



ERWE
IMMOBILIEN



QUARTERLY-REPORT
30 SEPTEMBER 2019
ERWE IMMOBILIEN AG

KEY FIGURES

ERWE IMMOBILIEN AG

	Financial year	30.09.2019	30.09.2018
INCOME STATEMENT (Euro 000s)			
Gross rental income		2,455	1,754
Earnings from property lettings		911	868
EBIT		5,544	8,927
Adjusted EBIT		6,080	8,927
Consolidated net income		1,748	5,118
BALANCE SHEET (Euro 000s)*			
Investment properties		117,380	101,910
Interests in properties		5,886	4,586
Net asset value (EPRA)		65,966	66,801
NAV per share		3.98	4.03
LTV (%)		43.4	36.8
Total assets		139,578	127,120
Equity		51,335	49,585
Number of shares (000s)		16,563	16,563
PROPERTIES			
Inventory properties		3	3
Project developments		1	1
Participating interests		1	1
Lettable space in m ²		41,200	41,200
Occupancy rate in %		74	64





*Dear Ladies and Gentlemen,
Dear Shareholders,*

Our summer quarter from July to the end of September 2019 was characterised by the ongoing activities to revitalise our properties and by the preparations for our further growth. We reviewed numerous new investment opportunities and also worked on the requirements for financing further growth. This also included the resolution to issue a corporate bond. No new properties were acquired in the third quarter.

The only investment we have made in expanding our existing portfolio in the year to date involved the takeover of land with a total surface of 3.3 hectares in Friedrichsdorf close to Bad Homburg v.d.H. at the end of the first quarter. Here, ERWE is developing TAUNUS LAB, a business park with usable space of around 58,000 m² and a parking facility with more than 1,400 parking spaces. Demand for office space at this location, with its favourable transport links within the Greater Frankfurt region, is so high that ERWE plans to exercise its existing option to acquire a further 1.2 hectares of building land in the near future.

At Königpassage in Lübeck, we concluded a long-term rental agreement with the City of Lübeck for 7,700 m², and thus slightly more than half of the usable space, at the beginning of April this year. After that, we organised the necessary conversion and modernisation work and were able to hand over the first finished space at the beginning of October already, two months earlier than planned. Starting in 2020, the city administration will be opening a civic centre offering citizens' services at the site. In parallel, we are holding numerous talks with potential tenants interested in taking this opportunity to locate close to

the new civic centre. We expect these talks to result in lettings being agreed by the end of the year.

At our property in a prime inner-city location in Krefeld, we aim to bring the office space still vacant up to date in terms of its technology and thus enhance its letting prospects. Not only that, the refurbishment measures needed at the property's parking block are being implemented in line with our technical due diligence. With around 450 spaces, the parking block is also due to receive a more customer-friendly design scheme with optimised customer guidance routes. We are currently in negotiations concerning a more attractive letting option for the parking block from the coming year.

We are also in talks with further tenants for space still vacant at Frankfurt Airport Center 1, the business centre in which we hold a 10.1 percent stake and for which we are also responsible for the project development work needed to achieve full occupancy. In May, we let more than 5,000 m² to a publicly listed company. This already raised the occupancy rate to 92 percent. We still expect to achieve full occupancy by the end of the year.

The extensive conversion work and modernisation measures at Postgalerie Speyer, including the exterior design of the listed building and its commercial design, are progressing apace. The work begun in the spring to convert space for Hotel Amedia, which is due to move into Postgalerie next year, is running on schedule. A lease contract for 150 parking spaces at a nearby site was concluded as of 1 October 2019, thus making the site more accessible to visitors arriving by car.

Rental income and the outlays both for current operating costs and for developing the property portfolios were within the budgeted framework. Gross rental income came to a cumulative total of Euro 2.455 million in the first nine months of the year and was thus ahead of the previous year's figure (Euro 1.755 million). In the previous year, however, the new business model only took effect upon the contribution of the former ERWE Retail Immobilien GmbH as of 2 May 2018. Expenses from property lettings, which almost doubled to Euro 1.544 million, are also not comparable with the previous year's figure (Euro 0.887 million).

At Euro 5.988 million, the income from fair value measurement pursuant to IAS 40 once again played a key role in enabling our ERWE Immobilien AG Group to generate positive earnings. The major share of this measurement income is attributable to the takeover and valuation of the land in Friedrichsdorf. This factor was supplemented by income of Euro 1.3 million resulting from at-equity measurement to account for the pleasing lettings situation at Frankfurt Airport Center. Net of financial costs of Euro 2.515 million and taxes of Euro 1.288 million, consolidated net income amounted to Euro 1.748 million. In the previous year, the effects resulting from the first-ti-


me contribution of ERWE Retail and from substantial, but highly successful investment activities were reflected in higher income of Euro 9,127 million from fair value measurement. For the same reason, consolidated net income at the end of September 2018 was also higher at Euro 5.117 million.

Our balance sheet is in good shape at the end of the first nine months of the year. Due to the investment in Friedrichsdorf and ongoing investments in converting and modernising our portfolio, consolidated total assets grew to Euro 139.6 million (beginning of 2019: Euro 127.1 million). Our investment properties reached a volume of Euro 117.4 million (beginning of 2019: Euro 101.9 million). Liquid funds contracted to Euro 14.1 million, with this also being due to the investments made (beginning of year: Euro 19.2 million).

Our key financial performance indicators still show great solidity and adequate scope for further growth. Adjusted EBIT totalled Euro 6.08 million. Our loan-to-value figure is 43.4 percent. Our net asset value (NAV) of Euro 65.966 million, or Euro 3.98 per share, remains stable compared with the end of 2018.

We will be upholding our acquisition and financing efforts and pressing ahead with developing our portfolio as planned. As a result, we expect to see a further increase in income and further asset growth at our company.

Yours faithfully,


Axel Harloff
Management Board member


Rüdiger Weitzer
Management Board member

Frankfurt am Main, November 2019

ASSETS

	30.09.2019	31.12.2018
	EUR	EUR
A. Non-current assets		
Property, plant and equipment and intangible assets	624,225	197,354
Investment properties	117,380,000	101,910,000
Interests in companies measured at equity	5,885,700	4,585,700
Prepayments made for investment properties	0	88,153
	123,889,925	106,781,207
B. Current assets		
Trade receivables and other receivables	102,597	222,262
Receivables from companies linked by virtue of investment	635,084	0
Other financial assets	276,065	444,064
Other assets	578,287	520,587
Cash and cash equivalents	14,096,443	19,151,851
	15,688,475	20,338,764
Total assets	139,578,399	127,119,971

LIABILITIES

	30.09.2019	31.12.2018
	EUR	EUR
A. Equity		
Share capital	16,562,922	16,562,922
Capital reserve	11,020,843	11,020,843
Revenue reserves	14,366,135	14,390,301
Accumulated net profit	6,304,786	4,479,195
Equity allocable to shareholders in parent company	48,254,686	46,453,261
Non-controlling interests	3,079,838	3,132,041
	51,334,524	49,585,302
B. Non-current liabilities		
Financial debt	66,571,407	41,501,149
Provisions	36,960	4,758
Other financial liabilities	1,154,085	0
Deferred tax liabilities	16,974,931	15,737,487
	84,737,383	57,243,394
C. Current liabilities		
Provisions	0	120,117
Income tax liabilities	16,318	77,044
Financial debt	977,627	16,810,311
Trade payables	1,018,073	2,105,888
Liabilities to companies linked by virtue of investment	397,100	0
Other financial liabilities	1,019,045	1,110,517
Other liabilities	78,329	67,398
	3,506,492	20,291,275
Total equity and liabilities	139,578,399	127,119,971

INCOME STATEMENT

ERWE IMMOBILIEN AG

Consolidated Income Statement
for the Period from 1 January to 30 September 2019

	01.01. - 30.09.2019	02.05. - 30.09.2018
	EUR	EUR
Gross rental income	2,454,801	1,754,622
Expenses from property lettings	-1,543,963	-886,621
Earnings from property lettings	910,838	868,001
Other operating income	524,830	49,722
Personnel expenses	-1,186,305	-243,762
Other operating expenses	-1,993,964	-874,340
Result from measurement of investment properties	5,988,190	9,127,528
Result from at equity rated associated companies	1,300,000	0
Earnings before income and taxes (EBIT)	5,543,589	8,927,150
Financial income	7,411	9,276
Financial expenses	-2,515,091	-1,311,326
Earnings before taxes	3,035,909	7,625,101
Taxes on income	-1,287,621	-2,507,353
Consolidated net income / comprehensive income	1,748,288	5,117,748
of which attributable to:		
Shareholders in parent company	1,825,591	4,623,401
Non-controlling interests	-77,304	494,347



DEVELOPMENT IN EQUITY

for the Period from 1 January to 30 September 2019

in EUR	Share capital	Capital reserve	
Balance at 1 January 2019	16,562,922	11,020,843	
Consolidated net income / comprehensive income	0	0	
Other changes	0	0	
Balance at 30 September 2019	16,562,922	11,020,843	
Balance at 2 May 2018	10,162,500	107,621	
Profit for the period	0	0	
Balance at 30 September 2018	10,162,500	107,621	

NET ASSET VALUE (NAV)

for the Period from 1 January to 30 September 2019

Euro 000s	30.09.2019	31.12.2018
Equity	51,335	49,585
- non-controlling interests	-3,080	-3,132
Equity attributable to ERWE shareholders	48,255	46,453
Liabilities for deferred taxes on investment properties, where attributable to shareholders in parent company	16,788	14,164
Present value of projects recognised at cost, where attributable to shareholders in parent company	923	6,184
Net asset value (NAV)	65,966	66,801
Number of shares	16,562,922	16,562,922
Net asset value (NAV) per share	3.98	4.03

Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
14,390,301	4,479,195	46,453,261	3,132,041	49,585,302
0	1,825,591	1,825,591	-77,304	1,748,288
-24,166	0	-24,166	25,101	935
14,366,135	6,304,786	48,254,686	3,079,838	51,334,525
14,390,301	0	24,660,422	2,693,483	27,353,905
0	4,623,401	4,623,401	494,347	5,117,748
14,390,301	4,623,401	29,283,823	3,187,830	32,471,653

ADJUSTED EBIT

for the Period from 1 January to 30 September 2019

in EUR	30.09.2019	30.09.2018
Consolidated net income	1,748,288	5,117,748
+ taxes	1,229,428	2,507,353
+/- financial costs/income	2,507,680	1,302,049
+/- non-recurring and special items	595,000	0
Adjusted EBIT	6,080,396	8,927,150



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