ESTAVIS

REAL ESTATE PERFORMANCE

INTERIM REPORT

First Quarter 2014/15

1 July 2014 – 30 September 2014

Overview Key Financial Data

ESTAVIS AG	First Quarter 14/15 1 July 2014 – 30 September 2014	First Quarter 13/14 1 July 2013 – 30 September 2013
Revenues and earnings	TEUR	TEUR
Revenues	10,651	7,779
Total operating performance	10,947	8,418
EBIT	1,732	1,844
Pre-tax profit	–93	311
Net profit	141	102

ESTAVIS AG	30 September 2014	30 June 2014
Structure of assets and capital	TEUR	TEUR
Non-current assets	192,007	191,098
Current assets	68,783	49,762
Equity	78,777	76,476
Equity ratio	30.2 %	31.8 %
Total assets/equity and liabilities	260,791	240,860

ESTAVIS AG

Share	
Stock exchange segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 30 September 2014	24,436,464
Free float (information according to last notification from investors)	12 %
Share price high (1 July 2014 – 30 September 2014*)	2.43 EUR
Share price low (1 July 2014 – 30 September 2014*)	2.11 EUR
Closing price on 30 September 2014*	2.17 EUR
Market capitalisation on 30 September 2014*	EUR 53.0 million

* Closing prices in Xetra trading

Content

Letter to the Shareholders

Dear Shareholders,
Dear Ladies and Gentlemen,

ESTAVIS AG has been off to a good start into the new financial year. The opening quarter was defined by stable contributions to operating income in the Portfolio segment and by an increased contribution to operating income in the Trading segment. In fact, the contribution to operating income by the Trading segment grew by 43 % year on year, from EUR 0.7 million to EUR 1.0 million. This means that during the first three months we already managed to generate the equivalent of nearly 40 % of the year-end total of the previous financial year in the Trading segment. This success in the privatisation business is largely attributable to proprietary trading. It vindicates our strategy of steadily expanding our proprietary trading through our subsidiary ESTAVIS Wohneigentum GmbH.

Just recently, we restocked our privatisation pipeline with assets earmarked for proprietary trading. In July, we spent approximately EUR 15 million on 294 residential units in Berlin's Lichtenberg borough. The apartments are in excellent repair, and, given their superior location within Berlin, perfectly suited for private investors and owner-occupiers.

The Portfolio segment performed according to plan. The expansion of our property stock through acquisitions in the town of Neubrandenburg and the takeover of the property company J2P Real Estate AG pushed our revenues up to EUR 2.8 million, an increase by 14 %. However, it implied a year-on-year decline in the contribution to operating income in the Portfolio segment. More than by anything else, the consolidated income was burdened by one-off payroll and benefit costs.

Despite the positive group EBIT in an amount of EUR 1.7 million, the consolidated income thus came to EUR 0.14 million. Transaction and restructuring costs in connection with the acquisition of a 4,300-unit portfolio in March also impacted the consolidated income.

All things considered, we have reason to be satisfied with the earnings position of the ESTAVIS Group. Having expanded our housing stock and added new assets to our trading portfolio, we created the preconditions for an improved financial performance in the reporting periods to come. Accordingly, we expect to see clearly positive growth of revenue and earnings in the ongoing financial year.

The Management Board

Jacopo Mingazzini

The ESTAVIS Share

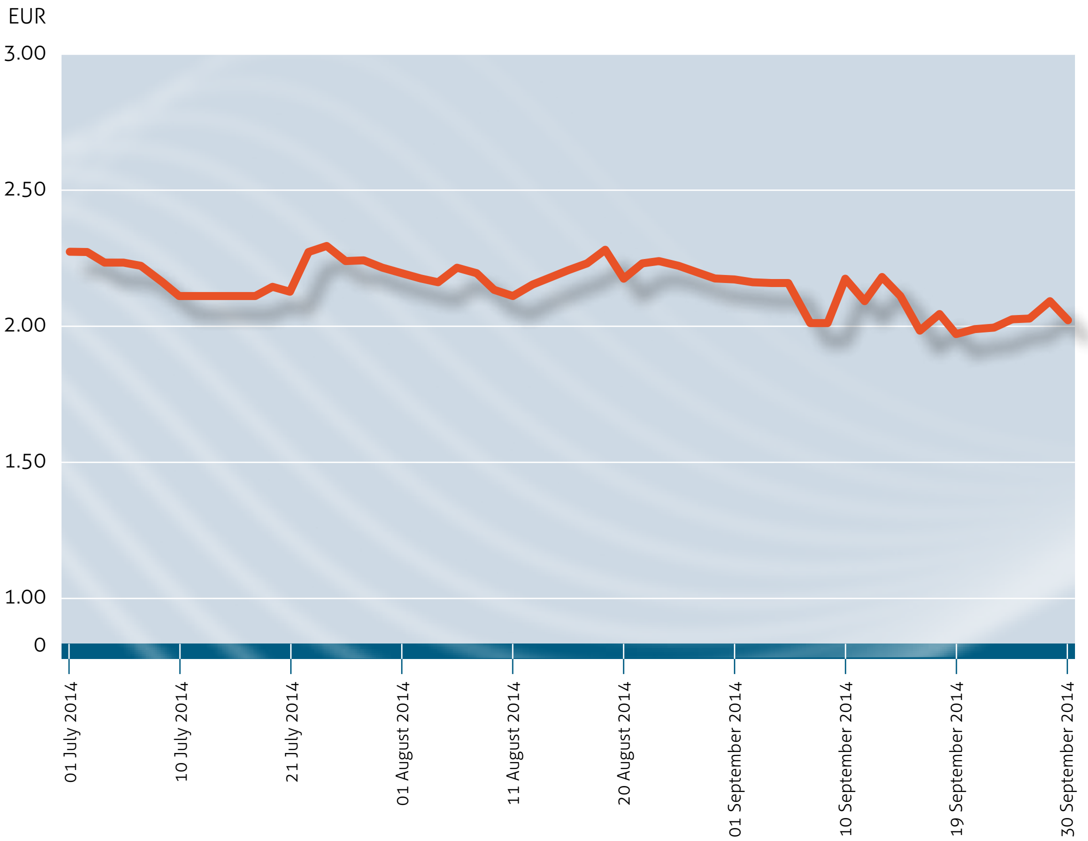
ESTAVIS shares are listed on the Regulated Market of the Frankfurt Stock Exchange, and meet the transparency requirements of the Prime Standard.

ESTAVIS' share price performance

During the first quarter of the 2014/15 financial year, the DAX was subject to shifting trends, and proved unable to continue the positive growth of the two foregoing quarters. By the end of September, it was 4.32 % lower than in early July. In August, concerns about the economic development in Europe and the diverse geopolitical crises had precipitated even graver, if temporary, losses for Germany's blue-chip index. However, the DAX recovered slightly in September.

In line with the general trend, the ESTAVIS stock showed a negative performance during the reporting period, ending it with a 10 % loss. By the balance sheet date of 30 September 2014, the share price equalled EUR 2.17 in Xetra trading, up from just EUR 2.41 at the beginning of the year. The market capitalisation of ESTAVIS AG amounted to EUR 53.0 million by 30 September 2014. The mean daily trading volume during Q1 2014/15 came to 9,554 shares.

ESTAVIS share price development from 1 July 2014 to 30 September 2014



ESTAVIS shares at a glance

ESTAVIS AG

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Interim Management Report

Preliminary Remarks

The condensed consolidated interim financial statements of ESTAVIS AG on which this report is based have been prepared in accordance with the International Financial Reporting Standards (IFRS) the way they are to be applied in the European Union.

All monetary figures in this report are stated in euro (EUR). Both individual and total figures represent the value with the smallest rounding difference. Accordingly, adding the values of the individual line items may result in slight differences compared to the sum totals presented.

1 Basic Structure of the Group

1.1 Group business model, objectives and strategies

The ESTAVIS Group is a listed property company focusing on residential properties in Germany. Its business activities are limited, geographically speaking, to real property in Germany, particularly in economically attractive locations, which mainly includes so-called Class B and Class C cities and Berlin. The business activities of ESTAVIS focus, on the one hand, on the management of residential real estate holdings, and, on the other hand, on trading residential properties within the framework of apartment retailing. The dual focus is reflected in the division of the ESTAVIS Group business into the two segments of "Portfolio" and "Trading."

Portfolio

In the Portfolio segment, the ESTAVIS Group identifies housing stock with a sustainable positive cash flow and high value-added potential, and exploits its management know-how to raise this potential efficiently and to ensure regular cash flows from the management of the acquired portfolios.

Trading

The Trading segment of the ESTAVIS Group includes the buying and selling of residential properties and individual apartments, especially the retailing of apartments to owner occupiers and investors within the framework of retail privatisations of housing portfolios. The circle of potential clients includes, in addition to domestic buyers, a considerable share of private foreign investors who seek to acquire condominiums in Germany, either for owner-occupation or as private investments let to third-party tenants. The privatisation services provided by the ESTAVIS Group involve both the retailing of apartments from proprietary property stock of the ESTAVIS Group and the provision of privatisation services on behalf of third parties.

Going forward, ESTAVIS AG will intensify its focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties. ESTAVIS AG also intends to limit its further acquisitions of housing stock to its apartment retailing business line (privatisations).

1.2 Group structure and control system

ESTAVIS AG acts as an operationally active holding company for a number of member companies including two service arms that focus on the business areas of housing privatisation and property management. For companies in which it holds a controlling interest, ESTAVIS AG assumes the top-down responsibilities of corporate controlling, funding, and administration within the ESTAVIS Group. The sphere of ownership of ESTAVIS AG includes core divisions such as Legal, Accounting, Controlling, Risk Management, Funding, and IT.

The ESTAVIS Group subdivides into two divisions, "Trading" and "Portfolio." There are no other subdivisions. The segment reporting follows the same division structure. To control the Group, ESTAVIS AG uses control variables that are fine-tuned to meet the specificities of each Group segment and of the Group as a whole. The first quarter of 2014/15 saw no changes compared to the consolidated financial statements of 2013/14 in this regard.

1.3 Research and development

With its activities concentrated in the areas of residential and commercial property letting and of property trading, the ESTAVIS Group has no need to conduct research and development activities, nor is it dependent on licenses and patents.

2 Economic Report

2.1 Macro-economic development

The German economy showed a rather sluggish momentum during the third quarter of 2014. According to the DIW German Institute for Economic Research, the gross domestic product grew by a mere 0.1 % during Q3. For Q4, the institute actually predicts stagnation. More than anything else, the ongoing geopolitical crises and the associable impact on foreign trade are to blame for the slow growth. It is compounded by deteriorating corporate sentiment, with negative repercussions for investments. By contrast, private consumption, which benefits from the robust situation on the labour market, has had a favourable effect on the economic output. Wages and the number of jobs have continued to increase.

Germany's labour market has maintained its growth trajectory. In September 2014, the number of gainfully employed persons climbed to around 42.9 million, a year-on-year increase by 387,000, according to the Federal Statistical Office (Destatis). The unemployment figure for September 2014 was 2.09 million, which equals an unemployment rate of 5.0 %. Year on year, the number of jobless therefore declined by 108,000.

2.2 Development of the German housing market

Germany's residential transaction market also showed a very robust performance. As Jones Lang LaSalle Incorporated (JLL), a consultancy firm specialising in real estate reported, investments in residential assets and portfolios totalled approximately EUR 9.7 billion by the end of September 2014, slightly exceeding the sum total at the end of the prior-year period (EUR 9.5 billion). Nearly 170,000 apartments changed hands, which is 25,000 more than during the reference period in 2013. By the end of 2014, JLL expects the transaction total to exceed EUR 11 billion. That said, the record volume of the previous year is unlikely to be matched.

2.3 Business performance

During the 2014/15 financial year, the business performance of the ESTAVIS Group reflects the altogether positive market environment on the residential property markets of relevance for ESTAVIS, meaning both in regard to the tenant demand in the Portfolio segment and in regard to the demand for condominiums for owner occupation or as private investment in the Trading segment. The ESTAVIS Group realised a modestly positive consolidated income.

Group revenues surged noticeably year on year, which is essentially attributable to two influencing factors. On the one hand, the revenues in the Trading segment were defined by the sales of three apartment buildings in Berlin. On the other hand, the letting take-up in the Portfolio segment jumped up as planned once the take-up generated by the company J2P Real Estate AG and by the portfolio in Neubrandenburg were integrated.

The company's share capital increased to EUR 24,436,464.00 during the quarter under review after the conversion rights from the issued convertible bond were exercised.

Certain personnel changes in the Supervisory Board and the Management Board of ESTAVIS AG occurred during the reporting period. With Thomas Bergander, André Pernhold and Alexandra Timoshenko 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 of ESTAVIS AG, respectively, as of 31 August 2014 and to leave the company's Supervisory Board at the same time, the annual general meeting appointed Axel Harloff, Dr. Dirk Hoffmann and Carsten Wolff as regular members of the Supervisory Board of ESTAVIS AG as of 1 September 2014. The constitutive meeting of the Supervisory Board elected Axel Harloff as Chairman of the Supervisory Board.

Torsten Ceijka also left the Management Board of ESTAVIS AG as of 1 September 2014. Jacopo Mingazzini has headed ESTAVIS AG as sole Member or the Management Board ever since.

2.4 Earnings, financial position and assets

Earnings position

The ESTAVIS Group's key revenue and earnings figures developed as follows during the first quarter of the 2014/15 financial year:

	Q1 2014/15	Q1 2013/14
	Mio. EUR	Mio. EUR
Revenues	10.7	7.8
EBIT	1.7	1.9
Net profit	0.1	0.1

The consolidated revenues added up to EUR 10.7 million during the 2014/15 financial year. They break down into the following segments:

- Portfolio: EUR 2.8 million (prior-year period: EUR 2.4 million)
- Trading: EUR 7.9 million (prior-year period: EUR 5.4 million)

thereof

- Other trade: EUR 0.0 million (prior-year period: EUR 1.8 million)
- Privatisation: EUR 7.9 million (prior-year period: EUR 3.6 million)

The growth in consolidated revenues is essentially attributable to the Trading segment. Revenues in the Privatisation sub-segment are definitively influenced by the sales of three apartment buildings in Berlin. As predicted, the sub-segment "Other trade" in the Trading segment no longer contributes to the consolidated revenues.

The gross operating profit (EBIT) of the Trading segment of Q1 2014/15 rose from EUR 0.7 million at the end of the reference period to EUR 1.0 million, supporting the positive growth forecast for the 2014/15 financial year. A drilldown shows that the positive income in the "Privatisation" sub-segment in the amount of EUR 1.1 million is matched by negative income for the "Other trade" sub-segment in an amount of EUR –0.2 million. In analogy to prior periods, the latter was characterised mainly by expenditures in connection with the wind-up of the development and listed property activities.

Sales in the Portfolio segment amounted to EUR 2.8 million (reference period: EUR 2.4 million) during Q1 of the 2014/15 financial year. The increase in take-up is essentially attributable to the top line sales growth resulting from the portfolio acquisitions recently transacted.

The gross operating profit (EBIT) of the Portfolio segment totalled EUR 0.8 million (Q1 2013/14: EUR 1.1 million). While revenues from lettings during the reporting period increased when compared to Q1 2013/14, they are offset by increased payroll and benefit expenses attributable to the one-off items that resulted from agreements with former senior executives who left the company, which negatively impacted the income even though they were not included in the forecast.

For a detailed income list by segment, please see the elaborating disclosures on the quarterly financial statements in section 4.

The consolidated net profit equalled EUR 0.1 million at the end of the reporting period (Q1 2013/14: EUR 0.1 million). The modest positive net income matches the forecast ventured for the development of the 2014/15 financial year in conjunction with the statements of account presented as of 30 June 2014.

The other operating income came to a total of EUR 0.3 million, after EUR 0.4 million in the reference period.

At a total of EUR 1.1 million, the compensation expenses were considerably higher than during Q1 2013/14 (EUR 0.7 million), which is essentially explained by the one-off items in conjunction with the departure of some of the company's senior executives.

The financial results of Q1 of the 2014/15 financial year equalled EUR –1.8 million after EUR –1.6 million during the reference period. The rise in interest expenses results, on the one hand, from the loan received within the framework of the corporate acquisition of J2P Real Estate AG during the quarter under review, which had no equivalent in the reference quarter. On the other hand, the interest expense arising from the convertible bonds and corporate bonds grew in sync with the increased stock.

The earnings before taxes equalled EUR –0.1 million, down from EUR 0.3 million at the end of the reference period. The consolidated profit after income tax in the amount of EUR –0.2 million (Q1 2013/14: EUR 0.2 million) equals EUR 0.1 million.

Financial position

Key figures from the cash flow statement

	Q1 2014/15	Q1 2013/14
	Mio. EUR	Mio. EUR
Cash flow from operating activities	–13.0	0.8
Cash flow from investment activities	–19.1	–2.9
Cash flow from financing activities	31.2	–0.8
Net change in cash and cash equivalents	–0.9	–2.9
Cash and cash equivalents at the beginning of the period	6.4	9.3
Cash and cash equivalents at the end of the period	5.5	6.3

In Q1 of the 2014/15 financial year, the cash flow from operating activities amounted to EUR –13.0 million (previous year: EUR 0.8 million). The negative cash flow in business operations is directly related to property acquisitions for the Trading segment, which will have a positive impact on the cash flow of the subsequent quarter because the payment from the resale will be received during the second semester of 2014. The net cash used in operating activities breaks down into the cash profit for the period and cash-effective changes in current working capital. A positive impact on the net cash used in operating activities was generated by rent payments and the amounts deposited in return for inventory properties sold. The operating cash flow is impaired by all operating expenditures, including income tax payments. Interest and redemption payments for loans taken out to refinance inventory properties also reduced the operating cash flow.

The cash flow from investment activities amounted to EUR –19.1 million during the period under review (previous year: EUR –2.9 million). The sum reflects the acquisition of additional property assets and the down-payment for an acquired subsidiary along with other entities acquired during the quarter under review for a total amount of EUR 14.8 million.

The cash flow from financing activities amounted to EUR 31.2 million during the period under review (previous year: EUR –0.8 million), and breaks down into the shareholder loan paid in by ADLER Real Estate AG, new loans taken out toward the expansion of the property stock, and payment outflows for the principal repayment of bonds and financial liabilities.

Cash and cash equivalents decreased from EUR 6.4 million by 30 June 2014 to EUR 5.5 million as of 30 September 2014.

The shareholders' equity of ESTAVIS AG rose from EUR 76.5 million the previous year to EUR 78.8 million as of 30 September 2014. The increase is essentially due to the fact that the subscribed capital was topped up by EUR 1.1 million and the capital reserves by EUR 1.2 million as bonds were converted into shares during the reporting period. This results in an equity ratio of 30.2 %, more or less matching the previous financial year's level (31.8 %) by the balance sheet date, again despite the continued increase in total assets.

Further details on the amount and composition of the Group's cash flows can be found in the Consolidated Cash Flow Statement.

Asset position

The total assets increased by EUR 19.9 million since the balance sheet date of the previous financial year, climbing to a total of EUR 260.8 million. The increase is essentially explained by the growth in miscellaneous receivables and other assets by EUR 15.6 million.

The increase in miscellaneous receivables and other assets is primarily explained by EUR 14.9 million in down-payments made on inventory properties earmarked for sales.

Non-current liabilities increased by EUR 49.6 million since the end of the previous financial year. The increase is essentially attributable to non-current financial liabilities, and to the fact, among others, that the 2013/18 bond and the 2012/17 convertible bond posted in current liabilities in a total amount of EUR 12.3 million were reposted in non-current liabilities after the subscription period for premature redemptions had expired as a result of the change in control that was effected when ESTAVIS AG was taken over by ADLER Real Estate AG. Moreover, the amount drawn down from the shareholder loan was raised from EUR 5.0 million to EUR 16.0 million while the loan maturity was adjusted, and finance facilities in an amount of EUR 11.0 million were disbursed.

Current liabilities declined by EUR 32.0 million to EUR 44.6 million (prior period: EUR 76.6 million). This includes, on the one hand, the reduction of the financial liabilities by EUR 19.2 million, mainly by reclassifying the bonds and the shareholder loans as non-current financial liabilities. On the other hand, trade payables declined by the amount of EUR 9.5 million representing the purchase price of the Germany One portfolio that had not been paid yet by 30 June 2014.

General statement on the Group's business situation

The earnings position of the ESTAVIS Group is modestly positive as a result of recent acquisitions for the property portfolio, and of the stable growth in the Trading segment. The ground for an improved financial performance has already been laid by the expansion of the housing stock and by the acquisitions recently added to the Trading portfolio. The Management Board of ESTAVIS AG therefore expects to see a substantial growth in revenue and earnings in the ongoing financial year.

3 Supplementary Report

On 28 October 2014, the condition precedent was exercised for the transfer of costs and benefits of a residential property portfolio that had been acquired for a total purchase price of approximately EUR 160.0 million during the 2013/14 financial year, and that includes around 4,300 residential units nationwide (in the states of Bavaria, Berlin, North Rhine-Westphalia, Saxony, and Saxony-Anhalt).

October 2014 saw the transfer of 94.9% of the shares in a property vehicle with property holdings in Berlin that were acquired at a price of EUR 5.9 million, with the contract signed on 24 June 2014.

The deed for the sale of a property vehicle with property holdings in Neubrandenburg, posted with a book value of EUR 4.3 million, was notarised in November 2014, with the transfer of rights, benefits and obligations scheduled for 31 December 2014.

The financing arrangements for the portfolio acquisitions concluded in the 2013/14 financial year that are detailed in the consolidated financial statements of 30 June 2014, but had not yet been contracted by that date, were signed during the compilation phase of these interim financial statements. The refinancing arrangement involves a capital market financing structure.

No other events of major significance for the business development of the ESTAVIS Group have occurred since the end of Q1 of the 2014/15 financial year.

4 Forecast, Opportunity and Risk Report

Forecast Report

The forecasts and other disclosures regarding the future business performance of the ESTAVIS Group that were ventured in the 2013/14 consolidated financial statements are being upheld.

Going forward, ESTAVIS AG will intensify its focus on the privatisation of apartments from its proprietary stock as well as on behalf of third parties as it continues to expand, and keeps buying new property.

Given the stable performance of the privatisation business and the substantial expansion of its income basis in the Portfolio segment, the Management Board of ESTAVIS AG believes that the company will achieve a substantial growth in consolidated income in the 2014/15 financial year – or in a short financial year ending on 31 December 2014 and in the 2015 financial year if the Management Board moves ahead with its plans to change the financial year to the calendar year.

Opportunity and Risk Report

The ESTAVIS Group's risk management system is geared towards securing existing and future success potential of the Group's commercial activities and to permit their exploitation in such a way as to generate a sustained increase in going concern value. An integral component of this system is the fact that potentially adverse developments and events are addressed in a structured manner and at an early stage, thereby allowing the Management Board to initiate countermeasures in good time before significant damage is done.

The risks for the ESTAVIS Group identified in the Risk Report of the Group Management Report for the previous financial year of 2013/14 underwent no major revision during the period under review, so that reference should be made to said Risk Report.

Overall assessment

In light of the anticipated development of Germany's housing demand and the generally auspicious parameters of the country's residential property market, the company projects a growing business potential looking forward. This assessment is backed by the lively interest of owner-occupiers and private investors in property – particularly in condominiums – that is acquired either as investment or (in the case of owner-occupiers) as an integral component of a private pension plan. The latter aspect, by the way, is bound to gain in significance, and substantially so.

The ESTAVIS Group intends in particular to boost its revenues by stepping up its activities in the housing privatisation sector. On the basis of a stable business performance and viable cost income ratios, the company expects to see a sustained improvement of its income and financial position during the next two years. The Group aims for a substantial positive net income in the ongoing year.

Consolidated Balance Sheet

ESTAVIS AG	30 Sept. 2014	30 June 2014
Assets	**TEUR**	**TEUR**
Non-current assets		
Goodwill	17,776	17,776
Other intangible assets	48	52
Property, plant and equipment	192	204
Investment property	155,993	156,168
Advance payments and related costs of investment property	15,720	14,776
Investments	1,175	1,175
Equity interests accounted for using the equity method	947	947
Other non-current financial assets	0	0
Deferred income tax receivables	157	0
Total	**192,007**	**191,098**
Current assets		
Inventories	17,558	17,101
Trade receivables	7,236	3,033
Other receivables and assets	38,389	22,816
Current income tax receivables	51	373
Cash and cash equivalents	5,549	6,439
Assets held for sale	0	0
Total	**68,783**	**49,762**
Total assets	**260,791**	**240,860**

Consolidated Balance Sheet

ESTAVIS AG	30 Sept. 2014	30 June 2014
Equity	**TEUR**	**TEUR**
Issued capital	24,436	23,339
Capital reserves	52,757	51,627
Revenue reserve	0	0
Retained earnings	1,242	1,092
Attributable to parent company shareholders	78,435	76,058
Attributable to minority interests	342	418
Total equity	**78,777**	**76,476**

Liabilities	TEUR	TEUR
Non-current liabilities		
Provisions	75	75
Financial liabilities	132,553	82,628
Deferred income tax liabilities	4,793	5,058
Total non-current liabilities	**137,421**	**87,761**
Current liabilities		
Provisions	1,469	1,254
Financial liabilities	21,846	41,002
Advance payments received	7,458	7,008
Current income tax liabilities	1,716	1,533
Trade payables	3,904	16,116
Other liabilities	8,200	9,710
Total current liabilities	**44,592**	**76,623**
Total equity and liabilities	**260,791**	**240,860**

Consolidated Income Statement

ESTAVIS AG	First Quarter 14/15 1 July 2014 – 30 Sept. 2014	First Quarter 13/14 1 July 2013 – 30 Sept. 2013
	TEUR	TEUR
Revenues	10,651	7,779
Change in value of investment property	37	284
Other operating income	259	355
Changes in inventories	0	0
Total operating performance	**10,947**	**8,418**
Cost of materials*	7,048	4,889
Staff costs	1,087	694
Depreciation and amortisation	23	23
Other operating expenses*	1,058	968
Operating result	**1,732**	**1,844**
Result from the equity interests accounted for using the equity method	**0**	**35**
Interest income	75	2
Interest expenses	1,900	1,570
Financial result	**–1,825**	**–1,568**
Net profit before income taxes	**–93**	**311**
Income taxes	–234	209
Net profit	**141**	**102**
Attributable to minority interests	**–9**	**0**
Attributable to parent company shareholders	150	0
Earnings per share (EUR) – undiluted	**0.01**	**0.01**
Earnings per share (EUR) – diluted	**0.02**	**0.00**

* Last year's figures were adjusted for reasons of comparability. See section 2 of the notes.

Consolidated Statement of Comprehensive Income

ESTAVIS AG	First Quarter 14/15 1 July 2014 – 30 Sept. 2014	First Quarter 13/14 1 July 2013 – 30 Sept. 2013
	TEUR	TEUR
Net profit	**141**	**102**
Positions which were or will be reclassified in profit/loss		
Available-for-sale financial assets	0	0
Changes in fair value	0	0
Reclassification recognised in profit or loss	0	0
Income taxes	0	0
Positions never to be reclassified in profit/loss		
Reevaluation of property, plant and equipment	0	0
Tax effect	0	0
Other comprehensive income	**0**	**0**
Total comprehensive income	**141**	**102**

Consolidated Cash Flow Statement

ESTAVIS AG		First Quarter 14/15 1 July 2014 – 30 Sept. 2014	First Quarter 13/14 1 July 2013 – 30 Sept. 2013
		TEUR	TEUR
	Net profit	141	102
+	Depreciation/amortisation of non-current assets	23	23
+/–	Increase/decrease in provisions	215	–1,913
+/–	Change in value of investment property	–37	–284
+/–	Other non-cash expenses/income	–40	–35
–/+	Gains/losses from the disposal of non-current assets	–33	0
–/+	Increase/decrease in inventories, trade receivables and other assets that are not attributable to investing or financing activities	–6,317	936
+/–	Increase/decrease in trade payables and other liabilities that are not attributable to investing or financing activities	–6,266	1,886
–/+	Gains/losses from the disposal of consolidated companies	0	0
+/–	Tax payments	–673	82
=	**Cash flow from current operating activities**	**–12,988**	**797**
+	Payments received from the disposal of property, plant and equipment	0	0
+	Payments received from the disposal of investment property	0	0
+	Payments received for the disposal of financial assets	250	0
+	Payments received for the disposal of financial assets	0	0
+	Payments for the disposal of fully consolidated companies	0	0
+	Payments from interest	2	0
–	Payments for investments in intangible assets	–3	–1
–	Payments for investments in property, plant and equipment	–4	–34
–	Payments for investment property	–4,589	–1,880
–	Payments for investments in non-current financial assets	0	0
–	Payments for the disposal of fully consolidated companies	–14,770	–1,015
=	**Cash flow from investing activities**	**–19,114**	**–2,930**

Continued on page 19

Consolidated Cash Flow Statement

	ESTAVIS AG	First Quarter 14/15 1 July 2014 – 30 Sept. 2014	First Quarter 13/14 1 July 2013 – 30 Sept. 2013
		TEUR	TEUR
	Continued from page 18		
+	Payments from shareholders	0	0
–	Payments to shareholders	0	0
+	Payments from the issuing bonds and raising (financial) loans	33,758	0
–	Repayment of bonds and (financial) loans	–1,506	–808
–	Interest paid	–1,065	0
=	**Cash flow from financing activities**	**31,187**	**–808**
	Net change in cash and cash equivalents	–915	–2,941
+	Increase of net current assets from the acquisition of fully consolidated companies	25	0
–	Decrease of net current assets from the acquisition of fully consolidated companies	0	0
+	Cash and cash equivalents at the beginning of the period	6,439	9,258
=	**Cash and cash equivalents at the end of the period**	**5,549**	**6,317**

Consolidated Statement of Changes in Equity

for the financial year from 1 July 2014 to 30 September 2014

ESTAVIS AG	Issued capital	Capital reserves	IAS 39 reserve	Revenue reserve	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 July 2014	**23,339**	**51,627**	**0**	**0**	**1,092**	**418**	**76,476**
Net profit	–	–	–	–	150	–9	141
Other comprehensive income	–	–	0	–	0	–	0
Total comprehensive income	–	–	0	–	150	–9	141
Addition of Uhlandstr. 79	–	–	–	–	–	–67	–67
Cash capital increase	–	–	–	–	–	–	0
Issuance of convertible bonds	–	–	–	–	–	–	0
Costs of raising equity	–	–	–	–	–	–	0
Acquisitions	–	–	–	–	–	–	0
Conversion of convertible bonds	1,097	1,130	–	–	–	–	2,227
As of 30 September 2014	**24,436**	**52,757**	**0**	**0**	**1,242**	**342**	**78,777**

Consolidated Statement of Changes in Equity

for the financial year from 1 July 2013 to 30 September 2013

ESTAVIS AG	Issued capital	Capital reserves*	IAS 39 reserve	Equity	Retained earnings	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
As of 1 July 2013	**18,059**	**44,308**	**0**	–	**4,265**	**0**	**66,632**
Net profit	–	–	–	–	102	0	102
Other comprehensive income	–	–	0	–	0	–	0
Total comprehensive income	–	–	0	–	102	0	102
As of 30 September 2013	**18,059**	**44,308**	**0**	**0**	**4,367**	**0**	**66,734**

Selected Disclosures on Condensed Consolidated Interim Financial Statements

1 Basic Information

ESTAVIS AG with its subsidiaries is active both as property portfolio holder and property trader. The company's headquarters are located at Uhlandstr. 165 in 10719 Berlin, Germany. The company's shares are listed on the Frankfurt Stock Exchange for trading on the Regulated Market (Prime Standard).

By 30 September 2014, ESTAVIS AG acted as operating holding company for numerous property vehicles.

These condensed consolidated interim financial statements were approved for publication by the company's Management Board in November 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 first quarter of the 2014/15 financial year, which ended on 30 September 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 statement of ESTAVIS AG for the year ended 30 June 2014.

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 2014.

The prior-year figure representing services contracted for brokerage transactions includes sales commissions for properties held by the group in the amount of TEUR 183 that were posted under other operating expenses the previous year. These have been restructured in order to convey a clearer picture of the actual situation.

In the ongoing financial year, the application of the following new or amended accounting standards and interpretations has become mandatory in IFRS consolidated financial statements for the first time:

Standard/Interpretation	
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRIC 21	Levies
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures

Their introduction necessitated no material changes to the financial reporting for the consolidated financial statements of ESTAVIS AG. No regulations were applied early. The first-time adoption of IFRS 10 did not result in an adjustment of the basis of consolidation.

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 30 September 2014, the condensed interim consolidated financial statements of ESTAVIS AG included 36 subsidiaries, one joint venture, and three associates. During the first quarter of the ongoing financial year, the consolidated group as of 30 June 2014 (34 subsidiaries, one joint venture, three associates) expanded to include an acquired property vehicle and a shelf company. In neither case were business operations taken over.

ESTAVIS Group will be included in the interim financial statements of ADLER Real Estate AG, Hamburg, as its top-tier parent company.

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

4.1 Segment informations

Quarter on quarter, the segment results for the first quarter of the 2014/15 financial year present themselves as shown below:

	Trading						Portfolio		Group	
	Total		Privatisation		Other trade					
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenues (external)	7,898	5,355	7,898	3,585		1,770	2,753	2,424	10,651	7,779
thereof										
Letting	121	229	121	215		14	2,753	2,424	2,874	2,653
Disposals	7,206	3,740	7,206	1,984		1,756			7,206	3,740
Brokerage	571	1,386	571	1,386					571	1,386
Changes in the value of investment property							37		37	
Operating income	**975**	**718**	**1,139**	**806**	**−164**	**−88**	**756**	**1,125**	**1,732**	**1,843**
Result from the equity interests accounted for, using the equity method		35		35						35
Financial results	**−495**	**−466**	**−258**	**−234**	**−237**	**−232**	**−1,330**	**−1,103**	**−1,825**	**−1,568**
Income before income taxes	**480**	**287**	**881**	**607**	**−401**	**−320**	**−573**	**24**	**−93**	**311**

The income of the Privatisation sub-segment in the Trading segment was mainly defined by the sales of three apartment buildings in Berlin during Q1 2014/15.

As predicted, the sub-segment "Other trade" in the Trading segment no longer contributes to the consolidated revenues. The sub-segment income is defined by the wind-up of the company's development and listed property activities. The negative income is essentially the result of intra-group allocations.

The income of the Portfolio segment, which includes increased revenues from the portfolio expansion in the wake of the acquisition of properties in Neubrandenburg and of the property company J2P Real Estate AG that had no equivalent during the reference quarter of the prior year, is offset by increased payroll and benefit expenses due to one-off items that resulted from agreements with senior executives who left the company, and by allowances for rent receivables that are undertaken quarterly as of this financial year.

Segment assets, segment liabilities and segment investments were posted as of 30 September 2014:

	Trading	Portfolio	Unallocated	Consolidation	Group
	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets	77,613	279,911	37,200	–134,881	259,843
Equity interests accounted for using the equity method	823	124			947
Total segment assets	**78,436**	**280,035**	**37,200**	**–134,881**	**260,791**
Segment liabilities	**45,522**	**161,316**	**78,317**	**–106,545**	**178,610**
Segment investments	16	39	25	–25	54

The figures by the reporting date of the 2013/14 financial year were as follows:

	Trading	Portfolio	Unallocated	Consolidation	Group
	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets	60,242	273,031	34,735	–128,096	239,913
Equity interests accounted for using the equity method	823	124			947
Total segment assets	**61,065**	**273,155**	**34,735**	**–128,096**	**240,860**
Segment liabilities	**42,442**	**192,329**	**36,157**	**–106,545**	**164,384**
Segment investments	30	3,192	1,532		4,754

Segment assets primarily relate to property, plant and equipment, investment property, inventories, receivables, and receivables from third parties and from the other segment. Goodwill is allocated to the Trading segment. Not allocated are equity interests, furniture, fixtures and equipment, as well as licences and concessions.

The change in assets and liabilities concerns primarily the Trading segment, and is primarily explained by EUR 14.9 million in down-payments made on inventory properties earmarked for sales.

The segment liabilities include financial liabilities, operating liabilities, and the liabilities vis-à-vis the other segment. Not allocated are accounts payable from bonds, payables vis-à-vis ADLER Real Estate AG, trade payables, and other payables.

The increase in segment liabilities is essentially connected with the disbursement of finance facilities and shareholder loans.

Segment investments include additions to property, plant and equipment and intangible assets as well as investment property.

4.2 Earnings per share

The 2012/17 convertible bond issued during the 2011/12 financial year and the 2014/19 convertible bond issued during the 2013/14 financial year created 280,740 and 5,395,906 conversion rights, respectively, entitling to one ESTAVIS AG share each, which could dilute the earnings per share. In fact, there was a dilution effect during the three-month period.

A total of 952,104 pieces of the 2012/17 convertible bond were converted into shares during Q1 2014/15. The 940,487 convertible bonds quoted at EUR 2.40 per unit at issue were exchanged for 1,081,936 shares at a price of EUR 2.0861 each. Moreover, a total of 11,617 convertible bonds were exchanged for one share of ESTAVIS AG each.

From the convertible bond issued during the 2013/14 financial year, a total of 4,094 conversion rights were exchanged for one ESTAVIS AG share each during Q1 2014/15.

4.3 Disclosures on financial instruments

The following tables show the reconciliation of the carrying amounts of financial instruments to the IAS 39 measurement categories and the fair values of the financial instruments with the source of measurement for each class:

Q1 2014/15	Book value	IAS 39 category	Fair value	Measurement hierarchy
	TEUR		TEUR	
Assets				
Other non-current financial assets*	1,175		1,175	
Equity investments	1,175	AfS	1,175	
Miscellaneous other financial investments	0	LaR	0	Level 3
Trade receivables	7,236	LaR	7,236	Level 3
Miscellaneous receivables and capital assets	14,201	LaR	14,201	Level 3
Cash and cash equivalents	5,549	LaR	5,549	Level 2
Total financial assets	**28,161**		**28,161**	
Liabilities				
Long-term payables to banks and other lenders	110,404	AmC	110,515	Level 3
Bond liabilities	22,149	AmC	27,693	Level 1
Short-term payables to banks and other lenders	21,846	AmC	22,239	Level 3
Trade payables	3,904	AmC	3,904	Level 3
Other short-term payables	2,542	AmC	2,542	Level 3
Total financial liabilities	**160,845**		**166,893**	

* Since no range can be identified for the fair value measurement of the other non-current financial assets, these are not categorised in the measurement hierarchy according to IAS 39 and the "at cost" valuation method, because the fair value cannot be determined with certainty and because they are not earmarked for sale.

Financial year 2013/14	Book value	IAS 39 category	Fair value	Measurement hierarchy
	TEUR		TEUR	
Assets				
Other non-current financial assets*	1,175		1,175	
Equity investments	1,175	AfS	1,175	
Miscellaneous other financial investments	0	LaR	0	Level 3
Trade receivables	3,033	LaR	3,033	Level 3
Miscellaneous receivables and capital assets	13,720	LaR	13,720	Level 3
Cash and cash equivalents	6,439	LaR	6,439	Level 2
Total financial assets	**24,367**		**24,367**	
Liabilities				
Long-term payables to banks and other lenders	71,478	AmC	71,579	Level 3
Bond liabilities	11,150	AmC	13,014	Level 1
Short-term payables to banks and other lenders	41,002	AmC	41,634	Level 3
Trade payables	16,116	AmC	16,116	Level 3
Other short-term payables	9,710	AmC	9,710	Level 3
Total financial liabilities	**149,456**		**152,053**	

* Since no range can be identified for the fair value measurement of the other non-current financial assets, these are not categorised in the measurement hierarchy according to IAS 39 and the "at cost" valuation method, because the fair value cannot be determined with certainty and because they are not earmarked for sale.

Cash and cash equivalents, trade receivables and other receivables have maturities of short-term character. Accordingly, their carrying amounts equalled their fair value by the balance sheet date. The same applies, mutatis mutandis, to the trade payables and the other current liabilities.

The ESTAVIS Group's long and short-term payables vis-à-vis banks were posted at fair value on initial recognition, minus the transaction costs, these values always matching the initial costs. The accounts payable of recently acquired companies vis-à-vis banks were measured at fair value on initial recognition. Going forward, the carrying amount of all long-term and short-term payables vis-à-vis banks as of the balance sheet date equals the amount that application of the effective interest method would return as amortised costs. At the same time, the carrying amount of the accounts payable owed to banks is matched with its fair value.

The valuation of the bond without conversion rights was at fair value minus transaction costs on initial recognition, with the value matching the initial costs with transaction costs taken into account, and, after the balance sheet date, at amortised costs using the effective interest method. The bonds with conversion rights were measured at fair value on initial recognition, with a market-consistent comparative interest rate taken into account and with transaction costs deducted. This present value represents the debt component of the bonds, which is posted in the bond liabilities. Their carrying amount represents a revaluation using the effective interest method.

4.4 Additional disclosures about financial liabilities

The 2013/18 bond and the 2012/17 convertible bond were posted in current liabilities as of 30 June 2014. Pursuant to the respective bond terms, the change of control precipitated by the acquisition of ESTAVIS AG by ADLER Real Estate AG gave noteholders the right to claim advance repayment. With the period for filing such a claim now expired, the bonds were reposted in non-current financial liabilities again as of 30 September 2014.

4.5 Related party transactions

The ESTAVIS Group has a current liability of TEUR 273 to its associate SIAG Sechzehnte Wohnen GmbH & Co. KG. This amount resulted from settlement transactions between the two companies.

One subsidiary of ESTAVIS Group is a fully liable partner of the Wohneigentum Berlin GbR joint venture This results in a warranty for loan debt of this civil-law partnership in the amount of TEUR 11,247.

The ESTAVIS Group has a claim vis-à-vis its associate, the property company Malplaquetstr. 23 Grundstücksverwaltungsgesellschaft mbH. The claim is based on the loan over TEUR 469 plus accrued interest.

The ESTAVIS Group has a liability in the amount of TEUR 15,965 vis-à-vis the parent company. This liability arises from a shareholder loan granted by ADLER Real Estate AG at an interest rate of 9.25 %. The interest rate dropped to 6.25 % as of 1 October 2014.

Torsten Cejka left the Management Board of ESTAVIS AG. Jacopo Mingazzini, who is Managing Director both of ESTAVIS AG and of its privatisation arm Accentro GmbH, has headed the company as its sole board member ever since.

There were also changes in the Supervisory Board of ESTAVIS AG: Axel Harloff, Member of the Board of ADLER Real Estate AG, and Carsten Wolff, Head of Accounting and Finance at ADLER Real Estate AG, have been appointed as the new members of the company's Supervisory Board as of 1 September 2014 after the incumbent members of the Supervisory Board, including the chairman, resigned their mandates as of 31 August 2014.

4.6 Employees

The ESTAVIS Group employed 34 staff by the end of the quarter. During the same quarter last year, there was a workforce of 39. On average, 40 staff were on the Group's payroll during the past financial year.

4.7 Events after the reporting date

On 28 October 2014, the condition precedent was exercised for the transfer of costs and benefits of a residential property portfolio that had been acquired for a total purchase price of approximately EUR 160.0 million during the 2013/14 financial year, and that includes around 4,300 residential units nationwide (in the states of Bavaria, Berlin, North Rhine-Westphalia, Saxony, and Saxony-Anhalt).

October 2014 saw the transfer of 94.9 % of the shares in a property vehicle with property holdings in Berlin that were acquired at a price of EUR 5.9 million, with the contract signed on 24 June 2014.

The deed for the sale of a property vehicle with property holdings in Neubrandenburg, posted with a book value of EUR 4.3 million, was notarised in November 2014, with the transfer of rights, benefits and obligations scheduled for 31 December 2014.

The financing arrangements for the portfolio acquisitions concluded in the 2013/14 financial year that are detailed in the consolidated financial statements of 30 June 2014, but were not yet contracted by that date, were signed during the compilation phase of these interim financial statements. The refinancing arrangement involves a capital market financing structure.

Financial Calendar

2014

27 November 2014	Annual General Meeting

2014

30 March 2015	Financial statements as of 31 December 2014 (subject to the consent of the Annual General Meeting of 27 November 2014 concerning the short financial year)
18 May 2015	Quarterly report – 1st quarter 2015

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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