

Nine-months report 2009



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Cover page: Bugenhagenstraße 5, Hamburg, Visualization

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Current charts and the portfolio overview are available on www.polis.de

Key Financial Data

Results € thousand	9 months		3 rd quarter	
	01 Jan.– 30 Sep. 2009	01 Jan.– 30 Sep. 2008	01 Jul.– 30 Sep. 2009	01 Jul.– 30 Sep. 2008
Rental revenues	10,787	11,135	3,386	3,996
Current income from property management	9,083	8,924	2,765	2,956
EBIT	6,430	8,845	2,087	2,090
EBT	1,419	3,806	241	-680
Consolidated net income	1,246	3,506	203	-468
Cash flow from operating activities	7,304	6,937		
Funds from operations (FFO) ¹	3,312	1,754		

Structure of assets and capital € thousand	30 Sep. 2009	31 Dec. 2008
Non-current assets	287,449	278,589
Current assets	12,851	32,808
Equity	154,334	153,085
Total equity and liabilities	300,300	311,397
Equity ratio in %	51.4%	49.2%
Loan to value in % ²	46.7%	52.4%

Net asset value (NAV) of POLIS (€ thousand) ³	154,753	153,459
Number of shares	11,051,000	11,051,000
NAV per share (€) ³	14.00	13.89

Share

ISIN	DE0006913304
WKN	691330
Share price highest in the 1 st nine months of 2009 (Xetra)	€ 9.50
Share price low in the 1 st nine months of 2009 (Xetra)	€ 8.09
Closing price on 30 September 2009 (Xetra)	€ 8.95

¹ Funds from operations (FFO): EBIT less income from revaluation less income from the sale of properties less financial results (excluding changes in valuation of derivative financial instruments) less taxes paid

² Loan to value: Ratio of loan liabilities to investment properties (investment properties and non-current assets held for sale)

³ Net Asset Value: Equity plus deferred tax liabilities less deferred tax assets

Letter from the Board of Management

Dear Shareholders, Ladies and Gentlemen,

Despite the difficult market environment, we have again been able to achieve stable operating results during the first nine months. Although the successful sale of two investment properties in the previous year and the beginning of additional modernization work led to a slight decrease in rental revenues, as expected, in relation to the same period in the previous year by approximately 3% to around € 10,800 thousand, funds from operations (FFO) actually increased by approximately 89% due to the strong parallel decrease in interest expense. The focus of our work in this year is on carrying out larger revitalization measures, which are carried out as planned for the modernization projects concerned, which considerably increase the prospects of marketing these spaces, and thus achieve economic value added. The revitalization of our property at »Konrad-Adenauer-Ufer« in Cologne is nearly completed. Regarding the projects on the buildings at »Buechsenstrasse 26« and »Buechsenstrasse 28« within our Quartier in Stuttgart and at »Kasernenstrasse« in Dusseldorf, we have concluded the planning phase and have already partially begun with construction work. In addition, we have carried out numerous smaller modernization projects and tenant fit-outs and succeeded in attracting many tenants in a difficult market environment. The buildings at »Konrad-Adenauer-Ufer« in Cologne and at »Buechsenstrasse 26« in Stuttgart have both already been awarded a preliminary silver certificate (Vorzertifikat) by the DGNB (German Sustainable Building Council) for sustainable construction, which was so far only awarded once this year.

As a result of fact that the tenant of »Buechsenstrasse 26« vacated the building as planned and that the modernization of the building has commenced, the occupancy rate has temporarily fallen below 70%. We expect to be able to increase the occupancy rate again significantly in the near future, as well as the associated rental revenues. Despite the current market conditions, we have already been able to conclude new lease agreements in the current financial year for office space spanning approximately 7,000 m² (same period in the previous year: 9,050 m²).

Furthermore, the rental space that will be completed shortly will become available in the modernization properties. Further major revitalization projects are currently not envisaged.

Despite lower rental revenues, net rental income increased by approximately 2% due to lower renovation and maintenance costs, from € 8,924 thousand to € 9,083 thousand. Cash flow from operating activities grew by 5%, and FFO increased considerably after adjusting for all extraordinary items. The group result for the first nine months of this year was € 1,246 thousand, lower than during the same period of the previous year (€ 3,506 thousand); however, when adjusted for non-recurring effects pertaining to sales and valuations, the group result increased significantly. The NAV per share increased from € 13.89 to € 14.00. In the reporting period, the POLIS share performance has been stable; however, our shares are currently trading at a discount of around 36% compared to the NAV.

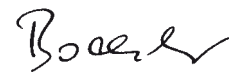
Completing the revitalization projects as planned and finding tenants will be the key task for the next twelve months in order to further improve our key figures. Furthermore, the market for property transactions, which is continuing its recovery, will provide opportunities for the acquisition of new investment properties that we can take advantage of due to our sound financial footing and our current equity ratio of 51%.

Berlin, October 2009

POLIS Immobilien AG
The Board of Management



Dr. Alan Cadmus



Dr. Matthias von Bodecker

Interim Management Report

for POLIS Immobilien AG for the period from 1 January to 30 September 2009

Business and economic environment

Development of the overall economic environment and the property markets

The downward trend of the German economy has come to an end for the time being, and developments in the 2nd half of the year have been surprisingly positive so far. Especially private consumption and the financial policy measures provided the required impulses. For the total year, however, gross domestic product is expected to fall by 4.9%. The global economic downturn has had an effect on price levels. Since the beginning of the year, the inflation rate has at times been negative.

Source: Kiel Institute for the World Economy, *Deutsche Konjunktur im Herbst 2009*

Industry-specific developments in the first nine months of 2009

- New lease agreements for office space in key German business centers drop by 31%, to 1.58 million m²
- Volume of completions of new space 50% higher than in the previous year
- Peak rents still stable, vacancy rates slightly up
- Effective rents continue to fall

Despite the beginning recovery, the economic situation continues to exert a downward pressure on the rental market. The demand for office space has continued to fall. The high level of lease agreements concluded in advance for completed new space, which is 50% higher than during the previous year, has so far only led to a slight increase in vacancies. In relation to the previous year, the vacancy rate increased by 0.8%. The selection of high-quality spaces and decreasing effective rents provide tenants with attractive options for improving their rental situation.

Source: Jones Lang Lasalle, *Büromarktüberblick Q3 2009*

Business operations

Portfolio unchanged during the first nine months

During the first nine months of 2009, our property portfolio remained essentially unchanged. We are striving to optimize our portfolio by selling individual properties at non-core locations. In the context of this optimization, we sold the residential building at »Collinistrasse 2« in Mannheim during the 3rd quarter. As a result of our sound capital resources, we are in a position to expand our portfolio and take advantage of opportunities as they arise. The growing number of transactions on the investment market indicates an increased likelihood for such opportunities.

Occupancy rate decreases as a result of planned revitalization work

As of 30 September 2009, the portfolio occupancy rate is 68%, considerably less than as of 31 December 2008. Taking into account the fact that some properties are currently being revitalized the occupancy rate for the property portfolio is 83%. By the end of the 3rd quarter, we concluded new lease agreements for rental space totaling 7,022 m², representing rental income of around € 4,120 thousand contractually secured over the terms of these agreements, which run for 4.7 years on average. The effective rent as a result of concluding these agreements including all incentives (such as provisions stipulating rent-free periods) was € 12.51 per m². The average remaining term of all lease agreements is 2.6 years. Considering all rented spaces (excluding parking spaces) and all types of use, the current average rent is approximately € 11.50 per m².

Modernization

Cologne, Konrad-Adenauer-Ufer: Standard fit-out has been completed

The standard fit-out has been completed. Therefore, upon completion of the modernization work we expect the marketability

of the comprehensively refurbished, efficient and high-quality building on the Rhine to be good despite the current market conditions.

**Stuttgart, Quartier Buechsenstrasse:
Revitalization work has commenced**

Comprehensive revitalization work on the property at »Buechsenstrasse 26/26b« has commenced after the tenants vacated the premises as planned effective 30 June 2009. As part of this project, we intend to significantly upgrade the ground floor area by incorporating catering services, and to convert the roof-level floor to a mezzanine floor, add one additional floor, and provide the building with a new façade in order to achieve a high-quality office building. The building has also already been awarded a preliminary silver certificate (Vorzertifikat) by the DGNB (German Sustainable Building Council) for sustainable revitalization of office buildings. The refurbishment of the building in terms of its energy efficiency is being subsidized by the City of Stuttgart. Completion is expected in the 3rd quarter of 2010. The adjacent building at »Buechsenstrasse 28« will also be significantly upgraded in terms of its standard and is scheduled to be available to potential tenants in mid 2010. The other buildings that form part of the Quartier will be modernized at a later stage, but to a somewhat lesser extent, so that the Quartier will offer a range of different rental spaces and qualities.

Dusseldorf, Kasernenstrasse 1: Building permit issued

We have received the building permit for the planned construction work on the property at »Kasernenstrasse 1« and will begin with the construction work shortly. In view of the building's attractive location, it will be repositioned by expanding the retail space to include the 1st floor and equipping it with a new façade. To this end, the vacant mezzanine floor will be modernized. Should additional office spaces become vacant in the upper floors, these can be modernized at a later stage. With the exception of one shop area, the entire rental space in the building has already been let upon completion of the construction work.

**Hamburg, project »Domstrasse 10«:
Building permission expected**

The planning is widely finished and the building permission is expected briefly.

Results of operations, financial position and net assets

Results of operations

The results of operations of POLIS Immobilien AG remain positive. In relation to the previous year's period, rental revenues fell by 3%, from € 11,135 thousand to € 10,787 thousand. This reduction is the result of the sale of two investment properties in the previous year and the revitalization of the »Buechsenquartier« in Stuttgart, which has commenced as planned. After deducting modernization, maintenance and property management expenses, net rental income grew by 2%, from € 8,924 thousand to € 9,083 thousand. Earnings before financing activities and taxes (EBIT) fell by 27% and amounted to € 6,430 thousand (same period in the previous year: € 8,845 thousand). The key reason for the decline was the change in the income from the revaluation of properties by € 1,483 thousand relative to the same period in the previous year. For some investment properties, we applied the values as determined by Feri EuroRating Services AG in their appraisal as of 31 December 2008 despite having carried out a number of smaller investments. For this reason, modernization investments of € 525 thousand are initially incorporated as valuation losses in the results of the first nine months of 2009. Our investment properties are regularly reappraised by independent experts at the end of each year. In contrast, the report for the previous year showed gains from revaluation (€ 958 thousand) and a net profit from the sale of the property at »Torstrasse 15« in Stuttgart. After adjusting for all extraordinary items, funds from operations (FFO) grew by 89% to € 3,312 thousand as a result of the considerably lower interest expenses, compared to € 1,754 thousand for the same period in the previous year.

The **group result** was € 1,246 thousand, significantly less than during the previous year (€ 3,506 thousand). The decrease is the result of valuation losses not affecting liquidity related to hedging instruments valued at € 1,516 thousand (same period in the previous year: valuation gains valued at € 26 thousand) resulting from considerably lower interest rates at the end of the quarter as well as from non-recurring sales profits in the same period in the previous year.

Compared to the same period in the previous year, **cash flow from current business operations** increased by approximately 5%, to € 7,304 thousand (same period in the previous year: € 6,937 thousand).

Based on the existing lease agreements, the annualized actual rent of POLIS is € 13,310 thousand as of 30 September 2009. Therefore, based on the current volume of our portfolio, our rental yield is 4.6% despite current vacancies. Given the current weighted average cost of debt of 3.6%, current business operations generate a positive spread to funding costs. In view of this margin and the prospects of increased rental revenues, reduced vacancy rates and the potential for realizing further gains in the value of our property portfolio, we have a high earnings potential.

Financial position

With an equity ratio of 51.4% (loan-to-value ratio: 46.7%) as of 30 September 2009, POLIS has a sound financial footing. We used the liquid funds from the sale of the property at »Steinstrasse 20« in the 1st quarter of 2009 for carrying out investments in the revitalization projects and for the repayment of loans; the remaining bank balance as of 30 September 2009 was € 3,131 thousand, slightly higher than the bank balance as of 31 December 2008 (€ 2,056 thousand). Currently, we have access to available credit lines of around € 26 million.

Net assets

During the first nine months, the balance sheet total of POLIS decreased to € 300,300 thousand (compared to € 311,397 thousand as of 31 December 2008). The reduction is largely the result of the receipt of the proceeds from the sale of the property at »Steinstrasse 20« in Dusseldorf. The overall structure of the balance sheet is characterized by the investment properties, which are reported together with the properties classified as non-current assets held for sale and represent a volume of approximately € 287 million, or approximately 96% of the balance sheet total.

The development of the properties is explained in detail in the notes to the consolidated financial statements in the synopsis entitled »Development of investment properties«.

Our valuations are transparent and verifiable. Detailed information on the appraisal methodology used by Feri EuroRating Services AG is presented on pages 65–66 of the notes to the consolidated financial statements of the 2008 annual report of POLIS. Current information on the portfolio is available on our website (www.polis.de).

Risk report

As a result of its business operations, POLIS is exposed to various operational and market risks. These primarily include the risk associated with letting, the risk of rent default, interest rate risks and liquidity risks.

The principles embodied in the Company's risk and opportunity management system have not changed since the beginning of the year. In this context, we refer to the detailed discussion in the 2008 annual report of POLIS (see pages 44–47 and pages 78–80 of the group management report).

Business-related risks

In the first nine months of 2009, the occupancy and valuation risks for the company's portfolio have increased due to the recession in Germany.

The central default risk monitoring system is currently showing an elevated risk for bad debts resulting in an increased need for provisions totaling € 263 thousand for the first nine months.

The scheduled expiration of the lease agreement with Hypo Real Estate Bank AG on 30 June 2009 regarding space in the property at »Buechsenstrasse« in Stuttgart and the revitalization work that has now commenced have led to a significant reduction in the occupancy rate in the 3rd quarter of 2009. Due to the weak demand for office space, we expect the occupancy rate not to increase significantly before the end of the year.

Financial risks

In the 4th quarter of 2009, three loans totaling approximately € 7.4 million will become due for repayment, of which € 1.7 million has already been refinanced. Two other loans of approximately € 5.7 million will be repaid by using the available credit lines. In 2010, around 8% of the current volume of loans will require follow-on financing. The modernization investments and the follow-on financing required in 2010 are secured by the existing liquid funds and the available credit lines.

For details on the structure of maturities of the liabilities to banks and the interest rate hedges we refer to the notes to the consolidated financial statements.

Report on anticipated developments

Development of the overall economy and the market for office buildings

We are assuming that the economic situation will improve over the coming months, and expect a slight recovery in 2010. However, inflation will remain low during this period, and interest rates will only increase moderately until the end of 2010. The situation on the labor market is not yet expected to improve. On the contrary, necessary adjustment processes will presumably not take place before 2010. As a result, the »lagging« property market will experience weak demand with falling rents and longer rental terms. However, one positive aspect is the low level of new construction activities, which means that we can expect a rapid resurgence of the rental market once the economy recovers. However, transaction activities will increase noticeably, with a growing emphasis on high-quality properties that generate a secure income. Therefore, attractive opportunities for acquiring properties requiring modernization work will continue to become available.

Major opportunities for POLIS Group

POLIS with its high-quality portfolio and sound capital base is also well equipped to cope with such a market environment and can take advantage of opportunities for acquisitions for expanding the portfolio as they arise. We continue to aim for a portfolio volume of around € 300 million. Our experienced asset management team and our financial flexibility mean that we can develop our portfolio independently and respond appropriately to challenges arising in the office rental market.

Assessment of future business prospects

In principle, our assessments and objectives set forth in the management report of the 2008 annual report (prepared in February 2009) remain valid. Rental revenues will decline this year, but will increase considerably upon successful conclusion of the modernization work on the buildings mentioned above.

Forecasts regarding valuations are hardly possible given the current economic environment. After successfully concluding the modernization work on the buildings mentioned above, we intend to significantly increase the occupancy rate, and thus rental revenues, in 2010.

Report on transactions with related persons

Affiliated persons are the members of the Supervisory Board, the members of the Board of Management and close family members of such persons. In addition, Bouwfonds Asset Management Deutschland GmbH, Berlin, and its related companies are also included in the group of affiliated companies. Under a lease agreement with Bouwfonds Asset Management Group, services were provided in the first nine months that were settled at prevailing market conditions.

Regarding the associations of members of the Board of Management and of the Supervisory Board, we refer to page 75 et seq. of the notes to the consolidated financial statements of the 2008 annual report of POLIS. During the first nine months, no transactions were concluded with members of the Supervisory Board, members of the Board of Management or their close relatives.

Consolidated balance sheet

as of 30 September 2009

according to International Financial Reporting Standards (IFRS)

POLIS Immobilien AG, Berlin

ASSETS

€ thousand	30 Sep. 2009	31 Dec. 2008
Non-current assets		
Investment properties	284,087	275,060
Intangible assets	84	54
Equipment	2,300	2,316
Financial assets	243	243
Deferred tax assets	613	711
Receivables and other financial assets	122	205
Total non-current assets	287,449	278,589
Current assets		
Receivables and other financial assets	6,305	27,757
Current tax receivables	27	202
Cash in banks	3,131	2,056
Other assets	428	183
Non-current assets held for sale	2,960	2,610
Total current assets	12,851	32,808
Total assets	300,300	311,397

EQUITY AND LIABILITIES

€ thousand	30 Sep. 2009	31 Dec. 2008
Equity		
Subscribed capital	110,510	110,510
Capital reserves	26,473	26,732
Retained earnings	16,105	14,699
Consolidated net profit for the period	1,246	1,144
Share in equity allocable to the equity holder of the parent	154,334	153,085
Minority interests	0	0
Total equity	154,334	153,085
Non-current liabilities		
Liabilities to banks	114,099	135,275
Deferred tax liabilities	1,032	1,085
Total non-current liabilities	115,131	136,360
Current liabilities		
Liabilities to banks	19,916	10,206
Payments received on account	5,029	3,423
Trade accounts payable	2,419	2,111
Income tax liabilities	302	155
Other provisions	3,169	6,057
Total current liabilities	30,835	21,952
Total equity and liabilities	300,300	311,397

Consolidated income statement

for the period from 1 January to 30 September 2009
according to International Financial Reporting Standards (IFRS)
POLIS Immobilien AG, Berlin

€ thousand	9 months		3 rd quarter	
	01 Jan.– 30 Sep. 2009	01 Jan.– 30 Sep. 2008	01 Jul.– 30 Sep. 2009	01 Jul.– 30 Sep. 2008
Rental revenues	10,787	11,135	3,386	3,996
Renovation and maintenance expense	-758	-1,256	-315	-741
Property management expense	-946	-955	-306	-299
	-1,704	-2,211	-621	-1,040
Net rental income	9,083	8,924	2,765	2,956
Unrealized gains from the revaluation of properties held for sale	0	2,088	0	0
Unrealized losses from the revaluation of investment properties	-525	-1,130	-236	0
Income from the revaluation of investment properties	-525	958	-236	0
Income from the sale of investment properties	0	16,314	0	0
Carrying amount of the investment properties sold	0	-15,350	0	0
Result from the sale of investment properties	0	964	0	0
Other income	492	292	218	106
Other expense	-705	-308	-76	-280
Administrative expense	-1,915	-1,985	-584	-692
Income before financing activities and taxes	6,430	8,845	2,087	2,090
Investment income	21	0	21	0
Financial income	191	268	63	137
Income from the valuation of derivative financial instruments	-1,516	26	-755	-756
Interest expense	-3,707	-5,333	-1,175	-2,151
Result before taxes	1,419	3,806	241	-680
Deferred taxes	-46	-196	117	212
Income taxes	-127	-104	-155	0
Consolidated net income for the period	1,246	3,506	203	-468
Gains/losses recognized directly in equity	0	0	0	0
Comprehensive income	1,246	3,506	203	-468
of which: allocable to minority interests	0	0	0	0
of which: allocable to equity holder of the parent	1,246	3,506	203	-468
Earnings per share, undiluted	0.11	0.32		
Earnings per share, diluted	0.11	0.32		

Consolidated cash flow statement

for the period from 1 January to 30 September 2009
according to International Financial Reporting Standards (IFRS)
POLIS Immobilien AG, Berlin

€ thousand	9 months	
	01 Jan.– 30 Sep. 2009	01 Jan.– 30 Sep. 2008
Consolidated net income	1,246	3,506
Adjusted for:		
Financial result	5,011	5,039
Income from revaluation of investment properties	525	-958
Income from sale of investment properties	0	-964
Depreciation/change on intangible assets and equipment	52	41
Change in trade receivables and other assets which cannot be allocated to the investment and financing activity	1,228	-1,422
Increase in the trade payables and other liabilities which cannot be allocated to the investment and financing activity	-761	1,695
Payments for equity options	3	0
Net cash (used by) from operating activities	7,304	6,937
Payments for the acquisition of software, fixtures and equipment	-66	-75
Proceeds from the sale of investment properties	17,929	16,230
Payments for the acquisition of investment properties and investments in modernization	-9,095	-57,688
Net cash (used by) from investment activities	8,768	-41,533
Payments for redemption of loans	-12,666	-12,538
Proceeds from debt fundings	1,200	55,213
Interest received	148	231
Interest paid	-3,700	-5,302
Dividends received	21	0
Net cash (used by) from financing activities	-14,997	37,604
Net change in cash and cash equivalents	1,075	3,008
Cash in banks at the beginning of the period	2,056	1,821
Cash in banks at the end of the period	3,131	4,829

Consolidated statement of changes in equity

for the period from 1 January to 30 September 2009
according to International Financial Reporting Standards (IFRS)
POLIS Immobilien AG, Berlin

€ thousand	Subscribed capital	Capital reserves	Retained earnings	Consolidated net income	Share in equity allocable to the equity holders of the parent	Minority interest	Total equity
Balance as of 31 Dec. 2007	110,510	26,730	5,656	9,043	151,939	0	151,939
Consolidated net profit	0	0	0	3,506	3,506	0	3,506
Withdrawal/addition	0	0	9,043	-9,043	0	0	0
Balance as of 30 Sep. 2008	110,510	26,730	14,699	3,506	155,445	0	155,445
Balance as of 31 Dec. 2008	110,510	26,732	14,699	1,144	153,085	0	153,085
Consolidated net profit	0	0	0	1,246	1,246	0	1,246
Expense stock option plan	0	3	0	0	3	0	3
Capital increase	0	-262	262	0			
Withdrawal/addition	0	0	1,144	-1,144	0	0	0
Balance as of 30 Sep. 2009	110,510	26,473	16,105	1,246	154,334	0	154,334

Notes to the Financial Statements

for the period from 1 January to 30 September 2009

Reporting principles

The Interim Report for POLIS Immobilien AG as of 30 September 2009 has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU as well as in accordance with their interpretation by the International Financial Reporting Interpretation Committee (IFRIC).

In preparing the consolidated interim financial statements as of 30 September 2009 (hereinafter referred to as »Interim Financial Statements«) based on International Accounting Standard (IAS) 34 – »Interim Financial Reporting«, the same accounting and valuation methods were applied as during the preparation of the consolidated financial statements for the complete previous year 2008. A detailed description of the applied methods was published in the annual report for 2008 (available at www.polis.de).

Under Section 48 of the Exchange Rules (Börsenordnung) of the Frankfurt Stock Exchange (Prime Standard), the company is obliged to prepare interim reports.

We expressly declare that the Interim Report fully complies with IFRS without any qualifications, and that the Report thus conveys a true and fair representation of the group's assets, liabilities, financial position and profit or loss. The group auditor has neither audited nor reviewed the Interim Financial Statements in an audit-like manner.

Notes to the income statement

Rental revenues

In relation to the previous year (€ 11,135 thousand), rental revenues in the first nine months of 2009 were 3% lower, or € 10,787 thousand, due to the sale of two investment properties in 2008, the commenced revitalization work on the property at »Buechsenstrasse 26/26b« after the tenant vacated the building as planned and the commencement of further modernization

work. On a like-for-like basis, rental income for the nine months of 2009 from properties held in the portfolio since 1 January 2008 remained almost constant, at € 7,316 thousand, compared to € 7,397 thousand for same period of the previous year (-1.1% Like for like).

Other expenses

The other expenses item (€ 705 thousand, previous year: € 308 thousand) largely includes expenses relating to obligations to perform construction work assumed under the purchase and

sale agreement for the property at »Torstrasse 15« in Stuttgart that was sold during the previous year as well as to value adjustments on claims.

Financial results

In the first nine months of 2009, the financial results amounted to € -5,011 thousand, compared to € -5,039 thousand for the same period in the previous year. The increase is the result of

valuation losses from derivative financial instruments (€ 1,516 thousand) due to the interest levels, which continued to fall since the beginning of the year.

Earnings per share

The earnings per share are as follows:

	01 Jan.– 30 Sep. 09	01 Jan.– 30 Sep. 08
Group net profit/loss for the year after income allocable to minority interest (in € thousand)	1,246	3,506
Average number of ordinary shares in circulation	11,051,000	11,051,000
Earnings per share (diluted and undiluted) (in €)	0.11	0.32

Notes to the balance sheet

Investment properties

The following table illustrates the development of the investment properties in the first nine months of 2009:

Investment properties		01 Jan. 2009			30 Sep. 2009	
€ thousand						
Property	Location	Fair value	Modern- ization investments	Transfers	Change in market value	Fair value
Luisenstrasse 46	Berlin	10,770	0	0	0	10,770
Potsdamer Strasse 58	Berlin	15,150	0	0	0	15,150
Rankestrasse 5–6	Berlin	14,900	369	0	0	15,269
Kleppingstrasse 20	Dortmund	5,170	0	0	0	5,170
Berliner Allee 42	Dusseldorf	6,050	128	0	-128	6,050
Berliner Allee 44	Dusseldorf	7,790	346	0	0	8,136
Berliner Allee 48	Dusseldorf	5,330	39	0	0	5,369
Immermannstrasse 11	Dusseldorf	3,060	0	0	0	3,060
Kasernenstrasse 1	Dusseldorf	11,740	362	0	0	12,102
Steinstrasse 11	Dusseldorf	8,460	56	0	0	8,516
Steinstrasse 27	Dusseldorf	8,330	0	0	0	8,330
Gutleutstrasse 26	Frankfurt am Main	11,110	21	0	-21	11,110
Bugenhagenstrasse 5	Hamburg	5,070	351	0	-74	5,347
Ludwig-Erhard-Strasse 14	Hamburg	12,060	0	0	0	12,060
Domstrasse 10	Hamburg	13,080	405	0	0	13,485

(continued...)

(...continued)

		01 Jan. 2009				30 Sep. 2009
€ thousand						
Property	Location	Fair value	Modern- ization investments	Transfers	Change in market value	Fair value
Steinstrasse 12-14	Hamburg	5,770	0	0	0	5,770
Landschaftstrasse 2	Hanover	4,070	73	0	-73	4,070
Landschaftstrasse 8	Hanover	3,940	0	0	0	3,940
Koenigsplatz 57	Kassel	2,850	0	0	0	2,850
Ebertplatz 1	Cologne	7,290	4	0	-4	7,290
Gustav-Heinemann-Ufer 54	Cologne	14,210	407	0	-200	14,417
Hansaring 20	Cologne	4,030	120	0	0	4,150
Konrad-Adenauer-Ufer 41-45	Cologne	9,300	5,601	0	0	14,901
Neumarkt 49	Cologne	7,370	0	0	0	7,370
Weyerstrasse 79-83	Cologne	15,120	174	0	0	15,294
Rheinstrasse 43-45	Mainz	2,650	96	0	0	2,746
Rheinstrasse 105-107	Mainz	4,400	0	0	0	4,400
Friedrichsring 46/ Collinistrasse 2	Mannheim	2,960	114	-350	0	2,724
Lessingstrasse 14	Munich	9,760	300	0	0	10,060
Boeblinge Strasse 8/ Arminstrasse 15	Stuttgart	3,790	25	0	-25	3,790
Quartier Buechsenstrasse	Stuttgart	29,730	911	0	0	30,641
Tuebinger Strasse 31 & 33	Stuttgart	9,750	0	0	0	9,750
		275,060	9,902	-350	-525	284,087

		01 Jan. 2009				30 Sep. 2009
€ thousand						
Property	Location	Fair value	Modern- ization investments	Transfers	Change in market value	Fair value
Viehoferstrasse 31	Essen	1,040	0	0	0	1,040
Gallenkampstrasse 20	Duisburg	1,570	0	0	0	1,570
Collinistrasse 2	Mannheim	0	0	350	0	350
		2,610	0	350	0	2,960

For some investment properties, we applied the values as determined by Feri EuroRating Services AG in their appraisal as of 31 December 2008 despite having carried out a number of smaller investments. For this reason, modernization investments of

€ 525 thousand are incorporated as valuation losses in the results of the first nine months of 2009. A revaluation of the portfolio is regularly carried out by independent experts at the end of the financial year.

Liabilities to banks

The reduction in long-term liabilities to banks compared to 31 December 2008 is largely the result of the repayment of a loan. In the first nine months of 2009, three swap transactions were carried out totalling € 28,100 thousand. Among others, the **other liabilities item** includes derivative financial instru-

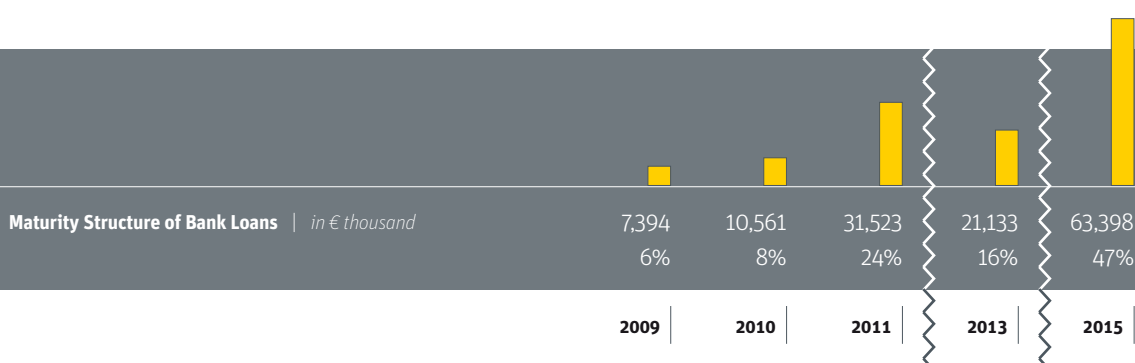
ments with a negative market value. These are the interest rate caps, interest rate floors and interest rate swaps set forth below that were implemented in order to limit the interest rate risk associated with variable-rate loans.

Hedging instruments	Volume € thousand	Term until	Rate in %	31 Dec. 2008	30 Sep. 2009	Difference
				Market valuation	Market valuation	
Swap	10,000	31 Dec. 2010	3.82%	-262	-347	-84
Swap	5,000	30 Dec. 2011	4.00%	-181	-270	-89
Swap	2,675	31 Dec. 2011	3.12%	-18	-92	-74
Swap	10,000	31 Dec. 2012	4.33%	-554	-749	-196
Swap	5,000	31 Dec. 2012	3.93%	-189	-310	-120
Swap	5,000	31 Dec. 2012	4.15%	-232	-346	-113
Swap	10,000	30 Jun. 2015	4.80%	-923	-1,164	-241
Swap	8,100	31 Dec. 2015	3.04%	0	-131	-131
Forward Swap ¹	10,000	30 Dec. 2016	3.58%	0	-180	-180
Forward Swap ¹	10,000	31 Dec. 2015	3.48%	0	-182	-182
Cap	5,000	28 Jun. 2013	6.00%	8	10	2
Floor	-5,000	28 Jun. 2013	3.37%	-162	-267	-106
				-2,512	-4,028	-1,516

¹ Commencement: 1 Sep. 2010

The interest rate swaps do not comply with the requirements of IAS 39 with respect to hedge accounting and are measured at fair value. Fair value changes are therefore recognized in income. The weighted average interest rate of the bank loans including derivative financial instruments was 3.6% as of 30 September 2009. The share of variable-rate, unsecured liabilities to banks

was 36% as of 30 September 2009. The available credit line was € 25,928 thousand. The valuation of the derivative financial instruments as of 30 September 2009 led to financial expenses for the first nine months of 2009 of € 1,516 thousand.



Oath by the Board of Management

Responsibility statement by management

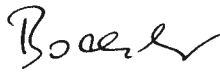
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting for groups, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and perform-

ance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

The Board of Management



Dr. Alan Cadmus



Dr. Matthias von Bodecker

Financial calendar

09.-11.11.2009

German Equity Forum Autumn 2009

Frankfurt am Main

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mmrtg | architekten, Berlin, Tino Gennaro

POLIS Immobilien AG

Rankestrasse 5-6
10789 Berlin
Germany

Telephone +49 (30) 225 00 250
Fax +49 (30) 225 00 299

www.polis.de
info@polis.de