



30 June 2021
HALF YEAR REPORT

ERWE IMMOBILIEN AG

Herriotstrasse 1 · 60528 Frankfurt am Main

www.erwe-ag.com

Overview of the financial year for the 1st Half of 2021

Key figures

Income statement (EURO million)	30 Jun 2021	30 Jun 2020		30 Jun 2021	31 Dec 2020
Gross rental income	3,655	2,224	Total assets	212,960	215,161
Earnings from property lettings	2,126	1,313	Equity	55,562	58,388
EBIT	731	5,956	Number of shares (000s)	16,563	16,563
Adjusted EBIT	731	5,956			
Consolidated net income	-2,826	5,559			
			Properties		
Balance sheet (EURO million)	30 Jun 2021	31 Dec 2020	Inventory properties	5	5
Investment properties	196,076	192,713	Projekt developments	3	3
Interests in properties	8,926	8,832	Participating interest	1	1
Net Reinstatement Value (EPRA)	78,675	80,662	Lettable space in m ² *	72,581	71,907
NRV per share (EUR)	4.75	4.87	Occupancy rate in %*	88.6	89.2
LTV (in %)	66.4	63.3			

Note: * only inventory properties incl. parking
** only inventory properties



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Management Board Foreword

Dear Ladies and Gentlemen, Dear Shareholders,

The unexpectedly prolonged coronavirus crisis again presented us with great challenges this year, with what was now the third wave of the pandemic lasting into May. Only then, with the lifting of the relevant restrictions, did life to return to normal and our properties, parts of which had been closed, were able to resume their customary business activities.



“THIS YEAR,
WE ALREADY
EXPECT **GROSS
RENTAL INCOME**
TO RISE BY AROUND
40 PERCENT.”

During more than five months of lockdown, work on our portfolio properties and on new project developments was by its very nature more difficult. Lettings demand for vacant space and for the new space we are planning was subdued. Numerous tenants at our properties in Lübeck, Speyer, Coesfeld, Krefeld and Darmstadt naturally suffered the effects of store closures.

Despite this, we managed to make progress both with positioning our portfolio properties and with projects in the planning stage. We benefited from the easing of lockdown measures apparent from April and then actually materialising, as well as from the subsequent return to normality. Since April, we have witnessed significantly greater interest in new lettings. We concluded one new letting agreement in Speyer and three in Coesfeld. In Lübeck, a number of interested parties took up contact with us again. There is now very great interest in letting space at the new building we are planning in Krefeld. At the portfolio property located across the road from this planned new building, we are benefiting from the full occupancy achieved towards the end of last year. In May,

the Amedia hotel group at our portfolio property in Speyer was able to open the rooms we had made available to it. The space let by Amedia accounts for around 30 percent of the entire property.

The robustness of our tenants in those non-food retail segments hit particularly hard by the crisis would appear to be hardly at risk. The volume of outstanding rental arrears decreased substantially in July already. Against this backdrop, we hope the upturn now underway is not threatened by a fourth wave of the pandemic from the autumn. Since launching our activities, we have successfully focused on implementing mixed-use concepts at our properties. This in itself has significantly reduced our exposure to non-food retailers. In Lübeck, for example, the share of space let to non-food retailers fell from 42 percent initially to 14 percent now. In Lübeck and Krefeld, we managed to let large parts of the properties to local authorities.

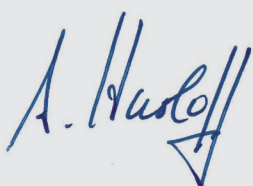
To prepare our company for its further development and provide it with resources enabling it to seize the favourable acquisition opportunities currently available, we executed a capital

increase in July already. Share capital was increased by ten percent and the company received funds of around Euro 5.5 million. Alongside our shareholder Elbstein AG, we on the Management Board also participated in the capital increase, reflecting our conviction in our company's strong further development. By implementing our sustainable mixed-use concepts, we will secure a high level of long-term occupancy at our properties and benefit from the associated value growth.

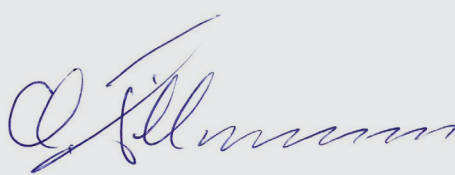
This year, we already expect gross rental income to rise by around 40 percent. Further growth can be expected at existing properties in the coming year due to new letting agreements already concluded and the additional agreements expected by the end of the year.

By successfully implementing these mixed-use concepts, we are also documenting the role we are playing in the urgently needed process of restructuring German downtowns, also in many smaller and medium-sized cities, away from monothematic retail and towards new forms of utilisation and coexistence.

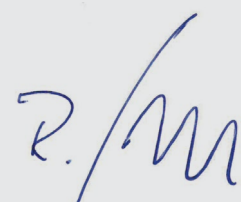
Yours faithfully,



Axel Harloff / **Director**



Christian Hillermann / **Director**



Rüdiger Weitzel / **Director**

Group Management Report of ERWE Immobilien AG for the 1st Half of 2021

I. Company fundamentals

1.1 Business model

ERWE Immobilien AG focuses on building up and sustainably developing a portfolio of promising downtown properties in prime locations. The properties are used both as offices and hotels, as well as for residential and downtown retail purposes. The company has the objective of taking over properties offering potential for value growth and, by making targeted investments, boosting these properties and releasing their hidden value. It therefore invests in properties which, as well as being well located, also offer potential for development that can be exploited by making suitable investments, implementing new concepts, at least partly amending the use of the properties and newly letting them in intelligent ways.

ERWE sees itself as a specialist in repositioning properties previously used for monothematic purposes, such as retail properties. These particularly include mixed-use concepts developed for new user groups and implemented with suitable adjustments to the respective buildings and modernisation work. As a general rule, ERWE develops the assets it takes over on its own account. Over and above this, ERWE also makes its expertise available to third parties and established a new business field for this purpose in 2020 with the foundation of ERWE Invest GmbH.

Since the end of 2020, ERWE's shares (WKN A1X3WX, ISIN DE-000A1X3WX6) have been traded in the Prime Standard of the Frankfurt Stock Exchange. This stock market segment, which is organised under private law and subject to statutory regulation, is governed by the highest transparency standards and thus makes ERWE's shares more relevant to international investors as well.

1.2 Group structure and management system

ERWE Immobilien AG is the holding company of the ERWE Group and performs central management functions. Via subsidiaries held directly and indirectly, the company owns participat-

ing interests in various properties. The company is in some cases linked to its subsidiaries by way of agency agreements and also provides financing in the form of loans to the subsidiaries.

1.3 Financial performance indicators

The company's financial performance indicators are adjusted EBIT, EPRA-NRV (European Public Real Estate Association Net Reinstatement Value) and the loan-to-value (LTV) gearing indicator. The occupancy rate for portfolio properties serves as a nonfinancial performance indicator.

II. Business report

2.1. Macroeconomic and sector-specific framework

The coronavirus crisis once again significantly impeded macroeconomic developments. Due to the third wave of infections, which were contained by lockdown measures that lasted into May, gross domestic product already fell by 2.1 percent in the first quarter of the year. The measures introduced to contain the pandemic took a particularly heavy toll on tourism, aviation, retail, gastronomy and the arts, culture and music sectors.

During the second quarter, the country increasingly returned to normality. The restrictions imposed on insolvency law, which expired on 30 April 2021, were also not extended. Unlike originally feared, there has been no exceptional increase in the number of corporate insolvencies since then. Driven by rising private and government consumption spending, gross domestic product showed a slight recovery, growing by 2.1 percent in the second quarter of 2021.

Developments in the second half of the year will depend on the extent to which a further wave of coronavirus infections, which would then be the fourth wave, arises and whether politicians and the authorities introduce the now familiar measures to reduce contacts. This would place further pressure on those sectors already hit particularly hard during the previous waves.

2.2 Developments in the German commercial property market

The German real estate sector was affected by the coronavirus crisis to differing extents in the first half of 2021. While the rise in retail property prices continued, prices fell in the commercial property market. The Association of German Pfandbrief Banks (vdp) speaks of "increasingly divergent developments" within the market. The Property Index designed by vdp rose by 8.0 percent overall. The Commercial Property Index fell for the second successive period, with a reduction of 1.5 percent in the first quarter being followed by a further reduction of 1.1 percent in the second quarter of the year.

Prices for office properties stabilised slowly in the first months of the year, while retail space remained under pressure, with non-food space still particularly affected. The Retail Space Index fell by 2.6 percent in the second quarter. New utilisation concepts for retail spaces have already had a noticeably stabilising influence. As a result, even though the New Rental Contract Index still fell by 1.5 percent in the second quarter, property rates already improved by 1.2 percent.

2.3. Business performance and company position

Major events in the first half of 2021

The difficult economic climate resulting from the coronavirus crisis in the first months of 2021 also left its mark on ERWE Immobilien AG. At all of the company's properties, retail companies were required to close stores not offering goods required for everyday needs. At the properties in Speyer, Lübeck, Coesfeld, Krefeld and downtown Darmstadt, this retail space was only fully reopened in June. Due to these closures, some of the tenants affected were unable to meet all their rental obligations. Some tenants resumed payments of outstanding rents or reached agreements with ERWE concerning payment of such during the lockdown already, and in particular since stores reopened. The widespread reopening of stores also led to greater interest being shown in the space still available. As a result, the

number of expressions of interest in vacant space rose in the final weeks of the period under report, as did the number of letting agreements concluded.

At LICHTHOF Lübeck, all stores were open once again for the first time in June. Interest in new lettings was still subdued. It was nevertheless possible to initiate an agreement to let a space of around 380 m² to an interior design firm; this agreement was then signed in July. As a result, 74.7 percent of the space at LICHTHOF is now let. The main tenant is Lübeck City Administration, which has operated a citizens' service centre since May 2020 and has also let various office spaces on a long-term basis. The agreed total rent was received for the first full period in the first half of 2021.

At Postgalerie in the cathedral city of Speyer, demand for rental space improved towards the end of the quarter under report, with a total area of around 480 m² being let to an ophthalmic clinic. The interest shown by medical organisations has convinced ERWE to develop a healthcare concept for the location. In May, the Amedia hotel group opened the space prepared for it, including 115 rooms for tourists. At 86.2 percent, the occupancy rate at Postgalerie at the end of the first half was virtually unchanged on the end of 2020 (86.4 percent).

ERWE acquired Kupferpassage in Coesfeld in mid-2020 and therefore received rental income for the first full period in the first half of 2021. Here too, it was only possible for all stores to reopen in June. There has been a noticeable improvement in the interest shown in the rental space still available. The largest share of space still vacant relates to apartments that are currently being renovated. The company has witnessed very great interest from potential tenants for the apartments. The occupancy rate at Kupferpassage eased slightly to 90.9 percent at the end of the period under report (end of 2020: 91.6 percent), but will increase towards the end of the year.

Since the beginning of 2021, ERWE has also received full rental income from City Colonaden in Krefeld, where 100 percent of the space was let in the previous year. At the end of 2020, Krefeld City Administration moved various administrative functions into space at the building that had previously been converted, refurbished and renovated on schedule within half a year.

The development properties acquired in 2020 are in the planning and development stage. That applies to the property acquired opposite City Colonaden in downtown Krefeld in mid-2020. During the period under report, various ideas and concepts were discussed with potential tenants who are increasingly interested in letting space at this prime location in downtown Krefeld. Work is underway on a building application, while the application for a wrecking permit has already been submitted.

The development stage is also underway in Darmstadt, where ERWE acquired two properties in 2020. Based on current planning, the commercial property close to the A5 motorway will be demolished in early 2022. The land has the potential for a new building with around three times as much usable space as currently. At the residential and commercial property acquired in a prime location in the middle of the pedestrian zone in downtown Darmstadt, the top floors are vacant. Here, it is planned to create contemporary residential space.

As project planning continues, the TAUNUS LAB business park in Friedrichsdorf close to Bad Homburg v.d.H. has incorporated a further aspect of sustainable construction by developing building measures that extend the hygiene concept needed to protect against virus infections. The building permit required to start construction work is expected to be issued in the coming months. Construction work will begin once advance letting agreements have been signed for two thirds of the new space. As the pandemic has started to ebb, the market has begun to show more specific interest once again.

2.4 Notes on earnings, financial and asset position of the Group

Earnings position

Driven by the Group's growth and takeovers of further portfolio properties during the previous financial year, consolidated income and expenses at ERWE Immobilien AG rose further in the period under report. Gross rental income thus increased to Euro 3,654 million in the first six months of 2021 (H1 2020: Euro 2,224 million). Net of expenses from property lettings, earnings

from property lettings came to Euro 2,126 million (H1 2020: Euro 1,313 million). At Euro 2,229 million, personnel expenses changed only marginally compared with the previous year. Due in particular to lower endowment of the provisions for the virtual stock option plan, other operating income rose by Euro 0,402 million and amounted to Euro 0,951 million in total (H1 2020: Euro 0,472 million). In the previous year's period, personnel expenses included allocations of Euro 0,800 million in this respect. At Euro 1,590 million, other operating expenses decreased compared with the previous year (H1 2020: Euro 1,837 million).

The earnings before taxes and interest of Euro 0,731 million (H1 2020: Euro 5,956 million) were mainly affected by the year-on-year reduction of Euro 6,461 million in measurement gains. In the previous year, this item had largely been characterised by favourable real estate acquisitions. The company's portfolio properties were not revalued at the end of the half-year period, as a result of which no further item has arisen in this respect. At Euro -0,190 million, the result from associates measured at equity showed a slight reduction and thus contrasted with the previous year's figure (H1 2020: Euro +0,225 million). This is predominantly due to the negative earnings contribution from the investment acquired in peko GmbH in the 2021 financial year.

Less financial expenses, which rose slightly to Euro 3,440 million (H1 2020: Euro 3,033 million), consolidated net income was negative at Euro -2,826 million and thus declined compared with the previous year (H1 2020: Euro 5,559 million).

Financial position

Operating activities resulted in a net outflow of funds amounting to Euro 2,335 million in the period under report (H1 2020: outflow of Euro 3,306 million). The outflow of funds for investing activities stood at Euro 2,267 million in the first half of 2021, as against an outflow of Euro 32,313 million in the previous year. This outflow of funds was predominantly due to investments in proprietary properties, while the previous year's figure largely resulted from property acquisitions. The outflow of funds for financing activities, which also includes interest paid and ancillary financing costs, amounted to Euro 1,129 million and was

due to the repayment of loans in the period under report (H1 2020: inflow of Euro 41.953 million). In the previous year's comparative period, the inflow of funds chiefly related to financing for the property acquisitions made. Cash and cash equivalents, which amounted to Euro 7.962 million at the end of 2020, fell to Euro 2.230 million at the end of June 2021.

Asset and capital structure

At Euro 212.960 million, total assets stated in the consolidated balance sheet decreased by Euro 2.201 million compared with 31 December 2020 (Euro 215.161 million). This was due above all to the reduction in cash and cash equivalents mainly resulting from repayments of loans and interest payments. The largest balance sheet item involves investment properties, which amounted to Euro 196.076 million compared with Euro 192.713 million at the end of the past financial year. Due to the reclassification of prepayments for investments, investments in associates rose from Euro 8.832 million to Euro 9.985 million. This resulted from the completion of the acquisition of a 50% stake in peko GmbH.

ERWE's equity ratio stood at 26.09 percent at the end of June 2021, as against 27.14 percent as of 31 December 2020.

LTV rose to 66.4 percent as of 30 June 2021, compared with the figure of 63.1 percent reported as of 31 December 2020.

As already announced in the consolidated financial statements as of 31 December 2020, starting in 2021 ERWE has replaced the NAV key management figure with EPRA NRV. The EPRA NRV per share amounted to Euro 4.75 as of 30 June 2021, compared with Euro 4.87 as of 31 December 2020.

Overall summary of Group's economic position

The current 2021 financial year shows that ERWE Immobilien AG has the right business model and the right strategy of acquiring, developing and managing portfolio properties. As become apparent in the previous year already, the implementation of mixed-use concepts, i.e. revitalising and diversifying space previously put to monothematic use, is continuing to

bear fruit. The new user groups thereby acquired and rising occupancy rates at the portfolio properties will grow rental income and also increase the value of the properties.

III. Outlook

In July, i.e. after the end of the period under report, ERWE Immobilien AG successfully executed a capital increase of up to around 10 percent of share capital in return for cash contributions and to the exclusion of subscription rights. All 1.656.292 new shares thereby offered were placed, with demand for new shares exceeding the placement volume. The placement price was set at Euro 3.30 per share, meaning that the gross proceeds from the issue totalled around Euro 5.47 million. The company's new share capital now amounts to Euro 18.219.214. The new shares enjoy profit entitlement from 1 January 2021. They were admitted for stock market trading without prospectus and have been included in the company's existing listing on the Frankfurt Stock Exchange.

The net proceeds from the placement will secure the company's liquidity and are to be used to finance the acquisition and repositioning of further mixed-use properties. Furthermore, the company's further development will depend on the positive climate, and in particular on an end to the coronavirus crisis. This will provide certainty that a large share of the tenants at portfolio properties can pursue their business activities without hindrance. The end of the third wave of the pandemic and easing of the measures to contain infections since May have already produced a clearly noticeable recovery in the overall economy, as well as in non-food retail. The interest shown in space still available for letting, which was subdued during the pandemic, has also returned to more normal levels.

Based on this positive underlying framework, ERWE expects to see a further improvement in lettings at its portfolio properties. Rental arrears, which amounted to a net total of Euro 0.43 million at the end of the period under report, already halved in July. In addition to the new rental agreements already concluded, ERWE expects to let further space to existing interested parties

in the coming months. That is particularly true for the projects in Friedrichsdorf and Krefeld as well, where implementation depends on achievement of a specified advance letting quota.

ERWE is continuing to pursue the objective of doubling the value of its real estate portfolio over the next two to three years. Based on gross rental income, which is expected to rise by around 40 percent, ERWE expects to generate further growth in earnings from property lettings.

IV. Opportunity and Risk Report

4.1. Opportunities

Like its business risks, the opportunities facing ERWE mainly relate to its further development and growth as a real estate company focusing on commercial properties in Germany. By making acquisitions and further developing its existing properties, the company can increase its income and its opportunities for positive effects in terms of increasing the value of its portfolio.

4.2 Risks

4.2.1 Macroeconomic and sector-specific risks (market risks)

The ERWE Group primarily generates its revenues by letting properties in Germany. In view of this, it pursues a strategy of holding, expanding and optimising its portfolio. Alongside these activities, the company executes a low volume of sales with the land and projects it has developed.

Compared with all of the risks presented in the Annual Report for 2020, no further risks were added in the first half of 2021. The properties included in the balance sheet are also subject to the risks described in the 2020 Annual Report.

5. Overall summary

The Management Board expects the overall economy to stabilise at least gradually over the next one to two years. Notwithstanding significant fluctuations, the capital markets should be able to maintain the level they have reached. The overall economy and the capital markets will nevertheless be exposed to risks in future as well, particularly those due to cyclical crises of confidence. The earnings performance of ERWE in the new business environment in which it operates will significantly depend on these risks. Given ERWE's financial stability, however, the Management Board believes that the company is well positioned to manage future risks. No risks to the continued existence of the company are currently discernible.

Frankfurt am Main, August 2021



Consolidated Balance Sheet

at 30 June 2021

Assets

EUR		30 June 2021	31 Dec 2020
Non-current assets			
Property, plant and equipment and intangible assets		1,565,844	1,387,899
Investment properties	E.1	196,075,800	192,713,000
Investments in associates	E.2	9,984,518	8,831,767
Prepayments made for property, plant and equipment and intangible assets		0	54,030
Prepayments made for investments		0	1,343,151
		207,626,162	204,329,847
Current assets			
Trade receivables and other receivables	E.3	622,827	561,303
Receivables from associates	E.4	1,069,273	964,308
Other assets	E.5	1,382,039	1,317,171
Income tax receivables		29,668	26,267
Cash and cash equivalents		2,230,034	7,962,383
		5,333,841	10,831,432
Total assets		212,960,003	215,161,279

Liabilities

EUR		30 June 2021	31 Dec 2020
Equity			
Share capital		16,562,922	16,562,922
Capital reserve		11,020,843	11,020,843
Revenue reserves		14,359,044	14,359,044
Accumulated net profit		10,333,302	13,004,593
Equity attributable to shareholders in the parent company		52,273,110	54,947,402
Non-controlling interests		3,286,040	3,440,283
		55,562,151	58,387,685
Non-current liabilities			
Financial debt	E.7	104,391,164	56,464,190
Provisions	E.8	1,054,991	1,447,259
Lease liabilities		2,037,389	2,162,382
Liabilities to associates	E.10	485,598	0
Deferred tax liabilities	E.6	12,644,582	12,521,418
		120,613,724	72,595,249
Current liabilities			
Income tax liabilities		0	16,318
Financial debt	E.7	33,941,525	79,070,450
Trade payables	E.9	254,046	1,880,500
Liabilities to associates	E.10	166,436	0
Lease liabilities		513,147	400,799
Other liabilities	E.11	1,908,974	2,810,278
		36,784,129	84,178,345
Total equity and liabilities		212,960,003	215,161,279

Consolidated Statement of Comprehensive Income

for the Period from 1 January to 30 June 2021

EUR		01 Jan - 30 June 2021	01 Jan - 30 June 2020
Gross rental income		3,654,538	2,224,434
Expenses from property lettings		-1,528,822	-910,975
Earnings from property lettings	F.1	2,125,716	1,313,459
Other operating income		950,801	471,706
Personnel expenses	F.2	-2,228,794	-2,341,832
Other operating expenses	F.3	-1,589,714	-1,836,991
Result from measurement of investment properties	E.1	1,663,400	8,124,469
Result from associates measured at equity	E.2	-190,400	225,000
Earnings before interest and taxes (EBIT)		731,008	5,955,810
Financial income		8,565	7,000
Financial expenses	F.4	-3,439,512	-3,033,387
Earnings before taxes		-2,699,939	2,929,423
Taxes on income		-125,595	2,629,235
Consolidated net income / comprehensive income		-2,825,534	5,558,659
of which attributable to:			
Shareholders in parent company		-2,671,291	5,284,782
Non-controlling interests		-154,243	273,877
Basic earnings per share	F.5	-0.16	0.32
Diluted earnings per share	F.5	-0.16	0.32

Consolidated Cash Flow Statement

for the Period from 1 January to 30 June 2021

EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Consolidated earnings before taxes	731,008	5,955,810
Depreciation of property, plant and equipment and amortisation of intangible assets	172,192	105,874
Measurement result from investment properties	-1,663,400	-8,124,469
Result from associates measured at equity	190,400	-225,000
<u>Change in asset and liability items</u>		
(Increase) / decrease in trade receivables	-61,524	-496,489
(Increase) / decrease in other assets	-164,669	-662,186
(Decrease) / increase in provisions	-408,586	800,100
(Decrease) / increase in trade payables	-494,304	-347,255
(Decrease) / increase in other liabilities	-633,968	-270,307
Income tax payments	-2,431	-41,687
Operating cash inflow / outflow	-2,335,282	-3,305,608
Interest received	0	56
Payments for the acquisition of investment property	0	-22,241,755
Investments in investment properties	-2,179,516	-9,997,000
Investments in property, plant and equipment and intangible assets	-87,753	-74,016
Cash flow from investing activities	-2,267,270	-32,312,715
Interest paid and ancillary financing costs	-3,502,459	-3,670,510
Repayment of finance lease liabilities	-270,697	-195,136
Taking up of financial debt	17,679,017	45,818,934
Repayment of financial debt	-15,035,659	0
Cash flow from financing activities	-1,129,797	41,953,288
Change in cash and cash equivalents	-5,732,349	6,334,964
Cash and cash equivalents at beginning of period	7,962,383	19,055,016
Cash and cash equivalents at end of period	2,230,034	25,389,980

Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 June 2021

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non controlling interests	Total equity
Balance at 1 Jan 2021	16,562,922	11,020,843	14,359,044	13,004,593	54,947,402	3,440,283	58,387,685
Consolidated net income / comprehensive income	0	0	0	-2,671,291	-2,671,291	-154,243	-2,825,534
Other changes	0	0	0	0	0	0	0
Balance at 30 June 2021	16,562,922	11,020,843	14,359,044	10,333,302	52,276,110	3,286,040	55,562,151
	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non controlling interests	Total equity
Balance at 1 Jan 2020	16,562,922	11,020,843	14,359,044	12,747,254	54,690,063	3,594,773	58,284,836
Consolidated net income / comprehensive income	0	0	0	5,284,782	5,284,782	273,877	5,558,658
Other changes	0	0	0	0	0	0	0
Balance at 30 June 2020	16,562,922	11,020,843	14,359,044	18,032,036	59,974,845	3,868,650	63,843,494



Select explanatory notes to the consolidated financial statements (IFRS) for the period from 1 January to 30 June 2021

A. General disclosures

ERWE Immobilien AG (hereinafter: "ERWE AG") is the parent company of the Group and has its legal domicile in Frankfurt am Main, Germany. Its commercial address is Herriotstrasse 1, 60528 Frankfurt am Main, Germany. The company is entered in the Commercial Register of the District Court of Frankfurt am Main under HRB 113320. Its financial year is the calendar year.

The company is listed in the Regulated Market (Prime Standard) at the Stock Exchange in Frankfurt am Main (XETRA) and in open trading in Berlin, Stuttgart and Düsseldorf.

The business activities of ERWE AG and the subsidiaries focus on the development of promising downtown commercial properties in prime locations in small and medium-sized towns and cities in Germany. Projects include office and hotel use, as well as downtown retail space. ERWE works on its own account and on behalf of third parties to develop projects whose value can be released or significantly increased by working with new concepts. As well as recovering the value growth generated in individual projects, ERWE's aim is to achieve sustainable portfolio expansion with significantly rising revenues.

With its subsidiary ERWE Invest GmbH, ERWE also pursues the objective of building and managing a portfolio of attractive properties at downtown locations in Germany with the participation of institutional investors.

B. Accounting principles

(1) Basis of preparation

These abridged interim consolidated financial statements of ERWE AG cover the period from 1 January to 30 June 2021. They have been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting".

Consistent with the requirements of IAS 34, these abridged interim consolidated financial statements provide an update on the most recent regular set of consolidated financial statements and therefore do not include all information and disclosures required of a full set of consolidated financial statements. They focus on current developments and events and do not repeat information already reported. These abridged interim consolidated financial statements of ERWE AG as of 30 June 2021 should therefore always be viewed in conjunction with the consolidated financial statements as of 31 December 2020.

Account has been taken of all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations of the IFRS Interpretations Committee (IFRS IC) requiring mandatory application in the 2021 financial year.

The abridged interim consolidated financial statements of ERWE AG have been presented in euros (EUR). Unless otherwise indicated, all amounts are stated in euros. Cent amounts have not been stated, as a result of which differences may arise due to amounts being rounded up or down.

The abridged interim consolidated financial statements were approved by the Management Board for publication on XX August 2021.

(2) Consolidation principles

The interim period under report did not witness any changes in consolidation principles compared with the consolidated financial statements as of 31 December 2020.

(3) Consolidated companies

Including the parent company, the scope of consolidation comprises 21 fully consolidated companies as of 30 June 2021. There were no changes in ERWE's scope of consolidation in the current period under report.

The consolidated group as of 30 June 2021 is as follows:

No.	Company	Domicile	Stake	Held by No.	Activity
	Fully consolidated companies		in %		
1.	ERWE Immobilien AG	Frankfurt am Main			Holding
2.	ERWE Properties GmbH	Frankfurt am Main	100.0	1	Holding
3.	ERWE Service und Verwaltungs GmbH	Frankfurt am Main	100.0	1	Service provider
4.	ERWE Parking GmbH	Frankfurt am Main	100.0	2	Service provider
5.	ERWE Immobilienmanagement GmbH	Hamburg	74.9	1	Service provider
6.	ERWE Immobilien Projekt 444 GmbH	Frankfurt am Main	100.0	2	Portfolio holder
7.	ERWE Betriebs GmbH	Frankfurt am Main	100.0	2	Operating facilities
8.	ERWE Projekt Friedrichsdorf GmbH	Frankfurt am Main	94.9	2	Portfolio holder
9.	ERWE Immobilien Retail Projekt 222 GmbH	Frankfurt am Main	90.0	2	Portfolio holder
10.	ERWE Immobilien Retail Projekt 333 GmbH	Frankfurt am Main	90.0	2	Portfolio holder
11.	ERWE Immobilien Retail Projekt 555 GmbH	Frankfurt am Main	90.0	2	Portfolio holder
12.	ERWE Darmstadt I GmbH	Frankfurt am Main	100.0	2	Portfolio holder
13.	ERWE Invest GmbH	Frankfurt am Main	100.0	1	Investment company
14.	ERWE Darmstadt II GmbH	Frankfurt am Main	100.0	2	Portfolio holder
15.	ERWE Projekt Homburg GmbH	Frankfurt am Main	100.0	2	Shelf company
16.	ERWE Projekt Bergisch-Gladbach GmbH	Frankfurt am Main	100.0	2	Shelf company
17.	ERWE Projekt Wiesbaden GmbH	Frankfurt am Main	100.0	2	Shelf company
18.	ERWE Projekt Recklinghausen GmbH	Frankfurt am Main	100.0	2	Shelf company
19.	ERWE Projekt Hagen GmbH	Frankfurt am Main	100.0	2	Shelf company
20.	ERWE Projekt Hanau GmbH	Frankfurt am Main	100.0	2	Shelf company
21.	ERWE Projekt Krefeld GmbH	Frankfurt am Main	100.0	2	Portfolio holder

C. Material accounting policies

The accounting policies applied in these abridged interim consolidated financial statements as of 30 June 2021 are consistent with those applied in the consolidated financial statements as of 31 December 2020.

There were also no material changes in estimates compared with the consolidated financial statements as of 31 December 2020.

D. Segment reporting

ERWE does not report internally by segment, therefore segment reporting is not possible. Other information to be disclosed under IFRS 8 is also not relevant. When a property is sold, significant revenue may be generated with a single customer within one year, but no dependencies can be inferred from this.

E. Notes to the consolidated balance sheet

(1) Investment properties

Investment properties are measured at fair value. The fair values developed as follows in the interim period under report:

in EUR	30 June 2021	31 Dec 2020
Carrying amount at 1 January	192,713,000	131,910,000
Purchases (+)	0	31,154,917
Other additions (+)	1,699,400	22,859,689
Fair value increases (+)	1,822,400	13,460,496
Fair value reductions (-)	-159,000	-6,672,102
Carrying amount	196,075,800	192,713,000

The measurement of investment properties at fair value is allocable to Level 3 of the IFRS 13 measurement hierarchy (measurement based on non-observable inputs).

Other additions result from the investments made in the properties. The fair value increases mainly relate to measurement of the project in Friedrichsdorf.

(2) Investments in associates

The acquisition of a 50% stake in the Eppelborn-based company peko GmbH, which in the previous year was reported at an amount of EUR 1,343,151 under prepayments made for investments in associates, was completed in the 2020 financial year. The purchase contract was agreed in December 2020, with the purchase price also being settled. However, the entry of the capital increase at peko GmbH in the Commercial Register, on which ERWE's shareholder rights depend, was only executed in 2021. With its four wholly-owned subsidiaries, peko GmbH mainly operates in the fields of construction planning and consulting, as well as in the construction of all kinds of building in its capacity as general contractor. ERWE recognises this investment at equity and reported a prorated loss of EUR 284,400 for it as of 30 June 2021.

ERWE recognised a prorated profit of EUR 94,000 in the first half of 2021 for its investment in Covivio Office VI GmbH & Co. KG, which is based in Frankfurt am Main.

(3) Trade receivables

Trade receivables totalled EUR 622,827 and thus increased by EUR 61,524 compared with 31 December 2020 (EUR 561,303). These relate exclusively to lettings and do not bear interest. Trade receivables developed as follows in the interim reporting period:

EUR	30 June 2021	31 Dec 2020
Trade receivables (gross)	819,245	817,721
Allowances	-196,418	-256,418
Trade receivables (net)	622,827	561,303
of which non-current	0	0
of which current	622,827	561,303

EUR	30 June 2021	31 Dec 2020
Trade receivables	819,245	817,721
of which not impaired and not overdue	0	300,016
of which not impaired and overdue by up to 30 days	51,801	254,898
of which not impaired and overdue by between 31 and 60 days	64,529	3,276
of which not impaired and overdue by more than 60 days	506,497	3,113
Net value of impaired trade receivables	196,418	256,418

ERWE is in negotiations with the respective tenants with regard to those receivables that are overdue but not impaired. As of the balance sheet date on 30 June 2021, ERWE assumes that the tenants are still solvent and that the receivables are recoverable.

(4) Receivables from associates

Receivables from associates totalled EUR 1,069,273 and thus increased by EUR 104,965 compared with 31 December 2020 (EUR 964,308). This increase chiefly involves outstanding receivables at ERWE in connection with the management contract with Covivio Office VI GmbH & Co. KG.

(5) Other current assets

The other current assets reported as of 30 June 2021 are structured as follows:

EUR	30 June 2021	31 Dec 2020
Tax receivables (VAT)	473,115	637,160
Prepayments for new projects	414,524	311,622
Prepaid expenses	203,479	74,853
Deposits	177,298	176,048
Operating cost receivables	109,000	109,000
Sundry other current assets	4,623	8,488
Total	1,382,039	1,317,171

(6) Deferred taxes

Pursuant to IAS 12, deferred taxes are basically recognised for all temporary differences between the tax base for assets and liabilities and their carrying amounts in the IFRS financial statements, as well as for tax loss carryovers.

The tax rates used to calculate deferred taxes have been based on currently valid statutory requirements. Deferred tax assets for temporary differences and for tax loss carryovers have been recognised at the amounts at which it is likely to be possible to offset the temporary differences against future positive taxable income, taking due account of minimum taxation requirements.

In respect of the temporary differences between the property values and the tax carrying amounts of these properties, deferred tax liabilities have to be recognised in the amount at

which the temporary differences would likely be charged with taxes in the event of a hypothetical sale of the property. The company assumes that such sale could be executed in such a way as to be partly exempt from trade taxes. As a result, for the temporary differences for the relevant properties it has therefore only recognised deferred tax liabilities in the amount of the tax rate for corporate income tax and the solidarity surcharge.

Deferred tax assets and liabilities are offset when the Group has an enforceable claim to setoff of the actual tax refund claims against the actual tax liabilities and these items refer to income taxes at the same taxable entity and collected by the same tax authority.

The deferred tax liabilities recognised as of 30 June 2021 result from temporary differences in the following balance sheet line items:

EUR	30 June 2021	31 Dec 2020
Tax loss carryovers	2.434.313	2.110.635
Deferred tax assets before netting	2.434.313	2.110.635
Netting	-2.434.313	-2.110.635
Deferred tax assets after netting	0	0
Investment properties	14.762.364	14.297.518
Financing costs	237.469	256.973
At equity interests	79.063	77.563
Deferred tax liabilities before netting	15.078.896	14.632.053
Netting	-2.434.313	-2.110.635
Deferred tax liabilities after netting	12,644,582	12,521,418

The changes in deferred taxes in the interim period under report are presented in the following table:

EUR	1 Jan 2021	Income statement	30 June 2021
Investment properties	-14,297,518	-464,846	-14,762,364
Financing costs	-256,973	19,504	-237,469
At equity interests	-77,563	-1,500	-79,063
Loss carryovers	2,110,635	323,678	2,434,313
Total	-12,521,418	-123,164	-12,644,582

(7) Financial debt

Financial debt is initially recognised at fair value and subsequently at amortised cost taking due account of the effective interest method.

As of 30 June 2021, ERWE had the following floating-interest and fixed-interest financial debt:

EUR	30 June 2021	31 Dec 2020
<u>Non-current financial debt</u>		
Floating-interest financial debt	28,095,553	15,948,268
Fixed-interest financial debt	76,295,610	40,515,922
Non-current financial debt, total	104,391,164	56,464,190
<u>Current financial debt</u>		
Floating-interest financial debt	33,441,525	31,750,878
Fixed-interest financial debt	500,000	47,319,572
Current financial debt, total	33,941,525	79,070,450

Current and non-current financial liabilities totalled EUR 138,332,689 and increased by EUR 2,798,049 compared with 31 December 2020 (EUR 135,534,640). The amount of EUR 17,679,017 taken up mainly relates to the inflow of funds from loans to finance the acquisition of properties in Darmstadt (EUR 2,300,000 and EUR 3,700,000) and ERWE Projekt Friedrichsdorf (EUR 9,660,900). The loans newly taken up have been recognized under non-current financial debt apart from an amount of EUR 69,000 relating to the current portion of the loan for ERWE Darmstadt I GmbH. On the other hand, the following loans were repaid: ERWE Immobilien AG (EUR 3,000,000), ERWE Immobilien Projekt 222 GmbH (EUR 8,000,000) and ERWE Projekt Friedrichsdorf GmbH (EUR 3,989,224). The reclassification out of current and to non-current financial debt mainly relates to a loan at ERWE Immobilien Projekt 222 GmbH (EUR 32,000,000), the term of which was extended until 2023 in the first half of 2021.

Financial loans of EUR 97,205,262 (31 December 2020: EUR 91,621,618) are mainly secured by the company with liens on property (30 June 2021: EUR 117,650,000; 31 December 2020: EUR 101,650,000). The assignment of rental income serves as further collateral.

(8) Non-current provisions

Non-current provisions are structured as follows:

in EUR	Provision for storage obligations	Provision for personnel expenses	Total
1 Jan 2021	36,960	1,410,299	1,447,259
Utilised	0	0	0
Reversed	0	401,940	401,940
Added	0	9,672	9,672
30 June 2021	36,960	1,018,031	1,054,991

in EUR	Provision for storage obligations	Provision for personnel expenses	Total
1 Jan 2020	36,960	0	36,960
Utilised	0	0	0
Reversed	0	0	0
Added	0	1,410,299	1,410,299
30 Dec 2020	36,960	1,410,299	1,447,259

The non-current provisions of EUR 1,054,991 for personnel expenses involve provisions for storage obligations and provisions for a virtual stock option plan.

Virtual stock option plan

Description of plan:

ERWE Immobilien AG accepted a virtual stock option plan in the 2020 financial year. This plan is intended to promote retention of the beneficiaries at the company and allow them to participate in its value growth. Within the plan, beneficiaries are granted contractually agreed virtual rights to participate in the appreciation of the company's shares. Based on a resolution adopted by the Supervisory Board, the plan provides for a maximum total volume of 3,000,000 stock appreciation rights (virtual shares). These are all granted on the basis of individual agreements concluded between the company and the beneficiaries. As a rule, the plan provides for cash settlement.

Vesting terms:

The exercising of stock appreciation rights granted within the plan is dependent on the beneficiary completing a specified period of service. Should the beneficiary leave his employment relationship with ERWE Immobilien AG prematurely, irrespective of the reason for such departure, virtual shares that are not yet vested are forfeited without compensation. The beneficiary otherwise becomes eligible for one quarter of the stock appreciation rights granted to him for the first time and in full upon the expiry of one year. The remaining three quarters of the stock appreciation rights thereby granted are gradually vested over the next thirty-six months, specifically in three equal packages every twelve months.

Measurement:

The binomial model (option pricing model) has been selected to measure the virtual shares granted to members of the Management Board. The measurement update for the period from 31 December 2020 to 30 June 2021 was based on the estimated development in the intrinsic value of the virtual shares.

An amount of EUR 401,940 was reversed from the provision for the virtual stock option plan in the first half of 2021. This reversal was due to the fall in the share price of ERWE Immobilien AG in the preceding period, reduced the intrinsic value and thus the present value of the virtual share. The amount reversed has been recognised under other operating income as of 30 June 2021.

(9) Trade payables

Trade payables totalled EUR 254,046 and thus decreased by EUR 1,626,454 compared with 31 December 2020 (EUR 1,880,500). Alongside effects relating to the balance sheet date, the liabilities due to peko GmbH and its subsidiaries (31 December 2020: EUR 1,132,150) have been reported under "Liabilities to associates" as of the balance sheet date on 30 June 2021.

(10) Liabilities to associates

Liabilities to associates involve security deposits and outstanding invoices due to peko construction GmbH, a wholly-owned subsidiary of peko GmbH, which is recognised using the equity

method. As of 30 June 2021, liabilities to associates of EUR 166,436 have been recognised as current, while security deposits of EUR 485,598 with terms longer than one year have been recognised as non-current. As of 31 December 2020, liabilities of EUR 1,132,150 due to peko GmbH and its subsidiaries were still recognised under trade payables.

(11) Other current liabilities

Other current liabilities comprised the following items as of the balance sheet date:

EUR	30 June 2021	31 Dec 2020
Liabilities for personnel	660,579	461,248
Interest deferrals	523,472	864,482
Liabilities for outstanding invoices	352,185	707,095
Liabilities for year-end and audit expenses	135,490	197,010
Deposits received	47,933	75,448
VAT liabilities	39,725	290,498
Liabilities for Supervisory Board remuneration	25,934	0
Sundry current liabilities	123,656	214,497
Total	1,908,974	2,810,279

F. Notes to the consolidated income statement

(1) Earnings from property lettings

The Group recognises leases concluded for commercial lettings of its investment properties as operating leases. No changes arose in this respect in the interim period under report compared with the consolidated financial statements as of 31 December 2020. Lease instalments from operating lease contracts are recognised on a straight-line basis over the term of the respective lease pursuant to IFRS 16. Due to its operating nature, this income is recognised as revenue.

Earnings from property lettings were structured as follows in the interim period under report:

in EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Gross rental income	3,654,538	2,224,434
Expenses from property lettings	-1,528,822	-910,975
Earnings from property lettings	2,125,716	1,313,459

The increase in gross rental income was mainly due to the letting of all available space in Krefeld, a significant improvement in lettings in Lübeck and the acquisition and letting of Kupferpassage Coesfeld, which was only added to ERWE's portfolio in the second half of 2020.

Expenses from property lettings mainly include outlays for operating and ancillary expenses, as well as for repairs and maintenance. These expenses largely developed in line with the rise in rental income.

(2) Personnel expenses

Personnel expenses comprised the following items in the interim period under report:

in EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Salaries	1,993,780	2,203,115
Statutory social security contributions	235,015	138,717
Total personnel expenses	2,228,795	2,341,832
of which expenses for pension benefits	5,809	2,142

(3) Other operating expenses

Other operating expenses comprised the following items in the interim period under report:

in EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Legal and advisory expenses	445,336	648,622
Year-end and audit expenses, tax return and advisory expenses	243,893	108,412
Depreciation/amortisation of other non-current assets	172,192	105,874
Advertising expenses	91,901	88,780
Stock market listing and shareholders' meeting	89,167	120,355
Rental and lease expenses	72,510	39,331
External services	59,514	30,234
Vehicle expenses	49,785	23,679
Insurances	47,877	125,675
Supervisory Board remuneration	45,000	33,750
Travel expenses	39,227	61,074
Individual allowances for receivables	28,795	0
Cost for premises	21,762	30,096
Hardware/software maintenance expenses	16,245	9,819
Incidental costs of monetary transactions	14,651	99,143
Non-deductible input tax	3,041	110,224
Sundry other operating expenses	148,818	201,923
Total	1,589,714	1,836,991

(4) Financial expenses

Financial expenses comprised the following items in the period under report:

in EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Financial debt interest expenses	3,390.107	2,978.672
Other financial expenses	49.405	54.715
Total	3,439,512	3,033,387

Financial expenses rose by EUR 406,125 compared with the previous year's period. This increase was chiefly due to interest expenses for the loans taken up in the second half of 2020 and in the year under report.

(5) Earnings per share

Basic earnings per share are calculated as follows:

in EUR	01 Jan - 30 June 2021	01 Jan - 30 June 2020
Consolidated net income (EUR)	-2,825,534	5,558,659
Consolidated net income less non-controlling interests	-2,671,291	5,284,782
Dilutive effects	0	0
Consolidated net income less dilutive effects	-2,671,291	5,284,782
Number of shares		
Shares issued at balance sheet date	16,562,922	16,562,922
Weighted number of shares issued	16,562,922	16,562,922
Dilutive effects	0	0
Weighted number of shares issues (diluted)	16,562,922	16,562,922
Earnings per share (EUR)		
Basic earnings per share	-0.16	0.32
Diluted earnings per share	-0.16	0.32

G. Notes to the consolidated cash flow statement

Interest received has been recognised in the cash flow from investing activities and interest paid and ancillary financing costs have been recognised in the cash flow from financing activities, in both cases for the first time as of 30 June 2021. The previous year's figures have been reclassified accordingly.

Prior to this reclassification, the cash flows stated in the published version of the half-year financial report as of 30 June 2020 were as follows:

in EUR	
Cash flow from operating activities	- 6,976,063
Cash flow from investing activities	-32,312,771
Cash flow from financing activities	45,623,798
Change in cash and cash equivalents	6,334,964

H. Other disclosures

(1) Related party disclosures

The following material transactions were executed between the Group and related parties in the interim period under report:

in EUR	30 June 2021	1 Jan - 30 June 2021
	Receivables (+)/ Liabilities (-)	Income/interest income (+) / Expenses/interest(-)
ERWE as borrower:		
VGHL Management GmbH – loan to ERWE 333	-347.732	-14.145
VGHL Management GmbH – loan to ERWE 555	-160.000	-6.819
Ehlerding Stiftung	0	-127.500
ERWE as lender:		
Covivio Office VI GmbH & Co. KG	876.076	8.565
ERWE as recipient of service:		
ERWE Real Estate GmbH	0	-30.887
RW Property Investment GmbH	0	1.446
Nicole Harloff (Managing Director of ERWE Immobilien Management GmbH)	0	-68.258
Hillermann Consulting e.K.	-3.095	-16.251
peko construction GmbH	-652.034	-16.100
Peko Planungs GmbH	0	-1.500
Peko GmbH	0	-3.878
ERWE as provider of service:		
ERWE Real Estate GmbH	0	600
Covivio Office VI GmbH & Co. KG	193.197	120.081

In June 2019, a loan of EUR 3,000,000 was taken up from Ehlerding Stiftung. This loan had a two-year term and charged interest at 8.5 % p.a. The loan was repaid on 28 June 2021. As of that date, the accumulated interest charge in the financial year under report amounted to EUR 127,500.

Furthermore, VGHL Management GmbH granted prorated shareholder loans of EUR 340,000 to ERWE Immobilien Retail Projekt 333 GmbH (balance plus capitalised interest as of 30 June 2021: EUR 347,732) and of EUR 160,000 to ERWE Immobilien Retail Projekt 555 GmbH. In the past, both loans charged

interest at 12.5% p.a. Since 1 January 2021, an interest rate of 9.5% has been agreed. In the 2021 financial year, interest expenses amounted to EUR 14,145 at ERWE 333 and to EUR 6,819 at ERWE 555.

Upon the foundation of ERWE Immobilienmanagement GmbH, Nicole Harloff acquired a 25.1% stake in this company. In her role as managing director of ERWE Immobilienmanagement GmbH, she received remuneration of EUR 68,258 in the period from 1 January to 30 June 2021.

In the first half of the 2021 financial year, ERWE performed project development and management services in an amount of EUR 120,000 for Covivio Office VI GmbH & Co. KG. These services, as well as services performed in the past financial year, resulted in a receivable of EUR 193,197 as of the balance sheet date. Furthermore, ERWE Properties GmbH issued loans totalling EUR 858,500 in several tranches to Covivio Office VI GmbH & Co. KG. These are supplemented by capitalised interest of EUR 17,567. These loans have been granted for an indefinite period, are unsecured, and bear interest at 2.5%. The interest for the period from 1 January to 30 June 2021 amounted to EUR 8,565.

The activities of peko GmbH and its four wholly-owned subsidiaries mainly involve construction planning and consulting and construction of all kinds of building as general contractor. As of the balance sheet date on 30 June 2021, ERWE has liabilities of EUR 652,034 for work performed, which are due to peko construction GmbH, a wholly-owned subsidiary of the newly acquired associate peko GmbH. peko GmbH and its subsidiaries provided services worth EUR 1,249,734 to ERWE in the first half of 2021, of which an amount of EUR 1,228,256 has been capitalised as property construction costs.

In 2020, a cost coverage agreement was concluded with Hillermann Consulting e.K. in respect of office premises. These premises are used by employees of the ERWE Group. In the

year under report, the rental payments amounted to EUR 12,146, while further amounts of EUR 4,105 were reimbursed for other costs.

With regard to the remuneration paid to the Management and Supervisory Boards, reference is made to the information provided in the following section.

(2) Management Board and Supervisory Board

The following individuals were members of the Management Board of ERWE Immobilien AG in the period under report and still are currently::

- Axel Harloff, Graduate in Business Administration
- Rüdiger Weitzel, Graduate in Engineering
- Christian Hillermann, Graduate in Business Administration

In the period under report, the members of the Management Board received fixed remuneration and a bonus; the latter has not yet been disbursed. Total remuneration, including the non-cash benefit resulting from the use of a car, amounted to a combined total of EUR 129,459 for all members of the Management Board in the period under report (30 June 2020: EUR 1,318,957). These amounts include an allocation of EUR 800,100 to the provision for the virtual stock option plan in the 1st half of 2020 and a reversal of EUR 401,941 in the 1st half of 2021. The reversal in the 1st half of 2021 results from the development in the share price and its intrinsic value. Reference is made to the information provided in E.7. Furthermore, the members of the Management Board were reimbursed for their travel and other expenses.

in EUR	Axel Harloff		Rüdiger Weitzel		Christian Hillermann		Total	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Non-performance-related basic remuneration	120,000	120,000	120,000	120,000	100,000	50,000	340,000	290,000
Non-performance-related benefits in kind	16,200	9,229	9,000	11,528	16,200	8,100	41,400	28,857
Virtual stock option plan (long-term incentive)	-160,917	340,580	-160,917	340,580	-80,107	118,940	-401,941	800,100
Performance-related remuneration (short-term incentive)	50,000	100,000	50,000	100,000	50,000	0	150,000	200,000
Total	25,283	569,809	18,083	572,108	86,096	177,040	129,459	1,318,957

Only the non-performance-related remuneration was cash-effective in the 1st half of 2021.

As of the balance sheet date on 30 June 2021, amounts of EUR 936,000 (30 June 2020: EUR 800,100) and of EUR 270,000 (30 June 2020: EUR 0) have been recognised as provisions for long-term and short-term incentives respectively.

The company has not granted any loans or advances to Management Board members, neither has it entered into any liabilities on behalf of Management Board members.

Volker Lemke, a member of the Management Board of Elbstein AG, was elected to the Supervisory Board at the Annual General Meeting on 25 May 2021 and has been the new Supervisory Board Chairman of ERWE Immobilien AG since that date. Dr. Olaf Hein retired from the Supervisory Board.

Remuneration totalling EUR 45,000 was recognised for members of the Supervisory Board in the first half of 2021.

(3) Risk reporting

Reference is made to the risk reporting in the consolidated financial statements as of 31 December 2020 in respect of the objectives and methods of risk management and the risks involved in the company's future business performance.

Based on current information, the coronavirus pandemic has had only minor implications. The company has not witnessed any significant loss of rental income. However, the situation may lead to delays in the agreement of new lettings. It will be matter of awaiting further economic developments.

(4) Other financial obligations

In connection with contracts entered into with construction contractors, the Group has obligations of around EUR 2.3 million that are due within one year and of around EUR 1.0 million that are due by 2025.

(5) Events after the balance sheet date

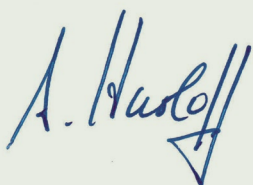
On 20 July 2021, ERWE AG successfully executed a capital increase up to 10 percent of share capital in return for cash contributions to the exclusion of subscription rights. All 1,656,292 new shares thereby offered were placed.

The placement price was set at EUR 3.30 per share. The gross proceeds from the issue therefore total around EUR 5.47 million. The company's new share capital amounts to EUR 18,219,214.

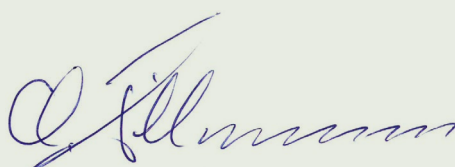
The net proceeds from the placement are to be used to finance the acquisition of further mixed-use properties.

No further events of particular significance for ERWE's asset, financial and earnings position have occurred since 30 June 2021.

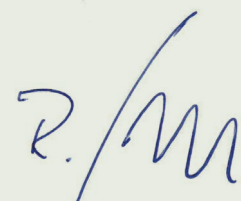
Frankfurt am Main, 26. August 2021
ERWE Immobilien AG



Axel Harloff / **Director**



Christian Hillermann / **Director**



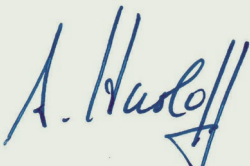
Rüdiger Weitzel / **Director**

Responsibility statement

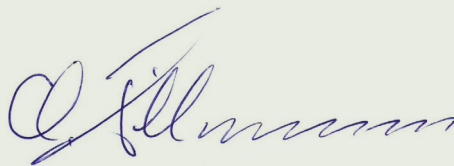
We hereby confirm that, to the best of our knowledge, and in accordance with the applicable principles for reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group consistent with the principles of proper accounting, and that the combined interim management report includes a fair review of the development and performance

of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

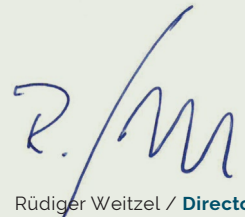
Frankfurt am Main, 26. August 2021
ERWE Immobilien AG



Axel Harloff / **Director**



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