



**POLIS Immobilien AG
Berlin**

Report of the Supervisory Board

During the past financial year, the Supervisory Board supervised the activities of the Management Board and fulfilled its responsibilities under the statutory regulations and in accordance with the articles of association of POLIS Immobilien AG.

Supervision of management and cooperation with the Management Board

The Management Board regularly informed the Supervisory Board in detail in conversations as well as in writing about the situation and development of the Company. In this context, the Supervisory Board discussed with the Management Board fundamental questions concerning the business and corporate policies, the corporate strategy, the Company's financial development and earnings position as well as business-related issues that are important for the Company. Also, the chairman of the Supervisory Board regularly discussed and coordinated also outside of meetings all issues and questions of key importance with the Management Board.

Supervisory Board meetings and resolutions

During the period under review, eight Supervisory Board meetings took place in which the Management Board also took part, on the following dates: 23 February, 31 March, 28 April, 16 May, 05 July, 16 August, 09 October and 29 November 2006. In these meetings, the Management Board informed the Supervisory Board in detail and in a timely manner in particular about the strategy, the plans, the economic situation and development, and consulted with the Supervisory Board regarding these issues. In addition, the Supervisory Board also adopted resolutions in writing, in particular regarding acquisitions of properties. All matters that are subject to the decision of the Supervisory Board were determined after diligent examination and consultation in the meetings, and to the required extent also on the basis of written proposals prepared prior to the meeting. Inter alia, issues that were the subject of such decisions concerned the continued strategic development of POLIS Immobilien AG, the implementation of capital measures, the preparation of the IPO and eight property acquisitions in total.

Annual and consolidated financial statements for 2006

The accounting, the annual financial statements, the consolidated financial statements, the report of the Management Board of POLIS Immobilien AG as well as the Group Management Report have been audited by the auditor appointed by the General Meeting, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin. In each case, the audits resulted in an unqualified audit certificate [uneingeschränkter Bestätigungsvermerk]. In its meeting on 26 February 2007, the Supervisory Board approved the results of this audit after inspecting the auditor's reports, endorsed and thereby formally approved the annual financial statements of POLIS Immobilien AG prepared by the Management Board for the financial year 2006, and endorsed the consolidated financial statements. The Supervisory Board supports the proposal of the Management Board to set off the annual deficit of POLIS Immobilien AG against the capital reserves so that there are no net earnings for the year.

Dependency report for 2006

In accordance with Section 312 AktG [Aktengesetz; German Stock Corporation Act], the Management Board prepared a report [Abhängigkeitsbericht] on the relationships with associated companies for the financial year 2006.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, has audited the report and issued the following audit certificate in this context:

"Having audited the report in accordance with our professional duties, we confirm that

1. the factual details contained in the report are accurate,
2. in the case of the legal transactions detailed in the report, the expenditure of the Company was not unreasonably high."

According to the conclusive examination carried out by the Supervisory Board, no objections exist concerning the report of the Management Board on the relationships with associated companies as well as with respect to the final statement made by the Management Board in the report.

The Supervisory Board agrees with the results of the audit carried out by the auditor.

Personnel-related matters

In its meeting on 16 August 2006, the Supervisory Board adopted resolutions for the re-appointment of Dr. Alan Cadmus and Dr. Matthias von Bodecker as of 01 January 2007 for an additional three years as members of the Management Board.

Composition of the Supervisory Board

Effective upon the expiration of the General Meeting on 05 July 2006, the longstanding chairman of the Supervisory Board, Dr. Gernot Ernst, left the Supervisory Board. Dr. Ernst had been the chairman of the Supervisory Board from the time the Company was founded, and greatly influenced its development. The composition of the Supervisory Board also changed during the period under review as a result of the departure of Mr. Christoph Baumgärtner, Mr. Eberhard Both, Mr. Jean Klijnen and Mr. Thomas Pohle effective 05 July 2006. Mr. Voäs Brouns, Mr. Michael Haupt, Mr. Klaus R. Müller, Mr. Ralf Schmechel and Mr. Jürgen von Wendorff were appointed as new members of the Supervisory Board. In the Supervisory Board meeting on 05 July 2006, Mr. Michael Haupt was elected as chairman of the Supervisory Board. Mr. Hans Fehn was re-elected as deputy chairman. Mr. Ralf Schmechel left the Supervisory Board after the end of the period under review. Mr. Carl-Matthias von der Recke was elected to take his place in the Supervisory Board in the General Meeting on 23 January 2007; during the following Supervisory Board meeting, he was elected as chairman of the Supervisory Board.

The Supervisory Board wishes to thank all former Supervisory Board members for their work and involvement for POLIS.

The Supervisory Board also wishes to thank the Management Board for the good work during the financial year and the growth that the Company achieved.

Berlin, 30 April 2007

The Supervisory Board
Carl-Matthias von der Recke
- Chairman of the Supervisory Board -