

ESTAVIS AG

THE REAL ESTATE INVESTMENT GROUP



HALF-YEAR INTERIM REPORT 2010/11

1 July 2010 – 31 December 2010

OVERVIEW KEY FINANCIAL DATA

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

* from continued operations

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

ESTAVIS AG

Share	
Stock exchange segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 December 2010	9,546,235
Free float	71.1 %
Share price high (1 July – 31 December 2010*)	EUR 2.16
Share price low (1 July – 31 December 2010*)	EUR 1.75
Closing price on 30 December 2010*	EUR 1.84
Market capitalisation on 31 December 2010*	EUR 17.6 million

* Closing prices in Xetra trading

CONTENT

3	Letter to the Shareholders
5	The ESTAVIS Share
7	Interim Management Report
11	Consolidated Balance Sheet
13	Consolidated Income Statement
14	Consolidated Statement of Comprehensive Income
15	Consolidated Cash Flow Statement
16	Consolidated Statement of Changes in Equity
17	Selected Disclosures on Condensed Consolidated Interim Financial Statements
20	Responsibility Statement of Legal Representatives
21	Financial Calendar
21	Forward-looking Statements
22	Credits

LETTER TO THE SHAREHOLDERS

Dear Shareholders,
Ladies and Gentlemen,

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

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

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

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

Good response to listed projects

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

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

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

Changes in the optimisation portfolio

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

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

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

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

Outlook for the 2010/11 financial year

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

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

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



Florian Lanz
Chief Executive
Officer (CEO)



Eric Mozanowski
Member of the
Management Board

THE ESTAVIS SHARE

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

ESTAVIS' share price performance

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

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

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

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

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

Annual Conference of the Real Estate Share Initiative

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

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

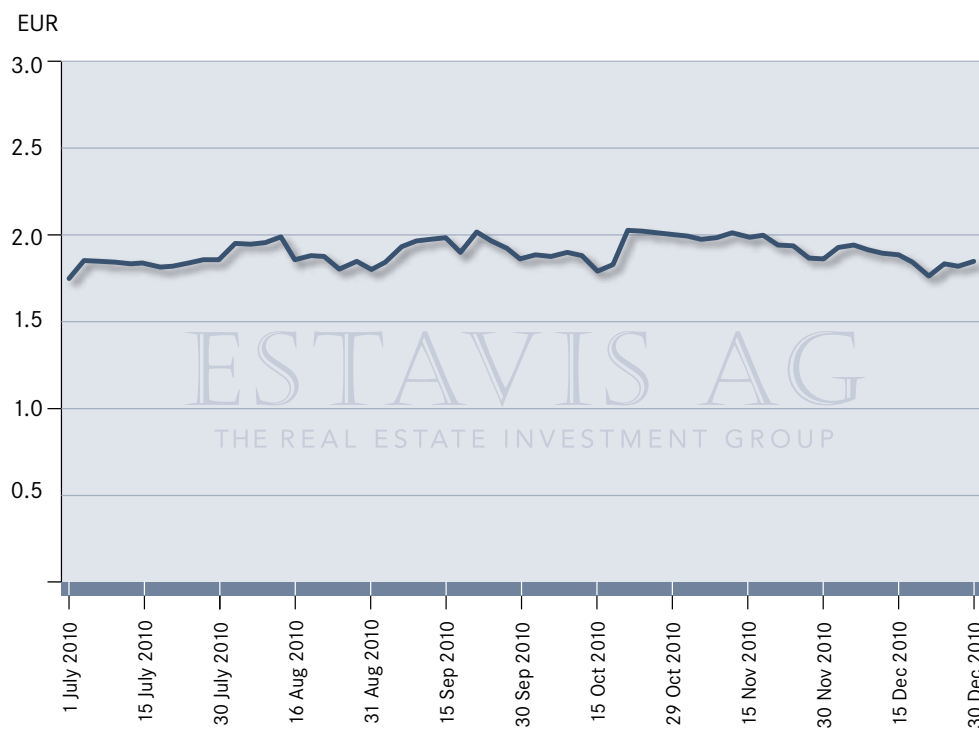
In a company presentation and several individual discussions, Florian Lanz, CEO of ESTAVIS AG, explained the company's business model and provided information on current real estate projects.

10. MKK – Münchner Kapitalmarkt Konferenz (10th Munich Capital Market Conference)

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

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

ESTAVIS share price development from 1 July to 30 December 2010



ESTAVIS AG

Share	
Stock exchange segment	Prime Standard
ISIN	DE000A0KFKB3
German Securities Code Number (WKN)	A0KFKB
Number of shares on 31 December 2010	9,546,235
Free float	71.1 %
Share price high (1 July – 31 December 2010*)	EUR 2.16
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Market capitalisation on 31 December 2010*	EUR 17.6 million

* Closing prices in Xetra trading

INTERIM MANAGEMENT REPORT

1 BUSINESS AND CONDITIONS

1.1 Economic environment and business performance

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

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

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

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

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

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

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

1.2 Earnings situation

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

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

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

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

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

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

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

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

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

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

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

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

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

1.3 Financial and assets position

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

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

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

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

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

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

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

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

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

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

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

2 RISK REPORT

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

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

3 FORECAST REPORT

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

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

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

CONSOLIDATED BALANCE SHEET – ASSETS

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

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

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

CONSOLIDATED INCOME STATEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONSOLIDATED CASH FLOW STATEMENT

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 July to 31 December 2010

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 July to 31 December 2009

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

SELECTED DISCLOSURES ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIC INFORMATION

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

3 CONSOLIDATED GROUP

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

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

4.1 Segment informations

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

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

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

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

4.2 Income from reversal of provisions

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

4.3 Related party transactions

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

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

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

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

4.4 Employees

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

RESPONSIBILITY STATEMENT OF LEGAL REPRESENTATIVES

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

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

Berlin, 11 February 2011



Florian Lanz
*Chief Executive
Officer (CEO)*



Eric Mozanowski
*Member of the
Management Board*

FINANCIAL CALENDAR 2011

13 May 2011	Quarterly report – 3rd quarter / Nine months 2010/11
23 September 2011	Annual report 2010/11

FORWARD-LOOKING STATEMENTS

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

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

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

The German version is authoritative.

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ESTAVIS AG

THE REAL ESTATE INVESTMENT GROUP

