**	**(46,237)**	**1,166,038**	**257**	**1,166,295**
Total result for the period	0	0	40,643	0	0	(27,571)	(27,571)	13,072	(17)	13,055
Changes in scope of consolidation	0	0	0	0	0	0	0	0	0	0
Issue 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)
Issue of convertibles	0	0	0	0	0	0	0	0	0	0
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
September 30, 2012	**50,526**	**313,011**	**1,037,592**	**252**	**(116)**	**(73,945)**	**(73,808)**	**1,327,321**	**240**	**1,327,561**
thereof classified as Non-recycling	0	0	0	252	0	0	252	0	0	0
thereof classified as Recycling	0	0	0	0	(116)	(73,945)	(74,061)	0	0	0
December 31, 2012	**50,526**	**328,722**	**1,140,177**	**279**	**(493)**	**(79,122)**	**(79,335)**	**1,440,090**	**346**	**1,440,436**
Total result for the year	0	0	49,274	0	0	25,428	25,428	74,702	47	74,749
Changes in scope of consolidation	0	0	0	0	0	0	0	0	0	0
Issue of equity instruments	0	0	0	0	0	0	0	0	0	0
Transaction costs for issuing equity instruments	0	0	0	0	0	0	0	0	0	0
Issue of convertibles	0	0	0	0	0	0	0	0	0	0
Dividend distribution	0	0	(45,474)	0	0	0	0	(45,474)	0	(45,474)
Repurchase of equity instruments	0	(227)	0	0	0	0	0	(227)	0	(227)
Additional paid-in capital regarding to board compensations	0	1,613	0	0	0	0	0	1,613	0	1,613
September 30, 2013	**50,526**	**330,108**	**1,143,978**	**279**	**(493)**	**(53,694)**	**(53,908)**	**1,470,704**	**392**	**1,471,096**
thereof classified as Non-recycling	0	0	0	279	0	0	279	0	0	0
thereof classified as Recycling	0	0	0	0	(493)	(53,694)	(54,187)	0	0	0

Consolidated cash flow statement

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	01.01.-30.09.2013	01.01.-30.09.2012
Consolidated net income for the period	49,304	40,655
Elimination of current income taxes	479	2,032
Elimination of financial results	56,592	59,610
Depreciation, amortization and impairment / write-ups of non-current assets	407	604
Result from the disposal of assets held for sale and investment property	(11,082)	(14,029)
Result from the disposal of intangible assets and property, plant and equipment	0	(1)
Changes in inventories, receivables and other assets	(18,878)	(8,426)
Changes in provision	3,941	(2,047)
Changes in payables	1,673	3,971
Other non-cash expenses and income	941	1,946
Operating cash flow	**83,376**	**84,315**
Income tax paid / received	1,998	(1,266)
Interest paid	(57,683)	(55,195)
Internet received	2,328	1,161
Distributions received	258	1,243
Proceeds from the disposal of derivative receivables	(297)	0
Cash flow from operating activities	**29,988**	**30,258**
Proceeds on disposals of investment property	75,740	53,039
Disbursements for investments in investment property	(45,969)	(14,556)
Proceeds on disposals of intangible assets and property, plant and equipment and other investments	0	2
Disbursements for investments in intangibles assets and in property, plant and equipment and other investements	(129)	(48)
Cash flow from investing activities	**29,641**	**38,437**
Proceeds from the issuance of equity instruments	0	201,913
Transaction costs of equity instruments	0	(10,136)
Dividends paid	(45,474)	(45,474)
Repayments from loans	(87,124)	(78,546)
Proceeds from loans	61,490	33,736
Cash flow from financing activities	**(71,108)**	**101,493**
Changes in cash and cash equivalents	**(11,487)**	**170,188**
Cash and cash equivalents at the beginning of the period	167,737	62,618
Cash and cash equivalents at the end of the period	**156,249**	**232,806**

Selected explanatory notes to the interim consolidated financial statements of GSW Immobilien AG, Berlin, as of 30 September 2013

General Information

1) Business activities of the group

GSW Immobilien AG (hereinafter "GSW") is a listed stock corporation headquartered 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 in 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 company-owned 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 interim condensed consolidated financial statements for the period from 1 January 2013 to 30 September 2013 in accordance with International Financial Reporting Standards (IFRS), as applicable in the European Union, 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 option in IAS 34.10, the notes in these interim consolidated financial statements have been condensed. They have not been reviewed by the auditor.

The interim consolidated financial statements comprise the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes. The income statement is structured according to the cost of sales method.

The currency for the interim consolidated 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). As 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 GSW Group's letting activities are generally free from seasonal or cyclical influences. However, the sale of apartments is subject to cyclical influences.

3) Accounting policies

GSW applies the same accounting policies as in the previous year. The accounting policies applied in the interim consolidated financial statements are the same as the methods presented in detail in the IFRS consolidated financial statements. These interim consolidated financial statements should therefore be read in conjunction with GSW's consolidated financial statements as of 31 December 2012.

GSW has applied all newly effective standards and interpretations required for financial years starting from 1 January 2013 in the interim consolidated financial statements as of 30 September 2013.

The amendments to IAS 19 from 1 January 2013 were applied retrospectively and therefore led to adjustments to the previous year's figures for employee benefits (EUR 523 thousand), accumulated other comprehensive income (EUR -493 thousand) and consolidated retained earnings (EUR -30 thousand).

4) Changes in scope of consolidation

There have been no changes to the scope of consolidation since 31 December 2012.

5) Significant judgements and estimates

The preparation of the interim consolidated financial statements requires judgements, estimates and assumptions by management that influence the recognition and measurement of assets and liabilities as well as income and expenses and the disclosure of contingent liabilities at the end of the reporting period.

These mainly relate to the measurement of investment property, the recognition and measurement of provisions and the measurement of derivative financial instruments with respect to the future trend in interest rates. Estimates are also made in connection with the first-time recognition of loans and in the recognition of deferred tax assets.

Owing to the uncertainty associated with estimates and assumptions, the actual amounts resulting in future may differ from the recognised figures resulting from estimates and assessments, and lead to adjustments in carrying amounts.

6) Presentational changes in the interim consolidated financial statements

GSW has decided to make the following changes to presentation from the 2012 annual financial statements onwards to improve transparency:

- Provisions will be reversed against the item that was originally recognised. The presentation of the figures in the comparative period in 2012 was restated accordingly.

- The presentation of administrative expenses in the notes was made more detailed and expanded. This has resulted in changes to the presentation of the amounts in the corresponding comparative period in 2012.

7) Segment reporting

There have been no changes to management reporting compared to the information in the consolidated financial statements as of 31 December 2012.

There is therefore still one reportable segment under IFRS 8, which contains all of the Group's operating activities (letting of apartments in the Berlin area) and about which reports are regularly submitted to the Management Board as the chief operating decision maker.

8) Fair value calculation

The consolidated financial statements are prepared on the basis of accounting for assets and liabilities at amortised cost. Exceptions to this are investment property, owner-occupied property and derivative financial instruments, which are recognised at fair value as of the end of the reporting period. The measurement of properties held for sale in accordance with IFRS 5 is consistent with the measurement of investment property.

"Available-for-sale" securities are not measured at fair value due to a lack of market data. These financial instruments are measured at cost.

The fair values thus calculated by GSW are equal to the prices defined in accordance with IFRS 13, which would have to be received from the sale of an asset or would have to be paid for the transfer of a liability between market participants as part of an orderly transaction on the measurement date (IFRS 13.9).

Investment property, property held for sale, property used by GSW and derivative financial instruments are measured on a recurring basis. There were no transfers between the levels in the fair value hierarchy in the reporting period.

GSW last determined the fair values of investment property, property used by GSW and property held for sale as of 31 December 2012 with the help of an external expert. At the level of individual homogenous economic units, the properties were considered separately in respect of their location, condition, facilities, the current rent under the tenancy agreement and their potential for development.

The fair values were determined on the basis of the forecast net cash flows from the management of the properties, using the discounted cash flow method (DCF method). For properties without a positive cash flow (usually plots of undeveloped land and vacant buildings) the fair value was determined by means of the direct value comparison method or the liquidation value procedure where applicable. Where a property was measured using the DCF method, a detailed planning period of ten years was assumed. At the end of the tenth year a terminal value was recognised on the basis of the capitalisation of the predicted net profit for the year during the eleventh period. There was no new measurement as of the date of these interim consolidated financial statements. For quantitative information on material, non-observable input data, the influence of measurement on the profit or loss and the sensitivity analysis, please see the consolidated financial statements as of 31 December 2012.

The discounted cash flow method is used to calculate fair value of derivative financial instruments taking account of both the company's own risk and counterparty risk.

Selected notes to the consolidated income statement

9) Net rental income

Net rental income was composed as follows:

EUR thousand	01.01.- 30.09.2013	01.01.- 30.09.2012
Income from rents	171,643	151,504
Income from management activities	0	3,519
Other income	4,465	4,605
Gross rental income	**176,108**	**159,628**
Direct rent subsidies	573	656
Direct government grants due to social housing	3,872	5,420
Income from direct government grants	**4,445**	**6,077**
Total rental income	**180,553**	**165,705**
Cost of materials	(27,426)	(27,143)
Personnel expenses	(12,371)	(13,618)
Depreciation and amortisation	(232)	(235)
Other operating expenses	(9,149)	(7,905)
Other operating income	4,423	4,072
Property operating expenses	**(44,755)**	**(44,829)**
Net rental income	**135,798**	**120,876**

In the first nine months of 2013, net rental income increased by EUR 14,922 thousand as against the same period of the previous year. This was primarily attributable to the transfer of ownership of the approximately 7,000 apartments acquired in the previous year at the end of 2012 / beginning of 2013. Higher average rents and the lower vacancy compared to the previous year also contributed to this increase in earnings.

As a result of the sale of the equity interest in GSW Betreuungsgesellschaft für Wohnungs- und Gewerbebau mbH (BWG), Berlin, as of 1 October 2012, there was no income from management activities.

As expected, income from government grants declined to EUR 4,445 thousand in the reporting period. The cost of materials was composed as follows:

EUR thousand	01.01.- 30.09.2013	01.01.- 30.09.2012
Total expenses for maintenance and modernisation	(32,411)	(28,191)
Capitalised expenses for maintenance and modernisation	15,413	14,125
Non-capitalised expenses for maintenance and modernisation	**(16,998)**	**(14,066)**
Non-reversible operating expenses	(5,547)	(6,745)
General leases	(1,561)	(1,594)
Marketing expenses	(1,148)	(1,208)
Legal expenses	(2,044)	(2,440)
Other expenses	(127)	(1,090)
Cost of materials	**(27,426)**	**(27,143)**

The cost of materials rose slightly year-on-year by EUR 283 thousand to EUR 27,426 thousand. This essentially resulted from an increase in maintenance expenses. In particular, this was countered by the reduction of unallocatable operating costs and other expenses, which were positively influenced by reversals of provisions.

10) General administrative expenses

General administrative expenses were composed as follows:

EUR thousand	01.01.-30.09.2013	01.01.-30.09.2012
Personnel expenses	(10,725)	(9,219)
Long-term incentive plan (LTIP)	(1,246)	(2,044)
Depreciation and amortisation	(175)	(354)
Expenses for IT and telecommunication	(3,216)	(3,577)
Expenses for annual financial statements and audit	(569)	(420)
Rental and leasing expenses	(2,707)	(2,806)
Legal and consulting expenses	(6,516)	(2,679)
Sponsoring	(530)	(385)
Insurance	(255)	(284)
Expenses for acquisitions[1]	(1,097)	(1,954)
Expenses for capital measures	(879)	(22)
Contributions and fees	(498)	(340)
Office expenses	(406)	(595)
Financial communication	(5,321)	(403)
Other expenses	(1,649)	(1,531)
Other operating income	305	355
General administrative expenses	**(35,483)**	**(26,258)**

General administrative expenses increased by EUR 9,225 thousand as against the same period of the previous year to EUR 35,483 thousand. This increase was the result of expenses for the preparation of a capital measure in the first quarter of 2013 (EUR 879 thousand) and higher personnel expenses due to legitimate claims for severance on the part of the CEO, Dr Kottmann, who left office prematurely. Furthermore, non-recurring project expenses[2] in connection with the review of the takeover bid by Deutsche Wohnen AG (EUR 8,761 thousand) contributed significantly to an increase in legal and consulting expenses and expenses for financial communication.

In total, non-recurring project expenses accounted for EUR 9,616 thousand (previous year: EUR 1,006 thousand) of general administrative expenses. The increase was partially offset by lower expenses for the long-term incentive plan (LTIP) and lower expenses for acquisition projects.[2]

[1] The acquisition expenses comprise all expenses in connection with the acquisition of investment property (in the form of asset deals or share deals).

[2] The project expenses included expenses for projects, which are largely non-recurring, where a complex structure is involved and the objective must be achieved with the materials specified in the timeframe specified.

11) Net interest income

Net interest income was composed as follows:

EUR thousand	01.01.-30.09.2013	01.01.-30.09.2012
Interest income from financial receivables	0	196
Interest income from loan amortisation*	8,084	7,240
Income from fair value measurement of interest derivatives	6,637	21
Interest income from interest derivatives	1,506	7,374
Interest income from bank deposit	503	962
Other interest income	121	54
Interest income	**16,851**	**15,847**
Interest expenses from financing of investment property	(33,895)	(37,357)
Interest expenses from loan amortisation*	(13,062)	(13,701)
Expenses from fair value measurement of interest derivatives	(905)	(2,271)
Interest expenses from interest derivatives	(20,212)	(22,306)
Interest expenses from convertible bonds	(5,031)	0
Breakage costs from financing activities	(395)	(187)
Other interest expenses	(219)	(878)
Interest expenses	**(73,720)**	**(76,700)**
Net interest income	**(56,869)**	**(60,853)**

* In addition to amortisation effects from the effective interest method in accordance with IAS 39.9, this income statement item also includes changes in present value recognised in profit or loss and the results of disposals in accordance with IAS 39 AG 62 based on new contractual conditions and changes in present value recognised in profit or loss in accordance with IAS 39 AG 8 based on changes to estimates regarding cash outflows or inflows.

Interest income increased by EUR 1,004 thousand as against the same period of the previous year to EUR 16,851 thousand. This is mainly the result of a rise in income from measuring interest rate derivatives at fair value as an interest rate swap in the portfolio has no longer met the requirements of IAS 39 for recognition as a hedge since the second quarter of 2013 and therefore the changes in the fair value of this interest rate swap must be shown in profit or loss. This increase was partially offset by lower interest income from interest rate derivatives due to the generally low level of interest rates and an overall year-on-year reduction in holdings of interest rate derivatives.

Interest expenses decreased by EUR 2,980 thousand to EUR 73,720 thousand. This was the result of a reduction in interest expenses from financing of property loans and derivatives due to generally low interest rates and a reduction in the number of interest rate derivatives. These developments were offset by interest expenses from the convertible bond issued in November 2012.

12) Earnings per share

a) Undiluted earnings per share

Earnings per share are calculated in accordance with IAS 33.19 by dividing consolidated net income for the period by the weighted number of shares outstanding in the reporting period.

The average number of shares outstanding in the reporting period was 50,526,314 (previous year: 46,480,982). No additional shares were issued.

The basic earnings per share amounted to:

	01.01.-30.09.2013	01.01.-30.09.2012
Total shareholders' equity (EUR thousand)	49,275	40,643
Average weighted number of shares outstanding	50,526,314	46,480,982
Earnings per share (undiluted), EUR	**0.98**	**0.87**

b) Diluted earnings per share

Diluted earnings per share are calculated on the basis of the average number of shares outstanding and the assumption of full utilisation of conversion rights into shares.

At the same time, the annual net income is adjusted by the reduction in expenses for interest payments resulting from complete conversion and the resulting tax effect.

As of 30 September 2013, GSW has potentially diluting shares outstanding from a convertible bond. This authorises bondholders to convert bonds into up to around 5.21 million new GSW shares.

The diluted earnings per share amount to:

	01.01.-30.09.2013	01.01.-30.09.2012
Total shareholders' equity (EUR thousand)	49,275	40,643
Coupon on the convertible bond after taxes (EUR thousand)*	1,916	-
Consolidated net income for the period for diluted earnings per share (EUR thousand)	51,191	40,643
Average weighted number of shares outstanding	50,526,314	46,480,982
Weighted average number of potential new shares if the convertible bond is exercised	5,113,194	-
Number of shares for diluted earnings per share	55,639,508	46,480,982
Diluted earnings per share, EUR	**0.92**	**0.87**

* 2 % on EUR 182.9 million after deduction of the Group tax rate of 30.175 % for nine months

Selected notes to the consolidated balance sheet

13) Investment property, including investment property held for sale

As of the date of the interim consolidated financial statements, the investment property in accordance with IAS 40 including investment property held for sale in accordance with IFRS 5 were composed as follows:

	30.09.2013		31.12.2012	
	Residential properties	Commercial properties	Residential properties	Commercial properties
Units	57,723	976	58,668	992

One commercial unit used by the GSW Group was recognised in property, plant and equipment in accordance with IAS 16.

The fair values of investment property and property held for sale in accordance with IFRS 5 break down as follows:

EUR thousand	30.09.2013		31.12.2012	
	Investment property[1]	Property held for sale[2]	Investment property[1]	Property held for sale[2]
Developed plots	3,261,873	32,025	3,281,110	45,249
Unbuilt plots	21,090	2,376	21,085	77
Total	**3,282,963**	**34,401**	**3,302,195**	**45,325**

Classification within the fair value hierarchy in accordance with IFRS 13.93 (b) 97 in conjunction with IFRS 7.25 and IFRS 7.27:
[1] Investment property: level 3 (measured on the basis of other input factors) | [2] Property held for sale: level 3 (measured on the basis of other input factors)

The decline in property assets of EUR 30,156 thousand in total as against 31 December 2012 was mainly the result of disposals from the sale of residential and commercial units where the transfer of risks and rewards took place in the first nine months of 2013. This was offset by the transfer of ownership of a property portfolio comprising 218 residential and commercial units in Berlin-Spandau acquired in 2012 on 1 January 2013 in addition to the capitalisation of maintenance expenses.

Advance payments of EUR 20.121 thousand were recognised in other assets from the acquisition of 311 residential and commercial units in Berlin-Neukölln with the transfer of economic ownership as of 1 October 2013.

14) Shareholders' equity

The changes in the components of equity are shown in the statement of changes in consolidated equity.

a) Subscribed capital and capital reserve

As of 30 September 2013, the subscribed capital of GSW was EUR 50,526 thousand (previous year: EUR 50,526 thousand). The number of ordinary shares outstanding is 50,526,314 shares with a notional interest in the share capital of EUR 1.00 per share. The shares are fully issued and paid up.

The capital reserves of GSW increased by EUR 1,386 thousand in the period under review as a result of the share-based remuneration for Management Board members (previous year: EUR 2,245 thousand) to reach EUR 330,108 thousand as of 30 September 2013.

As a result of the cash settlement of Mr Zinnöcker's share-based LTI remuneration components, the non-forfeitable claims were withdrawn from the capital reserves in the amount of the corresponding settlement (EUR 227 thousand). Please see the information under note (18).

b) Consolidated retained earnings

Consolidated retained earnings include the earnings of the companies included in the consolidated financial statements in past periods and in the current period in addition to dividends.

Non-controlling interests in total comprehensive income amounted to EUR 47 million in the first nine months of 2013 (previous year: EUR -17 thousand).

c) Accumulated other comprehensive income

Accumulated other comprehensive income includes the adjustments in fair value for owner-occupied properties measured in line with the revaluation method and the fair value changes of derivatives in cash flow hedges in addition to actuarial gains and losses from the measurement of pension commitments. The changes in accumulated other comprehensive income are reported in the statement of changes in consolidated equity.

Non-controlling interests in accumulated other comprehensive income of EUR 17.9 thousand (previous year: EUR -29.1 thousand) relate to the change in the fair value of interest derivatives in cash flow hedges.

By way of resolution of the Annual General Meeting on 18 June 2013, the authorisation for the simplified disapplication of subscription rights in accordance with section 186 (3) sentence 4 of the Aktiengesetz (AktG – German Stock Corporation Act) included in Authorised Capital 2012 but no longer usable following the issue of the convertible bond in November 2012 was revoked and Authorised Capital 2012 was supplemented by a new authorisation for the simplified disapplication of subscription rights. In terms of content, this should largely match the authorisation for the simplified disapplication of subscription rights in Authorised Capital 2012, but exclude the shares to be issued on the basis of the convertible bond issued in November 2012 from being counted towards the 10 % limit stipulated in section 186 (3) sentence 4 AktG.

The Management Board was also authorised by way of resolution of the Annual General Meeting to contingently increase the share capital of the company by up to EUR 7,500,000 by issuing up to 7,500,000 new bearer shares with a notional interest in the share capital of EUR 1.00 by 17 June 2018 (Contingent Capital 2013).

On the basis of the resolution by the Annual General Meeting on 18 June 2013, a dividend of EUR 0.90 per share (totalling EUR 45.5 million) was distributed for the 2012 financial year in the reporting period.

15) Financial liabilities

Financial liabilities were composed as follows:

EUR thousand	30.09.2013	31.12.2012
Liabilities due to banks from financing investment properties	1,782,539	1,807,027
Liabilities from convertible bonds	164,176	158,728
Liabilities from finance leases	1,579	1,749
Financial liabilities	**1,948,294**	**1,967,504**

The liabilities due to banks result in particular from the financing for investment properties. Liabilities due to banks have decreased as against 31 December 2012 as a result of scheduled repayments and non-scheduled repayments in particular.

Loans were also refinanced in the period under review. GSW Immobilien AG issued a promissory note loan secured against property of around EUR 201.6 million with a term of around four years in the first quarter of 2013. As part of this transaction, an existing loan on the same terms was repaid on 28 March 2013. A loan agreement in the amount of EUR 50 million with a term of seven years was also concluded to refinance loans maturing in 2013 and smaller acquisitions. The loan has a fixed interest rate of 2.92 % and the standard covenants.

As part of an acquisition, existing loans with a total amount of EUR 10.9 million, a remaining term of around eight years and an average interest rate of 3.84 % were assumed on 30 September 2013.

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

16) Derivatives

The GSW Group uses derivative financial instruments to hedge the interest rate risks for property financing. Derivative financial instruments are not used for speculative purposes. Derivative financial instruments are recognised at fair value.

As of 30 September 2013, the Group had the following derivative financial instruments:

	Nominal value in EUR thousand	Swap rate	FV as of 30.09.2013 EUR thousand
11 interest rate swaps	1,122,592	1.95 % to 4.80 %	-60,160

Three of the interest rate swaps held as of the end of the reporting period did not meet the conditions of IAS 39 for recognition as a hedge. Changes in the fair value of the interest rate swaps that do not meet the criteria of IAS 39 for recognition as a hedge regardless of their financial hedging effect are recognised in profit or loss. The cash flows arising from underlying transactions hedged in the context of cash flow hedge accounting will be due in the period 2013 to 2021 and will affect the income statement at that time.

In the period under review, income from the changes in the fair value of derivatives totalling EUR 24,685 thousand (previous year: expenses of EUR 29,881 thousand) was recognised in equity outside profit and loss in the interim consolidated financial statements and a further EUR 6,628 thousand (previous year: expenses of EUR 1,460 thousand) was recognised in profit or loss.

The hedge reserve of EUR 351 thousand in total (previous year: EUR 777 thousand) recognised in equity was also reversed in profit and loss. EUR 290 thousand (previous year: EUR 15 thousand) of this resulted from non-scheduled repayments of loans and the reversal of the layer of the hedge applicable to the hedged item that has been repaid in the year under review. This layer of the hedge is no longer included in accounting.

In the reporting period, income resulting from instances of ineffectiveness totalling EUR 9 thousand (previous year: EUR 14 thousand) was also recognised in the income statement.

Other information

17) Additional disclosures on financial instruments

The table below shows the carrying amounts and fair values of financial instruments broken down by class and measurement category:

30.09.2013	Measurement category as per IAS 39	Amortised cost		Fair value	No measurement category under IAS 39	Not a financial instrument under IAS 32	Total items
EUR thousand		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Securities (at cost)	AfS	250	250	0	0	0	250
Other investments	AfS	5,861	5,861	0	0	0	5,861
Trade receivables	LaR	16,005	16,005	0	0	0	16,005
Other receivables	LaR	22,973	22,973	0	0	25,227	48,200
Derivatives*		0	0	0	0	0	0
Cash and cash equivalents	LaR	156,249	156,249	0	0	0	156,249
Total financial assets		**201,338**	**201,338**	**0**	**0**	**25,227**	**226,565**
Liabilities due to banks from financing investment properties*	FLaC	1,782,539	1,875,554	0	0	0	1,782,539
Liabilities from convertible bonds*	FLaC	164,176	173,438	0	0	0	164,176
Liabilities from finance leases		0	0	0	1,579	0	1,579
Trade payables	FLaC	26,403	26,403	0	0	6,816	33,219
Derivatives*	FLHfT	0	0	5,671	54,489	0	60,160
Other liabilities	FLaC	4,438	4,438	0	0	14,936	19,374
Total financial liabilities		**1,977,556**	**2,079,833**	**5,671**	**56,068**	**21,752**	**2,061,047**

* Classification within the fair value hierarchy in accordance with IFRS 13.93 (b), 97 in conjunction with IFRS 7.25 and IFRS 7.27: level 2 (measured on the basis of observable input factors / market data)

31.12.2012	Measurement category as per IAS 39	Amortised cost		Fair value	No measurement category under IAS 39	Not a financial instrument under IAS 32	Total items
EUR thousand		Carrying amount	Fair value	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Securities (at cost)	AfS	250	250	0	0	0	250
Other investments	AfS	5,837	5,837	0	0	0	5,837
Trade receivables	LaR	7,241	7,241	0	0	0	7,241
Other receivables	LaR	13,759	13,759	0	0	21,268	35,027
Derivatives*		0	0	0	0	0	0
Cash and cash equivalents	LaR	167,737	167,737	0	0	0	167,737
Total financial assets		**194,824**	**194,824**	**0**	**0**	**21,268**	**216,091**
Liabilities due to banks from financing investment properties*	FLaC	1,807,027	1,878,202	0	0	0	1,807,027
Liabilities from convertible bonds*	FLaC	158,728	169,975	0	0	0	158,728
Liabilities from finance leases		0	0	0	1,749	0	1,749
Trade payables	FLaC	22,342	22,342	0	0	9,169	31,511
Derivatives*	FLHfT	0	0	6,205	85,013	0	91,217
Other liabilities	FLaC	5,861	5,861	0	0	24,447	30,309
Total financial liabilities		**1,993,958**	**2,076,380**	**6,205**	**86,762**	**33,617**	**2,120,541**

* Classification within the fair value hierarchy in accordance with IFRS 13.93 (b), 97 in conjunction with IFRS 7.25 and IFRS 7.27: level 2 (measured on the basis of observable input factors / market data)

Cash and cash equivalents and trade receivables predominantly have short remaining terms. Their carrying amounts as of the end of the reporting period therefore approximately match their fair value.

Financial instruments within the financial investments class were allocated to the available-for-sale measurement category. These financial instruments are measured at cost rather than fair value due to lack of market data. The fair value of finance lease liabilities matches the reported carrying amount.

18) Relations with related persons and companies

For the GSW Group, related parties in accordance with IAS 24 are the 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 the Supervisory Board and related dependents of members of the Management Board and Supervisory Board of GSW, members of the management with key management roles and the subsidiaries, associates and joint ventures of the GSW Group are defined as related parties. In addition to the subsidiaries included in the consolidated financial reports through full consolidation, the following relations with related persons and companies existed:

I. Relations with related persons

Material relations with related persons exist in the form of Management Board remuneration. These are presented in detail in the interim consolidated financial statements due to changes to the Management Board.

EUR thousand (gross)	Gross basic remuneration	Gross annual performance-based remuneration (short-term incentive)	Long-term performance-based remuneration (long-term incentive)	Termination benefits	Total
Thomas Zinnöcker	143	72	71	0	286
Dr Bernd Kottmann	123	0	0	1,250	1,373
Jörg Schwagenscheidt	296	148	148	0	592
Andreas Segal	296	148	148	0	592
Total	**857**	**368**	**367**	**1,250**	**2,842**

Both Mr Zinnöcker and Dr Kottmann have left the company. Please see the information in note 19 regarding the changes to the Management Board. There are changes resulting from these.

The payments to Mr Zinnöcker (EUR 576 thousand) for 2012 and 2013 and Dr Kottmann (EUR 1,250 thousand) regulated in the termination agreements also included a lump-sum settlement for the claims granted by GSW from the performance-based remuneration components, some of which were already vested (STI and LTI, please see the information in note 38 c to the consolidated financial statements as of 31 December 2012 and the remuneration report in the Group management report). The resulting expenses in 2013 are shown in the table above.

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 plan (LTIP) as part of bilateral agreements with Management Board members. In the first nine months of 2013, the company reported expenses and a contribution to the capital reserves of EUR 1,246 thousand (2012: EUR 1,325 thousand) in accordance with IFRS 2.

As a result of Mr Zinnöcker's premature departure, the vesting period for the LTIP has been shortened, which has resulted in immediate recognition of the expenses accruing up to the end of the period in which remuneration is due under the LTIP in their entirety. Expenses of EUR 926 thousand were incurred from this and for the pro rata recognition of expenses for the period up until Mr Zinnöcker's departure.

Furthermore, as a result of the takeover bid by Deutsche Wohnen AG and the associated full share allotment by the former shareholders, expenses were recognised in the full amount of remuneration owed to Mr Schwagenscheidt and Mr Segal by the end of the LTIP in the amount of EUR 158 thousand.

No further expenses from this are expected in subsequent periods. These agreements do not give rise to any liquidity reductions or (re)payment obligations to former shareholders on the part of GSW.

II. Relations with non-consolidated affiliates

There were no significant transactions with non-consolidated affiliates.

III. Relations with associates and joint ventures

The GSW Group maintains no material relations with associates and joint ventures.

19) Management and the supervisory board

By way of resolution of 18 March 2013, the Supervisory Board agreed to Mr Zinnöcker's request to terminate his appointment as CEO effective from the end of 15 April 2013. By way of resolution of 18 March 2013, the Supervisory Board appointed Dr Kottmann as new CEO effective 16 April 2013.

At the Annual General Meeting on 18 June 2013, 63.31 % of the share capital present voted in favour of the motion proposing a vote of non-confidence in the CEO, Dr Kottmann. At the extraordinary Supervisory Board meeting on 25 June 2013, the Supervisory Board and Dr Kottmann agreed by mutual consent to terminate his contract as CEO effective 15 July 2013. Dr Kottmann was released with immediate effect.

In its meeting on 23 August 2013, the Supervisory Board resolved that Jörg Schwagenscheidt and Andreas Segal would lead GSW together as equally entitled Co-CEOs.

The members of the Management Board of GSW Immobilien AG were as follows in the reporting period:

		Memberships of supervisory boards and other supervisory bodies as defined in section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG
Jörg Schwagenscheidt	Real estate economist, Co-CEO	none
Andreas Segal	Lawyer, Co-CEO	none
Thomas Zinnöcker (until 15 April 2013)	Business graduate, CEO	taskforce - Management on Demand GmbH (Deputy Chairman of the Supervisory Board)
Dr Bernd Kottmann (16 April to 15. July 2013)	Business management graduate, CEO	Hamborner REIT AG (Deputy Chairman of the Supervisory Board)

At the Annual General Meeting on 18 June 2013, 69.63 % of the share capital present voted in favour of dismissing Dr John von Freyend as a member of the Supervisory Board. A majority of 75 % would have been required for the motion to have been passed, hence it was rejected by the Annual General Meeting.

The Chairman of the Supervisory Board, Dr John von Freyend, announced his resignation effective 31 July 2013 at the extraordinary meeting of the Supervisory Board on 25 June 2013.

The members of the Supervisory Board of GSW Immobilien AG were as follows in the reporting period:

		Memberships of supervisory boards and other supervisory bodies as defined in section 285 no. 10 HGB in conjunction with section 125 (1) sentence 5 AktG
Claus Wisser (from 1 August 2013)	Chairman of the Supervisory Board, Founder of WISAG Facility Service Holding GmbH & Co. KG	AVECO Holding AG (Chairman of the Supervisory Board) DFV Deutsche Familienversicherung AG
Dr Jochen Scharpe (until 31 December 2013)	Deputy Chairman of the Supervisory Board, Managing Director of AMCI GmbH, Munich	LEG Immobilien AG LEG NRW GmbH (Chairman of the Supervisory Board) LEG Wohnen NRW GmbH (Chairman of the Supervisory Board) FFIRE AG (Deputy Chairman of the Supervisory Board)

Continued on next page

Dr Eckart John von Freyend (until 31 July 2013)	Chairman of the Supervisory Board, Corporate consultant, Bonn	**Memberships of Supervisory Boards:** Hamborner REIT AG (Chairman of the Supervisory Board), Hahn Immobilien-Beteiligungs AG (Deputy Chairman of the Supervisory Board), EUREF AG (Member of the Supervisory Board; Chairman of the Supervisory Board from 1 July 2013), VNR Verlag für die Deutsche Wirtschaft AG (Member of the Supervisory Board), Investmentaktiengesellschaft für langfristige Investoren TGV (Deputy Chairman of the Supervisory Board), AVECO Holding AG (Member of the Supervisory Board), **Other memberships:** FMS Wertmanagement AöR (Member of the Board of Directors; until 8 July 2013), Bundesanstalt für Immobilienaufgaben (Member of the Board of Directors)
Gisela von der Aue	Senator of Justice of the State of Berlin (retired)	none
Dr Reinhard Baumgarten	Corporate consultant, Berlin	BCIA GmbH (Chairman of the Supervisory Board)
Veronique Frede	Chairperson of the Works Council (exempt) at GSW Immobilien AG	none

20) Events after the end of the reporting period

On 2 October 2013, in accordance with sections 34, 14 (2) and (3) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act), Deutsche Wohnen AG published takeover documents within the meaning of section 11 WpÜG for its voluntary public takeover bid in the form of an exchange offer to all shareholders of GSW Immobilien AG.

By the end of the regular acceptance period on 30 October 2013, midnight (CET), more than 75 % of shareholders of GSW had accepted the exchange offer of Deutsche Wohnen AG.

Effective 10 October 2013, Jan Bettink has been appointed a member of the Supervisory Board.

21) FREP audit without identification of errors

The German Financial Reporting Enforcement Panel (FREP) audited the consolidated financial statements of GSW as of 31 December 2011 and the associated Group management report for the 2011 financial year in accordance with section 342b (2) sentence 3 no. 3 HGB (random spot check). The responsible chamber of the Panel did not identify any incorrect accounting for the 2011 financial year.

Berlin, 15 November 2013
GSW Immobilien AG, Berlin
The Management Board

JÖRG SCHWAGENSCHEIDT
Co-CEO

ANDREAS SEGAL
Co-CEO

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 2013 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 2013
GSW Immobilien AG, Berlin
The Management Board

JÖRG SCHWAGENSCHEIDT
Co-CEO

ANDREAS SEGAL
Co-CEO

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, 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 Risk Report of the GSW annual report 2012. 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.

Imprint

Publisher

GSW Immobilien AG
Charlottenstraße 4
10969 Berlin
Germany

Phone: +49 (0) 30 68 99 99 – 0
Fax: +49 (0) 30 68 99 99 99 – 9
E-Mail: ir@gsw.de
www.gsw.de

Editing & Typesetting

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Deutschland

Phone: +49 (0) 611 20 58 55 – 0
Fax: +49 (0) 611 20 58 55 – 66
E-Mail: info@cometis.de
www.cometis.de

IR Contact

René Bergmann
Phone: +49 (0) 30 2534 – 1362
Fax: +49 (0) 30 2534 233 – 1960
E-Mail: ir@gsw.de

Photos

Jens Storkan
Werner Popp
Annette Kisling

PR Contact

Thomas Rücker
Phone: +49 (0) 30 2534 – 1332
Fax: +49 (0) 30 2534 – 1934
E-Mail: thomas.ruecker@gsw.de