

KWG Kommunale Wohnen AG placed 2.5 million shares of capital increase
Proceeds of 16.25 Mio. Euro for further acquisitions

Bremerhaven, Germany – June 5, 2008 – KWG Kommunale Wohnen AG has completed its previously announced capital increase. The company placed a total of 2.5 million new shares at a price of EUR 6.50 per share. The shares were acquired both by existing shareholders using their subscription right and by investors who subscribed to the shares during a subsequent private placement. As a result of the capital increase, the company's share capital now totals EUR 8.6 million; the number of shares is 8.6 million. The capital increase has provided the company with gross proceeds of EUR 16.25 million. The proceeds are earmarked for additional acquisitions of residential real estate.

The company sees the provision of additional equity in a difficult environment as an endorsement of its business model.

Especially now, where investors with high financial leverage are less active the opportunities are abundant to acquire attractively valued residential real estate in Germany.

Against the background of rising inflation and diminishing returns in other asset classes German residential real estate with almost risk free gross rent yields of up to 10% is a highly attractive asset class. For these reasons the company is expecting prices for this asset class to rise.