

# ESTAVIS AG

THE REAL ESTATE INVESTMENT GROUP



## HALF-YEAR INTERIM REPORT 2010/11

1 July 2010 – 31 December 2010

## OVERVIEW KEY FINANCIAL DATA

| ESTAVIS AG                  | 2nd quarter 10/11             | 2nd quarter 09/10             | 1st half-year 10/11           | 1st half-year 09/10           |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                             | 1 Oct. 2010 –<br>31 Dec. 2010 | 1 Oct. 2009 –<br>31 Dec. 2009 | 1 July 2010 –<br>31 Dec. 2010 | 1 July 2009 –<br>31 Dec. 2009 |
| Revenues and earnings*      | TEUR                          | TEUR                          | TEUR                          | TEUR                          |
| Revenues                    | 19,237                        | 18,261                        | 29,898                        | 40,335                        |
| Total operating performance | 15,712                        | 17,454                        | 28,854                        | 36,652                        |
| EBIT                        | 1,582                         | 1,269                         | 2,626                         | 3,370                         |
| Pre-tax profit              | 540                           | 375                           | 595                           | 1,579                         |
| Net profit                  | 276                           | 936                           | 408                           | 1,437                         |

\* from continued operations

| ESTAVIS AG                          | 31 December 2010 | 30 June 2010 |
|-------------------------------------|------------------|--------------|
| Structure of assets and capital     | TEUR             | TEUR         |
| Non-current assets                  | 22,469           | 22,537       |
| Current assets                      | 127,928          | 132,864      |
| Equity                              | 52,678           | 52,270       |
| Equity ratio                        | 35.0%            | 33.6%        |
| Total assets/equity and liabilities | 150,397          | 155,401      |

ESTAVIS AG

|   |                  |
|---|------------------|
| Share   |                  |
| Stock exchange segment                        | Prime Standard   |
| ISIN  | DE000A0KFKB3     |
| German Securities Code Number (WKN)           | AOKFKB           |
| Number of shares on 31 December 2010          | 9,546,235        |
| Free float                                    | 71.1 %           |
| Share price high (1 July – 31 December 2010*) | EUR 2.16         |
| Share price low (1 July – 31 December 2010*)  | EUR 1.75         |
| Closing price on 30 December 2010*            | EUR 1.84         |
| Market capitalisation on 31 December 2010*    | EUR 17.6 million |

\* Closing prices in Xetra trading

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## LETTER TO THE SHAREHOLDERS

Dear Shareholders,  
Ladies and Gentlemen,

Business development in the first half of the 2010/11 financial year – in particular the positive sales performance in our major listed projects – confirms our strategic decision to concentrate the activities of ESTAVIS AG even more on projects in the higher priced segment in the future than has been the case so far.

Revenues in the reporting period fell to EUR 29.9 million. By contrast, notarial sales, which reflect future revenues continued to develop positively and at the end of December 2010 came to EUR 43.4 million. Consolidated net profit amounted to EUR 0.4 million.

Significant influencing factors for the business development in the reporting period were the extensive advance payments for our listed projects in Berlin “Kodak-Glanzfilmfabrik” and “Kastaniengärten” and the trend in revenues in the sale of apartments and the proceeds from the sale of two houses from the “Kodak-Glanzfilmfabrik” ensemble in Berlin-Köpenick.

Owing to the positive performance so far in our major listed projects, we are anticipating further growth here in the coming weeks and months. The trend in revenues in the apartments segment was curbed by the delayed handover of renovated apartments. These delays are due to slow customer finance owing to very restrictive lending to new customers by banks. We have initiated additional measures to work off the backlog that this has caused. Under IFRS accounting, the handover of property to the buyer is the prerequisite for recognising revenue and income.

### **Good response to listed projects**

Sales of apartments in the listed projects in Berlin “Kodak-Glanzfilmfabrik” and “Kastaniengärten” outstripped our expectations. The first building of the “Kodak-Glanzfilmfabrik”, a unique listed ensemble in the immediate vicinity of the Spree river, has now been fully sold; the start of construction is expected to take place here on 1 June 2011. (Further information about the project is available on the internet at [www.glanzfilmfabrik.de](http://www.glanzfilmfabrik.de).)

The sales performance for the “Kastaniengärten” listed project in Berlin-Schöneberg was also highly dynamic. 41 high-quality, loft-like apartments are being created in this industrial area dating back to 1910. At present 89% of the apartments have been sold. Construction work started here on schedule in December 2010.

Owner-occupiers are increasingly also discovering protected properties as a form of tax-advantaged residential investment. Under section 10f of the Einkommensteuergesetz (EStG – German Income Tax Act), these buyers can claim 9% of the renovation costs each year for a period of ten years. With renovation costs accounting for around 70% of the purchase price, the tax saving is a key argument for acquiring such a property.

### Changes in the optimisation portfolio

In the first half of the year we took further steps in the orientation of our optimisation portfolio. In light of our focus on residential real estate, we sold a commercial property and acquired an attractive residential portfolio in the first quarter of the financial year. The commercial property, a newly built commercial centre in Pforzheim with long-term letting agreements in place, was sold at a profit for EUR 3.6 million.

We acquired the residential portfolio in Leipzig with 214 apartments and total space of 12,443 square metres through the liquidation operations of a major German bank at a purchase price of EUR 6.9 million; the transfer of benefits and burdens took place in the third quarter of the financial year.

With the purchase of the apartments, we are further expanding our portfolio of real estate geared towards optimisation and subsequent disposal. After completing renovation work and reducing the vacancy rate, the apartments will be sold individually or as part of a global sale.

The acquisition of the Leipzig portfolio emphasises our focus on exit-viable properties with optimisation potential. Many owners of portfolios such as funds or banks are in search of suitable exit options for their residential portfolios. ESTAVIS offers the right solutions for just this.

### Outlook for the 2010/11 financial year

During the remainder of the 2010/11 financial year, our business activities will focus on the planned development and implementation of the major listed projects “Kodak-Glanzfilmfabrik” and “Kastaniengärten” with which we aim to lay the key foundations for a positive development of revenues and earnings over the next two financial years.

In addition, further properties are to be sold from the optimisation portfolio over the course of the current financial year. A further commercial property in Stuttgart was accordingly already sold in the third quarter for the price of EUR 3.4 million.

With a view to the business development in the first six months of the 2010/11 financial year we continue to expect a positive consolidated net profit to be achieved for the year as a whole. An increase in revenues and consolidated net income on the previous financial year remains an ambitious target the achievement of which depends largely on the realisation of planned sales from the optimisation portfolio and the development of customer finance in the sale of investment apartments.



Florian Lanz  
*Chief Executive  
Officer (CEO)*



Eric Mozanowski  
*Member of the  
Management Board*

## THE ESTAVIS SHARE

ESTAVIS shares are listed on the Regulated Market of the Frankfurt Stock Exchange and fulfil the transparency requirements of the Prime Standard.

### ESTAVIS' share price performance

In light of rising confidence in terms of future economic development, the recovery on the global stock markets continued in the period under review. The ESTAVIS share, the price of which increased by over 5% in the first half of the 2010/11 financial year, also benefited from this development.

On 30 December 2010, the ESTAVIS share closed at EUR 1.84 compared with EUR 1.75 at the start of the financial year on 1 July 2010. ESTAVIS' market capitalisation came to around EUR 17.6 million as of 30 December 2010.

ESTAVIS' shares reached a high of EUR 2.16 on 20 October 2010 compared with a low of EUR 1.75 on 1 July 2010 (Xetra closing prices).

The development of ESTAVIS AG is monitored continuously by analysts at WestLB and Warburg Research. According to current analyst reports, ESTAVIS' shares are believed to offer significant upside potential:

- WestLB, recommendation: "Buy", target price EUR 2.80
- Warburg Research, recommendation: "Buy", target price EUR 3.10

### Annual Conference of the Real Estate Share Initiative

ESTAVIS AG is a member of the Real Estate Share Initiative, the goal of which is to promote understanding for investments in real estate through listed real estate and REIT companies, the way they are seen by the public and to encourage a regular exchange of experience and information.

With its members, it organises an annual conference that was held in Frankfurt on 19 October 2010. In workshops, panel discussions and company presentations, a large number of investors, analysts, journalists and representatives of national and international associations were informed of the developments on the real estate market and real estate companies.

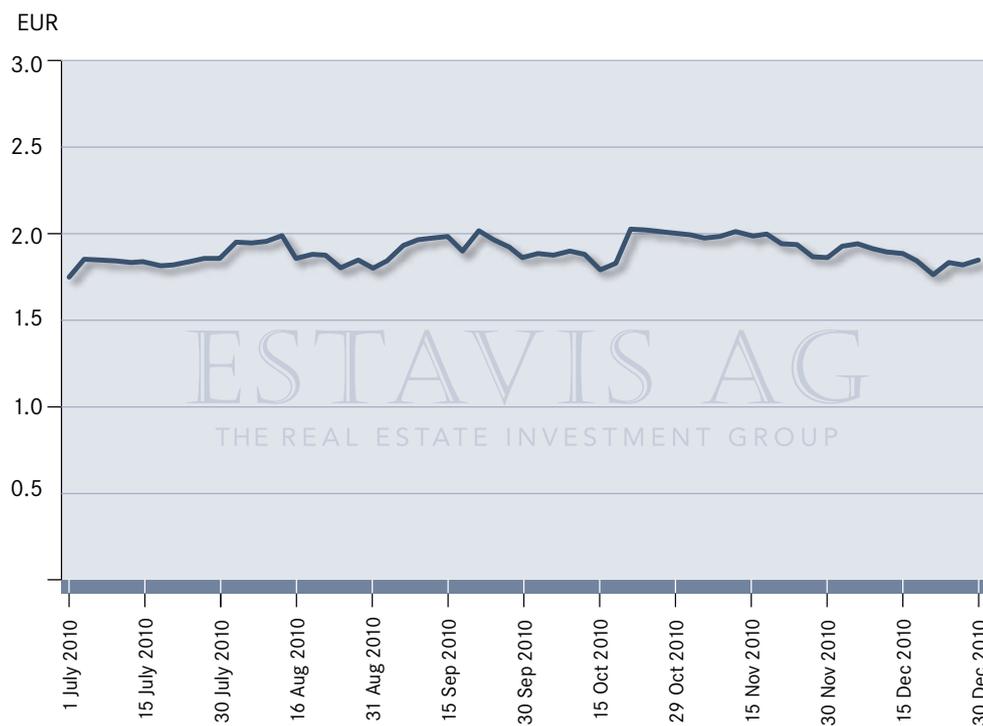
In a company presentation and several individual discussions, Florian Lanz, CEO of ESTAVIS AG, explained the company's business model and provided information on current real estate projects.

### 10. MKK – Münchner Kapitalmarkt Konferenz (10<sup>th</sup> Munich Capital Market Conference)

On 8 and 9 December 2010, the 10. MKK – Münchner Kapitalmarkt Konferenz (10<sup>th</sup> Munich Capital Market Conference) took place in Munich and achieved record attendance with 350 participants and almost 50 presenting companies. The event was primarily geared towards institutional investors, financial journalists and analysts focusing on small and mid caps.

Florian Lanz, CEO of ESTAVIS AG, explained in his presentation and in one-to-one discussions with investors and analysts the business model of ESTAVIS AG and provided information about the company's business performance and current projects.

## ESTAVIS share price development from 1 July to 30 December 2010



## ESTAVIS AG

|   |                  |
|---|------------------|
| Share   |                  |
| Stock exchange segment                        | Prime Standard   |
| ISIN  | DE000A0KFKB3     |
| German Securities Code Number (WKN)           | A0KFKB           |
| Number of shares on 31 December 2010          | 9,546,235        |
| Free float                                    | 71.1 %           |
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\* Closing prices in Xetra trading

## INTERIM MANAGEMENT REPORT

### 1 BUSINESS AND CONDITIONS

#### 1.1 Economic environment and business performance

The global economic development during the first half of the financial year was shaped by a sustained recovery that was reflected by moderate GDP growth rates of Europe's developed countries and the USA and a high level of growth momentum in the emerging markets. This also benefited the strongly export-oriented German economy which in 2010 witnessed the strongest growth since German reunification with a price-adjusted increase in GDP of 3.6% and at the same time emerged as the engine of European economic performance.

Alongside a sharp growth in export trade, significant growth momentum also came from the domestic economy. Both government and private consumer spending increased and investments rose markedly. Gainful employment went up further and on average the economic output in Germany in 2010 was generated by some 40.4 million workers, which represents a year-on-year increase of 212,000 people or 0.5%. According to provisional estimates, the number of unemployed fell on a national average by 9.2% to 2.9 million.

In view of these developments the economic expectations of companies improved significantly. There was a marked revival in transaction and renting activity on the real estate markets.

The development on the international financial markets in the reporting period reflected the growing optimism on the economy. However, ongoing problems such as the poor development of the US economy, sluggish lending and concerns about the financial stability of individual countries continue to pose risk factors for the sustainability of the emerging economic recovery.

The limited lending particularly poses a risk to a robust recovery of the real economy. The restrictions in financing are also perceptible in the German real estate sector. Increasing requirements by banks in terms of the creditworthiness of private real estate purchasers are also having a detrimental effect on business performance in the real estate sector.

The business performance of the ESTAVIS Group in the period under review was shaped by a strong sales development in the major listed projects in Berlin. The notarised sales volume amounted to around EUR 43.4 million at the end of December 2010. This volume indicates the future revenues that ESTAVIS will generate after the apartments are handed over.

However, revenues in the first half of the 2010/11 financial year (EUR 29.9 million) were lower than the corporate planning. This was primarily due to slow customer finance, which in many cases led to delays in the handover to the buyers impacting revenues. ESTAVIS has taken measures to reduce the resulting backlog.

## 1.2 Earnings situation

Key figures for the first half of the financial year 2010/11 and of the comparison period (first half of the 2009/10 financial year) only relate to continued business operations.

In the first half of the 2010/11 financial year ESTAVIS Group revenues decreased to EUR 29.9 million from EUR 40.3 million in the comparison period.

Broken down for financial reporting purposes, revenues for continued operations were attributable to the following company business segments:

- Retail trading                      EUR 26.2m    (previous year: EUR 36.9m)
- Other activities                      EUR 3.7m    (previous year: EUR 3.4m)

The consolidated result after taxes amounted to EUR 0.4 million (previous year's period: EUR 1.4 million). Extensive advance payments recognised as expenses (predominantly staff and material costs) for the listed projects "Kodak-Glanzfilmfabrik" and "Kastaniengärten" in the amount of roughly EUR 0.5 million were offset by extraordinary income from the reversal of provisions for rental guarantees (EUR 0.8 million).

Other operating income fell to EUR 2.9 million (previous year's period: EUR 4.2 million).

The gross margin for continued operations (revenues plus changes in inventories minus cost of materials/revenues) amounted to 34.7% (comparison period: 41.4%).

The total operating performance decreased from EUR 36.7 million to EUR 28.9 million.

At EUR 1.4 million, staff costs in the period under review were roughly at the level of the previous year's period.

Other operating expenses decreased sharply to EUR 9.3 million (previous year's period: EUR 16.0 million). A decline in distribution costs by EUR 5.4 million and the reversal of provisions for rental guarantees (EUR 0.8 million) mainly contributed to the development.

Earnings before interest and taxes (EBIT) amounted to EUR 2.6 million (previous year: EUR 3.4 million). The EBIT margin (EBIT/revenue) amounted to 8.8% in the period under review and was therefore somewhat higher than in the same period of the previous year (8.4%).

The financial result in the period under review came to EUR -2.0 million after EUR -1.8 million in the same period of the previous year.

After income taxes (EUR -0.2 million) the consolidated net profit amounted to EUR 0.4 million in the period under review (previous year EUR 1.4 million). This corresponds to earnings per share of EUR 0.04 (previous year: EUR 0.18).

### 1.3 Financial and assets position

The total assets of the ESTAVIS Group as of 31 December 2010 declined by EUR 5.0 million to EUR 150.4 million (30 June 2010: EUR 155.4 million).

The decline in assets is mainly attributable to trade receivables (EUR -7.1 million).

As compared to 30 June 2010, cash and cash equivalents decreased from EUR 4.1 million to EUR 3.7 million as of 31 December 2010.

Financial liabilities, which mainly relate to liabilities to banks, decreased in total by EUR 7.0 million to EUR 69.2 million (30 June 2010: EUR 76.3 million).

The increase in non-current financial liabilities and the decline in current financial liabilities are attributable to the prolongation of property financing and new long-term property financing.

Shareholders' equity increased from EUR 52.3 million to EUR 52.7 million due to positive net profit in the first half of the financial year.

The reduction in total assets and the equity increase meant that the ESTAVIS Group's equity ratio increased from 33.6% as of 30 June 2010 to 35.0% at the end of the period under review.

The debt-to-equity ratio accordingly fell from 66.4% to 65%. The ratio of cash and cash equivalents to total assets amounted to 2.4% at the end of the period under review (30 June 2010: 2.6%). Due to the successful prolongation of property financing, the Group's cash ratio (cash and cash equivalents/current liabilities) improved from 4.9% to 5.1%.

In the first half of the year of 2010/11, net cash from operating activities amounted to EUR -0.4 million (previous year: EUR -1.2 million).

Net cash used in investing activities totalled EUR 0.0 million in the period under review (previous year: EUR -5.5 million). In the previous year, the figure was influenced by the sale of the HAG shares and the resulting derecognition of the cash and cash equivalents of the HAG Group.

Net cash used in financing activities amounted to EUR 0.0 million in the period under review (previous year: EUR -0.5 million).

## 2 RISK REPORT

The ESTAVIS Group has implemented a risk management system that is designed for several purposes, including allowing the early recognition and appropriate communication of significant risk factors arising from its business activities that could be of relevance to its earnings situation or its continued existence. The risk management system allows action to be taken against potentially unfavourable developments and events in a timely manner and, where required, facilitates the implementation of countermeasures before any significant damages are incurred.

There have been no significant revisions to the risks for the ESTAVIS Group in the period under review compared with the Risk Report in the Group Management Report for the previous financial year. Accordingly, reference should be made to the information contained therein.

## 3 FORECAST REPORT

During the remainder of the 2010/11 financial year, business activities will focus on the planned development and implementation of the major listed projects “Kodak-Glanzfilmfabrik” and “Kastaniengärten”. These projects serve to lay the key foundations for a positive development of revenues and earnings over the next two financial years.

In addition, further properties are to be sold from the optimisation portfolio over the course of the current financial year.

Based on the business development in the first six months, the Management Board continues to expect consolidated net profit to be achieved in the 2010/11 financial year. The Management Board considers a growth in revenues and consolidated net income compared with the previous period to be an ambitious target the achievement of which depends largely on the realisation of planned sales from the optimisation portfolio and the development of customer finance.

## CONSOLIDATED BALANCE SHEET – ASSETS

| ESTAVIS AG                         | 31 Dec. 2010   | 30 June 2010   |
|------------------------------------|----------------|----------------|
| Assets                             | TEUR           | TEUR           |
| <b>Non-current assets</b>          |                |                |
| Goodwill                           | 17,776         | 17,776         |
| Other intangible assets            | 45             | 37             |
| Property, plant and equipment      | 450            | 486            |
| Investments in associates          | 58             | 59             |
| Other non-current financial assets | 473            | 155            |
| Deferred income tax receivables    | 3,667          | 4,024          |
| <b>Total</b>                       | <b>22,469</b>  | <b>22,537</b>  |
| <b>Current assets</b>              |                |                |
| Inventories                        | 85,212         | 83,958         |
| Trade receivables                  | 12,381         | 19,527         |
| Other receivables                  | 26,518         | 24,335         |
| Current income tax receivables     | 141            | 979            |
| Cash and cash equivalents          | 3,677          | 4,065          |
| <b>Total</b>                       | <b>127,928</b> | <b>132,864</b> |
| <b>Total assets</b>                | <b>150,397</b> | <b>155,401</b> |

## CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

|   | 31 Dec. 2010   | 30 June 2010   |
|---|----------------|----------------|
| ESTAVIS AG  |                |                |
| <b>Equity</b>   | <b>TEUR</b>    | <b>TEUR</b>    |
| Issued capital  | 9,546          | 9,546          |
| Capital reserves  | 45,249         | 45,249         |
| IAS 39 reserve  | 0              | 0              |
| Retained earnings   | -2,118         | -2,525         |
| Equity attributable to the shareholders of the parent company | 52,678         | 52,270         |
| Minority interests  | 0              | 0              |
| <b>Total equity</b>   | <b>52,678</b>  | <b>52,270</b>  |
| <b>Liabilities</b>  |                |                |
| <b>Non-current liabilities</b>                                |                |                |
| Provisions  | 90             | 90             |
| Non-current financial liabilities                             | 21,955         | 16,448         |
| Deferred income tax liabilities                               | 3,249          | 3,583          |
| <b>Total non-current liabilities</b>                          | <b>25,293</b>  | <b>20,120</b>  |
| <b>Current liabilities</b>                                    |                |                |
| Provisions  | 2,899          | 3,961          |
| Current financial liabilities                                 | 47,283         | 59,824         |
| Advance payments received                                     | 5,610          | 4,051          |
| Current income tax liabilities                                | 2,060          | 2,169          |
| Trade payables  | 7,809          | 7,673          |
| Other liabilities   | 6,764          | 5,333          |
| <b>Total current liabilities</b>                              | <b>72,426</b>  | <b>83,011</b>  |
| <b>Total equity and liabilities</b>                           | <b>150,397</b> | <b>155,401</b> |

## CONSOLIDATED INCOME STATEMENT

|   | 2nd quarter 10/11<br>1 Oct. 2010 –<br>31 Dec. 2010 | 2nd quarter 09/10<br>1 Oct. 2009 –<br>31 Dec. 2009 | 1st half-year 10/11<br>1 July 2010 –<br>31 Dec. 2010 | 1st half-year 09/10<br>1 July 2009 –<br>31 Dec. 2009 |
|---|--|--|--|--|
| ESTAVIS AG                                      |  |  |  |  |
|   | TEUR   | TEUR   | TEUR   | TEUR   |
| Revenues  | 19,237   | 18,261   | 29,898   | 40,335   |
| Other operating income                          | 1,437  | 2,726  | 2,926  | 4,192  |
| Changes in inventories                          | -4,962   | -3,534   | -3,969   | -7,875   |
| <b>Total operating performance</b>              | <b>15,712</b>                                      | <b>17,454</b>                                      | <b>28,854</b>  | <b>36,652</b>  |
| Cost of materials                               | 6,791  | 8,225  | 15,556   | 15,781   |
| Staff costs                                     | 741  | 726  | 1,359  | 1,411  |
| Depreciation and amortisation                   | 30   | 30   | 59   | 63   |
| Other operating expenses                        | 6,569  | 7,204  | 9,255  | 16,026   |
| <b>Operating profit</b>                         | <b>1,582</b>                                       | <b>1,269</b>                                       | <b>2,626</b>   | <b>3,370</b>   |
| <b>Net income from associates</b>               | <b>0</b>   | <b>0</b>   | <b>0</b>   | <b>0</b>   |
| Interest income                                 | 16   | 116  | 55   | 201  |
| Interest expenses                               | 1,057  | 1,009  | 2,085  | 1,992  |
| <b>Financial result</b>                         | <b>-1,041</b>                                      | <b>-894</b>  | <b>-2,030</b>  | <b>-1,791</b>  |
| <b>Pre-tax profit from continued operations</b> | <b>540</b>   | <b>375</b>   | <b>595</b>   | <b>1,579</b>   |
| Income taxes                                    | 264  | -561   | 187  | 142  |
| <b>Result from continued operations</b>         | <b>276</b>   | <b>936</b>   | <b>408</b>   | <b>1,437</b>   |
| Result from discontinued operations             | 0  | -68  | 0  | -68  |
| <b>Net profit</b>                               | <b>276</b>   | <b>868</b>   | <b>408</b>   | <b>1,369</b>   |
| attributable to parent company shareholders     | 276  | 869  | 408  | 1,369  |
| attributable to minority interests              | 0  | 0  | 0  | 0  |
| <b>Earnings per share (EUR)</b>                 |  |  |  |  |
| from continued operations                       | 0.03   | 0.12   | 0.04   | 0.18   |
| from discontinued operations                    | 0.00   | -0.01  | 0.00   | -0.01  |
| <b>from net profit</b>                          | <b>0.03</b>  | <b>0.11</b>  | <b>0.04</b>  | <b>0.17</b>  |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | 2nd quarter 10/11<br>1 Oct. 2010 –<br>31 Dec. 2010 | 2nd quarter 09/10<br>1 Oct. 2009 –<br>31 Dec. 2009 | 1st half-year 10/11<br>1 July 2010 –<br>31 Dec. 2010 | 1st half-year 09/10<br>1 July 2009 –<br>31 Dec. 2009 |
|--|--|--|--|--|
| ESTAVIS AG                                       |  |  |  |  |
|  | TEUR   | TEUR   | TEUR   | TEUR   |
| <b>Net profit</b>                                | <b>276</b>   | <b>868</b>   | <b>408</b>   | <b>1,369</b>   |
| Available-for-sale financial assets              | -3   | -5   | 0  | -7   |
| Changes in fair values                           | -3   | -5   | 0  | -7   |
| Reclassification recognized in profit or loss    | 0  | 0  | 0  | 0  |
| Income taxes                                     | 0  | 0  | 0  | 0  |
| <b>Changes recognized outside profit or loss</b> | <b>-3</b>  | <b>-5</b>  | <b>0</b>   | <b>-7</b>  |
| <b>Total comprehensive income</b>                | <b>273</b>   | <b>864</b>   | <b>408</b>   | <b>1,361</b>   |
| attributable to parent company shareholders      | 273  | 864  | 408  | 1,362  |
| attributable to minority interests               | 0  | 0  | 0  | 0  |

## CONSOLIDATED CASH FLOW STATEMENT

| ESTAVIS AG  | 1st half-year 10/11           | 1st half-year 09/10           |
|---|-------------------------------|-------------------------------|
|   | 1 July 2010 –<br>31 Dec. 2010 | 1 July 2009 –<br>31 Dec. 2009 |
|   | TEUR                          | TEUR                          |
| Net profit  | 408                           | 1,369                         |
| + Depreciation/amortisation of non-current assets   | 59                            | 63                            |
| +/- Increase/decrease in provisions   | -1,062                        | -433                          |
| +/- Other non-cash expenses/income  | 8                             | -15                           |
| -/+ Gains/losses from the disposal of non-current assets  | 3                             | 0                             |
| -/+ Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities | 4,547                         | 22,966                        |
| +/- Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities            | -4,345                        | -25,268                       |
| -/+ Result from the disposal of consolidated companies  | 0                             | 68                            |
| <b>= Cash flow from current operating activities</b>  | <b>-382</b>                   | <b>-1,249</b>                 |
| + Payments received from the disposal of property, plant and equipment  | 26                            | 0                             |
| + Payments received for the disposal of financial assets  | 33                            | 13                            |
| - Payments for investments in intangible assets   | -15                           | 0                             |
| - Payments for investments in property, plant and equipment   | -45                           | -50                           |
| - Payments for investments in non-current financial assets  | 0                             | 0                             |
| + Payments received for the disposal of fully consolidated companies  | 0                             | 0                             |
| - Payments from the disposal of fully consolidated companies  | 0                             | -5,478                        |
| <b>= Cash flow from investing activities</b>  | <b>-1</b>                     | <b>-5,515</b>                 |
| + Payments from shareholders  | 0                             | 0                             |
| - Payments to shareholders  | 0                             | 0                             |
| + Payments from issuing bonds and raising (financial) loans   | 0                             | 0                             |
| - Repayment of bonds and financial loans  | -5                            | -514                          |
| <b>= Cash flow from financing activities</b>  | <b>-5</b>                     | <b>-514</b>                   |
| Net change in cash and cash equivalents   | -388                          | -7,278                        |
| + Cash and cash equivalents at the beginning of the period  | 4,065                         | 12,694                        |
| attributable to cash and cash equivalents reclassified as assets held for sale  | 0                             | 8,810                         |
| <b>= Cash and cash equivalents at the end of the period</b>   | <b>3,677</b>                  | <b>5,415</b>                  |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 July to 31 December 2010

|                               | Issued<br>capital | Capital<br>reserves | IAS 39<br>reserve | Retained<br>earnings | Equity attrib-<br>utable to the<br>shareholders<br>of the parent<br>company | Minority<br>interests | Total         |
|-------------------------------|-------------------|---------------------|-------------------|----------------------|---|-----------------------|---------------|
| ESTAVIS AG                    |                   |                     |                   |                      |   |                       |               |
|                               | TEUR              | TEUR                | TEUR              | TEUR                 | TEUR  | TEUR                  | TEUR          |
| <b>As of 1 July 2010</b>      | <b>9,546</b>      | <b>45,249</b>       | <b>0</b>          | <b>-2,525</b>        | <b>52,270</b>   | <b>0</b>              | <b>52,270</b> |
| Total comprehensive income    | -                 | -                   | 0                 | 408                  | 408   | 0                     | <b>408</b>    |
| <b>As of 31 December 2010</b> | <b>9,546</b>      | <b>45,249</b>       | <b>0</b>          | <b>-2,118</b>        | <b>52,678</b>   | <b>0</b>              | <b>52,678</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 July to 31 December 2009

|                               | Issued<br>capital | Capital<br>reserves | IAS 39<br>reserve | Retained<br>earnings | Equity attrib-<br>utable to the<br>shareholders<br>of the parent<br>company | Minority<br>interests | Total         |
|-------------------------------|-------------------|---------------------|-------------------|----------------------|---|-----------------------|---------------|
| ESTAVIS AG                    |                   |                     |                   |                      |   |                       |               |
|                               | TEUR              | TEUR                | TEUR              | TEUR                 | TEUR  | TEUR                  | TEUR          |
| <b>As of 1 July 2009</b>      | <b>8,099</b>      | <b>44,222</b>       | <b>16</b>         | <b>-3,597</b>        | <b>48,740</b>   | <b>340</b>            | <b>49,080</b> |
| Total comprehensive income    | -                 | -                   | -7                | 1,369                | 1,362   | 0                     | <b>1,361</b>  |
| Change in consolidated group  | -                 | -                   | -                 | -                    | -   | -289                  | <b>-289</b>   |
| <b>As of 31 December 2009</b> | <b>8,099</b>      | <b>44,222</b>       | <b>8</b>          | <b>-2,228</b>        | <b>50,101</b>   | <b>52</b>             | <b>50,153</b> |

## SELECTED DISCLOSURES ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1 BASIC INFORMATION

ESTAVIS AG and its subsidiaries trade in property upon which they undertake maintenance work partly for the purpose of resale. The company is domiciled in Berlin, Germany. The company's shares are listed on the Frankfurt Stock Exchange for trading on the Regulated Market (Prime Standard).

On 31 December 2010, ESTAVIS AG acted as the operating holding company for numerous special purpose entities.

These Condensed Consolidated Interim Financial Statements were approved for publication by the company's Management Board in February 2011. The Condensed Consolidated Interim Financial Statements were not checked by an auditor or subjected to review.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements for the second quarter of the 2010/11 financial year, which ended on 31 December 2010, were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting" as adopted by the EU by way of a regulation. The condensed interim consolidated financial statements should be read in conjunction with the most recent consolidated financial statements of ESTAVIS AG for the year ended 30 June 2010.

With the following exceptions, the accounting policies applied in the condensed interim consolidated financial statements are the same as those applied in the preparation of the most recent consolidated financial statements for the year ended 30 June 2010.

The following standards are required to be applied for the first time in the current financial year:

| Standard/Interpretation |  |
|-------------------------|--|
| Various                 | IFRS Improvements 2009   |
| IFRS 2                  | Amendments: Group Cash-settled Share-based Payment Transactions                                  |
| IFRS 1                  | Amendment: Additional Exemptions for First-time Adopters   |
| IAS 32                  | Classification of Rights Issues  |
| IFRS 1                  | Amendment: Limited Exemption from Capital Comparative IFRS 7 Disclosures for First-time Adopters |
| IFRIC 19                | Extinguishing Financial Liabilities with Equity Instruments                                      |

This did not result in any changes to the financial reporting for the ESTAVIS AG Consolidated Financial Statements. No regulations were applied early.

All amounts in the Balance Sheet, Income Statement, Consolidated Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement, as well as in the notes and tabular overviews, are given in thousands of euros (TEUR), unless otherwise noted. Both individual and total figures represent the value with the smallest rounding difference. Small differences can therefore occur between the sum of the individual values represented and the reported totals.

### 3 CONSOLIDATED GROUP

As of 31 December 2010, the condensed interim consolidated financial statements of ESTAVIS AG included 48 subsidiaries and one associate. In the second quarter of the 2010/11 financial year the consolidated group changed due to the termination of the two joint ventures: one was sold, the other one was completely acquired.

## 4 SUPPLEMENTARY NOTES TO THE INDIVIDUAL ITEMS OF THE INTERIM FINANCIAL STATEMENTS

### 4.1 Segment informations

The segment results (concerning the continued operations including the changes in segment reporting) for the second quarter of the 2010/11 financial year and the comparison period are shown below:

|   | Retail trading |            | Other activities |            | Group        |              |
|---|----------------|------------|------------------|------------|--------------|--------------|
|   | 2010/11        | 2009/10    | 2010/11          | 2009/10    | 2010/11      | 2009/10      |
|   | TEUR           | TEUR       | TEUR             | TEUR       | TEUR         | TEUR         |
| Revenues (external only)                      | 19,172         | 17,402     | 65               | 859        | 19,237       | 18,261       |
| Revenues (internal only)                      | -              | -          | -                | -          | -            | 0            |
| <b>Segment result</b>                         | <b>1,220</b>   | <b>489</b> | <b>361</b>       | <b>780</b> | <b>1,582</b> | <b>1,269</b> |
| Unallocated                                   |                |            |                  |            | -            | -            |
| Operating result                              |                |            |                  |            | 1,582        | 1,269        |
| Net income from investments carried at-equity | -              | -          | 0                | 0          | 0            | 0            |
| Financial result                              |                |            |                  |            | -1,041       | -894         |
| Net profit before income taxes                |                |            |                  |            | 540          | 375          |

The segment results (concerning the continued operations including the changes in segment reporting) for the first half of the 2010/11 financial year and the comparison period are shown below:

|   | Retail trading |              | Other activities |            | Group        |              |
|---|----------------|--------------|------------------|------------|--------------|--------------|
|   | 2010/11        | 2009/10      | 2010/11          | 2009/10    | 2010/11      | 2009/10      |
|   | TEUR           | TEUR         | TEUR             | TEUR       | TEUR         | TEUR         |
| Revenues (external only)                      | 26,245         | 36,942       | 3,653            | 3,393      | 29,898       | 40,335       |
| Revenues (internal only)                      | -              | -            | -                | -          | -            | -            |
| <b>Segment result</b>                         | <b>444</b>     | <b>3,152</b> | <b>2,182</b>     | <b>219</b> | <b>2,626</b> | <b>3,370</b> |
| Unallocated                                   |                |              |                  |            | -            | -            |
| Operating result                              |                |              |                  |            | 2,626        | 3,370        |
| Net income from investments carried at-equity | -              | -            | 0                | 0          | 0            | 0            |
| Financial result                              |                |              |                  |            | -2,030       | -1,791       |
| Net profit before income taxes                |                |              |                  |            | 595          | 1,579        |

#### 4.2 Income from reversal of provisions

In the first quarter, provisions for disputed claims from rental guarantees were reversed in the amount of TEUR 804. The income is allocated to the Other activities segment. In the second quarter of the previous year reversals of write-downs totalling TEUR 1,000 were carried out on impaired receivables. This income was allocated to the Other activities segment.

#### 4.3 Related party transactions

The purchase price receivable, deferred in the short term, from the sale of a real estate portfolio to a company of the associated shareholder TAG Immobilien AG totalling TEUR 10,250 was received in the first half of the year.

Mr. Florian Lanz, CEO of ESTAVIS AG, and Mr. Eric Mozanowski, member of the Management Board of ESTAVIS AG assumed guarantees amounting to TEUR 3,500 each for various loans of the ESTAVIS Group during the second quarter. Remuneration of 5 % p. a. each was agreed for this.

Mr. Eric Mozanowski, a member of the Management Board of ESTAVIS AG, has made commitments to provide project-related credit lines up to a total of TEUR 1,852 to several companies of the ESTAVIS Group. The amount had been drawn down completely. Following repayments since made, the outstanding loan amount as per 31 December 2010 was TEUR 971. The interest rates are between 9.75 % and 12%. The loans are collateralised by land charges and the assignment of purchase price receivables and profit shares.

Above and beyond this, there were no significant new related party transactions, nor were any of the related party transactions reported in the notes to the consolidated financial statements for the 2009/10 financial year changed or derecognised.

#### 4.4 Employees

The ESTAVIS Group employed 46 staff at the end of the second quarter. In the second quarter of the previous year, the figure was 39. On average, 42 were employed in the Group during the last financial year.

## RESPONSIBILITY STATEMENT OF LEGAL REPRESENTATIVES

of ESTAVIS AG in accordance with § 37y of the Securities Trade Act in  
conjunction with § 37w, clause 2, item 3 of the Securities Trade Act.

We state to the best of our knowledge that in accordance with the applicable auditing principles for interim reporting the interim consolidated financial statements convey an accurate picture of the Group assets, financial situation and earnings, and that the course of business including net operating profit and the condition of the Group are portrayed in the Group Interim Management Report in such a way as to convey a true and fair view, and the key opportunities and risks concerning the anticipated development of the Group in the remainder of the financial year are set out.

Berlin, 11 February 2011



Florian Lanz  
*Chief Executive  
Officer (CEO)*



Eric Mozanowski  
*Member of the  
Management Board*

## FINANCIAL CALENDAR 2011

|                          |  |
|--------------------------|--|
| <b>13 May 2011</b>       | Quarterly report – 3rd quarter / Nine months 2010/11 |
| <b>23 September 2011</b> | Annual report 2010/11                                |

## FORWARD-LOOKING STATEMENTS

This interim report contains specific forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events. This applies, in particular, to statements relating to future financial earning capacity, plans and expectations with respect to the business and management of ESTAVIS, growth, profitability and the general economic and regulatory conditions and other factors to which ESTAVIS is exposed.

Forward-looking statements are based on current estimates and assumptions made by the company to the best of its knowledge. Such forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors that may cause the actual results including the net asset, financial and earnings situation of ESTAVIS to differ materially from or disappoint expectations expressed or implied by these statements. The operating activities of ESTAVIS are subject to a number of risks and uncertainties that may also cause a forward-looking statement, estimate or prediction to become inaccurate.

This translation of the original German version of the Interim Report has been prepared for the convenience of our English-speaking shareholders.

The German version is authoritative.

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# ESTAVIS AG

THE REAL ESTATE INVESTMENT GROUP

