ESTAVIS

REAL ESTATE PERFORMANCE

Interim Report
First nine months 2013/14

1 July 2013 – 31 March 2014

Overview Key Financial Data

ESTAVIS AG	3rd quarter 13/14 1 Jan. 2014 – 31 March 2014	3rd quarter 12/13 1 Jan. 2013 – 31 March 2013	9 months 13/14 1 July 2013 – 31 March 2014	9 months 12/13 1 July 2012 – 31 March 2013
Revenues and earnings	**TEUR**	**TEUR**	**TEUR**	**TEUR**
Revenues	7,643	7,715	23,778	25,756
Total operating performance	11,161	7,613	28,223	27,484
EBIT	3,713	266	7,510	283
Pre-tax profit	1,741	–819	2,400	–3,433
Net profit	782	–869	898	–3,540

ESTAVIS AG	31 March 2014	30 June 2013
Structure of assets and capital	**TEUR**	**TEUR**
Non-current assets	166,299	157,612
Current assets	54,883	45,080
Equity	72,720	66,632
Equity ratio	32.9 %	32.9 %
Total assets/equity and liabilities	221,182	202,692

ESTAVIS AG

Share	
Stock exchange segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 March 2014	20,038,831
Free float (information according to last notification from investors)	30.68 %
Share price high (1 July 2013 – 31 March 2014*)	EUR 2.48
Share price low (1 July 2013 – 31 March 2014*)	EUR 1.88
Closing price on 31 March 2014*	EUR 2.43
Market capitalisation on 31 March 2014*	EUR 43.8 million

* Closing prices in Xetra trading

Content

Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

The performance of ESTAVIS during the first nine months of the 2013/14 financial year was defined primarily by the group's continued growth in the wake of the turnaround we accomplished last year. The auspicious development we already reported at the end of the previous two quarters has persisted and stabilised. This is reflected most conspicuously in the substantial increase in operating income to EUR 7.5 million. During the first nine months of the ongoing financial year, we realised a consolidated profit of EUR 0.9 million after taxes, compared to the loss of EUR 3.5 million that ESTAVIS reported at the end of the nine-month period of 2012/13.

The strategic realignment of ESTAVIS that was initiated in the 2011/12 financial year and essentially implemented last year has proven viable, and the contributions to operating income across all segments and sub-segment suggest as much – this being true for the portfolio as much as for the privatisation and trading business. Aside from the persistently robust development in the privatisation business, this is particularly obvious in the improved key ratios of the Portfolio segment, and it represents an important factor as it demonstrates a steadily broadening income basis and improved cost ratios.

We continue to regard the economic influencing factors as well as the environment on the markets relevant to our business as favourable, and thus remain confident that the privatisation business will keep benefiting from strong buyer-side demand, and develop dynamically in the coming months. Having acquired a portfolio of 160 residential units in Chemnitz and an 80-percent interest in the Chemnitz-based housing company J2P Real Estate AG with a proprietary portfolio of another 160 residential units in the first semester, ESTAVIS AG initiated another surge in growth during the third quarter of the financial year. Particularly the acquisition of the German property portfolio of 4,300 residential units that we gave the go-ahead in March will become another significant milestone in the ongoing expansion of out proprietary portfolio. Aside from that, however, we pursued the acquisitions to ensure that the pipeline in the Privatisation division remains well filled, and that ESTAVIS remains in a vantage position of meeting the currently robust demand for condominiums within the framework of its privatisation business.

To finance the growth, we implemented several measures during the reporting period. These included the issuance of the bond in November 2013 and the implementation of the capital increase that was resolved in December and became effective in January 2014, as well as the issuance of a convertible debenture in March 2014. The takeover bid by ADLER Real Estate AG, which was announced in February 2014 and which has been been detailed since, demonstrates that ESTAVIS has made itself increasingly attractive for investors through the successful shift in course, and together with the Supervisory Board we advised shareholders to accept the offer.

Outlook for the 2013/14 financial year

The Management Board believes that the company's performance during the first nine months forms a robust starting basis for the 2013/14 year as a whole. We assume that this reassuring development will persist in the remaining weeks, and that we will conclude the ongoing financial year with another positive consolidated income.

The Management Board

Torsten Cejka Jacopo Mingazzini

The ESTAVIS Share

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

ESTAVIS' share price performance

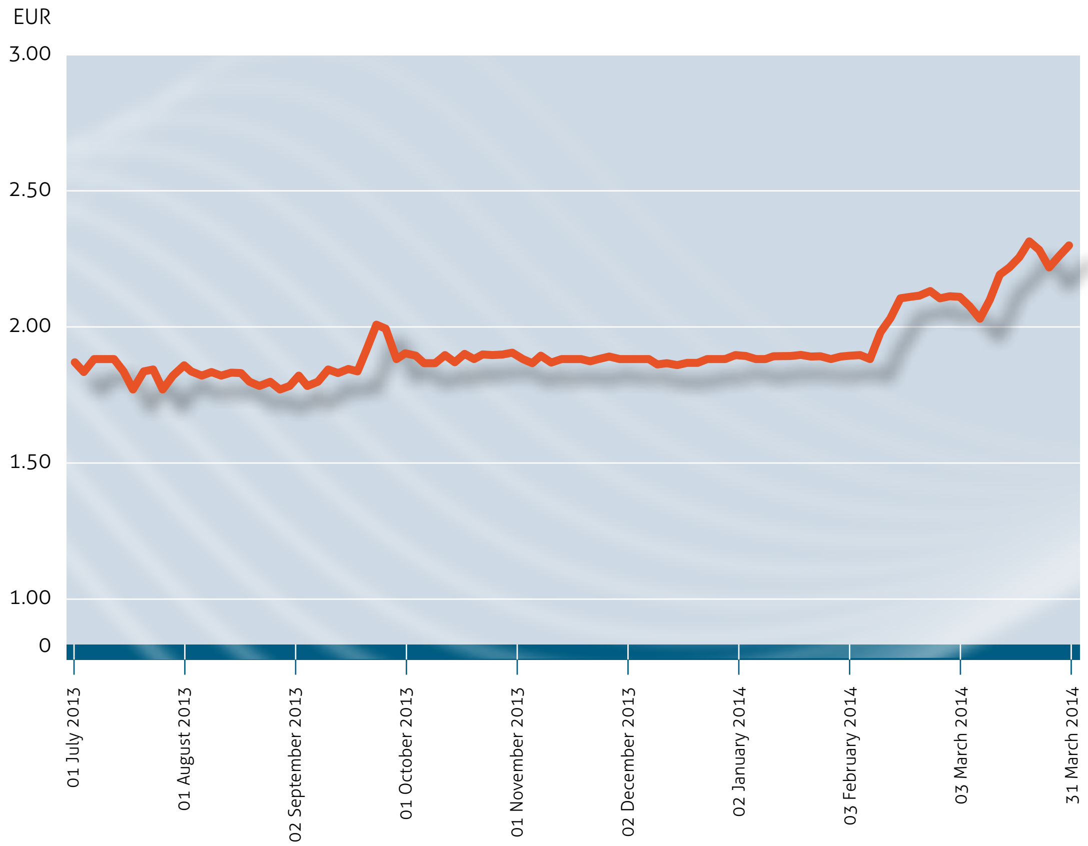
During the third quarter of the 2013/14 financial year, the German stock index DAX was subject to shifting trends, and continued the robust growth of the two foregoing quarters only to some extent. Between the start of the year and the end of March, it increased by 2.37 %. However, the index trend experienced major fluctuations in the course of Q3. In addition to profit-taking and the growing prudence of investors, the uncertain political situation in Ukraine is likely to have inspired unease on the capital markets.

The ESTAVIS stock clearly outperformed the German blue-chip index during the reporting period, as it gained by 21.5 %. By the balance sheet date of 31 March 2014, the share price equalled EUR 2.43 in Xetra trading, up from just EUR 2.00 at the beginning of the year. The market capitalisation of ESTAVIS AG amounted to EUR 43.79 million as of 31 March 2014. The mean daily trading volume during the first nine months of 2013/14 came to 23,427 shares.

The corporate performance of ESTAVIS AG is continuously monitored by analysts of several institutes. The latest analyst reports resulted in the following estimates for ESTAVIS shares:

- SMC Research, recommendation: "Buy", target price EUR 3.80
- Close Brothers Seydler Research AG, recommendation: "Buy", target price EUR 2.60
- LFG Value, recommendation: "Buy", target price EUR 2.40

ESTAVIS share price development from 1 July 2013 to 31 March 2014



ESTAVIS shares at a glance

ESTAVIS AG

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Interim Management Report

1 Business and Conditions

1.1 Economic environment and business performance

The German economy experienced brisk growth during the three opening months of 2014. Compared to the closing quarter of 2013, the gross domestic product increased by 0.7 %, according to the DIW German Institute for Economic Research. The mild winter caused building investments to soar. The DIW also issued a principally bright outlook for the coming months. The robust job growth and the substantial rise in wages were said to encourage private consumption and stimulate the country's domestic economy, which would most likely generate additional growth for the German economy. That said, investments in new equipment remain sluggish because of the crisis in Ukraine, and corporate sentiment has slumped lately for the same reason, the institute suggested. For the year as a whole, the DIW Institute predicts a GDP growth by 1.9 %. The driving force will be domestic demand.

The German labour market continued to report job growth. According to figures released by the Federal Statistical Office (Destatis), around 41.8 million persons were gainfully employed in March 2014. This implies a year-on-year increase by 376,000 jobs or 0.9 %. The unemployment rate equalled 5.1 % in March 2014.

Germany's residential real estate transaction market also benefited from the sound parameters. Figures released by the consulting company JLL suggest that the amount spent on residential property and portfolios during the first quarter of 2014 more than doubled year on year, rising from EUR 2.04 billion to EUR 4.7 billion. Nearly 90,000 flats changed hands in Q1 2014, which is 60,000 more than the number of flats sold in Q1 2013. By the end of 2014, JLL expects the transaction volume to total approximately EUR 11 to 12 billion. The record volume of the previous year is unlikely to be matched in the absence of large-scale portfolio deals.

During the first nine months of the 2013/14 financial year, the ESTAVIS Group focused primarily on the implementation of the strategic realignment process which aims for continued growth. Most notably, ESTAVIS acquired a portfolio of 160 residential units in the Saxon town of Chemnitz in September 2013 and on 1 October 2013 an 80-percent interest in the housing company J2P Real Estate AG also based in Chemnitz which owns a proprietary stock of another 160 residential units.

In November 2013, ESTAVIS AG placed a corporate bond with a five-year maturity in a volume of EUR 10 million. In December 2013, the Management Board of ESTAVIS AG resolved with the approval of the Supervisory Board to increase the company's share capital by 10 % from authorised capital within the framework of the cash capital increase. Within the context of the capital increase, around 1.8 million shares were placed at a price of EUR 2.00 per share while excluding the shareholders' subscription rights; the entire capital increase was subscribed by Wecken & Cie. KG. The company collected approx. EUR 3.6 million in issuing proceeds from the placement.

As a result of the cash capital increase by 10 % to EUR 20,038,831.00 by taking advantage of the authorised capital and under exclusion of subscription rights as resolved by the Management Board and approved by the Supervisory Board, the company's share capital increased as of its registration on 8 January 2014.

Certain personnel changes in the Supervisory Board of ESTAVIS AG occurred during the reporting period. With the incumbent Supervisory Board members Dr. Karl-Josef Stöhr (Chairman), Rolf Elgeti and Dr. Philipp K. Wagner having notified the company of their intention to resign their offices as Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board, and Member of the Supervisory Board, respectively, as of the next annual general meeting of ESTAVIS AG and to leave the company's Supervisory Board at the same time, the annual general meeting elected Thomas Bergander, André Pernhold, and Alexandra Timoschenko as new members of the Supervisory Board on 10 January 2014. In the subsequent constitutive meeting of the newly elected Supervisory Board that same day, Thomas Bergander was elected as Chairman of the Supervisory Board.

In the wake of the corporate merger of Deutsche Wohnen AG and GSW AG, the service agreement between Accentro GmbH and GSW was renegotiated and adjusted to the new parameters in regard to sales volume and the achievable remuneration, with the revised version becoming effective as of March 2014.

On 10 February 2014, ADLER Real Estate AG announced its decision to submit a takeover bid to the shareholders of ESTAVIS AG to acquire their no-par-value bearer shares in ESTAVIS AG in the form of an exchange offer. In return for the submitted ESTAVIS shares, ADLER Real Estate AG intends to issue new no-par-value bearer shares in ADLER Real Estate AG to the shareholders as quid pro quo. The specific exchange ratio was fixed after the end of the reporting period in the offer documents published (for details, see the Supplementary Notes).

Further acquisitions were transacted in March 2014 in order to swiftly expand both the privatisation business and the proprietary portfolio. For instance, ESTAVIS acquired four multi-dwelling properties with a total of 76 residential units for the company's privatisation business. Moreover, a total of 186 residential units were acquired in the towns of Neubrandenburg and Chemnitz that are earmarked for the Portfolio segment.

On 7 March 2014, the Management Board also decided with the approval of the Supervisory Board to acquire a portfolio of residential properties nationwide that includes around 4,300 units in Bavaria, Berlin, North Rhine-Westphalia, Saxony, and Saxony-Anhalt. The total floor area of the portfolio comes to around 284,000 square metres, while the purchase price approximates EUR 160.0 million. The annual net rent of the portfolio currently adds up to approximately EUR 13.6 million. The long-term objective of ESTAVIS AG is to keep around 3,300 units in its portfolio, with another 1,000 units, give or take, to be retailed as condominiums.

In connection with the aforementioned acquisitions, ESTAVIS issued a five-year convertible debenture with an interest coupon of 6.25 % p.a. – also in March 2014. Having a volume of EUR 15 million, it was fully subscribed before the end of the subscription period on 24 March 2014.

Especially the development of the operating income has been clearly characterised by the stable and positive growth in both of our strategic core business areas of Privatisation and Portfolio. Compared to the first nine months of the prior year, ESTAVIS achieved a significantly improved operating result, and ended the reporting period moreover with a positive consolidated income. It needs to be remembered that the same period last year had still ended with a loss.

Looking forward, ESTAVIS AG intends to pursue additional acquisitions. The Management Board considers the performance of the first nine months a sound starting basis for the 2013/14 financial year as a whole, and assumes that the year will conclude with a positive result.

1.2 Earnings position

The revenues of ESTAVIS Group during the first nine months of the 2013/14 financial year came to EUR 23.8 million, after EUR 25.8 million during the same period last year. Broken down for financial reporting purposes, they were attributable to the company's following business segments:

- Trade: EUR 16.2 million (prior-year period: EUR 20.3 million)
  thereof
  Privatisation: EUR 14.0 million (prior-year period: EUR 12.7 million)
  Other trade: EUR 2.2 million (prior-year period: EUR 7.6 million)
- Portfolio: EUR 7.6 million (prior-year period: EUR 5.5 million)

The decline in revenue in the Trade segment is essentially attributable to the cessation of activities in the project development and listed properties sectors (Other trade). By contrast, the revenue in the privatisation segment increased year on year. The proceeds from apartment sales and brokerage went up year on year, rising by 13.4 % and 9.4 %, respectively. Rent revenues in the privatisation segment declined by 21.5 % in proportion to the retailed apartments from the privatisation stock.

All things considered, the operating income (EBIT) in the Trade segment during the first nine months of 2013/14 came to EUR 6.2 million, which meant a substantial improvement compared to the income of the prior-year period in the amount of EUR –0.5 million. The fact reflects most notably the elimination of encumbrances for the trading business in general that had been generated by winding up the discontinued activities.

The increase in revenues in the Portfolio segment is primarily attributable to the expansion of the proprietary portfolio according to plan, and the associated surge in rental income. The latter more than doubled as it rose from EUR 3.7 million to EUR 7.6 million year on year. Having posted EUR 0.7 million for the same period the previous year, ESTAVIS achieved a positive operating income of EUR 1.3 million in the Portfolio segment during the first nine months of 2013/14, an increase by 69.5 %.

The capital growth of the investment property, which had equalled EUR 0.8 million during the same period last year, totalled EUR 0.6 million during the first nine months of the 2013/14 financial year. More than anything else, the figure reflects the appreciation through redevelopment measures.

The other operating income amounted to EUR 3.9 million (first nine months 2012/13: EUR 0.7 million). This item is specifically defined by a sales tax receivable that resulted from the revaluation of fiscal aspects concerning the discontinued activities in the listed property project developments, and that was reclaimed in response to a recently published ruling by the Federal Fiscal Court (BFH).

The Group's gross margin for continued operations (revenues plus changes in inventories minus cost of materials/revenues) increased to 41.3 % (prior year period: 28.4 %), which is essentially attributable to the wind-up of the discontinued activities and the absence of the encumbrances associated therewith.

Year on year, the total operating performance during the first nine months of the financial year showed a modest increase from EUR 27.5 million to EUR 28.2 million.

The cost of materials declined from EUR 18.7 million to EUR 13.9 million year on year. Changes in portfolio amounted to EUR –0.07 million, after EUR 0.2 million at the end of the first nine months of the previous year.

Staff expenses during the period under review added up to EUR 2.2 million after EUR 1.7 million in the same period of the previous year, the increase being mainly explained both by the staff takeover in conjunction with the portfolio acquisition in Berlin-Hohenschönhausen, and by the acquisition of the companies J2p Real Estate AG and J2P Service GmbH, and thus by the resulting increase in manpower from 28 to 36 staff. However, by the end of the financial year's third quarter, the number of staff employed by the ESTAVIS Group dropped back to 28 following human resource adjustments in the group's holding company, and the completion of the redundancy process in connection with the takeover of the housing portfolio in Berlin-Hohenschönhausen.

At EUR 4.5 million, the other operating expenses remained below the figure of the first nine months of the previous year (EUR 6.7 million). The sum includes, among other things, the settlement of encumbrances from discontinued activities and the consistent focusing and streamlining of structures inside the ESTAVIS Group.

Earnings before interest and taxes (EBIT) during the first nine months of 2013/14 amounted to EUR 7.5 million (prior-year period: EUR 0.3 million).

The financial result in the period under review came to EUR –5.2 million, after EUR –3.7 million in the same period of the previous year, with encumbrances being explained primarily by the portfolio expansion.

With income taxes in the amount of EUR 1.5 million taken into account, the consolidated net profit equalled EUR 0.9 million (prior-year period: EUR –3.5 million). This equals EUR 0.05 in earnings per share (previous year: EUR –0.23).

1.3 Financial and assets position

The total assets of ESTAVIS Group amounted to EUR 221.2 million by 31 March 2014, and were therefore EUR 18.5 million or 9.12 % higher than they were by the balance sheet date of the previous financial year (30 June 2013: EUR 202.7 million).

The value of the investment property rose from EUR 137.3 million to EUR 146.2 million, reflecting particularly the acquisition of the residential portfolio in Chemnitz in September 2013. Non-current assets increased by EUR 8.7 million or 5.5 % overall. Current assets grew by EUR 9.8 million or 21.7 %. The increase in other receivables and other capital assets from EUR 10.5 million to EUR 16.2 million, along with the increase in down-payments made and incidental expenses in connection with the purchase of a real estate portfolio in the amount of EUR 12.5 million that did not yet exist as at the previous balance sheet date, was matched by a decline in inventories by EUR 20.9 million to EUR 12.4 million. The drop in inventories is explained by the disposal of condominiums in the Privatisation segment as planned.

The non-current financial liabilities increased – in proportion to the property acquisitions transacted during the reporting period, and to the issued convertible debenture – by a total of EUR 22.5 million to EUR 108.6 million (up from EUR 86.1 million as of 30 June 2013). Conversely, the current financial liabilities experienced a decline by EUR 9.6 million to EUR 19.2 million (30 June 2013: EUR 28.8 million), which reflects primarily the repayment of the one-year bond issued in February 2013.

At EUR 72.7 million, the company equity exceeded the level as of the balance sheet date of the previous financial year by 9.1 % (30 June 2013: EUR 66.6 million). As a result of the capital increase from the capital authorised in December 2013, the subscribed capital increased to EUR 20.0 million, while inflows from the cash capital increase and the convertible debenture brought the capital reserves up to EUR 47.1 million.

The ESTAVIS Group's equity ratio equalled 32.9 % by 31 March 2014, matching the level reported on 30 June 2013.

The ratio of cash and cash equivalents to total assets amounted to 4.2 % at the end of the period under review (30 June 2013: 4.6 %). The cash ratio of the ESTAVIS Group (cash and cash equivalents/current liabilities) came to 25.5 % as of 31 March 2014 (30 June 2013: 19.4 %).

During the reporting period, net cash from operating activities amounted to EUR 2.2 million (previous year: EUR –8.1 million).

The cash flow from investment activities amounted to EUR –15.5 million during the period under review (previous year: EUR –7.7 million).

During the first nine months of the 2013/14 financial year, the cash flow from financing activities amounted to EUR 13.4 million (prior-year period: EUR 16.0 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 continued existence. The risk management system allows action to be taken against potentially adverse developments and events in a timely manner, and facilitates, where required, the implementation of countermeasures before any significant damage is incurred.

There have been no significant revisions to the risks for ESTAVIS Group in the period under review compared to the Risk Report in the Group Management Report for the previous financial year of 2012/13. Accordingly, reference should be made to the information contained therein for the time being. However, in the wake of the corporate merger of Deutsche Wohnen AG and GSW AG during the period under review, the service agreement between Accentro GmbH and GSW AG was renegotiated and adjusted as of March 2014. The contractual changes have resulted in a reduced contract volume. Also, the previously limited contract was converted into an open-ended contract, and the remuneration model was slightly adjusted.

3 Forecast Report

In the months to come, the ESTAVIS Group will focus on the ongoing set-up and expansion of activities in its two strategic business lines of portfolio management and housing privatisation.

Based on the company's current performance the Management Board expects to end the 2013/14 financial year with a positive consolidated income.

4 Supplementary Report

On 22 April 2014, that is, after the reporting period, the extraordinary general meeting of the ADLER Real Estate AG resolved to increase the share capital against contribution in kind, taking the form of an exchange against shares in the ESTAVIS AG. The ADLER Real Estate AG published its voluntary public takeover offer the same day the offer documents were approved by the German Supervisory Authority for Financial Services (BaFin).

The acceptance period runs until 23 May 2014. The offer submitted by the ADLER Real Estate AG to shareholders of the ESTAVIS AG was 14 of its own shares in exchange for 25 ESTAVIS shares.

On 9 May 2014, the Management Board and Supervisory Board of ESTAVIS AG passed a joint statement of position that was published the same day. It included their recommendation to the shareholders of ESTAVIS AG to accept the exchange offer made by ADLER Real Estate AG.

Consolidated Balance Sheet

ESTAVIS AG

Assets	31 March 2014 TEUR	30 June 2013 TEUR
Non-current assets		
Goodwill	17,776	17,776
Other intangible assets	59	76
Property, plant and equipment	202	195
Investment property	146,292	137,328
Equity interests accounted for using the equity method	898	831
Other non-current financial assets	29	29
Deferred income tax receivables	1,044	1,377
Total	**166,299**	**157,612**
Current assets		
Inventories	12,362	20,867
Trade receivables	4,390	4,232
Other receivables and assets	16,197	10,547
Advance payments and incidental costs for portfolio	12,505	–
Current income tax receivables	51	177
Cash and cash equivalents	9,378	9,258
Assets held for sale	–	–
Total	**54,883**	**45,080**
Total assets	**221,182**	**202,692**

Consolidated Balance Sheet

ESTAVIS AG	31 March 2014	30 June 2013
Equity	TEUR	TEUR
Issued capital	20,039	18,059
Capital reserves	47,137	44,308
Retained earnings	5,146	4,265
Attributable to parent company stockholders	72,322	66,632
Attributable to minority interests	398	–
Total equity	**72,720**	**66,632**

Liabilities		
Non-current liabilities		
Provisions	74	106
Financial liabilities	108,577	86,118
Deferred income tax liabilities	3,031	2,098
Total non-current liabilities	**111,681**	**88,321**
Current liabilities		
Provisions	931	2,901
Financial liabilities	19,192	28,842
Advance payments received	8,606	6,422
Current income tax liabilities	1,903	2,196
Trade payables	4,220	3,318
Other liabilities	1,929	4,059
Total current liabilities	**36,781**	**47,739**
Total equity and liabilities	**221,182**	**202,692**

Consolidated Income Statement

ESTAVIS AG	3rd quarter 13/14 1 Jan. 2014 – 31 March 2014	3rd quarter 12/13 1 Jan. 2013 – 31 March 2013	9 months 13/14 1 July 2013 – 31 March 2014	9 months 12/13 1 July 2012 – 31 March 2013
	TEUR	TEUR	TEUR	TEUR
Revenues	7,643	7,715	23,778	25,756
Change in value of investment property	72	830	573	830
Other operating income	3,449	–19	3,942	650
Changes in inventories	–2	–913	–70	248
Total operating performance	**11,161**	**7,613**	**28,223**	**27,484**
Cost of materials	4,782	4,655	13,898	18,696
Staff costs	836	568	2,229	1,671
Depreciation and amortisation	27	41	78	100
Other operating expenses	1,803	2,083	4,509	6,734
Operating result	**3,713**	**266**	**7,510**	**283**
Net income from associates	**–12**	**0**	**51**	**0**
Interest income	2	22	11	90
Interest expenses	1,962	1,108	5,172	3,806
Financial result	**–1,959**	**–1,086**	**–5,161**	**–3,716**
Net profit before income taxes	**1,741**	**–819**	**2,400**	**–3,433**
Income taxes	960	50	1,502	107
Net profit	**782**	**–869**	**898**	**–3,540**
Attributable to minority interests	30	–	17	–
Attributable to parent company stockholders	751	–869	881	–3,540
Earnings per share (EUR)	**0.04**	**–0.05**	**0.05**	**–0.23**

Consolidated Statement of Comprehensive Income

ESTAVIS AG	3rd quarter 13/14 1 Jan. 2014 – 31 March 2014	3rd quarter 12/13 1 Jan. 2013 – 31 March 2013	9 months 13/14 1 July 2013 – 31 March 2014	9 months 12/13 1 July 2012 – 31 March 2013
	TEUR	TEUR	TEUR	TEUR
Net profit	**782**	**–869**	**898**	**–3,540**
Available-for-sale financial assets	–	–	–	–
Changes in fair value	–	–	–	–
Reclassification recognised in profit or loss	–	–	–	–
Income taxes	–	–	–	–
Income directly recognized in equity	**–**	**–**	**–**	**–**
Total comprehensive income	**782**	**–869**	**898**	**–3,540**

Consolidated Cash Flow Statement

ESTAVIS AG		9 months 13/14 1 July 2013 – 31 March 2014	9 months 12/13 1 July 2012 – 31 March 2013
		TEUR	TEUR
Net profit		898	–3,540
+	Depreciation/amortisation of non-current assets	78	100
+/–	Increase/decrease in provisions	–2,002	–672
+/–	Change in value of investment property	–573	–830
+/–	Other non-cash expenses/income	187	1
–/+	Gains/losses from the disposal of non-current assets	0	–7
–/+	Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	2,696	11,165
+/–	Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	955	–14,309
–/+	Gains/losses from the disposal of subsidiaries	–	–
=	**Cash flow from current operating activities**	**2,239**	**–8,092**
+	Payments received from the disposal of property, plant and equipment	–	38
+	Payments received for the disposal of investment property	–	3,850
+	Payments received for the disposal of financial assets	–	–
+	Payments received from the addition of fully consolidated companies	179	–
–	Payments for investments in intangible assets	–1	–12
–	Payments for investments in property, plant and equipment	–85	–31
–	Payments for investment property	–14,385	–11,500
–	Payments for investments in non-current financial assets	–13	–
–	Payments for the acquisition of fully consolidated companies	–1,180	–
=	**Cash flow from investing activities**	**–15,485**	**–7,655**
+	Payments made by shareholders	3,612	2,488
–	Payments to shareholders	–	–437
+	Payments from the issuance of bonds and financial loans	19,946	18,042
–	Repayment of bonds and financial loans	–10,191	–4,128
=	**Cash flow from financing activities**	**13,367**	**15,965**
	Net change in cash and cash equivalents	121	218
+	Cash and cash equivalents at the beginning of the period	9,258	10,915
=	**Cash and cash equivalents at the end of the period**	**9,378**	**11,133**

Consolidated Statement of Changes in Equity

for the period from 1 July 2013 to 31 March 2014

ESTAVIS AG	Issued capital	Capital reserves	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 July 2013	**18,059**	**44,308**	**4,265**	**–**	**66,632**
Net profit	–	–	881	17	898
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	881	17	898
Cash capital increase	1,806	1,806	–	–	3,612
Issuance of convertible bonds		936	–	–	936
Cost of raising equity		–94	–	–	–94
Acquisition	174	181	–	382	737
As of 31 March2014	**20,039**	**47,137**	**5,146**	**398**	**72,720**

Consolidated Statement of Changes in Equity

for the period from 1 July 2012 to 31 March 2013

ESTAVIS AG	Issued capital	Capital reserves*	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 July 2012	**14,319**	**41,963**	**2,766**	**–**	**59,048**
Net profit	–	–	–3,540	–	–3,540
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–3,540	–	–3,540
Non-cash contribution made	440	–440	–	–	0
Non-cash capital increase	2,008	2,308	–	–	4,316
Cash capital increase	1,292	1,033	–	–	2,325
Repurchase of company shares	–235	–	–201	–	–437
Disposal of company shares	90	–	73	–	163
As of 31 March 2013	**17,914**	**44,864**	**–903**	**–**	**61,875**

* including special reserves from non-cash contributions as of 1 July 2012.

Selected Disclosures on Condensed Consolidated Interim Financial Statements

1 Basic Information

ESTAVIS AG with its subsidiaries is active as property portfolio holder and apartment retailer.

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).

By 31 March 2014, ESTAVIS AG acted as 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 May 2014. 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 third quarter of the 2013/14 financial year, which ended on 31 March 2014, 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 consolidated interim financial statements should be read in conjunction with the most recent consolidated financial statements of ESTAVIS AG for the year ended 30 June 2013.

With the following exceptions, the accounting policies applied in the condensed consolidated interim financial statements are the same as those applied in the preparation of the most recent consolidated financial statements for the year ended 30 June 2013.

The current financial year is the first year in which the application of the following standards has become mandatory:

Standard/Interpretation	
IFRS 7	Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities
Various	Transition Guidance Amendments for IFRS 10, IFRS 11, IFRS 12
IFRS 13	Determination of Fair Value
IAS 12	Deferred Taxes: Recovery of Underlying Assets
IAS 19	Employee Benefits
Various	Improvements to the International Financial Reporting Standards 2011
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

This resulted in no significant changes to the financial reporting for the ESTAVIS AG consolidated financial statements, except for expanded disclosures in the Notes concerning valuations at fair value. No regulations were applied early.

All amounts posted 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 quoted in thousands of euro (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 March 2014, the condensed interim consolidated financial statements of ESTAVIS AG included 47 subsidiaries, two joint ventures, and one associate. The status quo of the consolidated group as of 30 June 2013 (38 subsidiaries) expanded during the third quarter of the ongoing financial year through the acquisition of five property vehicles. The purpose of these five property vehicles is to acquire a residential real estate portfolio of 4,300 units across Germany. During the first quarter, the consolidated group expanded to include another two property vehicles, while J2P AG and the J2P Service GmbH were added to the consolidated group in the second quarter.

4 Supplementary Notes to the Individual Items of the Interim Financial Statements

4.1 Segment information

Quarter on quarter, the segment results for the third quarter of the 2013/14 financial year present themselves as shown below:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade					
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	5,089	6,378	4,831	3,635	258	2,743	2,554	1,336	7,643	7,715
thereof										
Letting	169	312	167	237	2	75	2,554	1,309	2,722	1,621
Sales	3,439	4,940	3,183	2,272	256	2,668	0	27	3,439	4,967
Brokerage	1,481	1,126	1,481	1,126	–	–	–	–	1,481	1,126
Operating result	**3,185**	**–563**	**686**	**808**	**2,499**	**–1,371**	**527**	**828**	**3,713**	**266**
Result from the equity interests accounted for using the equity method	–14	–	–12	–	–2	–	2	–	–12	0
Financial result	–538	–662	–358	–180	–180	–482	–1,421	–423	–1,959	–1,086
Net profit before income taxes	**2,633**	**–1,225**	**316**	**628**	**2,317**	**–1,853**	**–892**	**405**	**1,741**	**–819**

The operating income posted for the quarter is essentially defined by a move to reclaim sales taxes mistakenly remitted to the inland revenue office pursuant to Art. 13b, Turnover Tax Act (UStG), in line with the reverse charge process. The ESTAVIS Group decided in favour of reclaiming the remitted taxes to the amount of TEUR 3,102 on the basis of the Federal Fiscal Court ruling with the file reference "Az. V R 37/10" dated 22 August 2013. This income item was allocated in its entirety to the Trade segment and there in the Other trade segment.

The financial results of the quarter are impacted by interest charges on back taxes in the amount of TEUR 365, which was allocated to the Portfolio segment.

These interest charges reflect back taxes in corporate income tax and sales tax levied by the inland revenue authorities after a tax audit for the years 2005 through 2008 that was concluded during the quarter under review. An appeal was filed against the tax assessment notices issued. The corporate income tax in the amount of TEUR 473 is recognised in the income tax expense, and allocated to the Portfolio segment. A sales tax expense in the amount of TEUR 210 was recognised as a result of a tax audit, and also allocated to the Portfolio segment.

The operating income includes TEUR 734 from write-downs on receivables, out of which TEUR 295 are allocated to the sub-segment "Other trade" in the Trade segment, and TEUR 439 to the Portfolio segment.

Year on year, the segment results for the first nine months of the 2013/14 financial year present themselves as shown below:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade					
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	16,178	20,272	13,969	12,708	2,210	7,564	7,599	5,483	23,778	25,756
thereof										
Letting	600	1,132	576	734	25	398	7,599	3,680	8,200	4,812
Sales	10,586	14,576	8,401	7,410	2,185	7,166	0	1,803	10,586	16,379
Brokerage	4,992	4,564	4,992	4,564	0	–	0	–	4,992	4,564
Operating result	**6,239**	**–468**	**2,638**	**2,991**	**3,601**	**–3,459**	**1,271**	**750**	**7,510**	**283**
Result from the equity interests accounted for using the equity method	51	–	51	–	0	–	0	–	51	–
Financial result	–1,459	–2,354	–973	–621	–486	–1,733	–3,702	–1,362	–5,161	–3,716
Net profit before income taxes	**4,831**	**–2,822**	**1,716**	**2,370**	**3,115**	**–5,192**	**–2,431**	**–612**	**2,400**	**–3,433**

The change in value of investment property in the amount of TEUR 573 (prior-year period: TEUR 830) that was posted for the first nine months is listed among the operating results of the Portfolio segment. Out of this amount, Q3 accounts for TEUR 72.

The positive contribution to operating income in the amount of TEUR 180 that was previously posted for Q2 and that results from the acquisition of an 80 % interest in J2P AG and its subsidiary are entirely allocated to the Portfolio segment.

In October 2013, one shareholder raised his voting rights share in ESTAVIS AG to nearly 30 %. As a consequence, the Group lost some of its corporation and trade tax loss carry-forwards in Q2. This resulted in a derecognition of deferred tax assets from losses carried forward in an amount of approx. TEUR 150, and raised the tax expense by a corresponding amount.

The financial result of the first quarter of the previous year is burdened with an early termination fee of TEUR 535 for the premature repayment of a loan. The expense was accounted for in the Trade segment, and there in the sub-segment Other Trade.

4.2 Earnings per share

As a result of the convertible debenture issued before the end of the prior financial year, there exist 3,578,838 conversion privileges entitling to 1 share each of ESTAVIS AG, which might dilute the earnings per share.

The conversion privileges will expire in June 2017. There was no demonstrable dilution effect during the nine-month period, the same as last year.

In the event that the acquisition of the ESTAVIS AG shares by ADLER Real Estate AG goes ahead (on this aspect, please see section 4.7 "Events after the reporting date"), the conversion price will be recalculated pursuant to sec. 14 of the Bond Terms. This could produce a conversion price that would have a diluting effect on the earnings per share.

4.3 Disclosures on financial assets and financial liabilities

The book values of the financial assets and liabilities in the scope of application of IFRS 7 match the short-term items at their fair value. There are some deviations concerning the non-current financial liabilities. Their book value equals TEUR 108,577, whereas their fair value is TEUR 111,732.

4.4 Related party transactions

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 2012/13 financial year changed or derecognised.

4.5 Employees

The ESTAVIS Group employed 28 staff by the end of the quarter. During the same quarter last year, there was a workforce of 26. On average, 33 staff were on the Group's payroll during the past financial year. Changes in the workforce quarter on quarter (36 staff) are explained by human resource adjustments in the Holding division, and the completed wind-up of the workforce in connection with the takeover of the portfolio in Berlin-Hohenschönhausen.

4.6 Disclosures on the corporate merger

Capital assets

	TEUR
Real assets	6,403
Property, plant and equipment	30
Accounts receivable and other assets	80
Cash and cash equivalents	29
Sum total of assets	**6,541**

Liabilities

	TEUR
Financial liabilities	–4,014
Trade payables and other liabilities	–298
Deferred tax assets	–292
Total liabilities	**–4,604**

Net assets	**1,938**
Pro rata net assets 80 %	**1,550**
Cash purchase price	1,015
174,000 shares at EUR 2.04 each	355
Total purchase price	**1,370**

Negative goodwill	**180**

The market values of assets and liabilities identified are provisional.

On 16 September 2013, ESTAVIS AG signed a contract effective 1 October 2013 concerning the acquisition of 80 % of the shares of J2P Real Estate AG in Chemnitz and its subsidiary J2P Services GmbH. The acquisition was transacted against a combination of cash payment (TEUR 1,015) and increase in kind (174,000 shares). The equity investment serves as basis for the planned portfolio expansion of ESTAVIS AG in Saxony. The subsidiary J2P Services GmbH, that was acquired along with J2P Real Estate AG, has proprietary as well as third-party housing portfolios under management. Together, the two companies are part of an historically evolved network on the Saxon housing market.

For the Group's statement of other comprehensive income, the corporate acquisition results in a provisional positive contribution to operating income among the other operating income in the amount of TEUR 180. The fact that the takeover effect fell short of the ramifications predicted last quarter is essentially explained by tax effects.

4.7 Events after the reporting date

On 10 February 2014, ADLER Real Estate AG published its decision to submit a takeover bid to the shareholders of ESTAVIS AG to acquire their no-par-value bearer shares in ESTAVIS AG in the form of an exchange offer. In exchange for the returned ESTAVIS shares, ADLER Real Estate AG will issue new no-par-value bearer shares in ADLER Real Estate AG to the shareholders as quid pro quo. ADLER Real Estate AG will commission an exchange trustee to handle the necessary increase in kind.

As of 25 April 2014, ADLER Real Estate AG submitted an exchange offer of 14 shares in ADLER Real Estate AG against 25 shares in ESTAVIS AG shares to the shareholders of ESTAVIS AG.

On 9 May 2014, the Management Board and the Supervisory Board of ESTAVIS AG issued a recommendation to the company's shareholders to accept the exchange offer. For details about the offer, please visit the homepage of ADLER Real Estate AG at http://www.adler-ag.com/adler-ag/contao-2.11.7/index.php/unterlagen-estavis-ag.html or the homepage of ESTAVIS AG at http://www.estavis.de/investor-relations/uebernahmeangebot-adler-real-estate-ag/.

Financial Calendar

2014

22 September 2014	Annual Report 2013/14
21 November 2014	Quarterly report – 1st quarter 2014/15

2015

21 February 2015	Quarterly report – 2nd quarter 2014/15

All dates are provisional. Please check our website www.estavis.de for confirmation.

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

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