

EANS-News: GSW Immobilien AG adds around 4,400 apartments to its Berlin property portfolio

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Berlin (euro adhoc) - GSW Immobilien AG adds around 4,400 apartments to its Berlin property portfolio

- * Acquisition of three property portfolios
- * Attractive addition to the existing housing stock
- * Majority of proceeds from capital increase ploughed into acquisition
- * Promising negotiations ongoing for 3,000 more apartments

Berlin, 25 October 2012 - GSW Immobilien AG has negotiated the purchase of around 4,400 apartments in Berlin in three transactions. The execution of the contracts is subject to the usual market conditions and is expected to be completed by the end of the year. The properties are in the districts of Spandau (43 percent), Mitte (26 percent), Reinickendorf (12 percent), Charlottenburg-Wilmersdorf (11 percent) and Treptow-Köpenick (8 percent). Around 88 percent of the rental units were constructed before 1949 and are therefore in one of the most attractive age categories. The other properties (12 percent) date from the 1950s and 1960s. Rental levels for all the apartments average around EUR 5.32 per square metre per month, while the average vacancy rate is 2.4 percent. The purchase price for the three portfolios was around EUR 200 million.

"The majority of buildings in the newly acquired portfolios are in the immediate vicinity of our existing housing stock and complement it perfectly. The purchases will have a positive impact on our average rents in the overall portfolio", explained Jörg Schwagenscheidt, whose responsibilities as COO of the MDAX-listed property company include acquisitions.

With the biggest portfolio of the three transactions, GSW is buying back properties that were sold to a foreign investor in 2005 as part of the GSW privatisation, and that have since been managed by a GSW subsidiary which was recently sold to Strabag. "In addition to the purchase price, other key factors for us were that we know the portfolio well, it fits in perfectly with our properties, and the vast majority of the apartments have been either partially or completely modernised", explained Schwagenscheidt. "We are also in the midst of promising negotiations for a further 3,000 apartments. We're confident that

we will be able to finalise binding purchase contracts before the end of this year", he added.

The purchases also have an impact on GSW's overall result. However, this will not take full effect until next year, as the risks and rewards of ownership and the shares are not set to be transferred until the turn of the year. "As a result of the current acquisition, we expect a long-term positive impact on our operating margins and FFO", said Andreas Segal, CFO of GSW.

GSW was able to quickly arrange the financing of the new apartment portfolios. The terms are in the mid-range of the GSW loan portfolio. "Across the three portfolios, equity accounts for around 50 percent in total", said GSW CEO Thomas Zinnöcker. "With these new acquisitions as well as those we plan to have completed by the end of this year, we expect that we will have invested the majority of the capital increase from May".

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