

## CORPORATE NEWS

Publication of interim report:

### **POLIS Immobilien reports significantly improved earnings and achieves major strategic goals**

- Rental income climbs 15 percent to EUR 7.4 million
- Improvement in important key figures
- Start of asset management for co-owned properties

**Berlin, 4 August 2011** – At EUR 9.6 million, POLIS Immobilien AG [ISIN: DE0006913304] reported greatly improved earnings before taxes in the first half of the year as compared to the same period of the previous year (EUR -1.6 million). The positive performance is attributable to completed modernisation projects and growing rental income as well as to a good valuation result from the revaluation of investment properties and interest rate hedges, which became effective already in the first quarter of the year. The specialist for the modernisation and management of office properties increased its rental income by 15 percent on the previous year's EUR 6.5 million to EUR 7.4 million and boosted the result from property management to EUR 5.5 million (previous year: EUR 4.8 million). Funds from operations (FFO), adjusted for the result from revaluation and the sale of properties, remained unchanged at the previous year's EUR 1.4 million in spite of higher interest expenses.

### **POLIS seizes opportunities in the flourishing office property market**

POLIS Immobilien benefits from the positive economic situation in Germany, which has seen a continued strong increase in demand for office properties. In the first half of the year, the company signed leases and lease renewals for a total of approx. 16,600 square metres; of these, 9,500 square metres were new leases or expansions, while 7,100 square metres related to the lease renewals. New leases for some 1,650 square metres and lease renewals for 460 square metres were signed in July. The letting ratio was up by 8 percent on the previous year to 77 percent at the half-year stage. At the beginning of the year, POLIS Immobilien acquired three properties in Dresden, which marked the company's successful entry in the property market of the Saxon capital. Among the properties valued by external appraiser Feri EuroRating Services were the three properties in Dresden,

which were initially accounted for as of 31 March 2011. As of 30 June, the appraiser determined a high market value of EUR 22.8 million for these properties. This once again vindicated the company's decision to invest in Dresden.

### **Major strategic goals achieved**

At the Annual General Meeting in May, the company had already announced its intention to start offering asset management services for third parties under participation of POLIS Immobilien AG for co-owned properties. This promising business segment was launched in July when a foreign foundation invested 85 percent in three investment properties of POLIS Immobilien and signed a 10-year asset management contract with the company. POLIS Immobilien continues to hold 15 percent in the properties under management. In addition, the company was able to sell a property in Düsseldorf to a foreign institutional investor. As a result of these transactions, funds in excess of EUR 23 million will be released for reinvestment. "We will now seize opportunities to expand our property portfolio. Through cooperation with the foreign foundation and potential follow-up projects we may increase the assets under management to over EUR 350 million," said Dr. Alan Cadmus, CEO of POLIS Immobilien AG.

### **Shareholders benefit from possible dividend payment**

The transactions allow POLIS Immobilien to achieve significant value increases. With the remaining environment unchanged, the company will thus probably generate a positive result to German Accounting Standards (HGB) in 2011. Barring unforeseen events, POLIS Immobilien should therefore be able to pay a dividend for the year 2011. Dr. Alan Cadmus says: "Our shareholders can benefit from the fact that we focus on a further increase in the rental level, the integration of the new Dresden operations including a property that is yet to be acquired and the expansion of asset management services for third parties." Due to increased funding costs, which are attributable to higher interest rates, FFO will remain at the prior year level at approx. EUR 2 million in the current fiscal year but are expected to rise sharply to approx. EUR 4 million next year. The company anticipates being able to let additional properties by the end of the year, which will result in a letting ratio in excess of 90 percent.



The report for the six-month period ended 30 June 2011 is available for downloading on the company's website at <http://www.polis.de/IR/zwischenberichte.php>.

**POLIS Immobilien AG**, which was founded in Berlin in 1998, is listed real estate company that buys, refurbishes/revitalises, and manages office properties for its own portfolio. The company focuses on one market segment: office properties in inner-city locations at the most important German office centres. The company acquires properties that are either already renovated and are completely let, thereby generating stable cash flow, or properties that are vacant or require modernisation, and which offer specific value appreciation potential. This potential may be realised by corresponding modernisation measures or full revitalisation. As of 30 June 2011, POLIS Immobilien's real estate portfolio comprised a total of 33 properties with a market value of around EUR 315 million. POLIS Immobilien shares are listed on the regulated market (Prime Standard) of the Frankfurt Securities Exchange. Further information can be found at [www.polis.de](http://www.polis.de).

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