



# ESTAVIS AG

THE REAL ESTATE INVESTMENT GROUP

**HALF-YEAR INTERIM REPORT 2008/2009**  
**July 1 – December 31, 2008**

## OVERVIEW KEY FINANCIAL DATA

ESTAVIS AG	2nd quarter 08/09 Oct. 1, 2008 – Dec. 31, 2008	2nd quarter 07/08 Oct. 1, 2007 – Dec. 31, 2007	1st half-year 08/09 July 1, 2008 – Dec. 31, 2008	1st half-year 07/08 July 1, 2007 – Dec. 31, 2007
	TEUR	TEUR	TEUR	TEUR
Revenues and earnings*				
Revenues	28,411	59,070	50,414	104,513
Total operating performance	29,292	48,858	50,059	94,446
EBIT	-835	3,437	-3,280	5,238
Pre-tax profit	-2,901	2,367	-6,675	3,841
Net profit	-2,280	2,022	-4,993	3,274

\* from continued operations

ESTAVIS AG	December 31, 2008	June 30, 2008
Structure of assets and capital	TEUR	TEUR
Non-current assets	40.252	38.644
Current assets	218.952	211.127
Equity	89.104	95.336
Equity ratio	34 %	38 %
Total assets/equity and liabilities	259.204	249.772

ESTAVIS AG	
Share	
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Trading symbol	E7S
Number of shares on December 31, 2008	8,099,427
Free float	36 %
Share price high (July 1– December 30, 2008*)	EUR 6.07
Share price low (July 1– December 30, 2008*)	EUR 1.20
Closing price on December 30, 2008*	EUR 1.89
Market capitalisation on December 30, 2008*	EUR 15 million

\* Closing prices in Xetra trading

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## LETTER TO THE SHAREHOLDERS

Dear Shareholders,  
dear Ladies and Gentlemen,

In the first half of our 2008/2009 financial year, two major market trends had a crucial impact on the results of ESTAVIS AG. In the business segment of property sales to private investors (retail trading), we have come much closer to our target of selling over 1,000 apartments by the end of June 2009. In the first half of the financial year, the ESTAVIS Group sold 451 individual apartments to private investors with an impact on turnover. This means that ESTAVIS is now one of the leading operators on the German market for trading in apartments.

### **Successful expansion of business with private investors**

We created the basis for this strong market position within a year, through the acquisition of the B&V Group and exclusive contracts with two sales organisations. This allowed us to continue and expand the diversification of ESTAVIS' sources of income, which began two years ago with our majority interest in the HAG/CWI Group. We are confident that we will continue to achieve steady revenue in future from trading in apartments, as demand in this market sector is determined less by short-term economic changes than by long-term trends – such as the growing importance of private pension plans. Against this background, we believe that demand for apartments as an investment for private investors will remain stable in future, regardless of the fact that many private investors are currently turning to real assets, which is certainly also benefiting us at present.

### **Financial markets crisis brings portfolio trading to a standstill**

In contrast to the positive development of the retail trading segment in the first half of the 2008/2009 financial year, business in the portfolio trading segment was still unsatisfactory. Owing to the development of the market environment, which became significantly bleaker in the fourth quarter of 2008, ESTAVIS did not carry out any portfolio transactions in the first six months of the current financial year. At the end of June 2008, we reported the sale of two portfolios at the closure of the 2007/2008 reporting period. We expected the turbulent situation on the financial markets to become calmer by 2009 and conditions for trading in risk-diversified property portfolios to improve again.

Following the insolvency of Lehman Brothers in September 2008 it became increasingly clear, however, that for portfolio trading with institutional investors, which we originally managed with great success, demand would not be the same as before in the short and medium term. In this segment, we are currently noting not only that demand has virtually come to a complete standstill, but also that transactions that had already been begun are being cancelled or at least delayed. For the larger of the two portfolios that we sold in June 2008, the investor was unable to obtain financing, which meant that this transaction was cancelled. We therefore lowered our full-year forecast for 2008/2009.

The example of this transaction highlights the actual problem that is currently shaping developments on the property investment markets: if we look at this form of investment in itself, there is still definitely interest in these kinds of portfolios. However, this interest is no longer apparent in concrete transactions, as the investors concerned have considerable difficulty obtaining the necessary financing. If the banks' extremely restrictive lending policy is relaxed again, renewed demand for property portfolios is highly likely, particularly

as the German property market is still attractive compared with other countries. In our survey of institutional investors from Germany and abroad in October 2008, 75 % of investors questioned said they were planning to expand or maintain their property investments. At the same time, however, 76 % of those surveyed were not expecting a short-term revival on the market for property transactions. According to current estimates, the timing and extent of a possible market revival in portfolio trading are so uncertain that ESTAVIS is not basing any of its plans for the next months on this segment at present.

In its development segment, ESTAVIS founded a joint venture in May 2008 with an established property developer for the development and marketing of two retail and commercial centres in Stuttgart and Pforzheim. The investment was sold at a profit in January 2009.

In the first half of its 2008/2009 financial year, the ESTAVIS Group recorded total revenues of EUR 50.4 million. Earnings before interest and tax (EBIT) from continued operations totalled EUR –3.3 million, while the net profit from continued operations amounted to EUR –5.0 million.

#### **Outlook: Retail trading grows**

Sales of apartments to investors are still at a high level. While we are not anticipating a significant revival in the portfolio trading segment in the next few months, we expect to meet our target in the retail trading segment and to sell at least 1,000 individual apartments to private investors by the end of the current financial year.



Rainer Schorr  
*Chief Executive  
Officer (CEO)*



Corina Büchold  
*Member of the  
Management Board*



Hans Wittmann  
*Member of the  
Management Board*



Eric Mozanowski  
*Member of the  
Management Board*

## THE ESTAVIS SHARE

The development of the international stock market indices in the last quarter was characterised by growing fears of a recession and concerns about a collapse on the worldwide credit and financial markets. The increased difficulty in financing conditions had a severe adverse effect on the valuation of property companies. The ESTAVIS share was also affected by this.

As of 30 December 2008, the ESTAVIS share was listed at EUR 1.89 (closing price in Xetra). On the basis of this share price, the market capitalisation of ESTAVIS is approximately EUR 15 million.

In the opinion of the Management Board, this share price does not reflect the company's asset situation and future prospects. Currently, ESTAVIS is valued at a significant discount on equity.

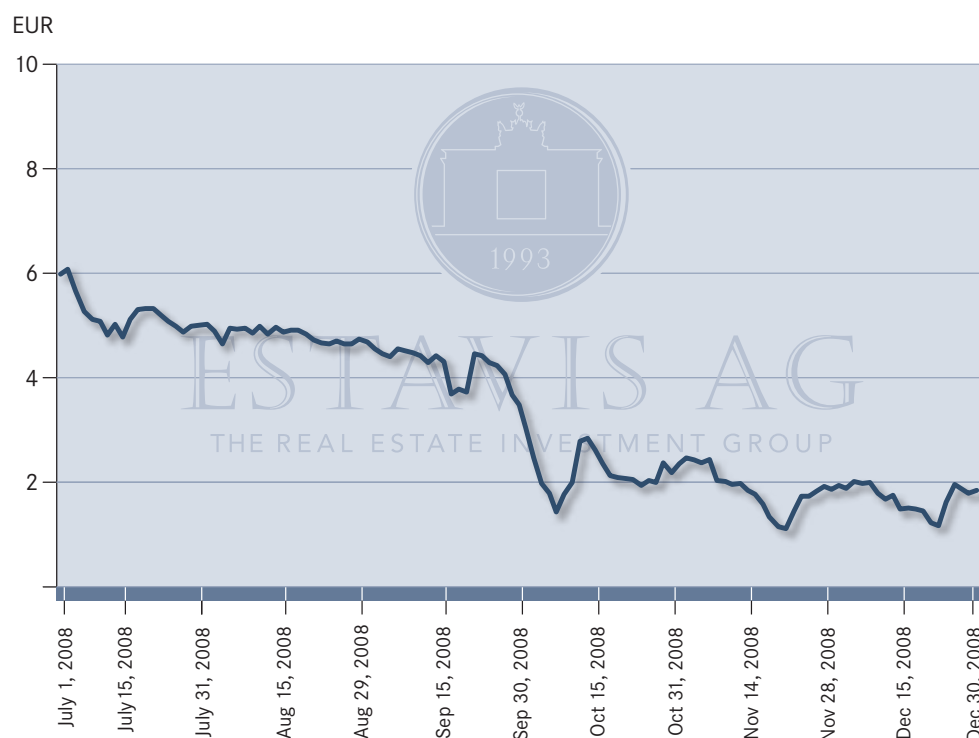
According to the majority of recent analyst reports, ESTAVIS' shares are considered to offer significant upside potential:

- T. Klingner, SES Research, "Buy", target price EUR 4
- S. Scharff, SRC Research, "Buy", target price EUR 6
- Dr. G. Kanders, WestLB, "Sell", target price EUR 1.20

### Participation in investor conferences

In order to convince the financial community of the opportunities and potential of the ESTAVIS AG business model, we gave presentations in the second quarter at investor conferences – the "Real Estate Share Initiative" and the Equity Forum in Frankfurt. In addition, in one-on-ones with investors, analysts and journalists, the prospects of the company were explained in depth.

### ESTAVIS share price development from July 1 to December 30, 2008



## INTERIM MANAGEMENT REPORT

### Preliminary Remarks

As a result of the acquisition of B&V Bauträger- und Vertriebsgesellschaft für Immobilien mbH, Berlin, and its affiliate Protect Vermittlungsgesellschaft für Kapitalanlagen mbH, Stuttgart (together B&V Group) in the second quarter of the 2007/2008 financial year, the comparability of the figures under review and those of the previous year is limited.

## 1 BUSINESS PERFORMANCE AND FINANCIAL POSITION

### 1.1 Economic environment and business performance

The first half of the 2008/2009 financial year was dominated by macroeconomic turbulences, brought about by the intensification of the crisis on the international property and financial markets. Ongoing reports on ailing banks and slumps on all important international equity markets have hugely influenced the confidence of market participants. Despite extensive political rescue packages given to banks and massive interest rate cuts made by central banks, these influences have further curtailed the development of the real economy, particularly in industrialised countries. Key industrialised nations are already in a recession. The European Commission expects a 2.3% decline in Germany's gross domestic product (GDP) in 2009 – the strongest drop in economic output since the Second World War.

Macroeconomic development has also had a negative impact on the investment climate in the German property sector – particularly for institutional transactions. Although valuations are at a historic low, very few large investments are currently taking place. The portfolio trading segment of the ESTAVIS group is affected by this. No portfolio transactions were concluded in the first half of the 2008/2009 financial year.

In contrast, sales of apartments to private investors (retail trading) have been positive. Property is becoming increasingly important as a form of pension plan and private investment – particularly in view of the considerable loss in value of other forms of investment, such as shares and funds, as a result of the financial crisis. In December 2008, ESTAVIS AG sold its majority interest (50.1%) in ESTAVIS Property Management GmbH, Berlin, in a management buy-out. The sale of the investment is linked to an improvement in cost structures in the ESTAVIS group. At the time of the sale, 48 employees were working for ESTAVIS Property Management GmbH.

### 1.2 Earnings situation

As a result of the economic influences described, in the first half of the 2008/2009 financial year ESTAVIS Group revenues for continued operations declined year-on-year from EUR 104.5 million to EUR 50.4 million.

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

- |                                |           |                            |
|--------------------------------|-----------|----------------------------|
| • Property trading             | EUR 7.1m  | (previous year: EUR 61.0m) |
| • Sale of residential property | EUR 42.9m | (previous year: EUR 42.9m) |
| • Other business areas         | EUR 0.4m  | (previous year: EUR 0.6m)  |

Discontinued operations (property management) accounted for revenues of EUR 0.5 million (previous year: EUR 0.1 million).

Revenues generated in the first half of 2008/2009 are based on a business volume of 451 sold units (previous year: 1,765) with a total residential and useful area of 23,988 m<sup>2</sup> (previous year: 114,052 m<sup>2</sup>). The decline in revenues is due to the slump in sales in portfolio trading. Here revenues in the period under review were due exclusively to the provision of construction services for the portfolio.

The gross margin for continued operations (gross profit/revenues) rose from 16.6% to 26.2% year-on-year. This increase is mainly due to the reduced proportion of revenues from the B&V Group and the HAG Group, which were already agreed by contract at the time the respective company was acquired. As a result of the revenues shortfall in the portfolio trading segment, EBIT from continued operations declined significantly by EUR 8.5 million and net profit from continued operations was similarly down by EUR 8.3 million. The EBIT margin (EBIT/revenues) of the ESTAVIS group from continued operations dropped from 5.0% to -6.5% year-on-year and the return on sales from continued operations (net profit/revenues) fell from 3.1% to -9.9%.

In terms of the development of earnings and profitability, it should be noted that the contribution to earnings from the B&V Group and the HAG Group in the period under review still partially relates to revenues that were already contractually agreed when the respective group was acquired. The corresponding property portfolios were thus revalued in the context of purchase price allocation. This negatively impacted EBIT in the amount of EUR 1.9 million in the first six months of the 2008/2009 financial year (previous year: EUR 4.8 million).

The discontinued operations relate to property management. This negatively impacted net profit in the amount of EUR 1.2 million (previous year: EUR 0.6 million).

In view of the negative earnings trend in the first half of the year, the Management Board of ESTAVIS AG agreed on and implemented measures to improve the company's cost structures. The sale of the interest in ESTAVIS Property Management GmbH, Berlin, led to a significant reduction in the number of staff (48 employees). A further 7 job cuts – particularly in the portfolio trading segment – will become effective at the start of the current third quarter of the 2008/2009 financial year.

### 1.3 Financial and assets position

As against 30 June 2008, the asset structure of the ESTAVIS Group only marginally changed in the period under review. The increase in total assets from EUR 249.8 million to EUR 259.2 million is primarily due to the inventory increase of EUR 14.5 million and the simultaneous reduction in cash and cash equivalents by EUR 9.8 million.

In terms of finance, this resulted in an increase in financial liabilities of EUR 11.7 million. This primarily relates to liabilities to banks. This rise comprises an increase in current financial liabilities of EUR 16.7 million and a decline in non-current financial liabilities of EUR 5.0 million.

Owing to the negative earnings, equity fell by 6.5% from EUR 95.3 million (30 June 2008) to EUR 89.1 million during the period under review. The equity ratio of the ESTAVIS group therefore fell from 38.2% as at 30 June 2008 to 34.4% at the end of the period under review. Despite this, the Group's financial situation and liquidity position remain stable. Although cash and cash equivalents and working capital (current assets less current liabilities) were at a lower level than at the previous year's period, at EUR 15.9 million (30 June 2008: EUR 25.7 million) and EUR 65.6 million (30 June 2008: EUR 78.9 million) respectively, these are still at a solid level. Cash and cash equivalents amount to 6.1% of total assets (30 June 2008: 10.3%).

## **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.

Based on the available information, the Management Board of ESTAVIS AG currently sees no specific risks that could either individually or cumulatively endanger the continued existence of the company or have a significant negative impact on its asset, finance and earnings position. This is valid despite the fact that the risk of recession in Germany has increased significantly since the assessment in the Risk Report given in the Group Management Report for the 2007/2008 financial year.

It should also be noted that all projections exhibit a significant degree of uncertainty due to the unpredictability currently prevalent concerning the effects of the crisis on the property and financial markets. It cannot currently be reliably estimated how long these negative influences will affect economic development and how significant the repercussions will be on the German property market, which is still considered very attractive on the basis of its fundamental data. As a result, a sufficiently reliable estimate cannot be made as to when an end to the current reluctance to buy can be expected, particularly among institutional investors.

It should also be emphasised that financing conditions have worsened because of the current crisis on the credit market. It is possible that the largely restrictive attitude of financial institutions could adversely affect business and company financing.

Furthermore, 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

The macroeconomic environment has worsened significantly since the end of the 2007/2008 financial year as a result of the negative influence of the global financial crisis. Aside from this, we estimate that the fundamental industry and company data which are crucial in the medium and long-term business development of the ESTAVIS Group have not substantially changed as the German property market continues to appear positive in terms of potential yields. However, portfolio trading in particular is currently being adversely affected by the seriously restricted financing possibilities for larger property transactions and the overall uncertainty of investors. In this respect, there have been no significant changes to the opportunities profile of our company in the medium to long term in the reporting period. In this respect, the information contained in the Forecast Report given in the Group Management Report for the 2007/2008 financial year continues to apply.

The ESTAVIS group will probably not fulfil the forecast given for the 2008/2009 financial year with regard to revenues and earnings. One important cause of this is the cancellation of a portfolio transaction worth EUR 44 million. The transaction could not be carried out because of a lack of financing commitment on the buyer's side. However, the Management Board of ESTAVIS still expects to sell over 1,000 apartments to private investors in the current financial year.

Overall, we are assuming that the financial market crisis will continue and that there will be no sustainable upturn of the market environment in the short term, despite political support measures. In order to reduce the negative effects of the crisis on the company's earnings situation as well as financial and asset position, the Management Board of ESTAVIS has agreed upon and implemented a number of measures, such as the sale of the majority stake in ESTAVIS Property Management GmbH, the reduction of staff especially in the portfolio trading segment and the implementation of a restrictive acquisition policy. Further measures are currently being prepared and will be implemented in the course of the fiscal year.

On the basis of the available information, we currently regard as realistic the forecast statements for the future course of business and the influencing factors judged decisive. However, they naturally involve the risk that the expected developments will not actually occur either in terms of their trend or their extent.

### 4 DIRECTORS AND OFFICERS

The Supervisory Board of ESTAVIS AG has appointed Mr Eric Mozanowski (42) to the Management Board with effect from 1 October 2008. Mr Mozanowski has many years of business experience in the renovation and sale of residential properties. Since 2007, Mr Mozanowski has been in charge of the residential property division within ESTAVIS AG.

## **5 SUPPLEMENTARY REPORT**

In January 2009, ESTAVIS AG successfully concluded two commercial development projects as part of a joint venture and sold its share in the business.

The joint venture with a property developer was founded at the beginning of 2008 for the development and marketing of retail and commercial centres in Stuttgart and Pforzheim. Long-term contracts have already been concluded for the use of all properties. The total volume of investment is around EUR 7 million.

On 11 February 2009, the portfolio transaction worth EUR 44 million that was concluded on 30 June 2008, subject to the buyer obtaining the necessary financing, was cancelled through the withdrawal of the institutional investor. The reason given for the withdrawal was a lack of financing commitment.

## CONSOLIDATED BALANCE SHEET – ASSETS

ESTAVIS AG		Dec. 31, 2008	June 30, 2008
Assets	TEUR	TEUR	
<b>Non-current assets</b>			
Goodwill	20,581	20,581	
Other intangible assets	58	141	
Property, plant and equipment	859	1,113	
Investment property	13,059	12,840	
Investments in associates	35	32	
Other non-current financial assets	515	252	
Deferred income tax receivables	5,144	3,684	
<b>Total</b>	<b>40,252</b>	<b>38,644</b>	
<b>Current assets</b>			
Inventories	118,177	103,703	
Trade receivables	32,261	27,604	
Other receivables	51,230	52,328	
Current income tax receivables	1,365	1,759	
Cash and cash equivalents	15,918	25,733	
<b>Total</b>	<b>218,952</b>	<b>211,127</b>	
<b>Total assets</b>	<b>259,204</b>	<b>249,772</b>	

## CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

ESTAVIS AG	Dec. 31, 2008	June 30, 2008
<b>Equity</b>	<b>TEUR</b>	<b>TEUR</b>
Issued capital	8,099	8,099
Capital reserves	77,065	77,065
IAS 39 reserve	0	16
Retained earnings	-4,335	1,413
Equity attributable to the shareholders of the parent company	80,829	86,594
Minority interests	8,274	8,742
<b>Total equity</b>	<b>89,104</b>	<b>95,336</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	266	429
Non-current financial liabilities	11,523	16,517
Deferred income tax liabilities	4,976	5,238
<b>Total non-current liabilities</b>	<b>16,765</b>	<b>22,184</b>
<b>Current liabilities</b>		
Provisions	5,809	4,416
Current financial liabilities	100,958	84,281
Advance payments received	18,377	11,055
Current income tax liabilities	3,596	4,430
Trade payables	5,020	5,297
Other liabilities	19,576	22,774
<b>Total current liabilities</b>	<b>153,335</b>	<b>132,252</b>
<b>Total equity and liabilities</b>	<b>259,204</b>	<b>249,772</b>

## CONSOLIDATED INCOME STATEMENT

	2nd quarter 08/09 Oct. 1, 2008 – Dec. 31, 2008	2nd quarter 07/08 Oct. 1, 2007 – Dec. 31, 2007	1st half-year 08/09 July 1, 2008 – Dec. 31, 2008	1st half-year 07/08 July 1, 2007 – Dec. 31, 2007
ESTAVIS AG				
	TEUR	TEUR	TEUR	TEUR
Revenues	28,411	59,070	50,414	104,513
Change in investment property	0	0	0	-170
Other operating income	2,152	1,112	4,014	1,535
Changes in inventories	-1,271	-11,324	-4,369	-11,432
<b>Total operating performance</b>	<b>29,292</b>	<b>48,858</b>	<b>50,059</b>	<b>94,446</b>
Cost of materials	17,465	38,877	32,836	75,854
Staff costs	1,219	1,899	2,381	2,891
Depreciation and amortisation	57	7	107	105
Other operating expenses	11,389	4,646	18,026	10,299
<b>Operating profit</b>	<b>-838</b>	<b>3,428</b>	<b>-3,292</b>	<b>5,297</b>
<b>Net income from associates</b>	<b>3</b>	<b>9</b>	<b>11</b>	<b>-58</b>
Interest income	157	671	607	1,426
Interest expenses	2,223	1,742	4,002	2,823
<b>Financial result</b>	<b>-2,066</b>	<b>-1,071</b>	<b>-3,394</b>	<b>-1,398</b>
<b>Pre-tax profit</b>	<b>-2,901</b>	<b>2,367</b>	<b>-6,675</b>	<b>3,841</b>
Income taxes	-621	344	-1,682	566
<b>Result from continued operations</b>	<b>-2,280</b>	<b>2,022</b>	<b>-4,993</b>	<b>3,274</b>
Result from discontinued operations	-934	-217	-1,204	-592
<b>Net profit</b>	<b>-3,214</b>	<b>1,805</b>	<b>-6,196</b>	<b>2,682</b>
attributable to parent company shareholders	-2,953	1,599	-5,747	2,737
attributable to minority interests	-261	206	-449	-55
<b>Earnings per share (EUR)</b>				
from continued operations	-0.25	0.23	-0.56	0.42
from discontinued operations	-0.12	-0.03	-0.15	-0.07
<b>from net profit</b>	<b>-0.36</b>	<b>0.20</b>	<b>-0.71</b>	<b>0.35</b>

## CONSOLIDATED CASH FLOW STATEMENT

ESTAVIS AG

1st half-year 08/09  
July 1, 2008 –  
Dec. 31, 20081st half-year 07/08  
July 1, 2007 –  
Dec. 31, 2007

	TEUR	TEUR
Net profit	-6,196	2,682
+ Depreciation/amortisation of non-current assets	176	126
+/- Increase/decrease in provisions	1,275	-1,960
+/- Change in investment property	0	170
+/- Other non-cash expenses/income	48	109
-/+ Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	-19,937	-47,016
-/+ Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	14,963	44,520
+/- Result from the disposal of consolidated companies	680	0
<b>= Cash flow from current operating activities</b>	<b>-8,990</b>	<b>-1,370</b>
Payments received from the disposal of property, plant and equipment	0	23
+ Payments received for the disposal of financial assets	0	259
+ Payments received from the disposal of investment property	0	2,172
- Payments for investments in intangible assets	-33	-39
- Payments for investment property	-219	-1
- Payments for investments in property, plant and equipment	-339	-286
- Payments for investments in non-current financial assets	0	-2
+ Payments from the disposal of fully consolidated companies	-5	0
- Payments from the additions of fully consolidated companies	0	-2,223
<b>= Cash flow from investing activities</b>	<b>-596</b>	<b>-97</b>
Payments made by shareholders	0	25
- Payments to shareholders	-78	-594
+ Payments from issuing bonds and raising (financial) loans	208	2,530
- Repayment of bonds and financial loans	-359	-2,072
<b>= Cash flow from financing activities</b>	<b>-229</b>	<b>-111</b>
Net change in cash and cash equivalents	-9,815	-1,578
+ Cash and cash equivalents at the beginning of the period	25,733	36,048
<b>= Cash and cash equivalents at the end of the period</b>	<b>15,918</b>	<b>34,470</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from July 1, 2008 to December 31, 2008

	Issued capital	Capital reserves	IAS 39 reserve	Retained earnings	Equity attribut- able to the shareholders of the parent company	Minority interests	Total
ESTAVIS AG							
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>As of July 1, 2008</b>	<b>8,099</b>	<b>77,065</b>	<b>16</b>	<b>1,413</b>	<b>86,594</b>	<b>8,742</b>	<b>95,336</b>
Changes in the value of available- for-sale financial assets	-	-	-16	0	-16	0	-16
Net profit for the period July 1, 2008 – December 31, 2008	-	-	0	-5,747	-5,747	-449	-6,196
<b>Total recognised income and expenses</b>	-	-	-16	-5,747	-5,763	-449	-6,212
Acquisition of shares of consolidated companies	-	-	-	-1	-1	-19	-20
<b>As of December 31, 2008</b>	<b>8,099</b>	<b>77,065</b>	<b>0</b>	<b>-4,335</b>	<b>80,829</b>	<b>8,274</b>	<b>89,104</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from July 1, 2007 to December 31, 2007

	Issued capital	Capital reserves	IAS 39 reserve	Retained earnings	Equity attributab- le to the shareholders of the parent company	Minority interests	Total
ESTAVIS AG							
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
<b>As of July 1, 2007</b>	<b>7,724</b>	<b>70,577</b>	<b>73</b>	<b>7,280</b>	<b>85,654</b>	<b>10,514</b>	<b>96,168</b>
Changes in the value of available- for-sale financial assets	-	-	-229	0	-229	0	-229
Net profit for the period July 1, 2007 – December 31, 2007	-	-	0	2,737	2,737	-55	2,682
<b>Total recognised income and expenses</b>	-	-	-229	2,737	2,508	-55	2,453
Capital increase	0	0	0	0	0	25	25
Capital increase against contribu- tions in kind (acquisition of B&V Group)	375	6,488	0	0	6,863	0	6,863
Acquisition of shares of consolidated companies	-	-	-	-277	-277	-317	-594
<b>As of December 31, 2007</b>	<b>8,099</b>	<b>77,065</b>	<b>-156</b>	<b>9,740</b>	<b>94,748</b>	<b>10,167</b>	<b>104,915</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. Furthermore, property is held as financial investments. 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 2008, ESTAVIS AG acted as the operating holding company for numerous special purpose entities. Its major operating investments are Hamburgische Immobilien Invest SUCV AG, Hamburg, CWI Real Estate AG, Bayreuth (together: HAG Group), and B&V Bauträger- und Vertriebsgesellschaft für Immobilien mbH, Berlin (B&V Group).

In view of the expansion of the scope of consolidation to include the B&V Group, the figures in the reporting period are comparable only to a limited extent with those of the previous year.

These Condensed Consolidated Interim Financial Statements were approved for publication by the company's Management Board in February 2009. The Condensed Consolidated Interim Financial Statements were not checked by an auditor or subjected to review.

### 2 SIGNIFICANT ACCOUNTING POLICIES

The Condensed Consolidated Interim Financial Statements for the second quarter of the 2008/2009 financial year that ended on 31 December 2008 were compiled in accordance with the regulations of IAS 34, 'Interim Reporting' included in the directives of European law. The Condensed Consolidated Interim Financial Statements should be read in connection with the most recent Consolidated Financial Statements of ESTAVIS AG as of 30 June 2008.

The accounting methods employed in the Condensed Consolidated Interim Financial Statements are equivalent to those on which the Consolidated Financial Statements as of 30 June 2008 are based. The regulations were also observed in the presentation of discontinued operations.

In the IFRS Consolidated Financial Statements for the 2008/2009 financial year, the changes to IAS 39 and IFRS 7 concerning allowed reclassifications of financial assets must be applied for the first time. This does not result in any changes to financial reporting for the ESTAVIS AG Consolidated Financial Statements. Apart from IFRS 8 on segment reporting, which was applied last year, no other regulations were applied early.

All amounts in the Balance Sheet, Income Statement, 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

On 31 December 2008, the Condensed Consolidated Interim Financial Statements of ESTAVIS AG included 64 subsidiaries, a joint venture and one associate. At the end of the second quarter, the 50.1 % interest in ESTAVIS Property Management GmbH was sold (see also the information on discontinued operations in section 4.3). A special-purpose entity that was an associate until the end of the first quarter has been fully consolidated since the beginning of the second quarter following the acquisition of further shares. One special-purpose entity was sold, while a new one was founded.

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

### 4.1 Segment information

The segment results for the second quarter of the 2008/2009 financial year (1 October 2008 – 31 December 2008) are shown below:

	continued operations					discontinued operations	
	Portfolio trading	Retail trading	Investment property	Development	Consolidation	Group	Property management
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external only)	2,776	25,442	191	–	–	28,411	375
Revenues (internal only)	0	–	–	–	0	0	85
<b>Segment result</b>	<b>–2,965</b>	<b>2,023</b>	<b>122</b>	<b>–18</b>	<b>–</b>	<b>–838</b>	<b>–933</b>
Unallocated					–	–	
Currency gains					–	–	
Operating result					–	–838	
Net income from investments carried at-equity	3	0	–	–	–	3	
Financial result					–	–2,066	
Net profit before income taxes from continued operations					–	–2,901	

The segment results for the first half of the 2008/2009 financial year (1 July 2008 – 31 December 2008) are shown below:

continued operations					discontinued operations		
	Portfolio trading	Retail trading	Investment property	Development	Consolidation	Group	Property management
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external only)	7,084	42,947	382	–	–	50,414	522
Revenues (internal only)	40	–	–	–	–40	0	145
<b>Segment result</b>	<b>–4,477</b>	<b>992</b>	<b>257</b>	<b>–64</b>	<b>–</b>	<b>–3,292</b>	<b>–1,306</b>
Unallocated					–	–	
Currency gains					–	–	
Operating result					–	–3,292	
Net income from investments carried at-equity	3	8	–	–	–	11	
Financial result					–	–3,394	
Net profit before income taxes from continued operations					–	–6,675	

The property management segment was sold at the end of the second quarter (see also section 4.3).

Following the transition from two to five segments, the segment earnings for the second quarter of the previous year (1 October 2007 – 31 December 2007) are as follows:

continued operations						discontinued operations	
	Portfolio trading	Retail trading	Investment property	Development	Consolidation	Group	Property management
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external only)	23,662	35,122	285	–	–	59,070	42
Revenues (internal only)	–	–	–	–	–	0	–
<b>Segment result</b>	<b>1,972</b>	<b>1,308</b>	<b>141</b>	<b>–</b>	<b>–</b>	<b>3,421</b>	<b>–310</b>
Unallocated					–	–	
Currency gains					–	8	
Operating result					–	3,428	
Net income from investments carried at-equity	–5	14	–	–	–	9	
Financial result					–	–1,071	
Net profit before income taxes from continued operations					–	2,367	

Following the transition from two to five segments, the segment earnings for the first half of the previous year (1 July 2007 – 31 December 2007) are as follows:

continued operations						discontinued operations	
	Portfolio trading	Retail trading	Investment property	Development	Consolidation	Group	Property management
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external only)	61,043	42,904	565	–	–	104,513	139
Revenues (internal only)	–	–	–	–	–	–	–
<b>Segment result</b>	<b>4,102</b>	<b>1,114</b>	<b>65</b>	<b>–</b>	<b>–</b>	<b>5,281</b>	<b>–847</b>
Unallocated					–	–	
Currency gains					–	16	
Operating result					–	5,297	
Net income from investments carried at-equity	0	–58	–	–	–	–58	
Financial result					–	–1,398	
Net profit before income taxes from continued operations					–	3,841	

#### 4.2 Impairment of financial assets

In the period under review, an impairment of TEUR 80 was recognised on share holdings.

#### 4.3 Information on discontinued operations

At the end of the second quarter, the 50.1% interest in ESTAVIS Property Management GmbH was sold and the Property Management segment was thus closed. The earnings of the discontinued segment can be broken down as follows:

	1st half-year 08/09 July 1, 2008 – Dec. 31, 2008	1st half-year 07/08 July 1, 2007 – Dec. 31, 2007
	TEUR	TEUR
Revenues/other income (including revenues from continued operations)	765	157
Expenses	1,391	1,004
Operating result	-626	-847
Net interest income	-13	0
Pre-tax profit on discontinued operations	-638	-846
Tax expenses	-115	-254
Result after income taxes on discontinued operations	-523	-592
Loss on disposals	-680	-
Tax expenses	0	-
Loss on disposals after tax	-680	-
<b>Result from discontinued operations</b>	<b>-1,204</b>	<b>-592</b>
Cash flow from current operating activities	-561	-925
Cash flow from investing activities	-334	-150
Cash flow from financing activities	0	25
<b>Total cash flow from discontinued operations</b>	<b>-895</b>	<b>-1,050</b>

The selling price of the 50.1% interest in ESTAVIS Property Management GmbH was TEUR 387 and will be paid in varying instalments by 2011. The sale includes software and other operating and office equipment with a carrying amount of TEUR 533, receivables with a carrying amount of TEUR 777 and deferred tax assets amounting to TEUR 491. At the same time, liabilities totalling TEUR 740 have been transferred. Cash and cash equivalents totalling TEUR 5 were transferred in connection with the sale. This resulted in a loss on disposals of TEUR 680.

#### 4.4 Related party transactions

In the second quarter, Mr Eric Mozanowski, member of the Management Board of ESTAVIS, granted one group company three short-term loans of between TEUR 40 and TEUR 500 with interest rates of between 8.5% and 10.5%. In the reporting period, there were no other significant new transactions with related parties and no transactions which were reported in the Notes to the Consolidated Financial Statements for the financial year 2007/2008 were changed or discontinued.

#### **4.5 Employees**

The ESTAVIS Group employed 63 staff at the end of the quarter. In the same quarter of the previous year, the figure was 105. The decline is mainly due to the departure of the ESTAVIS Property Management GmbH from the consolidated group. On average, 88 staff were employed in the Group during the last financial year.

## INSURANCE 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, February 13, 2009



Rainer Schorr  
Chief Executive  
Officer (CEO)

Corina Büchold  
Member of the  
Management Board



Hans Wittmann  
Member of the  
Management Board



Eric Mozanowski  
Member of the  
Management Board

## FINANCIAL CALENDAR 2009

<b>20 February</b>	Annual General Meeting, Berlin
<b>15 May</b>	Quarterly Report – 3rd Quarter 2008/2009
<b>25 September</b>	Full Year Results 2008/2009

## 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