QUARTERLY REPORT

31 March 2020

ERWE Immobilien AG

KEY FIGURES

ERWE IMMOBILIEN AG

Financial year	31 March 2020	31 March 2019
Income Statement (EURO 000s)		
Gross rental income	958	996
Earnings from property lettings	519	516
EBIT	-54.1	4,509
Adjusted EBIT	-54.1	5,328
Consolidated net income	2,412	3,069

Balance sheet (EURO 000s)	31 March 2020	31 December 2019
Investment properties	137,910	131,910
Interests in properties	6,225	6,225
Net asset value (EPRA)	68,292	69,822
NAV per share	4.12	4.22
LTV (%)	48.3%	46.6%
Total assets	190,389	162,638
Equity	60,697	58,285
Number of shares (000s)	16,563	16,563
Properties		
Inventory properties	3	3
Project developments	1	1
Participating interests	1	1
Lettable space in m²*	44,722	44,516
Occupancy rate in %*	76.5%	74.5%

* only Inventory Properties

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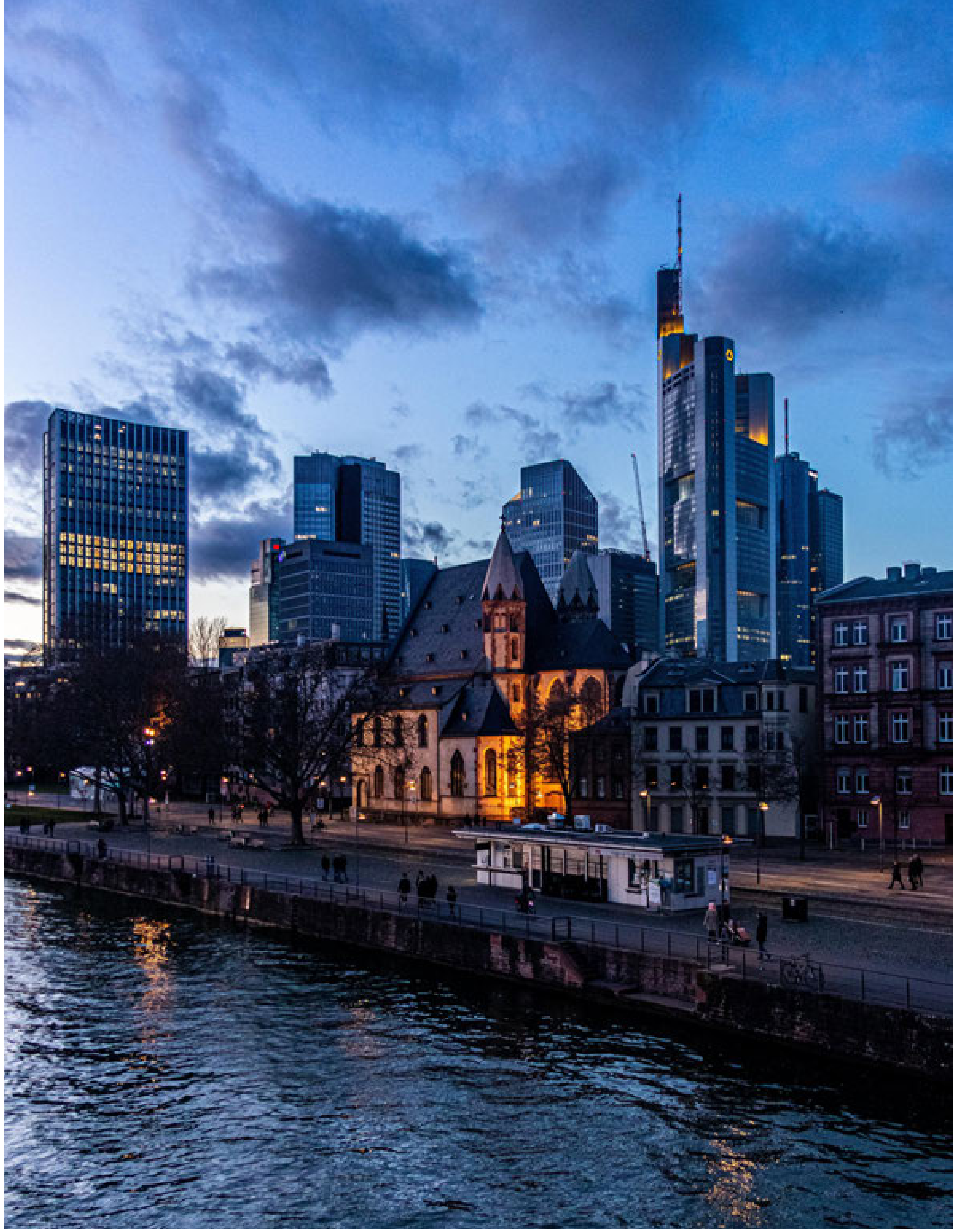
“This Annual Report was published on 31 March 2020.
This English version is a translation of the legally definitive German version“

CONTENTS



MANAGEMENT BOARD FOREWORD

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

In more normal times, a financial report would deal first and foremost with events at the company, express its results in figures and provide an outlook on expected developments. The situation now facing us as a company, in society and indeed throughout the world gives us reason to diverge from normal practice. What began in the middle of the first quarter of our new financial year had not been expected by anyone, at least not in this form. The measures taken to defend against the dangerous SARS-COV-2 virus have, for the time being, severely restricted normal social life among half of the world's population and brought economic activity to a virtual halt for months now. Even upon publication of this interim report, it is not clear what impact this situation might still have on society and businesses.

Against this backdrop, some of the steps in our company's development require particular appraisal. Starting last year, we issued our first corporate bond. Placed in several rounds starting in the run-up to Christmas and ending in mid-February this year, the bond has a total volume of Euro 40 million. It has a four-year term until 2023 and bears interest at 7.5 percent p.a. We planned to invest the newly acquired funds in new projects that had already been negotiated and thus further expand our portfolio. Given the dramatic developments on the capital and financial markets, we have decided to calmly analyse the economic crisis now emerging and revise our i nvestment plans in line with changing conditions.

Based on a strong liquidity position, we are now able to make targeted investments in line with market conditions. We can continue implementing all of the measures needed to preserve the value of our property portfolio and develop it further, and that with the same commitment as previously yet with due prudence. That is also consistent with the risk management system we devised and implemented at the company in the 2019 financial year.

We conclude that our company, which has only operated in its current listed form for two years, is well equipped to meet this crisis and superbly positioned to seize good, new opportunities for its further development. We would first like to explain this conclusion by referring to our portfolio properties.

We acquired Postgalerie in the cathedral city of Speyer in May 2017 and let out significant sections to the Amedia hotel group in 2018 already. Work on converting the former office space due to be used in future hotel operations is still progressing on schedule. The first 54 of a planned total of around 115 rooms will be handed over to Amedia on schedule, as will the remaining construction stages. Like us, Amedia expects the overall economic situation to ease by the end of this year. It expects to present booking figures at Christmas already. The handover of further retail and gastronomy space is planned for the first quarter of 2021. At present, 78 percent of the total space of around 17,000 m² at Postgalerie is let out. Current talks with potential tenants give reason to be confident that the property will be fully let next year.

In the first quarter, we also made substantial progress with our property in the historic city centre of Lübeck. Consistent with the realignment of the property and its changed utilisation mix, at the beginning of 2020 the arcade was renamed L I C H T H O F Lübeck. The new name stands for the fresh start based on the new concept of "Service meets shopping & relaxation". Of the space let out to Lübeck City Administration in spring 2019, a further section of around 3,000 m² has already been handed over. This means that the planned civic centre can be opened on schedule in the second quarter. The remaining space will be handed over in the autumn. Overall, the city administration has let around half of the property on a long-term basis.

Large sections of our property in Krefeld were modernised in 2019 already. The refurbishment and modernisation of the parking facility was completed. This has been let out to APCOA Parking GmbH for a ten-year term. The lettings rate at the property amounted to 69 percent at the end of the quarter. Final negotiations are underway to let the remaining vacant space to a tenant of extremely strong credit standing on a long-term basis. As a result, we can expect the property to be fully let in the near future.

Turning to the construction of the new TAUNUS LAB business centre in Friedrichsdorf near Bad Homburg v.d.H., at the beginning of the year we applied for the building permit for the first stage of construction. In parallel, the tender documents for awarding the construction work are currently being compiled. The plans foresee starting with section-by-section construction of the first two office complexes, Lab West and Lab North, with total lettable space of more than 21,000 m². The building permit is expected in mid-2020. However, we will only start construction work once we have reached a pre-letting rate of at least 65%. Given the current coronavirus-related uncertainties, we only expect to receive the necessary clarifications at the end of this year.

At our shareholding in Frankfurt Airport Center, in which we hold a 10.1 percent stake, we have now achieved a lettings rate of 94,1%. The conversion measures are still progressing on schedule and in line with budget.

Given all of the above, we are firmly convinced that the value of our properties is sustainably secure. We also believe that our concept of mixed utilisation has been sustainably confirmed, particularly in these exceptional times. The process of redesigning inner cities and turning monotonous areas into newly revived downtowns will proceed apace. The coronavirus crisis will further intensify the trend towards finding a new balance between online and stationary retail formats. Alternative utilization concepts, such as offices, services, gastronomy and residences will continue to revive inner-city spaces and secure the value of our properties.

For this reason, we will also use the funds successfully acquired with the bond to generate targeted further growth with sustainable earnings. We began the first quarter, for example, by making two new investments in promising properties. In Coesfeld, close to Münster, we acquired Kupferpassage, a property in a prime downtown location. Ownership was transferred on 1 May 2020, and thus after the quarter under report.

This property, which is almost fully let, has around 10,000 m² of usable space and 160 car parking spaces. Built in 1985, the complex is in good condition and let out to chains including Hennes & Mauritz, Thalia and dm-Drogerie Markt. Given its highly central location, we see potential for sustainable value growth at the complex. We have planned a total investment of around Euro 20 million, of which a small portion will be financed with funds from the corporate bond.

Furthermore, we have made a second investment in downtown Krefeld. We acquired a built-on piece of land in a prime location, namely Friedrichstrasse 6-12, not far from our first investment in St. Anton-Strasse/Friedrichstrasse. We plan to demolish the existing building on the site, which is no longer usable, and erect a new building. We intend to build a mixed-use complex including offices, gastronomy, retail and residences, for which we have already received expressions of interest from tenants. Overall, we intend to invest around Euro 22 million. We see very good synergies with the building we already own directly opposite where, as well as offices and retail, with C&A as principal tenant, we can also offer 420 parking spaces in our freshly renovated parking facility.

Rental income developed within the budgeted framework, as did outlays both for ongoing operating expenses and for developing the property portfolios. Earnings from property lettings cumulatively amounted to Euro 0.96 million and thus fell slightly short of the previous year's figure (Euro 1.00 million). This was because we were obliged to bid farewell to a small number of tenants due to the various modernisation and conversion measures at our properties. At Euro 0.44 million, expenses from property lettings were slightly lower than in the previous year's period (Euro 0.48 million).

The effects of fair value measurement in accordance with IAS 40 amounted to Euro 0.91 million in the period under report (previous year's period: Euro 5.43 million) as, apart from the project development in Friedrichsdorf, the Group's portfolio properties did not show any measurement requirement. Compared with the previous year, this resulted in negative EBIT of Euro 0.05 million (previous year: EUR 5.33 million). Revaluation of deferred tax obligations led to a positive item of Euro 3.80 million, as a result of which the Group's income statement for the first quarter concludes with consolidated net income of Euro 2.41 million (previous year: Euro 3.07 million).

Our balance sheet expanded in the first three months, with this mainly being due to the increase in our corporate bond to Euro 40 million. Our liquid funds rose to Euro 41.39 million at the end of the quarter, up from Euro 19.06 million at the end of 2019. The value of our investment properties rose to Euro 137.91 million, up from Euro 131.91 million. All in all, total assets at the Group rose to Euro 190.39 million as of 31 March 2020 (end of 2019: Euro 162.64 million).

Our financial key performance indicators still show great robustness and adequate scope for further growth. Our loan-to-value stands at 48.3 percent (end of 2019: 46.6 percent). At Euro 68.29 million, or Euro 4.12 per share, our net asset value has declined only minimally since the end of 2019 (Euro 4.22 per share).

In view of the overall situation, we will continue to pursue our corporate targets and maintain our acquisition efforts with due prudence and caution, drawing on the advantages offered by our great investment capacity. We currently do not expect any severely negative impact on our company's performance. We hope that our country's health situation, and thus also its economic position, will ease in the near future. This will give us the opportunity to emerge from the crisis with new strength and fresh motivation.

Yours faithfully,

Axel Harloff
Director

Christian Hillermann
Director

Rüdiger Weitzel
Director

Frankfurt am Main, May 2020

Assets

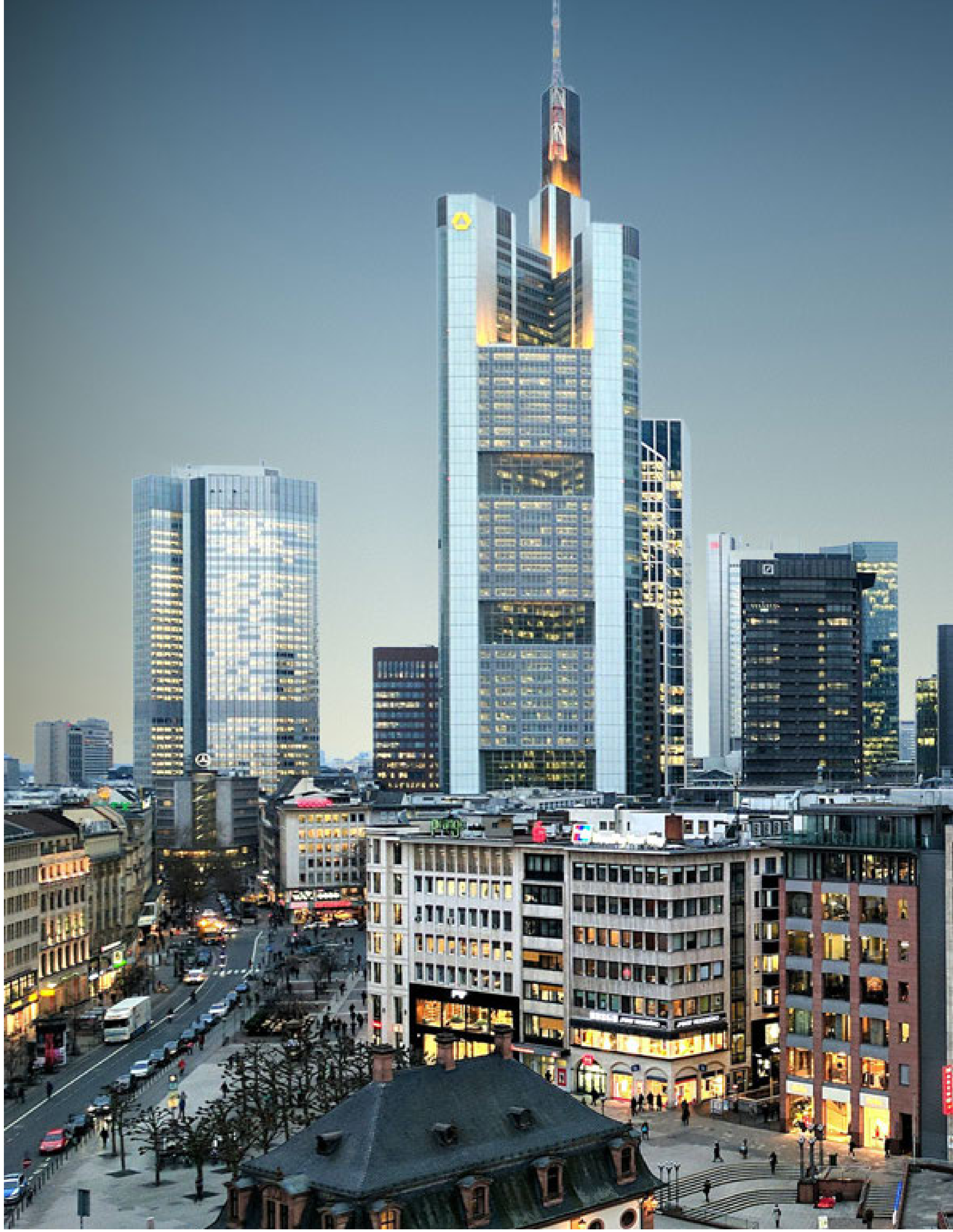
EUR	31 March 2020	31 December 2019
Non-current assets		
Property, plant and equipment and intangible assets	1,436,084	1,466,970
Investment properties	137,909,800	131,910,000
Interests in companies measured at equity	6,224,752	6,224,752
Prepayments made for investment properties	1,162,097	0
	146,732,733	**139,601,722**
Current assets		
Trade receivables and other receivables	276,763	340,885
Receivables from companies linked by virtue of investment	617,370	619,848
Other financial assets	0	1,894,300
Other assets	1,270,602	1,021,503
Income tax receivables	102,866	104,449
Cash and cash equivalents	41,389,158	19,055,016
	43,656,759	**23,036,000**
Total assets	**190,389,492**	**162,637,721**

Liabilities

EUR	31 March 2020	31 December 2019
Equity		
Share capital	16,562,922	16,562,922
Capital reserve	11,020,843	11,020,843
Revenue reserves	14,359,043	14,359,043
Accumulated net profit	14,826,616	12,747,254
Equity allocable to shareholders in parent company	56,769,424	54,690,063
Non-controlling interests	3,927,271	3,594,773
	60,696,695	**58,284,836**
Non-current liabilities		
Financial debt	58,339,133	69,726,396
Provisions	36,960	36,960
Other financial liabilities	2,446,352	2,563,180
Deferred tax liabilities	11,478,248	15,299,656
	72,300,692	**87,626,192**
Current liabilities		
Income tax liabilities	16,318	16,318
Financial debt	53,257,089	13,688,584
Liabilities to companies linked by virtue of investment	1,957,697	946,506
Other financial liabilities	408,575	389,283
Other liabilities	1,752,425	1,686,002
	57,392,105	**16,726,693**
Total equity and liabilities	**190,389,492**	**162,637,721**

Consolidated Income Statement
for the Period from 1 January to 31 March 2020

EUR	1 Jan - 31 Mar 2020	1 Jan - 31 Mar 2019
Gross rental income	957,933	996,271
Expenses from property lettings	-438,521	-480,285
Earnings from property lettings	**519,412**	**515,985**
Other operating income	171,867	202,318
Personnel expenses	-777,711	-259,135
Other operating expenses	-881,500	-564,238
Result from measurement of investment properties	913,800	5,433,190
Earnings before income and taxes (EBIT)	**-54,132**	**5,328,120**
Financial income	3,500	1,318
Financial expenses	-1,338,817	-819,978
Earnings before taxes	**-1,389,449**	**4,509,461**
Taxes on income	3,801,309	-1,440,503
Consolidated net income / comprehensive income	**2,411,860**	**3,068,958**
of which attributable to:		
Shareholders in parent company	2,079,362	2,938,291
Non-controlling interests	332,498	130,667



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Development in Equity
for the Period from 1 January to 31 March 2020

EUR	Share capital	Capital reserve	Revenue reserves	Accumu-lated net profit	Total	Non-con-trolling interests	Total equity
Balance at 1 January 2020	**16,562,922**	**11,020,843**	**14,359,043**	**12,747,254**	**54,690,063**	**3,594,773**	**58,284,836**
Consolidated net income / comprehensive income	0	0	0	2,079,362	2,079,362	332,498	2,411,860
Other changes	0	0	0	0	0	0	0
Balance at 31 March 2020	**16,562,922**	**11,020,843**	**14,359,043**	**14,826,616**	**56,769,425**	**3,927,271**	**60,696,696**

EUR	Share capital	Capital reserve	Revenue reserves	Accumu-lated net profit	Total	Non-con-trolling interests	Total equity
Balance at1 January 2019	**16,562,922**	**11,020,843**	**14,390,301**	**4,479,195**	**46,453,261**	**3,132,041**	**49,585,302**
Consolidated net income / comprehensive income	0	0	0	2,938,291	2,938,291	130,667	3,068,958
Other changes	0	0	0	0	0	0	0
Balance at 31 March 2019	**16,562,922**	**11,020,843**	**14,390,301**	**7,417,487**	**49,391,552**	**3,262,708**	**52,654,260**

Net-Asset-Value (NAV)
31 March 2020

EUR 000s	31 March 2020	31 December 2019
Equity	60,697	58,285
- non-controlling interests	-3,927	-3,595
Equity attributable to ERWE shareholders	56,769	54,690
Liabilities for deferred taxes on investment properties, where attributable to shareholders in parent company	11,522	15,132
Present value of projects recognised at cost, where attributable to shareholders in parent company	0	0
Net-Asset-Value (NAV)	**68,292**	**69,822**
Number of shares	16,562,922	16,562,922
Net-Asset-Value (NAV) per share	**4.12**	**4.22**

Adjusted EBIT
for the Period from 1 January to 31 March 2020

EUR 000s	2020	2019
Consolidated net income	2,411,860	3,068,958
+ taxes	-3,801,309	1,440,503
+/- financial costs/income	1,335,317	818,659
+/- non-recurring and special items	0	0
Adjusted EBIT	**-54,132**	**5,328,120**

ERWE Immobilien AG

Herriotstraße 1
D-60528 Frankfurt am Main

Tel.: +49 69 96 37 68 69 0
Fax: +49 69 96 37 68 69 30

info@erwe-ag.com
www.erwe-ag.com