

ERWE Immobilien AG

WKN: A1X3WX | ISIN: DE000A1X3WX6 | Bloomberg: ERWE

Bondholders largely vote in favour of company's proposals

Financial restructuring: ERWE's financial restructuring concept is designed for a going concern scenario. It is based on the possibility of restructuring on the basis of a plan confirmed by a majority of creditors outside of insolvency proceedings, as provided for in the German Corporate Stabilization and Restructuring Act (StaRUG).

Results of the bondholders' vote without a meeting: ERWE has now announced the results of the vote held from June 29 to July 2. The proposals of the company were largely approved. These include, among other things, the deferral of the interest payment on the bond of EUR 3.0m due on 10.06.2023 until the maturity date of the bond on 10.12.2023. The bondholders have also approved the waiver of a termination right in connection with the outstanding interest payment and the annual financial statements for 2022, which have not yet been published. Very important is the election of a joint representative of the group of bondholders, who has the corresponding decision-making rights for the further negotiations. In our view, Ethenea, a major bondholder, was successful with its own proposal. The proposal to convert the bond into equity was not approved. ERWE can now negotiate the further course of action on this with the joint representative. As the conversion of the bond including interest at EUR 43.0m accounts for around half of the total restructuring volume of around EUR 90.0m, we believe that agreement on this is a key element of the plan.

In particular, the successful election of a joint representative is of great importance for the required prompt implementation of a restructuring plan. A decision on the debt-equity swap or another viable alternative plays an important role here. Shareholders would also benefit from the successful implementation of the restructuring plan. We have continued to suspend our recommendation for the shares and our price target. (Last update on 13.06.2023)

FY End: 31.12.; in EURm	CAGR (21-24e)	2019	2020	2021	2022e	2023e	2024e
Gross rental revenue (GRR)	28.7%	3.5	5.6	7.9	10.1	14.3	16.8
EBIT	n.a.	11.5	3.9	-4.8	1.6	7.0	10.3
Net income	n.a.	8.7	0.1	-10.2	-3.9	-0.5	1.4
EPS, EUR	n.a.	0.45	0.01	-0.48	-0.15	0.00	0.08
EPRA NRV per share, EUR	-2.8%	4.29	4.39	3.83	3.42	3.44	3.52
Net Debt	6.9%	64.4	127.6	139.3	150.6	159.8	170.2
EV		129.5	195.5	210.9	171.0	180.2	190.6
EV/GRR		37.4	35.0	26.7	16.9	12.6	11.3
EV/EBIT		11.2	50.0	-43.9	104.2	25.9	18.5
Net Debt/EBITDA		5.6	33.5	-29.0	91.8	23.0	16.5

Source: ERWE, FMR

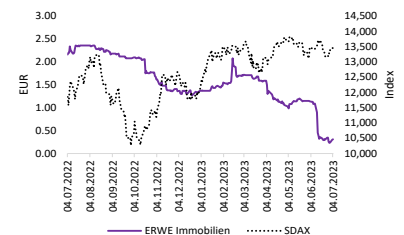
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Before: --

Target price EUR -- (--)
Share price* EUR 0,31 (- -%)

*last closing price Börse Frankfurt

Change	2022e	2023e	2024e
GRR	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS, EUR	0.00	0.00	0.00



Source: Börse Frankfurt, FMR

Basic share data

Number of shares (millions)	24.56
Free float (in %)	14.5%
Market Cap (in EURm)	7.6
Trading vol. (Ø 30 days)	1,458
High (EUR, 52 weeks)	2.36
Low (EUR, 52 weeks)	0.23

Shareholder structure

RW Property Investment GmbH	20.9%
Stapelfeld Beteiligungs GmbH	25.1%
Elbstein AG	37.3%
ERWE Real Estate	2.2%

Company calendar

Annual report FY 2022 tba

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Profit & Loss

EURm (IFRS)	2019	2020	2021	2022e	2023e	2024e
Gross rental revenue	3.47	5.59	7.89	10.10	14.25	16.81
Expenses from property lendings	-2.10	-2.96	-3.47	-3.64	-5.27	-5.88
Earnings from property lettings (EPL)	1.37	2.63	4.42	6.46	8.98	10.93
yoy change	18.6%	92.5%	68.0%	46.2%	38.9%	21.7%
Personnel expenses	-1.81	-4.86	-4.32	-4.35	-4.52	-4.83
yoy change	249.5%	168.0%	-11.1%	0.6%	4.0%	6.8%
Result from measurement of investment properties	12.57	6.79	-2.01	2.00	6.00	8.00
yoy change	30.9%	-46.0%	-129.6%	-199.4%	200.0%	33.3%
Result from associates measured at equity	1.64	2.61	-0.02	0.30	0.43	0.50
yoy change		59.1%	-100.7%	-1694.7%	41.1%	18.0%
Other operating expenses	-3.06	-4.51	-4.12	-4.14	-5.56	-6.22
yoy change	62.1%	47.3%	-8.7%	0.6%	34.2%	11.9%
Other operating income	0.84	1.25	1.25	1.36	1.64	1.93
yoy change	-24.6%	48.5%	-0.2%	9.3%	20.2%	18.0%
Earnings before interest and taxes (EBIT)	11.54	3.91	-4.80	1.64	6.96	10.31
yoy change	21.9%	-66.2%	-222.9%	-134.2%	324.3%	48.1%
Financial income	0.01	0.01	0.02	0.01	0.01	0.02
yoy change	-56.0%	18.2%	23.1%	-36.9%	41.1%	18.0%
Financial expenses	-3.33	-6.60	-6.76	-5.76	-7.55	-8.74
yoy change	57.7%	98.3%	2.6%	-14.9%	31.2%	15.7%
Earnings before taxes (EBT)	8.23	-2.68	-11.55	-4.11	-0.58	1.59
yoy change	11.4%	-132.5%	331.6%	-64.4%	-86.0%	-375.7%
Taxes on income	0.48	2.78	1.39	0.21	0.07	-0.19
Tax rate, %	-5.8%	103.8%	12.0%	5.0%	12.0%	12.0%
Net income before minorities	8.71	0.10	-10.16	-3.90	-0.51	1.40
yoy change	77.2%	-98.8%	-10062.7%	-61.6%	-87.0%	-375.7%
Minorities	-0.44	0.15	0.96	0.50	0.50	0.50
yoy change	0.7%	-135.2%	522.7%	-47.9%	0.0%	0.0%
Net income after minorities	8.27	0.26	-9.20	-3.40	-0.01	1.90
yoy change	84.6%	-96.9%	-3694.9%	-63.0%	-99.8%	-25953.9%
Number of shares, units m	16.56	16.56	17.21	22.18	24.56	24.56
Earnings per share, EUR	0.45	0.01	-0.48	-0.15	0.00	0.08

Source: ERWE, FMR

Balance sheet

EUR m (IFRS)	2019	2020	2021	2022e	2023e	2024e
Assets						
Non-current assets	139.59	204.32	208.39	225.98	235.44	247.97
as % of total sales	85.8%	95.0%	94.7%	97.4%	97.5%	97.7%
Property, plant, equipment/Intangible assets	1.47	1.39	1.43	1.38	1.33	1.35
Investment properties	131.90	192.71	195.49	213.99	223.49	235.99
Investments in associates	6.22	8.83	1.41	1.41	1.41	1.41
Participating interests	0.00	0.00	8.75	8.84	8.84	8.84
Prepayments made for property, plant, equipment/intang. assets	0.00	0.05	0.05	0.05	0.06	0.06
Prepayments made for investment properties	0.00	0.00	1.26	0.31	0.32	0.33
Prepayments made for investments in associates	0.00	1.34	0.00	0.00	0.00	0.00
Current assets	23.04	10.84	11.72	6.10	6.04	5.72
as % of total sales	14.2%	5.0%	5.3%	2.6%	2.5%	2.3%
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade receivables/Other receivables	0.34	0.56	0.61	0.62	0.63	0.64
Receivables from associates	0.62	0.96	0.00	0.00	0.00	0.00
Receivables from comp. Linked by virtue of investment	0.00	0.00	0.88	0.93	0.97	1.02
Other financial assets	1.89	0.00	0.00	0.00	0.00	0.00
Other assets	1.02	1.33	1.61	0.97	1.01	1.05
Income tax receivables	0.10	0.03	0.04	0.04	0.04	0.04
Cash and cash equivalents	19.06	7.96	8.57	3.55	3.39	2.97
Total assets	162.63	215.16	220.10	232.08	241.48	253.69
Shareholders' equity and liabilities						
Equity	58.28	58.39	53.55	59.02	59.01	60.91
as % of total sales	35.8%	27.1%	24.3%	25.4%	24.4%	24.0%
Subscribed capital	16.56	16.56	18.22	24.56	24.56	24.56
Capital reserves	11.02	11.02	14.69	17.22	17.22	17.22
Retained earnings	14.36	14.36	14.36	14.36	14.36	14.36
Accumulated net profit	12.75	13.00	3.80	0.40	0.39	2.29
Other equity items	0.00	0.00	0.00	0.00	0.00	0.00
Equity attributable to shareholders	54.69	54.95	51.07	56.54	56.53	58.43
Minority interests on equity	3.59	3.44	2.48	2.48	2.48	2.48
Non-current liabilities and provisions	87.63	72.59	126.99	132.76	141.41	150.65
as % of total sales	53.9%	33.7%	57.7%	57.2%	58.6%	59.4%
Non-current provisions	0.04	1.45	0.98	0.78	0.80	0.81
Non-current financial liabilities	69.73	56.46	113.08	118.73	127.04	135.93
Non-current leasing liabilities	2.56	2.16	1.80	1.89	1.99	2.09
Non-current Deferred tax liabilities	15.30	12.52	11.13	11.36	11.58	11.81
Other non-current liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities and provisions	16.73	84.18	39.56	40.30	41.06	42.13
as % of total sales	10.3%	39.1%	18.0%	17.4%	17.0%	16.6%
Current provisions	0.00	0.00	0.00	0.00	0.00	0.00
Current financial liabilities	13.69	79.07	34.76	35.45	36.16	37.25
Current leasing liabilities	0.39	0.40	0.50	0.51	0.51	0.51
Current Trade account payable	0.95	1.88	0.23	0.25	0.25	0.25
Current deferred tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Other current	1.70	2.83	4.07	4.10	4.14	4.12
Total equity and liabilities	162.63	215.16	220.10	232.08	241.48	253.69

Source: ERWE, FMR

Cash flow statement

EURm (IFRS)	2019	2020	2021	2022e	2023e	2024e
Net income before minorities	8.71	0.10	-10.16	-3.90	-0.51	1.40
Depreciation/impairments	0.17	0.25	0.35	0.35	0.30	0.28
Measurement result from investment properties	-12.57	-6.79	2.01	-2.00	-6.00	-8.00
Results from associates measured at equity	-1.64	-2.61	0.02	0.00	0.00	0.00
Net balance: Financial income/financial expenses	3.01	6.58	6.75	0.00	0.00	0.00
Other non-cash expenses/income	-3.17	0.00	0.00	0.22	0.52	0.52
Income tax payments	-0.10	-2.81	-1.40	0.22	0.23	0.23
Change in Working Capital	-0.64	2.30	-1.36	0.64	-0.05	-0.11
Cashflow from Operations	-6.23	-2.97	-3.80	-4.47	-5.52	-5.69
Investments in property, plant and equipments	-0.08	-0.22	-0.18	-0.30	-0.25	-0.30
Payment for acquisition of investment properties	-6.06	-32.36	-1.26	-15.00	-3.00	-4.00
Investments in investment properties	-8.68	-21.93	-4.78	-1.50	-0.50	-0.50
Interest received/other financial income	0.00	0.00	0.02	0.00	0.00	0.00
Payments for loans to associates	-0.56	-0.30	0.00	0.00	0.00	0.00
Investments in equity instruments of other companies	0.00	-1.34	0.00	0.00	0.00	0.00
Other changes from investing activities	0.00	0.00	0.00	0.94	-0.01	-0.01
Cashflow from investing activities	-15.37	-56.16	-6.20	-15.86	-3.76	-4.81
Cash changes in financial debt	22.15	54.60	11.51	6.44	9.12	10.08
Changes in shareholders equity	-0.64	0.00	5.32	8.87	0.00	0.00
Dividend payments to shareholders	0.00	0.00	0.00	0.00	0.00	0.00
Cash changes from own shares	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid and ancillary financing costs	0.00	-6.57	-6.23	0.00	0.00	0.00
Other cash changes from financing activities	0.00	0.00	0.00	0.00	0.00	0.00
Cashflow from financing activities	21.51	48.04	10.61	15.32	9.12	10.08
Change in cash and cash equivalents	-0.09	-11.09	0.61	-5.02	-0.16	-0.42
Effect of exchange rate changes on cash	0.00	0.00	0.00	0.00	0.00	0.00
Other changes in cash and cash equivalents	0.00	-0.01	0.00	0.00	0.00	0.00
Cash and cash equivalents: Beginning of period	19.15	19.06	7.96	8.57	3.55	3.39
Cash and cash equivalents: End of period	19.06	7.96	8.57	3.55	3.39	2.97

Source: ERWE, FMR

Declaration of liability (disclaimer) and mandatory details pursuant to Section 85 Securities Trading Act (WpHG), EU Market Abuse Regulation (EU Regulation No. 596/2014), Delegated Regulation 2016/958 and Delegated Regulation 2017/565 including details of possible conflicts of interest (disclosures), the author and the responsible supervisory authority

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- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
- e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.
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Company	Disclosure(s)
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ERWE Immobilien AG	vi
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Recommendation history over last 12 months:

Date	Recommendation	Share price at publication date (EUR)	Price target (EUR)
17.03.2022	BUY	2.12	3.20
19.04.2022	BUY	1.99	3.20
01.06.2022	BUY	2.14	2.80
08.07.2022	BUY	2.34	2.80
01.09.2022	BUY	2.22	2.70
24.11.2022	BUY	1.38	2.40
13.06.2023	suspended	suspended	suspended
05.07.2023	Suspended	suspended	suspended

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FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuers

Winfried Becker, Senior Equity Analyst

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5. Investment recommendation details

Investment recommendation details - stocks:

BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

Sell: In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

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The figures from profit and loss calculations, cash flow statements and balance sheets which form the basis of the company evaluation are date-related estimates and therefore subject to risks. These may change at any time without prior notice. Regardless of the evaluation methods used, there are significant risks that the price goal/trend will not be achieved within the expected time frame. The risks include unforeseeable changes with regard to competition pressure, demand for the products of an issuer and the offer situation with respect to materials required for production as well as non-occurrence of the assumed development. Such deviations may be the result of changes relating to technology and changes relating to the economy, legal situation and exchange rates. No claim is made that this statement of evaluation methods and risk factors is complete.

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