



Press Release: November 14, 2007

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Frankfurt Stock Exchange, Regulated Market (Prime Standard)

GAGFAH S.A. Financial Results for the First Nine Months of 2007

Luxembourg, November 14, 2007 – GAGFAH S.A. (Frankfurt Stock Exchange: GFJ) today announced its financial results for the first nine months of 2007.

Burkhard Ulrich Drescher, CEO of GAGFAH S.A.'s German subsidiaries, emphasizes: "The year 2007 continues to be a period of strong operational performance for GAGFAH. All our key operational areas have performed in line or above expectations. We are now seeing the results of a firming housing market in Germany translate into organic growth, which we expect to have a positive impact on GAGFAH for the balance of this year and the foreseeable future."

Highlights

- **Net Profit** of €683.8 million or €3.03 per share in the first nine months of 2007, compared to €147.2 million or €0.65 per share in the first nine months of 2006.
- **FFO** up 20% to €140.7 million or €0.62 per share in the first nine months of 2007, from €117.2 million or €0.52 per share for the first nine months of 2006.
- **NAV** of €14.30 per share and gross asset value of €854 per square meter in Q3 2007.
- **Pre-Tax Earnings** of €763.1 million in the first nine months of 2007 as compared to €182.1 million in the first nine months of 2006.
- **Quarterly Dividend** for Q3 2007 of €0.20 per share will be paid on November 19, 2007.

Vacancy

- Overall reduction to a rate of 5.0% (including new portfolios), down from 6.0% in Q2 2007, already exceeding our year-end vacancy target of 5.2%.
- On a same-store basis, our vacancy rate decreased in Q3 2007 to 4.7% from 5.6% as of Q2 2007.
- Excluding units held for privatization, our vacancy rate is 4.3% (on a same-store basis).

Privatizations

- Strong privatization volume; up 143% to 1,157 units at a margin of 16.8% for the first nine months of 2007, compared to 476 units in the first nine months of 2006 and 1,073 units in the full year of 2006.
- Privatization business tends to be seasonal with the majority being privatized towards the end of the year. Our target is to privatize 2,000–2,500 units this year.

**Rents**

- Our rental growth rate was 1.1% (residential rents on a same-store basis) for the first nine months of 2007, well on track to achieve our target of 1.5% for the full year 2007.
- Portfolio currently under-rented by approximately 10% based on external appraisals.

Costs

- Our average management costs declined from €463/unit in H1 2007 to €457/unit in the first nine months of 2007. We are on track to meet our target of €450/unit by year-end.

Acquisitions

- We have consolidated an additional 2,354 units in Q3 2007 as part of our acquisition program. This, plus previously announced acquisitions brings our total number of units owned or managed to approximately 199,000 units.

All per-share data is based on the 225.5 million total shares outstanding.

Key Financial Information (pro forma¹)

Financial Figures

	9M 2007	9M 2006 pro forma ¹	Q3 2007	Q3 2006 pro forma ¹
Income Statement (€ million)				
Income from the leasing of investment property	698.7	606.9	239.0	204.4
Profit from the leasing of investment property	340.2	311.8	112.6	107.1
Profit from the sale of investment property	40.5	12.3	13.4	5.4
Profit from fair value measurement	653.7	52.8	9.5	19.7
EBITDA	980.2	332.1	119.5	110.8
EBIT	958.8	310.3	115.2	102.4
EBT	763.1	182.1	39.8	15.5
EPS (225.5m shares outstanding/in €)	2.94	0.63	0.31	0.06
FFO	140.7	117.2	46.7	38.5
FFO per share (225.5m shares outstanding/in €)	0.62	0.52	0.21	0.17

	09-30-2007	12-31-2006
Balance Sheet (€ million)		
Investment property	9,372.4	7,659.8
Financial liabilities	6,456.5	5,617.5

OPERATIONAL FIGURES

	9M 2007	H1 2007
Group residential portfolio ^{a)}		
Units	168,604	166,956
Square meters	10,154,530	10,027,973
Net cold rent/sqm (in €)	4.83	4.81
Vacancy (in %)	5.0	6.0
Privatized units	1,157	528

^{a)} Core units, rental area for total portfolio amounts to 10,971,722 square meters as of September 30, 2007, and to 9,861,409 square meters as of the end of 2006

FFO is a non-IFRS financial measure used by our Group's management to report the funds generated from continued operations. FFO is used as a measure of our Group's generation of funds for investment and the payment of dividends to shareholders. The following is a reconciliation of EBIT to FFO for our Group:

FUNDS FROM OPERATIONS – FFO (€ MILLION)

	9M 2007	9M 2006 pro forma ¹	Q3 2007	Q3 2006 pro forma ¹
EBIT	958.8	310.3	115.2	102.4
Reorganization and restructuring expenses	16.6	17.0	2.8	6.8
Depreciation and amortization	4.8	4.8	1.5	1.6
EBITDA	980.2	332.1	119.5	110.8
Profit from fair value measurement	-653.7	-52.8	-9.5	-19.7
Realized valuation gains through sales	0.7	0.0	0.1	0.0
Net interest expenses	-187.7	-169.9	-63.6	-60.6
Taxes paid	-1.5	1.5	-1.1	1.7
IPO costs	0.4	6.3	0.4	6.3
Expenses for share-based remuneration	2.3	0.0	0.9	0.0
FFO	140.7	117.2	46.7	38.5
FFO per share (225.5m shares outstanding/in €)	0.62	0.52	0.21	0.17

¹⁾ Since our Group is the result of acquisitions and corporate combinations occurring at various times since September 2004, with significant acquisitions in 2005 and 2006, comparisons of the first nine months of 2007 with historical accounting results of the first nine months of 2006 partly omit the acquisition of WOBAG GmbH. Consequently, we use pro forma financial figures to provide comparable results from continuing operations, as if the Group had included WOBAG GmbH in its present form beginning in 2006.



Conference Call

Management will host an earnings conference call today, November 14, 2007 to review the Company's financial results for the first nine months of 2007. The earnings conference call is scheduled for 3:00 P.M. CET time (2:00 P.M. London time, 9:00 A.M. New York time). All interested parties are welcome to participate in the live call. You can access the conference call by dialing +1-718-354-1388 from within the U.S., or +44 (0) 20 7806 1955 from the U.K., or +352 342 080 8584 from Luxembourg, or +49 (0) 69 5007 1308 from Germany ten minutes prior to the scheduled start of the call; please refer to "6420141".

A webcast of the conference call will be available to the public on a listen-only basis at www.gagfah.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call on www.gagfah.com.

About GAGFAH S.A.

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 law of March 22, 2004 on Securitization. The core business of GAGFAH S.A.'s operating subsidiaries is the ownership, management and acquisition of a geographically diversified and well maintained residential property portfolio located throughout Germany. With a portfolio of approximately 169,000 apartments as of September 2007, GAGFAH is the largest German listed residential property company.

The 9M 2007 interim report of GAGFAH is available on www.gagfah.com.

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Forward-Looking Statements

This press release contains statements that constitute forward-looking statements. Such forward-looking statements relate to, among other things, future commitments to acquire real estate and achievement of acquisition targets, timing of completion of acquisitions and the operating performance of our investments. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may", "will", "should", "potential", "intend", "expect", "endeavour", "seek", "anticipate", "estimate", "overestimate", "underestimate", "believe", "could", "project", "predict", "continue", "plan", "forecast" or other similar words or expressions. Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition 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 forecasted results or stated expectations, including the risk that GAGFAH S.A. will be unable to reach agreement or suitable final terms with respect to any portion of the real estate acquisition opportunities currently under commitment or consideration, or be able to privatize further units or further reduce management costs.