

GAGFAH



Interim Report

as of March 31, 2009

Highlights

GAGFAH at a Glance

GAGFAH S.A. is a joint stock corporation organized under the laws of the Grand Duchy of Luxembourg qualifying as a securitization company under the Luxembourg Securitization Law of March 22, 2004. The core business of GAGFAH S.A.'s operating subsidiaries is the ownership and management of a geographically diversified and well-maintained residential property portfolio located throughout Germany. With a portfolio of over 170,000 apartments, GAGFAH is the largest German listed residential property company.

Highlights

- **PROFIT FROM THE LEASING OF INVESTMENT PROPERTY** increased to €127.2 million in the first quarter of 2009 from previous year's level of €127.1 million, on a weighted average of approximately 3,500 fewer units in Q1 2009.
- **NAV** of €13.57 per share and gross asset value of €860¹⁾ per square meter as of March 31, 2009.
- **FFO** of €0.22 per share or €48.7 million in the first quarter of 2009 as compared to €0.23 per share or €51.9 million in the first quarter of 2008.

- **QUARTERLY DIVIDEND** for the first quarter of 2009 of €0.20 per share will be paid on June 9, 2009.

RENTS

- Our rental growth rate was 1.2 % annualized or 0.3 % for the first quarter of 2009 on a same store basis²⁾.
- Our target is to increase rents between 1.5-2.0 % on a full-year basis in 2009.

¹⁾ Gross asset value per square meter excludes the disposal group (Baugesellschaft Frankenthal (Pfalz) GmbH - "BGF").

²⁾ Same store basis: Residential units GAGFAH owned at both dates: As of December 31, 2008, and as of March 31, 2009.

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

ISIN	LU0269583422
Total Market Cap. (€ million)	835.1
Industry Group	Real Estate
Number of Shares (million)	225.7
Listing	Frankfurt Stock Exchange
Major Indices Memberships	MDAX, EPRA, GPR

SALE OF INVESTMENT PROPERTY

- 217 units sold at a margin of 24.4 % in the first quarter of 2009, or a total value of €18.9 million and a net cold rent multiple of 21.7.
- Our target is to sell over €500 million this year.

VACANCY

- Overall vacancy is at 4.5 % and our target is to maintain vacancy at approximately this level.
- Excluding units held for privatization, our vacancy rate is at 4.2 % on a same store basis²⁾.

COST

- Our average management cost per unit declined to €404 in Q1 2009 from €407 at year end 2008 and from €434 or 6.9 % in Q1 2008.
- Our target is to make further progress on cost reductions in 2009.

Key Financial Information

FINANCIAL FIGURES

INCOME STATEMENT (€ MILLION)	Q1 2009	Q1 2008	Q4 2008
Income from the leasing of investment property	244.3	241.2	237.5
Profit from the leasing of investment property	127.2	127.1	120.1
Profit from the sale of investment property	5.1	6.4	22.8
Loss / profit from fair value measurement	- 19.2	0.2	- 223.0
EBITDA	91.8	119.5	- 85.9
EBIT	89.7	115.4	- 93.8
EBT	4.8	27.5	- 204.6
FFO	48.7	51.9	58.7
FFO in € per share	0.22	0.23	0.26

BALANCE SHEET (€ MILLION)

	03-31-2009	03-31-2008	12-31-2008
Investment property ¹⁾	9,672.1	10,080.1	9,774.1
Financial liabilities	6,633.5	6,730.2	6,732.5

OPERATIONAL FIGURES

	Q1 2009	Q1 2008	Q4 2008
Group residential portfolio			
Units	171,926	176,277	172,298
Sqm	10,371,528	10,622,506	10,394,302
Net cold rent / sqm (in €)	4.97	4.87	4.95
Vacancy (in %)	4.5	5.0	3.9
Privatized units	217	529	2,783

¹⁾ Including prepayments.

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

The following is a reconciliation of EBIT to FFO for our Group:

FUNDS FROM OPERATIONS – FFO (€ MILLION)	Q1 2009	Q1 2008	Q4 2008
EBIT	89.7	115.4	– 93.8
Reorganization and restructuring expenses	1.0	2.4	3.0
Depreciation and amortization	1.1	1.7	4.9
EBITDA	91.8	119.5	– 85.9
Results from fair value measurement	19.2	– 0.2	223.0
Realized valuation gains through sales	1.9	2.9	5.2
Share-based remuneration	0.6	0.4	0.7
Net interest expenses (periodical)	– 72.8	– 75.5	– 74.4
Tax expenses	– 0.4	– 2.1	– 9.0
Commercial real estate / property development	2.1	3.9	2.3
Other	6.3	3.0	– 3.2
FFO	48.7	51.9	58.7
FFO in € per share	0.22	0.23	0.26

Residential Property Portfolio ¹⁾

As of March 31, 2009

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

Top 20 Cities	Units	In % of total sqm	Rental Area sqm	Average Unit Size sqm	Fully-let Rent annualized in € million	In % of total	In-place Rent per month and sqm (€)	Market Rent per month and sqm (€) ²⁾	Vacancy %
Dresden	40,575	20.2	2,294,739	57	128.4	18.4	4.66	4.98	5.4
Berlin	29,016	15.1	1,719,334	59	98.2	14.1	4.76	5.52	2.7
Hamburg	9,842	5.5	626,719	64	40.0	5.7	5.31	6.34	0.6
Hanover	6,181	3.4	389,770	63	25.5	3.7	5.45	5.88	4.2
Heidenheim	4,806	2.6	299,507	62	18.8	2.7	5.24	5.76	11.9
Bielefeld	4,171	2.4	276,404	66	14.4	2.1	4.33	4.75	1.7
Osnabruck	3,560	1.9	219,723	62	13.1	1.9	4.99	5.46	2.2
Braunschweig	3,235	1.7	198,950	61	12.1	1.7	5.07	5.58	2.5
Zwickau	3,087	1.5	172,790	56	8.5	1.2	4.10	4.13	19.0
Essen	2,360	1.4	155,518	66	9.8	1.4	5.25	5.72	8.5
Cologne	2,336	1.6	178,108	76	13.5	1.9	6.30	7.14	2.3
Frankenthal	2,108	1.2	130,861	62	7.8	1.1	4.95	5.14	6.6
Freiburg	1,916	1.1	128,075	67	8.8	1.3	5.71	6.08	1.4
Bocholt	1,806	1.0	111,432	62	6.2	0.9	4.66	5.49	3.0
Dusseldorf	1,701	0.9	98,890	58	7.9	1.1	6.68	6.95	2.1
Frankfurt am Main	1,687	0.8	94,098	56	8.0	1.2	7.13	7.97	0.7
Iserlohn	1,678	0.9	106,085	63	5.6	0.8	4.42	4.89	3.8
Bremen	1,568	0.9	99,464	63	5.8	0.8	4.89	5.42	7.2
Duisburg	1,431	0.9	96,333	67	5.1	0.7	4.45	4.84	18.0
Leverkusen	1,404	0.8	89,835	64	5.8	0.8	5.38	5.97	2.5
Subtotal Top 20 Cities	124,468	65.8	7,486,635	60	443.5	63.7	4.94	5.47	4.6
Other Cities	47,458	25.3	2,884,893	61	175.4	25.2	5.07	5.46	4.5
Total Core Residential Property Portfolio	171,926	91.1	10,371,528	60	618.9	88.9	4.97	5.47	4.5
Other ³⁾	n/m	8.9	1,008,321	n/m	77.2	11.1	n/m	n/m	23.8
		100.0	11,379,849		696.2	100.0			

¹⁾ GAGFAH property information as of March 31, 2009.

²⁾ Market rents were determined by CBRE.

³⁾ Includes HB-Funds, commercial properties, garages, senior homes.

Consolidated Income Statement

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Income from the leasing of investment property	244.3	241.2	237.5
Transferable leasehold land interest	-0.5	-0.5	-0.5
Operating expenses for the generation of rental income (excluding share-based remuneration)	-116.6	-113.6	-116.9
Profit from the leasing of investment property	127.2	127.1	120.1
Income from the sale of investment property	18.9	37.4	97.5
Carrying amount of investment property sold	-13.8	-31.0	-74.7
Profit from the sale of investment property	5.1	6.4	22.8
Loss / profit from fair value measurement	-19.2	0.2	-223.0
Income from the sale of commercial real estate and property development	1.5	2.2	1.6
Carrying amount of commercial real estate and property development sold	-0.7	-2.8	-0.6
Profit / loss from the sale of commercial real estate and property development	0.8	-0.6	1.0
Profit from other services	0.2	0.9	2.0
Selling expenses (excluding share-based remuneration)	-2.9	-3.7	-4.5
General and administrative expenses (excluding share-based remuneration)	-11.5	-11.0	-9.2
Expenses for share-based remuneration	-0.6	-0.4	-0.7
Other operating income	1.6	5.3	12.3
Other operating expenses	-9.9	-6.3	-11.3
Profit / loss from operations before reorganization and restructuring expenses	90.8	117.9	-90.5
Reorganization and restructuring expenses	-1.0	-2.4	-3.0
Profit / loss from operations	89.8	115.5	-93.5
Loss from other financial assets	-0.1	-0.1	-0.3
Earnings before interest and taxes (EBIT)	89.7	115.4	-93.8
Interest expenses (periodical)	-73.4	-78.4	-78.0
Other financial expenses	-0.1	-0.5	0.0
Interest income (periodical)	0.6	2.9	3.6
Loss from the fair value measurement of derivatives	-11.8	-10.9	-36.1
Interest expenses (refinancing)	-0.2	-1.0	-0.3
Net financing expenses	-84.9	-87.9	-110.8
Earnings before taxes (EBT)	4.8	27.5	-204.6
Income taxes (excluding EK 02)	-13.0	-23.1	224.5
Net loss / profit	-8.2	4.4	19.9
Other comprehensive income:			
Result from measurement of swaps	0.0	-1.1	0.0
Total comprehensive income for the period	-8.2	3.3	19.9
Net loss / profit attributable to:			
Minority interests	-3.7	1.8	-1.6
Shareholders of the parent company	-4.5	2.6	21.5
Total comprehensive income attributable to:			
Minority interests	-3.7	1.8	0.0
Shareholders of the parent company	-4.5	1.5	19.9
Weighted average number of shares (undiluted) in million	225.7	225.6	225.6
Weighted average number of shares (diluted) in million	226.3	226.1	226.2
Earnings per share (in €)	-0.02	0.01	0.09
Diluted earnings per share (in €)	-0.02	0.01	0.09

GAGFAH Group – Operational Performance

INCOME FROM THE LEASING OF INVESTMENT PROPERTY

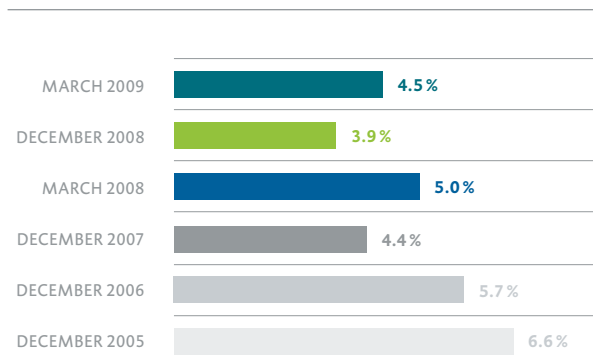
The leasing of investment property is our core business and hence the primary component of our income from operations. Our strategy is to raise rents to market levels while maintaining and increasing occupancy and the quality of accommodation. Rents are continuously evaluated against market levels and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

Income from the leasing of investment property includes rental income, allocations charged and rents from subsidized apartments. In Q1 2009, our income from the leasing of investment property was €244.3 million, compared to €241.2 million in Q1 2008. Approximately 68.9 % of such income was attributable to rental income. Rental income mainly consists of net cold rent, which grew on a same store basis by 0.3 % to €4.97 per square meter since December 31, 2008, or 1.2 % on an annualized basis. Our aim is to increase rents by 1.5 - 2.0 % for this year. Charges to tenants for recoverable expenses represented approximately 30.9 % of the income from the leasing of investment property in Q1 2009.

The income from the leasing of investment property is composed of:

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Rental income, fees	168.3	171.5	168.5
Allocations charged	75.5	69.3	68.0
Rent, interest and expense subsidies	0.5	0.4	1.0
Total	244.3	241.2	237.5

GROUP OVERALL VACANCIES



Our overall vacancy rate is at 4.5 % at the end of Q1 2009 compared to 3.9 % at the end of 2008. On a same store basis, our vacancy rate was at 4.5 % at the end of Q1 2009 as compared to 3.8 % at the end of 2008. Excluding units held for privatization, our vacancy rate is at 4.2 % (on a same store basis). GAGFAH's target is to maintain the vacancy rate at today's level.

OPERATING EXPENSES FOR THE GENERATION OF RENTAL INCOME

In the first quarter of 2009, our operating expenses for the generation of rental income totaled €116.6 million, an increase of 2.6 % as compared to the first quarter of 2008, and a slight decrease compared to Q4 2008.

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

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Real estate operating expenses	67.9	61.9	61.2
Maintenance costs	15.7	19.9	22.2
Personnel expenses	15.4	15.0	13.9
Real estate tax	5.7	6.1	5.3
External costs for real estate management	2.8	3.1	3.6
Bad debt allowances	2.5	1.1	4.5
Administrative expenses	1.9	2.3	2.6
Amortization and depreciation on intangible assets and property, plant and equipment	0.5	0.9	0.9
Other	4.2	3.3	2.7
Operating expenses for the generation of rental income	116.6	113.6	116.9

The increase compared to the first quarter of 2008 is mainly due to higher energy costs. The majority of these expenses is recoverable from tenants and include expenses such as heating, electricity, water and sewage. Real estate operating expenses can vary from quarter to quarter as the billings of utilities and insurance fluctuate during the year.

Approximately 64.8 % or €75.5 million of the operating expenses for the generation of rental income of €116.6 million were charged back to our tenants in the form of recoverables in the first quarter of 2009.

Maintenance costs amounted to €15.7 million in the first quarter of 2009, as compared to €19.9 million in the first quarter of 2008.

External costs for real estate management include marketing expenses in connection with GAGFAH's lease-up activities.

PROFIT FROM THE LEASING OF INVESTMENT PROPERTY

The profit from the leasing of investment property rose by 5.9 % in the first quarter of 2009, compared to the fourth quarter of 2008, mainly as a result of higher income from the leasing of investment property. On a year-on-year comparison, profit from the leasing of investment property increased marginally to €127.2 million from the previous year level of €127.1 million.

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

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Income from the leasing of investment property	244.3	241.2	237.5
Transferable leasehold land interest	-0.5	-0.5	-0.5
Operating expenses for the generation of rental income	-116.6	-113.6	-116.9
Profit from the leasing of investment property	127.2	127.1	120.1

SALE OF INVESTMENT PROPERTY AT A MARGIN OF 24 %

In the first quarter of 2009, we sold 217 units for a total of €18.9 million or €87,097 per unit at a margin of 24.4 % or a net cold rent multiple of 21.7.

The result from the sale of investment property is the excess of income from the sale of investment property over the carrying amounts of the investment property sold. In the first quarter of 2009, profit from the sale of

investment property was €5.1 million, as compared to €6.4 million for the first quarter of 2008. Recognizing disposition costs, such as external broker fees, CapEx (pro rata) and marketing costs, net profit from sales is as follows:

	Q1 2009	Q1 2008	Q4 2008
Privatized units	217	529	2,783
Privatized sqm	13,848	32,502	162,997
	Q1 2009 € Million	Q1 2009 € per unit	Q1 2009 € per sqm
Gross disposition proceeds	18.9	87,097	1,364.8
Book value ¹⁾	-11.9	-54,839	-859.3
Disposition costs ²⁾	-3.3	-15,207	-238.3
Net profit	3.7	17,051	267.2
Net profit margin	24 %		

¹⁾ Excluding revaluation gains.

²⁾ Includes sales-related costs (pro rata, such as marketing and external broker fees), CapEx (pro rata) and personnel costs / G&A.

LOSS / PROFIT FROM FAIR VALUE MEASUREMENT

As of March 31, 2009, our IAS 40 valuation for the investment properties indicated a net loss from fair value measurement of €19.2 million as compared to the values of our investment properties as of December 31, 2008.

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

The cash flows for the detailed planning period are discounted with a weighted average discount rate of 5.45 %, which is determined on the basis of discount rates for each property. The present values of the individual property cash flows are then aggregated and the discounted residual value is added, resulting in the total value. Given the large and diverse nature of our portfolio, our aim is to verify the value of each of our investment properties by an independent third-party appraiser on a rolling basis over a period of four years.

LOSS FROM COMMERCIAL REAL ESTATE AND PROPERTY DEVELOPMENT BUSINESS

In 2005, it was decided to discontinue and sell the commercial real estate and property development business. In accordance with IFRS 5, the results from both operations have been presented as "Profit / loss from discontinued operations before taxes" in one condensed line in the income statement in 2005 and 2006. In 2007, it became evident that the liquidation of these businesses would take longer than originally expected.

IFRS 5 does not permit an extension of the original timeframe scheduled to present both businesses as discontinued operations. Accordingly, the amounts for the commercial real estate and the property development businesses are now presented under continuing operations for the respective periods.

Earnings before taxes (EBT) contribution of the commercial real estate and property development business

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Income from the sale of commercial real estate and property development	1.5	2.2	1.6
Carrying amount of commercial real estate and property development sold	-0.7	-2.8	-0.6
Profit/loss from the sale of commercial real estate and property development	0.8	-0.6	1.0
Profit from other services	0.0	0.0	0.1
Selling expenses (excluding share-based remuneration)	0.0	-0.2	-0.1
Other operating income	0.1	0.5	1.0
Other operating expenses	-2.7	-2.6	-3.7
Earnings before interest and taxes (EBIT)	-1.8	-2.9	-1.7
Net interest expenses	-0.3	-1.0	-0.6
Earnings before taxes (EBT)	-2.1	-3.9	-2.3

OTHER INCOME AND EXPENSE ITEMS

Other income and expense items for our Group totaled a net expense of €23.1 million in the first quarter of 2009, as compared to a net expense of €15.2 million in the first quarter of 2008.

The development of our other income and expense items is shown in the table below:

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Profit from other services	0.2	0.9	2.0
Selling expenses	-2.9	-3.7	-4.5
General and administrative expenses	-11.5	-11.0	-9.2
Expenses for share-based remuneration	-0.6	-0.4	-0.7
Other operating income	1.6	5.3	12.3
Other operating expenses	-9.9	-6.3	-11.3
Total	-23.1	-15.2	-11.4

Profit from other services contains revenues from non-core activities, such as caretaker services for third parties and insurance brokerage fees.

Selling expenses consist of personnel costs, marketing expenses and costs for external brokers, mainly for our sales business. In the first quarter of 2009, selling expenses decreased by 21.6% to €2.9 million, from €3.7 million in the first quarter of 2008, mainly due to the lower number of units sold.

General and administrative costs mainly consist of personnel costs, IT costs, consulting fees, depreciation and office costs.

Expenses for share-based remuneration mainly related to option programs for GAGFAH management.

All income not directly allocable to the various functional areas is disclosed under other operating income. In Q1 2009, other operating income decreased to €1.6 million from €5.3 million in Q1 2008. Within the €5.3 million, €2.6 million related to the reversal of provisions. In Q4 2008, the other operating income was positively impacted by the sale of Media Home GmbH & Co. KG and Media Home Verwaltungs GmbH, amounting to an income of €8.9 million.

Other operating expenses are at €9.9 million; €2.7 million thereof relate to costs of commercial real estate and property development. €6.1 million are a reduction in value of the disposal group.

MANAGEMENT COST PER UNIT

We reduced our average management cost per unit to €404 in Q1 2009 down from €407 at year end 2008.

REORGANIZATION AND RESTRUCTURING EXPENSES

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

In Q1 2009, reorganization and restructuring expenses were €1.0 million, as compared to €2.4 million in Q1 2008. The main part of the reorganization and restructuring expenses consists of severance payments and related provisions and consulting fees.

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

In the first quarter of 2009, our EBIT was €89.7 million, compared to €115.4 million in the first quarter of 2008. Excluding revaluation gains and losses, EBIT decreased to €108.9 million in the first three months of 2009 compared to €115.2 million in the first three months of 2008.

€ MILLION	Q1 2009	Q1 2008
EBIT	89.7	115.4
Loss / profit from fair value measurement	19.2	- 0.2
EBIT before revaluation gains / losses	108.9	115.2

NET FINANCING EXPENSES

Net financing expenses are the sum of interest expenses on borrowings and the cost of refinancing of our Group's indebtedness, adjusted by interest income and the loss from the fair value measurement of derivatives.

Net financing expenses decreased to €84.9 million in the first quarter of 2009 from €87.9 million in the first quarter of 2008. Comparing Q1 2009 and Q4 2008, the loss from the fair value measurement of derivatives decreased to €11.8 million from €36.1 million, which is mainly due to the fair value measurement of interest rate swaps, effected by lower interest rates. Our net financing expenses are the sum of the following items:

€ MILLION	Q1 2009	Q1 2008	Q4 2008
Interest expenses (periodical)	-73.4	-78.4	-78.0
Interest expenses (refinancing)	-0.2	-1.0	-0.3
Total interest expenses	-73.6	-79.4	-78.3
Interest income (periodical)	0.6	2.9	3.6
Other financial expenses	-0.1	-0.5	0.0
Loss from the fair value measurement of derivatives	-11.8	-10.9	-36.1
Net financing expenses	-84.9	-87.9	-110.8

EARNINGS BEFORE TAXES (EBT)

In the first quarter of 2009, our Group's EBT was €4.8 million, as compared to €27.5 million in the first quarter of 2008. The earnings before taxes is computed as EBIT of €89.7 million reduced by net financing expenses of €84.9 million.

INCOME TAXES

Income taxes comprise deferred taxes of €12.6 million (prior year: €21.0 million) and effective income taxes of €0.4 million (prior year: €2.1 million).

NET ASSET VALUE

NAV per share slightly decreased to €13.57 in Q1 2009.

€ MILLION	03-31-2009	12-31-2008
Shareholders' equity	2,578.9	2,628.2
Deferred taxes on investment properties	484.1	469.5
NAV	3,063.0	3,097.7
NAV per share (€)	13.57	13.72

Financial Position

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

	03-31-2009 € Million	03-31-2009 %	12-31-2008 € Million	12-31-2008 %
Total Equity	2,679.1	26.1	2,733.6	26.4
Financial liabilities	6,633.5	64.7	6,732.5	65.2
Other liabilities	935.1	9.2	865.4	8.4
Total equity and liabilities	10,247.7	100.0	10,331.5	100.0

As of March 31, 2009, the Group's financial liabilities primarily comprised of the following long-term debt liabilities:

	Carrying amount as of 03-31-2009	Notional amount as of 03-31-2009	Weighted average maturity ¹⁾	Effective interest rate	Fixed or floating rate
Term loans	5,583.0	5,607.9	2013	3.9636 %	Fixed
Term loans	340.9	321.5	2012	3.5848 %	Floating ²⁾
Senior debt	429.3	513.9	2036	2.3800 %	Fixed
Revolving credit facility	235.1	235.0	2010	3.5585 %	Floating
NILEG other ³⁾	26.6	28.0	2010	2.4586 %	Floating
Other	18.6				
Total	6,633.5	6,706.3			

¹⁾ For detailed debt maturities, please refer to pages 32 and 33 of this report.

²⁾ In order to reduce the risk of interest rate fluctuations during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps. The carrying amount includes the fair value of the swaps (€19.1 million).

³⁾ Relates mainly to land developments presold to local municipalities.

The difference between the notional amount and the carrying amount as shown in the balance sheet results from the fair value measurement of senior debts, debt discount and capital surplus respectively, deducted transaction costs and interest accruals.

There is no material amortization of the loans prior to maturity. The earliest maturity is the revolving credit facility due in September 2010. The revolving credit facility is in the amount of €300.0 million of which €235.0 million was drawn as of March 31, 2009.

Net Assets

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

€ MILLION	03-31-2009	12-31-2008
Non-current assets	9,755.0	9,863.9
Current assets	401.5	462.3
Assets held for sale	3.4	5.3
Assets of disposal group	87.8	0.0
Total assets	10,247.7	10,331.5
Equity	2,679.1	2,733.6
Non-current liabilities	7,169.7	7,254.9
Current liabilities	372.8	343.0
Liabilities of disposal group	26.1	0.0
Total equity and liabilities	10,247.7	10,331.5

Non-current assets amount to €9,755.0 million, of which 99.2 % relate to investment property. In 2008, independent third-party appraisers from CB Richard Ellis GmbH confirmed the values of 31 % of GAGFAH's portfolio.

Current assets amount to €401.5 million, of which 44.8 % are bank balances and cash on hand. Non-current liabilities of €7,169.7 million represent 94.7 % of total liabilities.

Significant Events after the Interim Reporting Period

MANAGEMENT

On April 6, 2009, Mr Burkhard Ulrich Drescher resigned from his position as a member of the Senior Management of the Company's subsidiaries.

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

On April 28, 2009, Mr Rainer Seifert has been dismissed as member of the Senior Management of the Company's subsidiaries.

DECONSOLIDATION OF BGF

The Group's subsidiary Baugesellschaft Frankenthal (Pfalz) GmbH ("BGF") will be deconsolidated in the second quarter of 2009.

Dividends

GAGFAH has declared a dividend for the first quarter of 2009 of €0.20 per share, payable on June 9, 2009, to holders of record of GAGFAH S.A. shares on May 29, 2009. The shares of GAGFAH S.A. will be ex-dividend for the first quarter of 2009 dividend on June 1, 2009.

Outlook

We believe that our financial prospects remain robust based on the stable characteristics of our residential property portfolio and continued improvements in the performance of our existing portfolio. 91 % of the Company's debt matures in 2013 and beyond and 4 % of GAGFAH debt will mature in late September 2010.

Our aim is to grow rents on a same store basis between 1.5 % and 2 % p.a., maintain vacancy at approximately today's levels, further cost reduction, and increase the scale of our sales program in part due to the strong demand we have observed for our individual assets. We currently have over €500 million of property for sale in the pipeline.

Opportunity and Risk Report

There are no significant changes to the risks and opportunities reported in the presentation of Financial Risk Management in the 2008 Annual Report.

Forward-looking Statements

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

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

Luxembourg, May 12, 2009
The Board of Directors of GAGFAH S.A.

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Consolidated Balance Sheet

March 31, 2009

ASSETS			
€ MILLION	Notes	03-31-2009	12-31-2008
Non-current assets			
Intangible assets	E.1.	27.8	27.9
Investment property	E.2.	9,672.1	9,774.1
Property, plant and equipment	E.3.	41.9	43.0
Other financial assets	E.4.	3.6	3.7
Receivables	E.6.	0.3	0.0
Other assets	E.6.	5.9	5.3
Deferred tax assets	E.8.	3.4	9.9
		9,755.0	9,863.9
Current assets			
Inventories	E.5.	57.3	58.8
Financial receivables and other financial assets	E.4.	0.6	1.8
Receivables	E.6.	112.4	182.6
Other assets	E.6.	39.4	26.0
Current tax claims	E.7.	12.1	16.7
Bank balances and cash on hand	E.9.	179.7	176.4
		401.5	462.3
Assets held for sale		3.4	5.3
Assets of disposal group	E.15.	87.8	0.0
Total assets		10,247.7	10,331.5

EQUITY AND LIABILITIES

€ MILLION	Notes	03-31-2009	12-31-2008
Equity	E.10.		
Subscribed capital		282.1	282.1
Share premium		1,541.2	1,540.7
Legal reserve		28.2	28.2
Revenue reserves		727.4	777.2
Equity attributable to the shareholders of the parent company		2,578.9	2,628.2
Minority interests		100.2	105.4
Total equity		2,679.1	2,733.6
Liabilities			
Non-current liabilities			
Liabilities to minority shareholders		4.2	4.1
Pension provisions		107.0	106.9
Other provisions	E.11.	22.6	22.9
Liabilities from income tax	E.12.	101.8	101.9
Deferred tax liabilities	E.8.	279.7	273.6
Financial liabilities	E.13.	6,554.6	6,644.1
Other liabilities	E.14.	4.1	4.4
Deferred liabilities of government-granted loans		95.7	97.0
		7,169.7	7,254.9
Current liabilities			
Pension provisions		6.5	6.5
Other provisions	E.11.	51.6	50.7
Liabilities from income tax	E.12.	35.3	39.6
Financial liabilities	E.13.	78.9	88.4
Other liabilities	E.14.	195.7	152.8
Deferred liabilities of government-granted loans		4.8	5.0
		372.8	343.0
Liabilities of disposal group	E.15.	26.1	0.0
Total liabilities		7,568.6	7,597.9
Total equity and liabilities		10,247.7	10,331.5

Consolidated Income Statement

for the period from January 1 to March 31, 2009

€ MILLION	Notes	Q1 2009	Q1 2008
Income from the leasing of investment property	F.1.	244.3	241.2
Transferable leasehold land interest		- 0.5	- 0.5
Operating expenses for the generation of rental income (excluding share-based remuneration)	F.2.	- 116.6	- 113.6
Profit from the leasing of investment property		127.2	127.1
Income from the sale of investment property		18.9	37.4
Carrying amount of investment property sold		- 13.8	- 31.0
Profit from the sale of investment property		5.1	6.4
Loss / profit from fair value measurement		- 19.2	0.2
Income from the sale of commercial real estate and property development		1.5	2.2
Carrying amount of the commercial real estate and property development sold		- 0.7	- 2.8
Profit / loss from the sale of commercial real estate and property development		0.8	- 0.6
Profit from other services	F.3.	0.2	0.9
Selling expenses (excluding share-based remuneration)	F.4.	- 2.9	- 3.7
General and administrative expenses (excluding share-based remuneration)		- 11.5	- 11.0
Expenses for share-based remuneration		- 0.6	- 0.4
Other operating income	F.5.	1.6	5.3
Other operating expenses	F.5.	- 9.9	- 6.3
Profit from operations before reorganization and restructuring expenses		90.8	117.9
Reorganization and restructuring expenses	F.6.	- 1.0	- 2.4
Profit from operations		89.8	115.5
Loss from other financial assets		- 0.1	- 0.1
Earnings before interest and taxes (EBIT)		89.7	115.4
Interest expenses (periodical)	F.7.	- 73.4	- 78.4
Other financial expenses		- 0.1	- 0.5
Interest income (periodical)		0.6	2.9
Loss from the fair value measurement of derivatives	F.7.	- 11.8	- 10.9
Interest expenses (refinancing)		- 0.2	- 1.0
Net financing expenses		- 84.9	- 87.9
Earnings before taxes (EBT)		4.8	27.5
Income taxes (excluding EK 02)	F.8.	- 13.0	- 23.1
Net profit		- 8.2	4.4
Other comprehensive income:			
Result from measurement of swaps		0.0	- 1.1
Total comprehensive income for the period		- 8.2	3.3
Net profit attributable to:			
Minority interests		- 3.7	1.8
Shareholders of the parent company		- 4.5	2.6
Total comprehensive income attributable to:			
Minority interests		- 3.7	1.8
Shareholders of the parent company		- 4.5	1.5
Weighted average number of shares (undiluted) in million		225.7	225.6
Weighted average number of shares (diluted) in million		226.3	226.1
Earnings per share (in €)		- 0.02	0.01
Diluted earnings per share (in €)		- 0.02	0.01

Consolidated Cash Flow Statement¹⁾

for the period from January 1 to March 31, 2009

€ MILLION	Q1 2009	Q1 2008
Net loss / profit	- 8.2	4.4
Change in the value of investment property	19.2	- 0.2
Amortization, depreciation and impairment losses on intangible assets and property, plant and equipment	1.0	1.6
Gains on the disposal of property, plant and equipment	0.0	- 0.1
Gains on the disposal of investment property	- 5.1	- 6.4
Other non-cash income / expenses	25.5	27.6
Change in provisions, pension provisions and deferred liabilities of government-granted loans	- 1.7	- 15.8
Change in deferred taxes	12.6	21.0
Change in working capital	- 11.1	- 3.3
Cash flows from operating activities²⁾	32.2	28.8
Cash received from the sale of investment property	86.2	42.9
Cash paid for investment property – reinvestment	0.0	0.0
	118.4	71.7
Cash paid for investment property – acquisition and modernization	- 6.9	- 112.3
Cash paid for investments in intangible assets and property, plant and equipment	- 0.8	- 1.7
Cash received from the sale of other financial assets	0.0	0.4
Cash paid for the acquisition of subsidiaries and minority shares in subsidiaries	0.0	- 9.9
Cash flows from investing activities	78.5	- 80.6
Cash paid to stockholders of GAGFAH S.A.	0.0	- 45.1
Cash paid to minority interests	- 1.5	0.0
Cash paid for liabilities to minority shareholders	0.0	- 1.5
Cash received from raising financial liabilities	0.0	75.5
Cash repayments of financial liabilities	- 91.8	- 11.5
Interest and cost paid for refinancing	- 0.6	- 1.7
Cash flows from financing activities	- 93.9	15.7
Change in cash and cash equivalents	16.8	- 36.1
Bank balances, cash on hand and securities at the beginning of the year	176.4	206.1
Bank balances and cash on hand	193.2	170.0
thereof bank balances and cash on hand of continued operations	179.7	170.0
thereof bank balances and cash on hand of disposal group	13.5	0.0

¹⁾ For further information please refer to section G.

²⁾ Operating cash flow includes taxes received of €0.5 million (prior year: taxes paid €12.4 million), interest paid of €67.5 million (prior year: €62.6 million) and interest received of €1.2 million (prior year: €1.9 million).

Statement of Changes in Consolidated Equity

€ MILLION	REVENUE RESERVES					Equity attributable to the shareholders of the parent company	Minority interests	Total equity
	Subscribed capital	Share premium	Legal reserve	Unrealized gains/losses from derivative financial instruments	Retained earnings			
January 1, 2009	282.1	1,540.7	28.2	0.0	777.2	2,628.2	105.4	2,733.6
Total comprehensive income for the period	0.0	0.0	0.0	0.0	- 4.5	- 4.5	- 3.7	- 8.2
Share-based remuneration	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Dividends	0.0	0.0	0.0	0.0	- 45.3	- 45.3	- 1.5	- 46.8
March 31, 2009	282.1	1,541.2	28.2	0.0	727.4	2,578.9	100.2	2,679.1
January 1, 2008	281.9	1,537.5	28.2	1.1	916.5	2,765.2	102.0	2,867.2
Total comprehensive income for the period	0.0	0.0	0.0	- 1.1	2.6	1.5	1.8	3.3
Share-based remuneration	0.1	0.3	0.0	0.0	0.0	0.4	0.0	0.4
Dividends	0.0	0.0	0.0	0.0	- 45.1	- 45.1	0.0	- 45.1
March 31, 2008	282.0	1,537.8	28.2	0.0	874.0	2,722.0	103.8	2,825.8

Notes to the Interim Consolidated Financial Statements

A. General Information

These Interim Consolidated Financial Statements of GAGFAH S.A., Luxembourg, have been prepared in accordance with the provisions of International Accounting Standard (IAS) 34 “Interim Financial Reporting” as adopted in the European Union.

The condensed Interim Consolidated Financial Statements do not contain all the disclosures and explanations required in Annual Financial Statements and should be read in conjunction with the Consolidated Financial Statements as of December 31, 2008.

The explanations are substantially made for the period from January 1 until March 31, 2009.

Information that is labeled “prior year” in the Consolidated Income Statement, the Statement of Changes in Consolidated Equity, the Consolidated Cash Flow Statement and the Group Segment Report refers to the respective reporting period of the preceding financial year. In the Notes to the Consolidated Balance Sheet and the Other Notes the comparative value is the value as of December 31 of the preceding financial year.

B. Consolidated Group and Consolidation Principles

CONSOLIDATED GROUP

In January 2009, NORD / IMG Immobiliengesellschaft für Mecklenburg-Vorpommern mbH was renamed into GAGFAH S Service GmbH.

CONSOLIDATION PRINCIPLES

The consolidation principles applied were the same as those applied in prior Consolidated Financial Statements. A more detailed description can be found in the Notes to the Consolidated Financial Statements as of December 31, 2008.

C. Accounting Policies

The Interim Financial Statements of the entities included in the Consolidated Financial Statements have been drawn up on the basis of uniform accounting policies. The accounting policies applied were the same as those used in the Consolidated Financial Statements as of December 31, 2008.

Additionally, due to the exercise of the put option for Baugesellschaft Frankenthal (Pfalz) GmbH (in the following also referred to as “BGF”), GAGFAH Group adopted the accounting policies for the presentation of disposal groups as defined by IFRS 5.6 et seq. set out in IFRS 5.38 et seq.

Up to the date of sale, the related income and expenses are furthermore displayed within the result from continued operations, whereas the assets and liabilities are displayed as a single-line item within the balance sheet (lines “Assets of disposal group” and “Liabilities of disposal group”). Accumulated income and expenses that are directly recognized in equity and that are associated with the disposal group have to be displayed as a single-line item as well.

D. Segment Reporting

As described in the Notes to the Consolidated Financial Statements as of December 31, 2008, GAGFAH Group applies IFRS 8 Operating Segments for its segment reporting for the reporting period beginning on January 1, 2009. This standard supersedes IAS 14 that stipulated segment reporting must be structured in accordance with the source and nature of the entity’s risk’s and returns.

IFRS 8 acts on the so-called “management approach”. This means that segment reporting must be prepared in a manner consistent with internal reports regularly used by the Group’s key decision makers for the internal assessment of the segments’ performance or the allocation of resources to the Group’s segments.

GAGFAH’s reporting format is based on its core business segments “**real estate management**” and “**real estate sales**”. These segments represent strategic business functions within the Group.

Real estate management comprises the management of owned and third-party portfolios of rental apartments and other properties and management activities for condominium associations.

Alongside the sale of existing properties of the Group companies, the **real estate sales** segment also comprises the sale of single units.

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

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

Because of the outstanding put option for the disposal group, BGF, in 2008 and the exercise of the put option in January 2009 respectively, the related income and expenses as well as assets and liabilities were not displayed within the real estate management segment but in the column “Other”.

“**Segment revenues**” and “**Segment EBITDA** ¹⁾” are key performance indicators used by the Group for measuring segment performance. The primary differences between Segment revenues and EBITDA and Group revenues and EBITDA are explained in footnotes (1) and (2) to the Group Segment Reports for the periods from January to March 31, 2009 and 2008 on pages 26 and 27, respectively.

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

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

¹⁾ EBITDA = Earnings before interest, taxes, depreciation and amortization.

²⁾ The Group's Income Statement is prepared in accordance with the recommendations of the European Public Real Estate Association (EPRA).

Group Segment Report for the period from January 1 to March 31, 2009

€ MILLION	Real estate management	Real estate sales	Total Segments	Other	Group Q1 2009
Segment revenues	243.1	18.9	262.0	5.2¹⁾	267.2
Segment results (EBITDA)	112.2	-0.7	111.5	-19.7²⁾	91.8
Reorganization and restructuring expenses	-0.5	0.0	-0.5	-0.5	-1.0
Depreciation / amortization	-0.5	0.0	-0.5	-0.5	-1.0
Loss from other financial assets	0.0	0.0	0.0	-0.1	-0.1
Interest expenses	-68.8	0.0	-68.8	-16.7	-85.5
Interest income	0.4	0.1	0.5	0.1	0.6
Earnings before taxes (EBT)	42.8	-0.6	42.2	-37.4	4.8
Income taxes (excluding EK 02)	0.0	0.0	0.0	-13.0	-13.0
Net profit / loss	42.8	-0.6	42.2	-50.4	-8.2
Segment assets	9,716.3	93.4	9,809.7	438.0³⁾	10,247.7
Segment liabilities	6,745.7	4.0	6,749.7	818.9⁴⁾	7,568.6
Segment investments	6.9 ⁵⁾	0.0	6.9	0.8	7.7
Significant non-cash expenses	-5.5 ⁶⁾	-0.3 ⁷⁾	-5.8	-5.5	-11.3

¹⁾ The adjustment includes income from the sale of commercial real estate / property development (€1.5 million), income from the reversal of deferred liabilities of government-granted loans (€1.3 million) and income from the leasing of investment property and revenues from other services of BGF (€2.4 million).

²⁾ The adjustment basically includes loss from fair value measurement of investment property (€-19.2 million), income from the reversal of deferred liabilities of government-granted loans (€1.3 million), income from the reversal of provisions (€0.4 million), the loss from the commercial real estate / property development business (€-1.8 million) and the impairment loss of the disposal group (€-6.1 million). Other adjustments amount to €5.7 million.

³⁾ This item basically includes cash, intangible assets, property, plant and equipment, inventories, other receivables and other assets, current tax claims, other financial assets, deferred tax assets and assets of the disposal group (BGF).

⁴⁾ This item basically includes deferred tax liabilities, liabilities from income taxes, pension provisions and liabilities of the disposal group (BGF).

⁵⁾ Segment investments of real estate management are mainly additions to investment property (€6.9 million).

⁶⁾ Significant non-cash expenses of real estate management contain accrued maintenance expense (€4.5 million) and write-offs of rents receivable (€1.0 million).

⁷⁾ Significant non-cash expenses of real estate sales are mainly accrued disposition costs.

Group Segment Report for the period from January 1 to March 31, 2008

€ MILLION	Real estate management	Real estate sales	Total Segments	Other	Group Q1 2008
Segment revenues	237.0	37.4	274.4	9.6¹⁾	284.0
Segment EBITDA	108.0	2.2	110.2	9.3²⁾	119.5
Reorganization and restructuring expenses	- 0.8	0.0	- 0.8	- 1.6	- 2.4
Depreciation / amortization	- 0.9	0.0	- 0.9	- 0.7	- 1.6
Loss / profit from other financial assets	0.0	0.0	0.0	- 0.1	- 0.1
Interest expenses	- 70.2	0.0	- 70.2	- 20.6	- 90.8
Interest income	2.0	0.8	2.8	0.1	2.9
Earnings before taxes (EBT)	38.1	3.0	41.1	- 13.6	27.5
Income taxes (excluding EK 02)	0.0	0.0	0.0	- 23.1	- 23.1
Net profit / loss	38.1	3.0	41.1	- 36.7	4.4
Segment assets	10,021.6	153.9	10,175.5	476.2³⁾	10,651.7
Segment liabilities	6,875.0	5.9	6,880.9	945.0⁴⁾	7,825.9
Segment investments	112.3 ⁵⁾	0.0	112.3	1.7	114.0
Significant non-cash expenses	- 4.3 ⁶⁾	- 0.1 ⁷⁾	- 4.4	- 11.0	- 15.4

¹⁾ The adjustment includes income from the sale of commercial real estate / property development (€2.2 million), income from the reversal of deferred liabilities of government-granted loans (€5.2 million) and income from the leasing of investment property and revenues from other services of BGF (€2.2 million).

²⁾ The adjustment basically includes profit from fair value measurement of investment property (€0.2 million), income from the reversal of deferred liabilities of government-granted loans (€5.2 million), income from the reversal of provisions (€2.6 million) and the loss from the commercial real estate / property development business (€- 3.0 million). Other adjustments amount to €4.3 million.

³⁾ This item basically includes cash, intangible assets, property, plant and equipment, inventories, other receivables and other assets, current tax claims, other financial assets, deferred tax assets and assets of the Group's subsidiary BGF.

⁴⁾ This item basically includes deferred tax liabilities, liabilities from income taxes, pension provisions and liabilities of the Group's subsidiary BGF.

⁵⁾ Segment investments of real estate management are mainly additions to investment property (€112.3 million).

⁶⁾ Significant non-cash expenses of real estate management contain accrued maintenance expense (€1.6 million) and write-offs of rents receivable (€2.7 million).

⁷⁾ Significant non-cash expenses of real estate sales are €0.1 million accrued disposition costs.

E. Notes to the Consolidated Balance Sheet

1. INTANGIBLE ASSETS

Intangible assets with a finite lifespan mainly comprise software licenses for user programs amounting to €4.2 million (prior year: €4.3 million).

The intangible assets include the goodwill from the acquisitions of APH of €21.5 million (prior year: €21.5 million) and NILEG subgroup of €2.1 million (prior year: €2.1 million).

2. INVESTMENT PROPERTY

The following overview shows the development of the real estate portfolio since January 1, 2009:

€ MILLION	03-31-2009	12-31-2008
As of January 1	9,774.1	9,795.2
Additions	5.7	356.2
Disposals	- 11.7	- 139.4
Reclassifications	- 76.8	- 4.9
Changes in value	- 19.2	- 233.0
As of balance sheet date	9,672.1	9,774.1

The difference between the disposals shown in the development of the real estate portfolio (€11.7 million) and the disposals as per consolidated income statement (€13.8 million) results from the disposal of assets held for sale within the first three months of the fiscal year 2009.

The reclassifications mainly relate to €77.6 million investment property of BGF, which is now disclosed as part of the disposal group.

Sections F.1. and F.2. of this report contain comments on income of €244.3 million (prior year: €241.2 million) from the leasing of investment property and operating expenses of €116.6 million (prior year: €113.6 million) for the generation of rental income.

3. PROPERTY, PLANT AND EQUIPMENT

There were no material changes within property, plant and equipment since December 31, 2008.

4. FINANCIAL RECEIVABLES AND OTHER FINANCIAL ASSETS

The decrease compared to December 31, 2008, results from the repayment of a margin amount (€1.2 million) due to the settlement of an interest rate swap in February 2009.

5. INVENTORIES

There were no material changes within the inventories since December 31, 2008.

6. RECEIVABLES AND OTHER ASSETS

Within the first three months of the fiscal year 2009, the current receivables from sales of land and buildings decreased by €68.6 million, mainly due to incoming payments.

The increase of other current assets of €13.4 million is mainly due to payments on account for maintenance costs in connection with outsourcing contracts with external maintenance providers.

7. CURRENT TAX CLAIMS

As of March 31, 2009, GAGFAH S.A. discloses current tax claims of €12.1 million (prior year: €16.7 million). These are mainly related to claims from capital yield tax and sales tax.

8. DEFERRED TAXES

Deferred tax assets of €3.4 million (prior year: €9.9 million) and deferred tax liabilities of €279.7 million (prior year: €273.6 million) result from temporary differences.

In the course of the classification of BGF as a disposal group, deferred tax assets of €5.6 million were eliminated.

9. BANK BALANCES AND CASH ON HAND

This item includes cash and cash equivalents in the form of cash on hand, checks and bank balances totaling €179.7 million (prior year: €176.4 million).

The time deposits of GAGFAH S.A. have terms between one and three months and accrue interest between 0.50 % and 2.75 % (weighted average: 1.19 %).

The balances in current accounts mainly accrue interest between 0.20 % and 0.81 %. The weighted average of the interest rates from the Group's main banks amounted to 0.51 % for the last month and 0.85 % for the first quarter of 2009. Bank deposits at all other banks have an average interest rate of 0.65 % for the first quarter of 2009.

10. EQUITY

The development of equity of GAGFAH S.A. is presented in the Statement of Changes in Consolidated Equity.

11. OTHER PROVISIONS

There were no material changes within other provisions since December 31, 2008.

12. LIABILITIES FROM INCOME TAX

There were no material changes within the liabilities from income tax since December 31, 2008.

13. FINANCIAL LIABILITIES

The financial liabilities of €6,633.5 million (prior year: €6,732.5 million) break down as follows for the first quarter:

Liabilities to banks amount to €6,580.5 million (prior year: €6,677.8 million) and liabilities to other lenders to €53.0 million (prior year: €54.7 million).

The value of the investment property portfolio of €9,672.1 million (prior year: €9,774.1 million) is predominantly encumbered by charges on property for the securitization of the current and non-current financial liabilities to banks and other lenders. The financial liabilities which are secured by charges on property amount to €6,331.2 million (prior year: €6,360.9 million). No collateral has been provided for the remaining €302.3 million (prior year: €371.6 million).

Of the total financial liabilities, €6,368.9 million (prior year: €6,466.8 million) relate to privately financed loans.

The Group is primarily financed for the long term. As of March 31, 2009, the Group's financial liabilities primarily comprise the following debt liabilities.

€ MILLION	Carrying amount as of 03-31-2009	Notional amount as of 03-31-2009	Weighted avg. maturity	Effective interest rate	Fixed or floating rate	9 months ended December 2009	
						Required repayments	Interest payments
Term loans	5,583.0	5,607.9	2013	3.9636 %	Fixed	0.0	169.0
Term loans	340.9	321.5	2012	3.5848 %	Floating ¹⁾	0.0	8.8
Senior debt	429.3	513.9	2036	2.3800 %	Fixed	16.6	15.0
Revolving credit facility	235.1	235.0	2010	3.5585 %	Floating	0.0	6.3
NILEG other ²⁾	26.6	28.0	2010	2.4586 %	Floating	8.6	0.4
Other	18.6						
Total	6,633.5	6,706.3				25.2	199.5

¹⁾ In order to reduce the risk of interest rate fluctuations during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps. The carrying amount includes the fair value of the swaps in an amount of €19.1 million.

²⁾ Relates mainly to land developments pre-sold to local municipalities.

€ MILLION	Carrying amount as of 12-31-2008	Notional amount as of 12-31-2008	Weighted avg. maturity	Effective interest rate	Fixed or floating rate	2009	
						Required repayments	Interest payments
Term loans	5,588.9	5,614.9	2013	3.9628 %	Fixed	0.0	225.6
Term loans	337.3	322.5	2012	6.1393 %	Floating ¹⁾	0.0	20.1
Senior debt	450.7	538.9	2034	2.4200 %	Fixed	17.0	15.3
Revolving credit facility	309.8	289.0	2010	5.2622 %	Floating ¹⁾	0.0	15.4
NILEG other ²⁾	26.6	29.2	2010	4.0773 %	Floating	9.0	0.9
Other	19.2						
Total	6,732.5	6,794.5				26.0	277.3

¹⁾ In order to reduce the risk of interest rate fluctuations during the lifetime of the loans, we have predominantly hedged the interest rate cost of the loans through interest rate swaps. The carrying amount includes the fair value of the swaps of €33.5 million (thereof €13.0 million related to term loans and €20.5 million related to the revolving credit facility).

²⁾ Relates mainly to land developments pre-sold to local municipalities.

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

As of March 31, 2009, the Group had a credit facility of €300.0 million, of which €235.0 million had been drawn at the end of the reporting period. The interest rate charged on the revolving credit facility is currently EURIBOR plus 2.5 %.

2010		2011		2012		2013		2014		≥ 2015	
Required repayments	Interest payments	Required repayments	Interest payments	Required repayments	Interest payments	Required repayments	Interest payments	Required repayments	Interest payments	Required repayments	Interest payments
0.0	225.4	0.0	225.4	0.0	225.4	4,005.2	172.5	1,602.7	34.3	0.0	0.0
0.0	11.7	0.0	11.7	278.0	4.3	0.0	1.2	0.0	1.2	43.5	0.7
16.0	14.7	15.8	14.4	15.4	14.1	14.7	13.6	14.6	13.6	420.8	251.0
235.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.7	0.4	16.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
253.7	258.5	32.5	251.6	293.4	243.8	4,019.9	187.3	1,617.3	49.1	464.3	251.7

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

14. OTHER LIABILITIES

The increase of other current liabilities in the first quarter mainly relates to liabilities for dividends declared but unpaid on March 31, 2009.

15. DISPOSAL GROUP

In line with the Group's continuous portfolio optimization, the senior management of GAGFAH Group resolved to exercise the put option for BGF on January 7, 2009. The corporate purposes of BGF are the management of residential and other buildings in the region of Frankenthal (Pfalz), Germany, as well as construction and development activities.

Upon the exercise of the put option, the company will be deconsolidated on April 1, 2009, in the second quarter of 2009.

As of the balance sheet date, there were no income and expenses that are directly recognized in equity and that are associated with the disposal group.

As of March 31, 2009, the assets and liabilities of the disposal group break down as follows:

€ MILLION	03-31-2009
ASSETS	
Non-current assets	
Investment property	71.7
	71.7
Current assets	
Inventories	0.2
Receivables	2.2
Other assets	0.1
Current tax claims	0.1
Bank balances and cash on hand	13.5
	16.1
Assets of disposal group	87.8
LIABILITIES	
Non-current liabilities	
Liabilities from income tax	1.3
Financial liabilities	17.3
Other liabilities	0.3
Deferred liabilities of government-granted loans	0.7
	19.6
Current liabilities	
Other provisions	0.2
Liabilities from income tax	1.7
Financial liabilities	3.5
Other liabilities	1.1
	6.5
Liabilities of disposal group	26.1

In the course of the classification of BGF as a disposal group, deferred tax assets of €5.6 million were eliminated.

As the disposal group classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell, GAGFAH Group recognizes an impairment loss of €6.1 million.

This impairment loss was allocated to investment property (€5.9 million) and property, plant and equipment (€0.2 million) within the disposal group and is recognized within the other operating expenses.

The effect on the minority interests amounts to €2.9 million.

F. Notes to the Consolidated Income Statement

1. INCOME FROM THE LEASING OF INVESTMENT PROPERTY

Income from the leasing of investment property breaks down as follows:

€ MILLION	Q1 2009	Q1 2008
Rental income, fees	168.3	171.5
Allocations charged	75.5	69.3
Rent, interest and expense subsidies	0.5	0.4
Total	244.3	241.2

Income from the leasing of investment property is mainly attributable to the leasing of land with residential buildings.

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

Rental income includes non-cash income related to government-granted loans in an amount of €1.3 million (prior year: €5.2 million).

2. OPERATING EXPENSES FOR THE GENERATION OF RENTAL INCOME

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

€ MILLION	Q1 2009	Q1 2008
Operating expenses	67.9	61.9
Maintenance costs	15.7	19.9
Personnel expenses	15.4	15.0
Real estate tax	5.7	6.1
External costs for real estate management	2.8	3.1
Bad debt allowances	2.5	1.1
Administrative expenses	1.9	2.3
Amortization and depreciation on intangible assets and property, plant and equipment	0.5	0.9
Other expenses for real estate management	4.2	3.3
Total	116.6	113.6

3. PROFIT FROM OTHER SERVICES

The profit from other services of €0.2 million (prior year: €0.9 million) consists of revenues from third-party real estate management of €1.4 million (prior year: €1.4 million) and revenues from other services of €1.1 million (prior year: €1.8 million). The overall income is set off by expenses totaling €2.3 million (prior year: €2.3 million) from third-party real estate management, other services and commercial real estate, €1.2 million (prior year: €0.9 million) of which relate to personnel expenses.

4. SELLING EXPENSES

Selling expenses of €2.9 million (prior year: €3.7 million) mainly contain marketing expenses and expenses for selling pre-arrangements totaling €0.3 million (prior year: €0.6 million). For external selling partners, accrued expenses amount to €0.9 million (prior year: €0.6 million). The expenses for maintenance on vacant flats amount to €0.2 million (prior year: €0.3 million).

Expenses from the Group's property development and commercial real estate amount to €0.0 million (prior year: €0.2 million).

Furthermore, the selling expenses include personnel expenses of €1.0 million (prior year: €1.0 million) and various related administrative expenses.

5. OTHER OPERATING INCOME AND EXPENSES

All income and expenses not directly allocable to the various functional areas are disclosed under the items other operating income and other operating expenses respectively.

Other operating income amounts to €1.6 million (prior year: €5.3 million), €0.4 million (prior year: €2.6 million) of that amount relate to the reversal of provisions. Further €0.4 million (prior year: €0.0 million) relate to the refund of expenses for tax advice and €0.4 million (prior year: €0.0 million) to the transfer of consulting costs in connection with the deconsolidation of a former subsidiary.

The prior-year amount included income of €1.0 million due to the write-off of liabilities and €0.3 million due to the sale of financial assets.

Of other operating expenses totaling €9.9 million (prior year: €6.3 million), €2.7 million (prior year: €2.5 million) relate to costs of commercial real estate and property development. An amount of €6.1 million (€0.0 million) is due to the impairment of components of the disposal group as mentioned in section E.15.

6. REORGANIZATION AND RESTRUCTURING EXPENSES

These expenses break down as follows:

€ MILLION	Q1 2009			Q1 2008		
	Restructuring	Reorganization	Total	Restructuring	Reorganization	Total
Personnel-related expenses	0.4	0.1	0.5	0.3	0.2	0.5
Consulting fees	0.0	0.4	0.4	1.1	0.4	1.5
Non-personnel administrative costs	0.1	0.0	0.1	0.3	0.1	0.4
Total	0.5	0.5	1.0	1.7	0.7	2.4

7. INTEREST EXPENSES (PERIODICAL) AND LOSS FROM THE FAIR VALUE

MEASUREMENT OF DERIVATIVES

The majority of the interest expenses of €73.4 million (prior year: €78.4 million) relates to interest payments on bank loans.

Furthermore, there are interest expenses of €1.7 million (prior year: €5.1 million) from the amortization of the present value of the government-granted loans.

Measurement of derivatives at fair value results in a loss of €11.8 million (prior year: loss of €10.9 million). The fair value measurement in the first quarter of 2009 was effected by lower approximated prospective interest rates.

8. INCOME TAXES

Income taxes comprise deferred taxes of €12.6 million (prior year: €21.0 million) and effective income taxes of €0.4 million (prior year: €2.1 million).

G. Notes to the Consolidated Cash Flow Statement

Cash and cash equivalents comprise all cash and cash equivalents disclosed in the balance sheet and break down as follows:

€ MILLION	03-31-2009	12-31-2008	03-31-2008
Cash on hand	0.1	0.1	0.1
Bank balances			
Time deposits	7.9	10.7	34.4
In current accounts	26.7	53.4	26.0
Restricted cash	129.3	98.3	93.3
HB-funds balances	15.7	13.9	16.2
Bank balances and cash on hand as displayed in the Consolidated Balance Sheet	179.7	176.4	170.0
Bank balances and cash on hand of disposal group	13.5	0.0	0.0
Bank balances and cash on hand as displayed in the Consolidated Cash Flow Statement	193.2	176.4	170.0

Net of cash of the disposal group, we have €179.7 million (prior year €176.4 million) in cash, of which €129.3 million (prior year €98.3 million) are restricted and €50.4 million (prior year €78.1 million) are unrestricted.

Restricted cash contains an amount of €29.7 million which corresponds to the interests on term loans due but not yet payable until the end of the reporting period and an amount of €5.1 million which is pledged for guarantee facilities. Restricted cash also includes an amount of €92.0 million which can be either used for the repayment of term loans or reinvestment for the acquisition of new properties.

In February 2009, the GAGFAH Group closed out interest rate swaps. For the close-out, an amount of €24.3 million was paid in February 2009. The payment is displayed in the line “Cash repayments of financial liabilities” within the Consolidated Cash Flow Statement.

H. Other Notes

1. FINANCIAL RISK MANAGEMENT

The methods of financial risk management have not changed since the last Consolidated Financial Statements. A detailed description of the interest rate, liquidity and credit risks as well as the financial risk management of GAGFAH S.A. is provided in the Notes to the Consolidated Financial Statements for fiscal year 2008.

Changes of relevant valuation parameters of interest rate swaps

Due to the close-out of interest rate swaps, mainly related to the revolving credit facility, the nominal amount of the swaps in total has changed from €600.4 million as of December 31, 2008, to €325.0 million as of March 31, 2009.

As of March 31, 2009, the valuation was based on the following term structure:

Interest rate for six months	1.670 %
Interest rate for one year	1.812 %
Interest rate for five years	2.435 %
Interest rate for ten years	3.375 %

The residual terms of the interest rate swaps are between three and six years - the same as the residual terms of related global loans.

As of March 31, 2009, a total loss of €11.8 million (prior year: €10.9 million) from changes in the fair value of the interest rate swaps was recognized through profit or loss in the item “Loss from the fair value measurement of derivatives”.

2. CONTINGENT LIABILITIES AND FINANCIAL OBLIGATIONS

There were no material changes within the first quarter of 2009.

3. EMPLOYEES

The average number of employees is presented below, broken down by business area and function:

	Q1 2009		Q1 2008	
	Heads	FTEs	Heads	FTEs
Authorized signatories / authorized agents	44	44	64	63
Salaried employees	945	911	901	870
Wage earners	496	481	480	463
Total	1,485	1,436	1,445	1,396

The total headcount including temporary personnel was 1,943 (prior year: 1,901), of which 84 (prior year: 61) were trainees. The headcount of the disposal group was 20.

4. RELATED PARTY TRANSACTIONS

Major transactions with related parties have been commented on in the Notes to the Consolidated Financial Statements for the last fiscal year. There were no material changes within the first quarter of 2009.

5. MANAGEMENT

Mr William Joseph Brennan was appointed as a member of the Senior Management of the Company's subsidiaries with effect as of January 1, 2009.

On March 20, 2009, Mr Nicolai Kuss was appointed as a member of the Senior Management of the Company's subsidiaries with effect as of April 30, 2009.

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

6. CASH DIVIDEND

The cash dividend paid on April 6, 2009, for the fourth quarter of 2008 amounted to €45.3 million.

7. SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

Management

On April 6, 2009, Mr Burkhard Ulrich Drescher resigned from his position as a member of the Senior Management of the Company's subsidiaries.

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

On April 28, 2009, Mr Rainer Seifert has been dismissed as member of the Senior Management of the Company's subsidiaries.

Deconsolidation of BGF

The Group's subsidiary Baugesellschaft Frankenthal (Pfalz) GmbH (BGF) will be deconsolidated in the second quarter of 2009.

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CONCEPT / DESIGN:
3ST KOMMUNIKATION
MAINZ
GERMANY



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