



**KWG Kommunale Wohnen AG increases its capital to expand its portfolio
– further purchases of attractive properties are planned**

Bremerhaven, Germany – May 8th, 2008 – KWG Kommunale Wohnen AG (KWG) is increasing its capital in order to expand its portfolio of residential real estate in Germany. The nominal capital of the company is currently EUR 6,100,000.00. It is intended to raise it by up to EUR 3,050,000.00 to up to EUR 9,150,000.0000 through the issue of up to 3,050,000 new bearer shares with a nominal capital of EUR 1.00 per share at a ratio of 2:1 at 6,50 EUR. The subscription period is from May 9th 2008 up to and including May 23rd 2008. There will be no trading in subscription rights.

In case of shares not been taken up by the rights issue, these will be offered to selected investors within a private placement by the authorized Bankhaus Neelmeyer AG. Subscription price per share is EUR 6.50. Subscription period for the private placement will end on May 30th 2008. The shareholders are requested to claim their subscription rights to the new shares within the specified period at their depositary bank during normal business hours in order to prevent exclusion. The new shares are profit participating for the year 2007 and will be listed under Cusip number A0SFRX and ISIN DE000A0SFRX5 respectively.

Stavros Efremidis, member of the management board of KWG Kommunale Wohnen AG, said: “German residential real estate is an attractive investment at the moment. The gross proceeds of the capital increase will be used to pursue those opportunities.” Currently, the portfolio of KWG consists of about 3,200 residential units. By the end of the year 2008, it is intended to own a total number to about 8,000 units.

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