



30 June 2022
HALF YEAR REPORT

ERWE Immobilien AG • Herriotstr. 1 • 60528 Frankfurt

www.erwe-ag.com



Overview of the financial year for the 1st Half of 2022



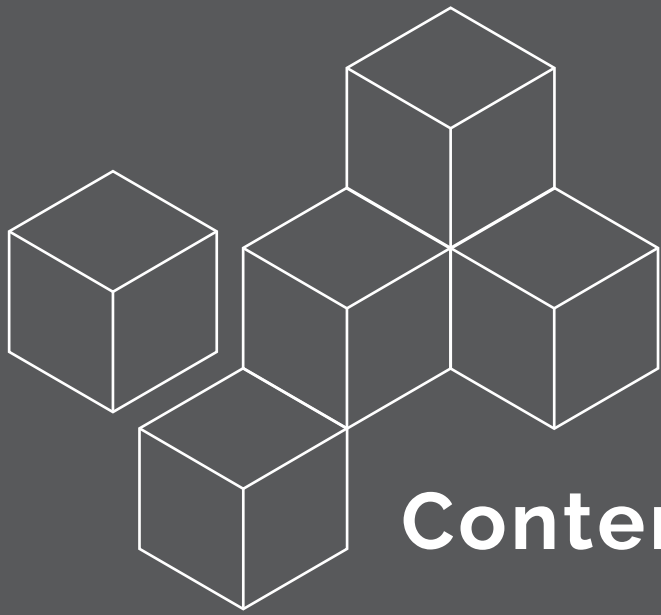
Key figures

Income statement (EURO million)	30 Jun 2022	30 Jun 2021		30 Jun 2022	30 Dec 2021
Gross rental income	4,455	3,655	Total assets	242,299	220,101
Earnings from property lettings	2,761	2,126	Equity	59,445	53,550
EBIT	113	731	Number of shares (000s)	24,562,922	18,219,214
Adjusted EBIT	-138	731			
Consolidated net income	-3,179	-2,826			
			Properties		
			Inventory properties	7	5
Balance sheet (EURO million)	30 Jun 2022	30 Dec 2021	Projekt developments	3	3
Investment properties	221,735	195,495	Participating interest	1	1
Participations	1,073	1,411	Lettable space in m ² *	90,066	72,746
Interests in properties	8,751	8,751	Occupancy rate in %*	89,3	89,3
Net Reinstatement Value (EPRA)	84,994	77,149			
NRV per share (EUR)	3,46	4,23			
LTV (in %)	69,6	67,8			

Note: * only inventory properties



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Letter from the Board of Management

Ladies and Gentlemen, Dear Shareholders,

Anyone who had hoped that after two years of the Corona pandemic an economic recovery would materialize this year was disappointed in view of the developments over the past six months. It is true that the pandemic slowly subsided and did not require any more lockdowns and thus apparently no more burdens on the economy.

However, this year the results from the lockdowns of the last two years and also the consequences of a very long zero interest rate policy of the central banks began to show. The result was a mixture of sharply rising interest rates, supply and personnel bottlenecks and skyrocketing energy prices. All this was exacerbated by the war in Ukraine and related new uncertainties. Experts are concerned that the Western economies could drift into dangerous stagflation, perhaps even recession.

In this particular environment, we have been able to stabilize the shareholder base of ERWE Immobilien AG, in which the well-capitalised Elbstein AG is substantially more involved than before. After the completion of the capital increase in June of this year and the mandatory offer, Elbstein now holds a share of 37.3 percent in the company. We have welcomed Elbstein's increased involvement, which strengthened the company to master the growing challenges and to take advantage of many opportuni-

ties that will contribute to the further, profitable expansion of the portfolio. The acquisitions of portfolio properties in Wuppertal and Bremerhaven carried out in the first half of the year are already generating a positive cash flow after operating costs and interest.

The changed interest rate landscape and the more difficult general conditions will have an impact on the real estate markets, albeit with a slight delay. All major real estate categories are likely to be affected, even residential real estate, which could experience a phase of consolidation for the first time after 17 years of continuous and strong price increases. We expect the downward trend in retail property triggered by the pandemic to weaken and turn around as soon as the overall economic situation stabilizes and improves again. Demand for office property should also strengthen as it becomes increasingly apparent that working from home is not always the most efficient solution for collaborative working in companies. Overall, all market



segments need to adapt to changing user needs, specifically relating to efficiency, sustainability and profitability.

The expected renaissance of retail real estate in German city centres will particularly depend on the success of developing and upgrading locations. For some time now, we have been seeing extensive efforts in a wide variety of municipalities that are pursuing the goal of revitalising their city centres and making them a focus of attraction for people again with new concepts. This will primarily involve mixed use concepts that break up the previously monothematic

structures and improve living, working, health care, cultural and sporting activities in the cities.

We are therefore confident about the further development of our company and our business model. Not least the increasing demand for space in our portfolio properties and the trust of municipalities, banks and sellers in our implementation competence shows us that our core competences have found trust in the market.

Kind regards

Axel Harloff / **Board of Management**

Rüdiger Weitzel / **Board of Management**

Frankfurt am Main, August 2022



Group Management Report of ERWE Immobilien AG for the 1st Half of 2022

I. Company fundamentals

1.1 Business model

ERWE Immobilien AG focuses on building up and sustainably developing a portfolio of promising downtown properties in large German cities and exclusively in prime locations in smaller cities and towns.

The company 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. The properties and locations thereby selected are preferably to be used as offices and hotels, for medical facilities, gastronomy, leisure-time sports, downtown retail and also for residential purposes. The investments primarily serve to develop a highly profitable and sustainably valuable portfolio aimed at generating continuous rental income growth.

ERWE sees itself as a specialist in repositioning properties that were formerly put to monothematic use, such as retail properties. In its solutions, it focuses in particular on mixed-used concepts that are developed for new user groups and then 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.

Since the beginning of July 2022, ERWE's shares (WKN A1X3WX, ISIN DE000A1X3WX6) have been traded in the Regulated Market (General Standard) of the Frankfurt Stock Exchange (previously: Prime Standard). The company nevertheless plans to have its shares delisted and moved to the Segment Scale of the Basic Board (OTC) at Frankfurt Stock Exchange. The existing reports and information about the company's business performance and major events will be continued.

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 participating 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

After two years of pandemic, the German economy was once again unable to gain traction in the period under report. A combination of difficulties more severe than at any time in decades has not only brought the expected economic recovery to a halt, but produced a crisis whose outcome is still unclear. Supply shortages caused by the pandemic accompanied by a resurgence in demand have raised inflation to levels last seen 40 years ago. In May of this year, inflation reached 7.9 percent before easing slightly to 7.5 percent in July, i.e. after the end of the period under report. Alongside supply shortages, the launch of Russia's invasion of Ukraine on 24 February 2022 intensified the situation on the world's energy markets and made it all too clear where Germany's dependency, particularly on gas supplies from Russia, may lead. Gas prices are currently four to five times higher than one year ago.

All indicators show that Germany is very likely heading for a recession. The Federal Statistical Office reported zero growth for the second quarter of 2022, following the GDP growth of 0.8 percent still seen in the first quarter. The USA reported a reduction in GDP for the second quarter of the year, and also for the second quarter in succession, thus already meeting the technical definition of a recession. According to the German Institute for Economic Research (DIW), the German economy is set to contract in summer 2022. The DIW's economic barometer plummeted to 71.8 points in July. For the third quarter, it is thus well below the 100-point threshold that would indicate average economic growth.

The high level of inflation has caused central banks to end the zero-interest era and raise base rates in rapid steps once again. In July, the European Central Bank increased its base rate for the first time in eleven years from zero to 0.5 percent while, at its own July meeting, the US Federal Reserve hiked its base rate by 0.75 percent to a range of 2.25 to 2.5 percent. Further moves in interest rates are expected, although these could

increase the chances of or intensify any recession. Due to changes in market conditions, building financing rates in Germany have trebled within six months to three percent (10-year fixed rates).

2.2 Developments in the German commercial property market

The weakening economic climate can be expected to leave its mark on real estate markets as well. However, the consequences of the current crisis will only impact on property markets in the long term. That is because, based on calculations compiled by the Association of German Pfandbrief Banks (vdp), property prices continued to rise even in the second quarter of the year, in this case by 8.4 percent overall. While residential properties again accounted for the highest share of this price growth, rising by 10.1 percent according to the Property Price Index published by the vdp, commercial property prices increased by just 1.9 percent. Within commercial property, the 3.5 percent reduction in retail property prices reduced the impact on average prices of the 4.1 rise in office space prices.

Having said this, markets already deteriorated as the second quarter of 2022 progressed. Confidence, particularly among investors, fell sharply in June. The Deutsche Hypo Real Estate Economy Index (REECOX) fell by 17.5 percent to 80.8 points in the final month of the second quarter. This affected all major segments of the commercial property market, such as office space (minus 20.2 percent), retail space (minus 25.4 percent) and logistics space (minus 11.7 percent). At minus 5.9 percent, the decline in the investment climate for hotel space was slightly more moderate.



2.3 Business performance and company position

Major events in the first half of 2022

Portfolio properties

ERWE Immobilien AG pressed ahead with developing its portfolio and activities in the first half of 2022 and, despite the difficult framework, also achieved success in several areas of its operations. At the portfolio properties in Speyer ("Postgalerie"), Lübeck ("L I C H T H O F") and Coesfeld ("Kupferpassage"), the company extended letting agreements with existing tenants for total space of around 4,300 m². Furthermore, negotiations are currently underway with parties interested in newly letting space of around 6,700 m². There are therefore indications that capacity utilisation rates will rise slightly in the further course of the year. Overall, the occupancy rate of 89.3 percent at the end of the first half was unchanged on the end of the 2021 financial year.

Part of the growth in the operating business is due to rental income collected from the Amedia hotel group at Postgalerie Speyer since the beginning of the year (2021: only from April onwards). Furthermore, ERWE also made two investments in the period under report. In Wuppertal, it acquired a property in a prime downtown location as of 28 February 2022. This is fully let to C&A on a longterm basis. The property is located in Herzogstrasse, i.e. in the pedestrian zone of Wuppertal-Elberfeld, and has letting space of almost 10,000 m². The investment offers a stable return and, when all costs and interest payments are deducted, generates a positive cash flow. Furthermore, the property harbours attractive potential for value appreciation.

ERWE took over a further building at a central downtown location in Bremerhaven as of the reporting date on 31 March 2022. With usable space of around 5,500 m², the building is located in Bürgermeister-Smidt-Strasse and also fully let to C&A. The central location offers great development potential as the building is located opposite a large site for which extensive urban redevelopment is planned. ERWE expects the centre of downtown Bremerhaven to be smartly and successfully redesigned, a development that should also benefit new acquisitions.

At **L I C H T H O F** in Lübeck's historic city centre, the principal tenant, Lübeck City Administration, operates a citizens' service centre and has also located further administrative units. At 76.2 percent the occupancy rate here was only slightly below the level at the end of 2021 (76.7 percent). The building permit for converting office space into apartments was issued in the first quarter. Upon the preparation of this report, ERWE was also holding specific negotiations concerning letting agreements for the ground floor, which is still vacant.

The efforts made to let out the space still vacant at **Postgalerie Speyer** now seem to be bearing fruit. ERWE is holding specific negotiations with three companies from the medical sector and two gastronomy companies. Moreover, the letting agreements with two existing tenants have also been extended. Furthermore, the eye clinic is due to open in the third quarter of this year.

The **City Colonaden** in Krefeld are still fully let. However, the tenant for the retail space, C&A, has exercised its special termination rights as of 28 February 2023. A new letting agreement for a space reduced by around 2,800 m² to just under 4,400 m² was signed with C&A in August of this year. The agreement offers improved conditions and has a ten-year term starting on 1 March 2023. By implementing value-enhancing measures, ERWE will make the space thereby becoming vacant attractive for new tenants. This way, it intends to further diversify the mix of tenants, which include departments of Krefeld City Administration and a 420-space car parking facility.

At **Kupferpassage** in Coesfeld near Münster, ERWE also extended the letting arrangement with an existing tenant for a significant volume of space. The occupancy rate reached 92.8 percent at the end of June (unchanged on end of 2021). This is expected to rise further as the year progresses as several apartments were refurbished in the period under report and are now ready to be newly let.

The residential and commercial building in downtown Darmstadt, which has a prime location in the middle of the pedestrian zone, will be newly let in the coming year once revitalisation work has been completed. In line with the respective agreements, the existing store space tenants have moved out. High-quality residential space is to be built on the space in the upper floor, which is already vacant.

Properties in development

ERWE made the following advances with its development projects in the period under report. In Krefeld, the old building has been demolished at ERWE's second investment opposite City Colonaden. Construction work is underway now that the building permit has been received. The construction area has been prepared, enabling foundation and shell construction work to begin in the third quarter. The budget was adjusted in the period under report to account for rising construction costs. Two thirds of the space to be newly built was already let in 2021, in this case to tenants including the health insurance provider AOK Rheinland and a leading company in the telecommunications industry. Several other parties have signalled their interest in letting some of the space still available. It should be possible to fully let the building by the end of 2022. At the commercial property close to the A5 motorway in Darmstadt, construction work is due to begin with the demolition of the existing building in the third quarter. The demolition permit was received in the spring already. Approval planning has been completed. The planned new construction will offer around three times as much space as the existing building.



Construction work on the new TAUNUS LAB business centre in Friedrichsdorf close to Bad Homburg v.d.H. will only begin once at least two thirds of the space has been let and the building permit, which is still outstanding, has been received. It is planned to build the centre in three to four stages, starting with "Lab North", the entrance building to the site. Expressions of interest in relevant space were received from eleven potential tenants in the period under report.

Capital measures

In June 2022, ERWE Immobilien AG raised its share capital by way of a cash capital increase by EUR 6,343,708 from EUR 18,219,214 previously to EUR 24,562,922. The issue price amounted to EUR 1.50 per share. Most of the subscription rights were taken over by the existing shareholder Elbstein AG, Hamburg. ERWE thus received net proceeds of around nine million euros, which are earmarked for the further development of its portfolio. Measures here include the construction of the new commercial building in downtown Krefeld and further acquisitions.

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

Earnings position

The rental income from the Amedia hotel group in Postgalerie Speyer, which in the current year was received for the first time in full (2021: only from April onwards) and the rental income received for the properties newly acquired in Wuppertal (from March) and Bremerhaven (from April) led gross rental income to rise by 21.9 percent to EUR 4,455 million (H1 2021: EUR 3,654 million). As a result, earnings from property lettings also increased significantly in the first half of 2022, in this case by 29.9 percent to EUR 2,761 million (H1 2021: EUR 2,126 million).

Due to the departure of a Management Board member in the first quarter of 2022, personnel expenses rose to EUR 2,435 million (H1 2021: EUR 2,229 million). At EUR 1,536 million, other operating expenses fell slightly compared with the previous year (H1 2021: EUR 1,590 million).

The result from the measurement of investment properties fell to EUR 0.538 million in the period under report (H1 2021: EUR 1,663 million). Unlike in the previous year's period, this key figure no longer included the measurement item for the properties in Friedrichsdorf. Conversely, the properties newly acquired in Wuppertal and Bremerhaven were also measured. Due to a negative earnings contribution from the participating interest acquired in peko GmbH in 2021, the result from associates measured at equity fell to EUR -0.338 million (H1 2021: EUR -0.190 million). Overall, earnings before interest and taxes (EBIT) decreased to EUR 0.113 million in the period under report (H1 2021: EUR 0.731 million). Adjusted EBIT stood at EUR -0.138 million (H1 2021: EUR 0.731 million).

Less financial expenses, which rose slightly to EUR 3,542 million (H1 2021: EUR 3,440 million), consolidated net income was negative at EUR -3.179 million and thus declined compared with the previous year (H1 2021: EUR -2.826 million).

Financial position

The cash flow statement for the first six months of 2022 shows an outflow of funds of EUR 1,782 million for operating activities, compared with EUR 2,335 million in the previous year's period. Due to the investments made in new properties, the outflow of funds for investing activities rose to EUR 24,635 million, as against EUR 2,267 million in the previous year's period. Conversely, the inflow of funds from financing activities increased to EUR 23,771 million, contrasting with the outflow of EUR 1,130 million in the previous year's period. Alongside higher debt financing due to the taking up of new financial loans, the fresh funds from the capital increase also contributed to this higher inflow. As a net balance, cash and cash equivalents fell to EUR 5,928 million, down from EUR 8,573 million at the beginning of the year.

Asset and capital structure

Due to the investments made in the new properties in Wuppertal and Bremerhaven, as well as to the capital increase, consolidated total assets grew to EUR 242,300 million (end of 2021: EUR 220,101 million). The largest balance sheet item is investment properties, which rose in value from EUR 195,495 million to EUR 221,735 million.

At 24.53 percent at the end of June 2022, ERWE's equity ratio was at almost the same level as at the end of 2021 (24.33 percent).

LTV rose to 69.6 percent as of 30 June 2022, compared with the figure of 67.8 percent reported as of 31 December 2021.

The EPRA NRV key figure grew from EUR 77,149 million as of 31 December 2021 to EUR 84,994 million as of 30 June 2022. Due to the capital increase, which raised the number of ERWE shares issued from 18,219,214 to 24,562,922, the EPRA NRV per share fell to EUR 3.46, as against EUR 4.23 as of 31 December 2021.



Overall summary of Group's economic position

The current 2022 financial year shows that ERWE Immobilien AG has the right business model and the right strategy of acquiring, developing and managing portfolio properties. After all, despite the more difficult economic climate the company was able to attract new tenants and retain existing tenants at its portfolio properties. In particular, the ongoing implementation of the company's mixed-use concept, 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 continually grow rental income and also secure the value of the properties.

III. Outlook

In July, i.e. after the end of the period under report, Elbstein AG submitted a mandatory offer to the shareholders of ERWE Immobilien AG. This move was triggered by Elbstein AG exercising its subscription rights to the cash capital increase executed in June 2022, as a result of which its shareholding in ERWE rose to 37.3 percent. Based on the average weighted price of ERWE's shares in the past six months, Elbstein submitted its offer at a takeover price of EUR 2.36 per share. The mandatory offer ran until 11 August 2022.

ERWE's Management and Supervisory Boards welcomed the increase in Elbstein's shareholding, as this will create a good basis for further expanding a strategic partnership. However, in a Joint Statement pursuant to § 27 (1) of the German Securities Takeover Act (WpÜG), which was adopted independently of each other and in each case approved unanimously, the Management and Supervisory Boards recommended that ERWE's shareholders should not accept the offer submitted by Elbstein as this fell significantly short of the company's value. ERWE's two governing bodies justified their recommendation by reference to the company's intrinsic value measured in terms of its EPRA NRV (Net Reinstatement Value) and EPRA NTA (Net Tangible Asset). As of 31 March 2022, these two key figures stood at EUR 3.48 and EUR 2.95 respectively (adjusted to account for the capital increase) and thus significantly exceeded the statutory minimum price offered by Elbstein.

The acquisitions implemented in the period under report will contribute to further increasing the company's operating revenues, i.e. gross rental income. This key figure is set to rise to more than EUR 10 million in the 2022 financial year as a whole (2021 financial year: EUR 7.89 million).

Furthermore, new lettings in the various portfolio properties, and especially at Postgalerie Speyer, will create the basis for further growth in gross rental income.

ERWE still expects to see a significant improvement in its adjusted EBIT before the result from measurement of investment properties and result from participating interests. From a current perspective, the year-end loan-to-value (LTV) ratio will be at the same level as in the first half. A slight improvement in this key figure had been forecast at the beginning of the year. Due to the dilutive effect of the capital increase, the EPRA Net Reinstatement Value (EPRA NRV) per share will show a year-on-year reduction and is expected to be at around the same level as in the first half.



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

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.

No further risks have arisen in the first half of 2022 compared with all of the risks presented in the 2021 Annual Report. The properties newly included in the balance sheet are also subject to the risks described in the 2021 Annual Report. Rising interest rates and higher construction costs are still the main market risks facing ERWE's operating business. Having reached a multi-year high in June, however, market interest rates have currently returned to April levels. Higher construction costs may impact negatively on project development valuations. The sharp rise in gas prices seen in recent months can be passed on to tenants at the portfolio properties via utility cost billing.

5. Overall summary

The Management Board expects the overall economy to at least stabilise 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.

Axel Harloff
Board of Management

Rüdiger Weitzel
Board of Management

Frankfurt am Main, August 2022



Consolidated Balance Sheet

at 30 June 2022

Assets

EUR		30 June 2022	31 Dec 2021
Non-current assets			
Property, plant and equipment and intangible assets		1,291,078	1,431,366
Investment properties	E.1	221,735,280	195,495,000
Investments in associates	E.2	1,072,755	1,410,755
Participating interests	E.3	8,750,877	8,750,877
Other non-current financial assets	E.4	326,898	0
Prepayments made for property, plant and equipment and intangible assets		0	52,094
Prepayments made for investment properties	E.5	0	1,256,000
		233,176,888	208,396,092
Current assets			
Trade receivables and other receivables	E.6	576,828	611,257
Receivables from companies linked by virtue of investment		893,214	883,806
Other assets	E.7	1,714,809	1,600,979
Income tax receivables		10,031	36,298
Cash and cash equivalents		5,928,075	8,573,056
		9,122,956	11,705,395
Total assets		242,299,844	220,101,487



Liabilities

EUR		30 June 2022	31 Dec 2021
Equity			
Share capital	E.8	24,562,922	18,219,214
Capital reserve		17,418,081	14,687,361
Revenue reserves		14,357,111	14,357,366
Accumulated net profit		780,901	3,802,797
Equity attributable to shareholders in the parent company		57,119,015	51,066,738
Non-controlling interests		2,326,410	2,482,949
		59,445,426	53,549,687
Non-current liabilities			
Financial debt	E.10	101,783,677	113,076,405
Provisions	E.11	163,541	975,456
Lease liabilities		1,543,628	1,804,018
Deferred tax liabilities	E.9	10,887,214	11,133,137
		114,378,060	126,989,016
Current liabilities			
Financial debt	E.10	64,569,122	34,757,455
Trade payables		85,447	227,011
Liabilities to associates	E.12	942,206	1,221,142
Liabilities to companies linked by virtue of investment		139,200	139,200
Lease liabilities		510,968	503,300
Other liabilities	E.13	2,229,415	2,714,676
		68,476,358	39,562,784
Total equity and liabilities		242,299,844	220,101,487



Consolidated Income Statement

for the Period from 1 January to 30 June 2022

EUR		1 Jan – 30 June 2022	1 Jan – 30 June 2021
Gross rental income		4,455,000	3,654,538
Expenses from property lettings		-1,693,857	-1,528,822
Earnings from property lettings	F.1	2,761,143	2,125,716
Other operating income	F.2	1,122,937	950,801
Personnel expenses	F.3	-2,434,527	-2,228,794
Other operating expenses	F.4	-1,536,271	-1,589,714
Result from measurement of investment properties	E.1	537,600	1,663,400
Result from associates measured at equity	E.2	-338,000	-190,400
Earnings before interest and taxes (EBIT)		112,881	731,008
Financial income		9,408	8,565
Financial expenses	F.5	-3,542,283	-3,439,512
Earnings before taxes		-3,419,993	-2,699,939
Taxes on income		241,303	-125,595
Consolidated net income / comprehensive income		-3,178,690	-2,825,534
of which attributable to:			
Shareholders in parent company		-3,021,896	-2,671,291
Non-controlling interests		-156,794	-154,243
Basic earnings per share	F.6	-0.16	-0.16
Diluted earnings per share	F.6	-0.16	-0.16



Consolidated Cash Flow Statement

for the Period from 1 January to 30 June 2022

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Consolidated net income	-3,178,690	-2,825,534
Financial income	-9,408	-8,565
Financial expenses	3,542,283	3,439,512
Taxes on income	-241,303	125,595
Depreciation of property, plant and equipment and amortisation of intangible assets	159,191	172,192
Profit on disposal of property, plant and equipment	-3,870	0
Measurement result from investment properties	-537,600	-1,663,400
Result from associates measured at equity	338,000	190,400
Changes in asset and liability items		
(Increase) / decrease in trade receivables	34,429	-61,524
(Increase) / decrease in other assets	-450,136	-164,669
(Decrease) / increase in provisions	-811,915	-408,586
(Decrease) / increase in trade payables	-186,100	-494,304
(Decrease) / increase in other liabilities	-458,398	-633,968
Income tax payments	21,648	-2,431
Operating cash inflow / outflow	-1,781,869	-2,335,282
Interest received	9,408	0
Payments for acquisition of investment property	-21,498,400	0
Investments in investment properties	-3,182,680	-2,179,516
Proceeds from sale of property, plant and equipment	46,441	0
Investments in property, plant and equipment and intangible assets	-9,380	-87,753
Cash flow from investing activities	-24,634,611	-2,267,270
Proceeds in connection with equity allocations	9,074,428	0
Interest paid and ancillary financing costs	-3,556,877	-3,502,459
Repayment of finance lease liabilities	-295,174	-270,697
Taking up of financial debt	36,934,217	17,679,017
Repayment of financial debt	-18,385,095	-15,035,659
Cash flow from financing activities	23,771,499	-1,129,797
Change in cash and cash equivalents	-2,644,981	-5,732,349
Cash and cash equivalents at beginning of period	8,573,056	7,962,383
Cash and cash equivalents at end of period	5,928,075	2,230,034



Development in Equity

for the Period from 1 January to 30 June 2022

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	18,219,214	14,687,361	14,357,366	3,802,797	51,066,738	2,482,949	53,549,687
Consolidated net income / comprehensive income	0	0	0	-3,021,896	-3,021,896	-156,794	-3,178,690
Capital increase	6,343,708	3,171,854	0	0	9,515,562	0	9,515,562
Equity procurement costs	0	-441,134	0	0	-441,134	0	-441,134
Other changes	0	0	-255	0	-255	255	0
Balance at 30 June 2022	24,562,922	17,418,081	14,357,111	780,901	57,119,015	2,326,410	59,445,426

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
Balance at 1 January 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	52,276,111	3,286,040	55,562,151



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Select explanatory notes to the consolidated financial statements (IFRS)

for the period from 1 January to 30 June 2022

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 (until 30 June 2022: Prime Standard; since 1 July 2022: General Standard) at the Stock Exchange in Frankfurt am Main (XETRA) and in open trading in Berlin, Stuttgart, Düsseldorf and Munich.

The business activities of ERWE AG and the subsidiaries included in the consolidated financial statements 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.

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 2022. 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 2022 should therefore always be viewed in conjunction with the consolidated financial statements as of 31 December 2021.

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 2022 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 29 August 2022.

(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 2021.

(3) Consolidated companies

Including the parent company, the scope of consolidation comprises 25 fully consolidated companies as of 30 June 2022. One newly founded company was added to ERWE's scope of consolidation in the current period under report. This company and the level of shareholding held are presented in the table below (Number 25).

The consolidated group as of 30 June 2022 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 Asset 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 Wuppertal GmbH (previously: ERWE Projekt Homburg GmbH)	Frankfurt am Main	100.0	2	Portfolio holder
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 Bremerhaven GmbH (previously: ERWE Projekt Recklinghausen GmbH)	Frankfurt am Main	100.0	2	General partner GmbH
19.	ERWE Projekt Hagen GmbH	Frankfurt am Main	100.0	2	Shelf company
20.	ERWE TAUNUS LAB Verwaltung GmbH	Frankfurt am Main	94.9	8	General partner GmbH
21.	ERWE Projekt Krefeld GmbH	Frankfurt am Main	100.0	2	Portfolio holder
22.	ERWE Taunus Lab North GmbH & Co. KG	Frankfurt am Main	94.9	8 *	Shelf company
23.	ERWE Taunus Lab West GmbH & Co. KG	Frankfurt am Main	94.9	8 *	Shelf company
24.	ERWE Bremerhaven I GmbH & Co. KG	Frankfurt am Main	100.0	2 **	Portfolio holder
25.	ERWE Taunus LAB Parkhaus GmbH & Co. KG	Frankfurt am Main	94.9	8 *	Shelf company

* The general partner of these companies is ERWE TAUNUS LAB Verwaltung GmbH (Number 20)

** The general partner of this company is ERWE Bremerhaven GmbH (previously: ERWE Projekt Recklinghausen GmbH) (Number 18)



C. Material accounting policies

The accounting policies applied in these abridged interim consolidated financial statements as of 30 June 2022 are consistent with those applied in the consolidated financial statements as of 31 December 2021.

There were also no material changes in estimates compared with the consolidated financial statements as of 31 December 2021.

The table below lists those tenants with which the Group generates more than 10% of its revenue. In total, the company generates gross rental income of EUR 2,125k (48%) with these tenants.

EUR	30 June 2022	30 June 2021
C&A Group	866,859	333,000
City of Lübeck	749,205	698,825
Amedia Plaza Speyer	508,734	197,723

D. Segment reporting

ERWE does not report internally by segment, therefore segment reporting is not possible. With the exception of the disclosure made below pursuant to IFRS 8.34, 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:

EUR	Portfolio properties	Project developments	Total 30 June 2022
Carrying amount at 1 January	148,595,000	46,900,000	195,495,000
Purchases (+)	22,754,400	0	22,754,400
Other additions (+)	924,600	2,023,680	2,948,280
Fair value increases (+)	870,000	204,000	1,074,000
Fair value reductions (-)	-536,400	0	-536,400
Carrying amount at 30 June 2022	172,607,600	49,127,680	221,735,280

EUR	Portfolio properties	Project developments	Total 30 June 2021
Carrying amount at 1 January	153,313,000	39,400,000	192,713,000
Purchases (+)	0	0	0
Other additions (+)	2,125,521	2,668,055	4,793,576
Fair value increases (+)	1,821,879	4,831,945	6,653,824
Fair value reductions (-)	-8,665,400	0	-8,665,400
Carrying amount at 31 December 2021	148,595,000	46,900,000	195,495,000



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). With the exception of the properties newly acquired in Wuppertal and Bremerhaven in 2022, no property valuations were obtained as of the reporting date on 30 June 2022. We assume that, accounting for the investments made in 2022 and despite the market trend apparent in the 1st half of 2022, no other material changes have arisen in the valuation of the properties as of 30 June 2022 compared with 31 December 2021. Reference is made to the disclosures in the consolidated financial statements as of 31 December 2021 with regard to the sensitivities underlying the key input factors for the portfolio properties as of 31 December 2021.

Purchases related to the aforementioned portfolio properties in Wuppertal and Bremerhaven. A prepayment of EUR 1,256,000 was made for the Wuppertal property in the past financial year. As of 31 December 2021, this was recognised under "Prepayments made for investment properties".

Other additions result from the investments made in the properties.

Fair value increases mainly relate to the valuation of the Wuppertal property acquired in the current financial year, while fair value reductions chiefly relate to the Bremerhaven property also acquired in the current financial year.

(2) Investments in associates

The Group holds a 50% shareholding in peko GmbH, whose legal domicile is in Eppelborn (HRB 14135, Saarbrücken District Court). 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 (30 June 2022: EUR 1,072,755; 31 December 2021: EUR 1,410,755) and reported a prorated loss of EUR 338,000 for it as of 30 June 2022.

(3) Participating interests

The participating interests recognised as of 30 June 2022 include the interest held in Covivio Office VI GmbH & Co. KG, Frankfurt am Main, at an amount of EUR 8,750,877 (31 December 2021: EUR 8,750,877). Since 31 December 2021, ERWE has no longer been able to exercise significant influence and therefore recognises the interest at fair value through profit or loss. No material changes in value arose as of 30 June 2022.

(4) Other non-current financial assets

The other non-current financial assets of EUR 326,898 (31 December 2021: EUR 0) include two commission payments made by the Group to conclude commercial letting agreements for the property in Krefeld. These commission payments involve contract costs pursuant to IFRS 15,91 and will be reversed in instalments over the term of the respective letting agreements from their commencement.

(5) Prepayments made for investment properties

The prepayments of EUR 1,256,000 for investment properties reported as of 31 December 2021 include a prepayment for the purchase of a property in Wuppertal. The acquisition of this property was completed in 2022. Reference is made to the comments in E.1.

(6) Trade receivables

Trade receivables totalled EUR 576,828 and thus decreased by EUR 34,429 compared with 31 December 2021 (EUR 611,257). These relate exclusively to lettings and do not bear interest. Trade receivables developed as follows in the interim reporting period:

EUR	30 Jun 2022	31 Dec 2021
Trade receivables (gross)	722,796	773,423
Allowances	-145,968	-162,166
Trade receivables (net)	576,828	611,257
of which non-current	0	0
of which current	576,828	611,257

EUR	30 Jun 2022	31 Dec 2021
Trade receivables	722,796	773,423
of which not impaired and not overdue	0	0
of which not impaired and overdue by up to 30 days	145,580	57,175
of which not impaired and overdue by between 31 and 60 days	112,164	82,102
of which not impaired and overdue by more than 60 days	300,282	451,524
Impaired trade receivables	164,770	182,622



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 2022, ERWE assumes that the tenants are still solvent and that the receivables are recoverable. Since the reporting date, one tenant has settled overdue receivables of EUR 262k.

(7) Other assets

The other assets reported as of 30 June 2022 are structured as follows:

EUR	30 June 2022	31 Dec 2021
Tax receivables (VAT)	599,377	663,752
Operating cost receivables	430,900	429,200
Prepaid expenses	386,632	64,864
Deposits	186,840	186,839
Prepayments for new projects	65,221	174,415
Other current assets	45,839	81,908
Total	1,714,809	1,600,979

The increase in prepaid expenses is mainly attributable to current insurance contributions deferred and prepaid lease expenses.

(8) Equity

In June 2022, the company's share capital was increased by EUR 6,343,708 to EUR 24,562,922 by way of a capital increase executed in return for cash contributions (31 December 2021: EUR 18,219,214). The subscription price was set at EUR 1.50 per share. The gross proceeds from the issue therefore amounted to EUR 9,515,562. The capital reserve increased by EUR 2,730,720 to EUR 17,418,081 (31 December 2021: EUR 14,687,361). The amount of EUR 2,730,720 comprises the premium of EUR 3,171,854 less capital procurement costs of EUR 441,134, which have been deducted from equity pursuant to IAS 32.35.

In addition to the 2022 capital increase, the capital reserve also contains the premium from the cash capital increases entered in the Commercial Register in 2018 and 2021 less equity procurement costs.

(9) 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 recognised in the consolidated financial statements 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 2022 result from temporary differences in the following balance sheet line items:



EUR	30 June 2022	31 Dec 2021
Tax loss carryovers	4,049,770	3,615,379
Deferred tax assets before netting	4,049,770	3,615,379
Netting	-4,049,770	-3,615,379
Deferred tax assets after netting	0	0
Investment properties	14,672,095	14,467,306
Financing costs	192,934	203,859
Investments in associates and participating interests	71,955	77,351
Deferred tax liabilities before netting	14,936,984	14,748,516
Netting	-4,049,770	-3,615,379
Deferred tax liabilities after netting	10,887,214	11,133,137

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

EUR	1 Jan 2022	Income statement	30 Jun 2022
Investment properties	-14,467,306	-204,789	-14,672,095
Financing costs	-203,859	10,925	-192,934
At equity interest and participating interests	-77,351	5,396	-71,955
Loss carryovers	3,615,379	434,391	4,049,770
Total	-11,133,137	245,923	-10,887,214

(10) 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 2022, ERWE had the following floating-interest and fixed-interest financial debt:

EUR	30 Jun 2022	31 Dec 2021
<u>Non-current financial debt</u>		
Floating-interest financial debt	19,613,672	21,398,665
Fixed-interest financial debt	82,170,005	91,677,740
Non-current financial debt, total	101,783,677	113,076,405
<u>Current financial debt</u>		
Floating-interest financial debt	23,879,864	25,578,802
Fixed-interest financial debt	40,689,258	9,178,653
Current financial debt, total	64,569,122	34,757,455



Current and non-current financial liabilities totalled EUR 166,352,799 and increased by EUR 18,518,939 compared with 31 December 2021 (EUR 147,833,860). The amount of EUR 36,934,217 taken up mainly relates to the inflow of funds from loans taken up to finance the acquisition of the properties in Wuppertal (EUR 12,560,000) and Bremerhaven (EUR 5,740,000). Furthermore, a loan at ERWE Immobilien Projekt 444 GmbH was refinanced in an amount of EUR 16,350,000 (EUR 17,000,000). The loans newly taken up have been recognised under non-current financial liabilities. In addition to the loan refinanced at ERWE Immobilien Projekt 444 GmbH, further loans repaid include loans at ERWE Properties GmbH (EUR 250,000), ERWE Immobilien Retail Projekt 333 GmbH (EUR 340,000) and ERWE Immobilien Retail Projekt 555 GmbH (EUR 1,410,000). The reclassification out of non-current and to current financial debt mainly relates to a loan at ERWE Immobilien Retail Projekt 222 GmbH (EUR 32,000,000), which has a term expiring in the first half of 2023.

Financial loans of EUR 125,736,056 (31 December 2021: EUR 106,082,815) are mainly secured by the company with liens on property (30 June 2022: EUR 157,300,000; 31 December 2021: EUR 136,850,000). The assignment of rental income serves as further collateral.

(11) Non-current provisions

Non-current provisions are structured as follows:

EUR	Provision for storage obligations	Provision for personnel expenses	Total
01 Jan 2022	36,960	938,496	975,456
Utilised	0	0	0
Reversed	0	811,915	811,915
Added	0	0	0
30 Jun 2022	36,960	126,581	163,541

EUR	Provision for storage obligations	Provision for personnel expenses	Total
01 Jan 2021	36,960	1,410,299	1,447,259
Utilised	0	0	0
Reversed	0	512,947	512,947
Added	0	41,144	41,144
30 Jun 2021	36,960	938,496	975,456

The non-current provisions of EUR 163,541 for personnel expenses involve provisions for storage obligations and the provision for a virtual stock option plan.

Virtual stock option plan

Description of plan:

ERWE Immobilien AG inceptioned 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 2021 to 30 June 2022 was based on the estimated development in the intrinsic value of the virtual shares.

An amount of EUR 811,915 was reversed from the provision for the virtual stock option plan in the first half of 2022. This reversal was due to the fall in the share price of ERWE Immobilien AG in the preceding period, which reduced the intrinsic value and thus the present value of the virtual shares. The amount reversed has been recognised under other operating income as of 30 June 2022.

(12) Liabilities to associates

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

(13) Other current liabilities

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

EUR	30 June 2022	31 Dec 2021
Liabilities for personnel	653,178	665,728
Interest deferrals	649,896	647,333
Liabilities for outstanding invoices	349,835	744,647
Liabilities for year-end and audit expenses, tax returns and advisory expenses, publication expenses	172,798	256,400
VAT liabilities	114,564	40,493
Deposits received	60,352	60,352
Liabilities for Supervisory Board remuneration	25,137	73,979
Sundry current liabilities	203,655	225,744
Total	2,229,415	2,714,676



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 2021. 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:

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Gross rental income	4,455,000	3,654,538
Expenses from property lettings	-1,693,857	-1,528,822
Earnings from property lettings	2,761,143	2,125,716

The increase in gross rental income was mainly due to the acquisition of the properties let out in Wuppertal and Bremerhaven.

Expenses from property lettings mainly include outlays for operating and ancillary expenses, as well as for repairs and maintenance.

(2) Sonstige betriebliche Erträge

Other operating income comprised the following items in the period under report:

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Income from reversal of non-current provisions	811,915	401,940
Income from derecognition of uncertain liabilities	215,587	67,973
Non-period income	39,231	39,785
Reversal of receivables allowances	20,449	88,795
Non-cash compensation	17,890	19,409
Insurance compensation	0	142,526
Sundry other operating income	17,864	190,372
Total	1,122,937	950,801

The income from the reversal of non-current provisions includes reversals of EUR 811,915 for the provision stated for the virtual stock option plan (H1 2021: EUR 401,941) due to the reduction in the share price. Reference is made to the comments in E.11.

(3) Personnel expenses

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

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Salaries	2,206,534	1,993,780
Statutory social security contributions	227,993	235,015
Total personnel expenses	2,434,527	2,228,795
of which expenses for pension benefits	1,777	5,809



(4) Other operating expenses

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

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Legal and advisory expenses	263,805	445,336
Year-end and audit expenses, tax return and advisory expenses	247,351	243,893
Costs of unrealised projects	187,893	0
Depreciation/amortisation of other non-current assets	159,191	172,192
Stock market listing and shareholders' meeting	153,688	89,167
Insurances	79,398	47,877
Advertising expenses	76,976	91,901
Rental and lease expenses	69,682	72,510
Travel expenses	60,927	39,227
Vehicle expenses	53,740	49,785
Supervisory Board remuneration	45,000	45,000
Hardware/software maintenance expenses	44,312	16,245
Rental expenses for project developments	33,000	0
Retirement of receivables	25,390	1,330
Sundry other operating expenses	35,917	275,250
Total	1,536,271	1,589,714

(5) Financial expenses

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

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Financial debt interest expenses	3,385,460	3,390,107
Other financial expenses	156,823	49,405
Total	3,542,283	3,439,512

Financial expenses rose by EUR 102,771 compared with the previous year's period. This increase was predominantly due to other financial expenses, which mainly include prepayment penalties for loans repaid and reversal of accrued financial expenses for loans refinanced.

(6) Earnings per share

Basic earnings per share are calculated as follows:

EUR	1 Jan – 30 June 2022	1 Jan – 30 June 2021
Consolidated net income (EUR)	-3,178,690	-2,825,534
Consolidated net income less non-controlling interests	-3,021,896	-2,671,291
Dilutive effects	0	0
Consolidated net income less dilutive effects	-3,021,896	-2,671,291
Number of shares		
Shares issued at balance sheet date	24,562,922	16,562,922
Weighted number of shares issued	18,709,888	16,562,922
Dilutive effects	0	0
Weighted number of shares issues (diluted)	18,709,888	16,562,922
Earnings per share (EUR)		
Basic earnings per share	-0.16	-0.16
Diluted earnings per share	-0.16	-0.16



G. Notes to the consolidated cash flow statement

The cash flow statement as of 30 June 2022 has been based on consolidated net income (30 June 2021: consolidated earnings before interest and taxes). The presentation of the previous year's comparative figures has been adjusted accordingly. This change does not have any implications for the cash flows from operating, investing or financing activities.

H. Other disclosures

(1) Related party disclosures

According to IAS 24 "Related Party Disclosures", related parties are defined as, among others, parent companies, subsidiaries and subsidiaries of a common parent company, associated companies, legal entities under the influence of the management and the management of the company. Business transactions between ERWE Immobilien AG and its consolidated subsidiaries are eliminated through consolidation and are therefore not explained in the notes.

The following material transactions were executed between the Group and related parties:

in EUR	30 June 2022	1 Jan – 30 Jun 2022
	Receivables (+)/ liabilities (-)	Income/ interest income (+) / expenses/ interest (-)
ERWE as borrower:		
VGHL Management GmbH – loan to ERWE 333	0	-15,432
VGHL Management GmbH – loan to ERWE 555	0	-3,800
HCK Wohnimmobilien GmbH – loan to ERWE AG	-5,131,250	-125,000
ERWE as lender:		
Covivio Office VI GmbH & Co. KG	893,214	9,408
ERWE as beneficiary of service:		
VGHL Management GmbH	0	-15,324
ERWE Real Estate GmbH	0	-14,944
Philipp Weitzel (Managing Director of ERWE Asset GmbH)	-250	-89,936
peko construction GmbH	-942,206	0
peko planungs GmbH	0	-12,072
H³ Gastro Event GmbH	0	-37,050
Hillermann Consulting e.K.	0	-9,275
ERWE as provider of service:		
ERWE Real Estate GmbH	0	600



VGHL Management GmbH granted loans of EUR 340,000 to ERWE Immobilien Retail Projekt 333 GmbH and of EUR 160,000 to ERWE Immobilien Retail Projekt 555 GmbH. Both loans bore interest at 9.5% p.a. and were repaid in the first half of 2022. In the 2022 financial year, interest expenses amounted to EUR 15,432 at ERWE Immobilien Retail Projekt 333 GmbH and to EUR 3,800 at ERWE Immobilien Retail Projekt 555 GmbH. The other expenses include advisory services of EUR 15,324.

Furthermore, in December 2021 HCK Wohnimmobilien GmbH granted a loan of EUR 5,000,000 to ERWE Immobilien AG. This loan bears interest at a fixed rate of 5.0% and has a term running until the end of 2022. The net balance of EUR 5,131,250 comprises the loan amount of EUR 5,000,000 and accrued interest of EUR 131,250. In the 2022 financial year, interest expenses amounted to EUR 125,000.

Philipp Weitzel is a close family relation pursuant to IAS 24 of Management Board member Rüdiger Weitzel. In his role as managing director of ERWE Asset GmbH, Philipp Weitzel received remuneration of EUR 89,936 (including the reimbursement of travel expenses) in the period from 1 January to 30 June 2022.

peko GmbH and its four wholly-owned subsidiaries mainly operate in the field of construction planning and consulting, as well as in the construction of all kinds of building as general contractor. peko GmbH and its subsidiaries performed services of EUR 1,994,560 for ERWE in the 2022 financial year; these have been capitalised as construction costs for the respective properties. As of 30 June 2022, liabilities to peko GmbH and its subsidiaries totalled EUR 942,206.

H³ Gastro Event GmbH rented 223 m² of office space and business fittings in Speyer. It was agreed to let the office space free of rental charge; however, ancillary expenses of EUR 2,509 were incurred. This contract was prematurely terminated as of 30 April 2022. Due to the premature termination, H³ Gastro Event GmbH received compensation of EUR 18,000. Furthermore, H³ Gastro Event GmbH received a FF&E grant of EUR 80,000 that was deferred over the term of the contract. As the contract was prematurely terminated in the first half of 2022, the remaining portion of the grant, amounting to EUR 70,000, has been recognised in the consolidated statement of comprehensive income. ERWE Betriebs GmbH sold items of property, plant and equipment with a carrying amount of EUR 42,571 to H³ Gastro Event GmbH for a sale price of EUR 46,441. Furthermore, ERWE Betriebs GmbH generated utilisation fees of EUR 2,000 for the use of non-current assets.

In 2020, a sublease contract terminable at short notice was concluded with Hillermann Consulting e.K. in respect of office premises. These premises were used by employees of the ERWE Group. The contract was terminated in March. Rental payments amounted to EUR 9,275 in the year under report.

Furthermore, ERWE AG has issued counter-guarantees for guarantees issued by the Management Board members Axel Harloff and Rüdiger Weitzel for an amount of EUR 2,000k in connection with credit financing granted to subsidiaries of ERWE AG.

(2) Management Board and Supervisory Board

The following individuals are/were members of the Management Board of ERWE Immobilien AG:

- Axel Harloff, Graduate in Business Administration
- Rüdiger Weitzel, Graduate in Engineering
- Christian Hillermann, Graduate in Business Administration (until 4 March 2022)

The following individuals are/were appointed as members of the Supervisory Board:

- Volker Lemke (Graduate in Business Administration), Management Board of Elbstein AG (Chairman of Supervisory Board)
- Dr. Jürgen Allerkamp, Lawyer and Management Consultant (since 25 May 2022; Deputy Chairman of Supervisory Board)
- Stefan Braasch (Graduate in Business Administration), Insurance and Risk Management Consultant (since 25 May 2022)
- Dr. Holger Henkel, Lawyer (until 25 May 2022; formerly Deputy Chairman of Supervisory Board)
- Carsten Wolff, Head of Accounting and Finance (until 25 May 2022)



(3) Other financial obligations

In connection with contracts entered into with construction contractors, the Group has obligations of around EUR 16.7 million that are due within one year and of around EUR 9.0 million that are due by 2024.

By purchase agreement dated 31 May 2022, ERWE acquired 100% of a limited interest in HCK Grund GmbH & Co. KG. The conclusion of the purchase agreement is subject to a condition precedent. As soon as this is fulfilled, the purchase price of EUR 5,770,000 will become due for payment. As the condition precedent had not yet been satisfied as of 30 June 2022, the transfer of benefits and obligations is only expected to take place in the third quarter of 2022.

(4) Events after the balance sheet date

On 7 July 2022, the Management Board decided with the approval of the Supervisory Board and in agreement with the major shareholder Elbstein Aktiengesellschaft to terminate the listing of ERWE Immobilien AG on the Regulated Market of Frankfurt Stock Exchange. ERWE has submitted an application to the Frankfurt Stock Exchange for the company to be delisted from the General Standard and simultaneously applied for ERWE's shares to be included in the Segment Scale of the Basic Board (OTC) at Frankfurt Stock Exchange.

Upon the entry of the capital increase, Elbstein AG gained control over ERWE in the period under report pursuant to § 35 (1) in conjunction with § 29 (2) of the German Securities Trading Act (WpÜG) and met its obligation to submit a mandatory offer to all ERWE shareholders pursuant to § 35 (2) WpÜG in respect of the acquisition of all shares at the statutory minimum price. The deadline for shareholders to accept the mandatory offer submitted by Elbstein AG expired on 17 August 2022; the offer was only accepted to a marginal extent. Upon the takeover of these shares, Elbstein AG now directly and indirect holds an overall stake of 37.3 percent in ERWE Immobilien AG.

Apart from this, there have been no events of material significance for the asset, financial position and results of operations at ERWE since 30 June 2022.

Frankfurt am Main, 29. August 2022
ERWE Immobilien AG

Axel Harloff
Board of Management

Rüdiger Weitzel
Board of Management



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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, 29. August 2022
ERWE Immobilien AG

Axel Harloff
Board of Management

Rüdiger Weitzel
Board of Management



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