



31 March 2021



QUARTERLY REPORT

ERWE IMMOBILIEN AG

Herriotstrasse 1 · 60528 Frankfurt am Main

www.erwe-ag.com

The first quarter at a glance

Key Figures

Income Statement (EURO 000s)	31 Mar 2021	31 Mar 2020		31 Mar 2021	31 Dec 2020
Gross rental income	1.730	958	Total assets	214.422	215.161
Earnings from property lettings	1.062	519	Equity	57.099	58.388
EBIT	518	-54	Number of shares (000s)	16.562,922	19.562,922
Adjusted EBIT	518	-54			
Consolidated net income	-1.289	2.412			
			Properties		
Balance sheet (EURO 000s)	31 Mar 2021	31 Dec 2020	Inventory properties	5	5
Investment properties	194.361	192.713	Project developments	3	3
Interests in properties	10.252	8.832	Participating interests	1	1
Net Reinstatement Value (EPRA)	79.800	80.662	Lettable space in m2*	72.581	71.907
NRV per share (EUR)	4.82	4.87	Occupancy rate in %*	89,5	89,2
NAV per share (EUR)	4.06	4.12			
LTV (in %)	63,1	63,3			

Note: * only Inventory Properties



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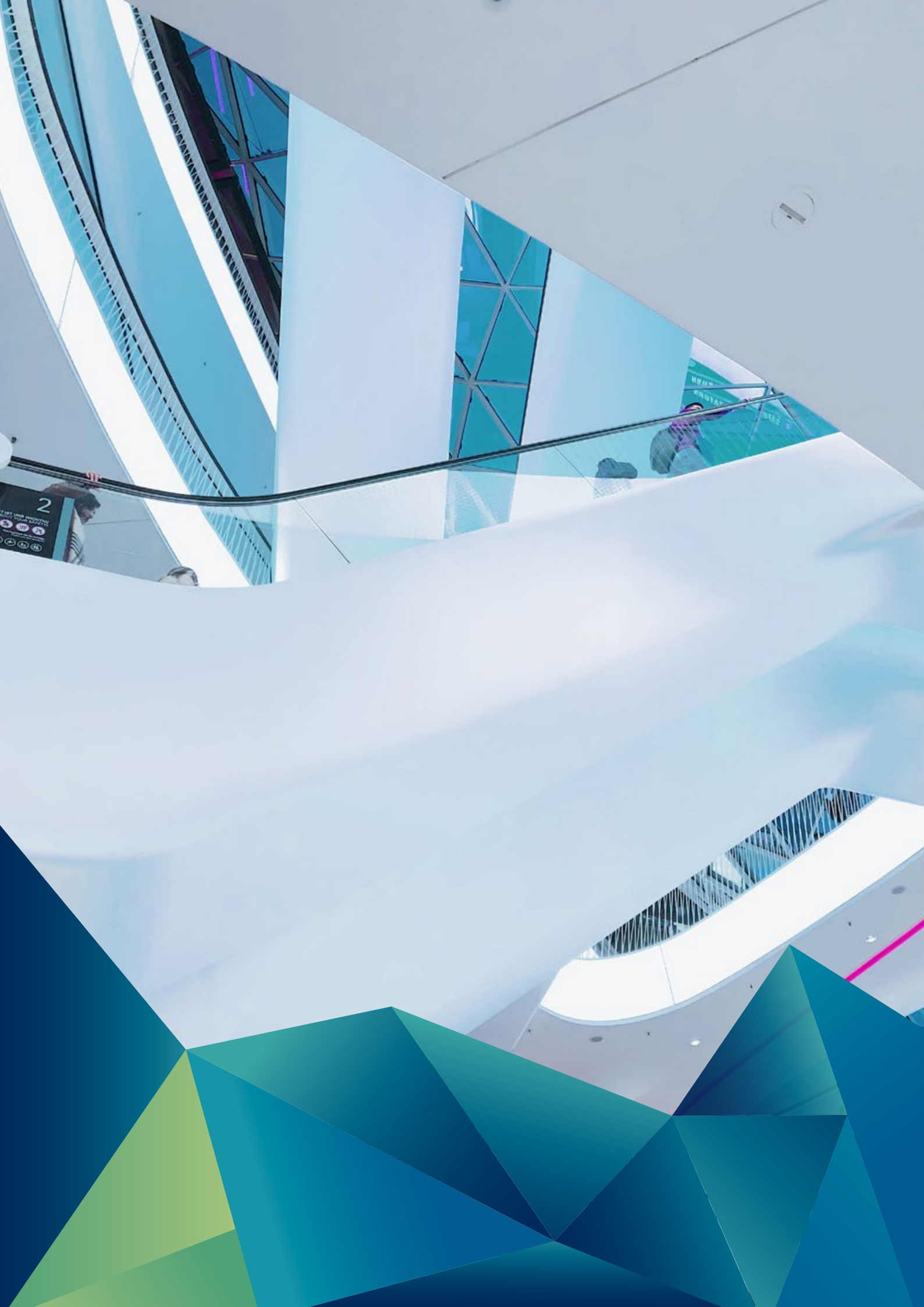
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Management board foreword

**Dear Ladies and Gentlemen,
Dear Shareholders,**

A year has passed since we published the first interim report dealing with the outbreak of the coronavirus and now we are dealing even more closely than ever with the impact of a pandemic that is currently in its third wave. Germany has been stuck in a more or less strict lockdown for half a year, one in which restaurants, cafes and bars are shut, travel is highly restricted and nearly all retailers apart from grocers, drugstores and hairdressers are closed.

The implications are diverse and noticeable and their economic dimensions will only become clear once the crisis is over. This unprecedented situation is also not without consequences for our company. We will have to show even greater creativity and flexibility in our conversion concepts and lettings in order to do justice users' needs. Having said that, we can once again report a good performance for the first quarter of the current 2021 financial year. At Euro 1.730 million, gross rental income alone almost doubled compared with the first quarter of the previous year (Q1 2020: Euro 0.958 million).

Our pleasing performance is due not least to the substantial investments we made in new portfolio properties in the past financial year. The rental income from properties we took over in 2020, namely Kupferpassage in Coesfeld and the two properties in



**„ AT EURO 1.730
MILLION, GROSS
RENTAL INCOME
ALONE ALMOST
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OF THE PREVIOUS
YEAR.“**

Darmstadt, is reflected for the first time in the period under report. Our rental income nevertheless benefited at least as much from our properties in Lübeck and Krefeld, where we demonstrated the success of our strategy by repositioning these properties with mixed-use concepts.

At LICHTHOF Lübeck, we handed over the final space to our new main tenant, Lübeck City Administration, in May 2020 already. The City Administration now uses nearly half the space at the property, where it operates a civic centre and has located other administrative functions. We therefore received the full rent for the space let to the City Administration for the first time in the first quarter of the current year. At the end of the period under report, 77.2 percent of the space was let out, slightly more than at the end of 2020 (76.2 percent). Further lettings activities should produce success in the coming months, particularly once the pandemic has further eased.

Since the beginning of 2021, we have also been reaping the rewards of the mixed-use concept implemented at our first investment in downtown Krefeld. At the end of the year, Krefeld City Administration moved various administrative functions to the property, which we previously converted, refurbished and renovated on schedule within half a year. This means that the property is now fully let. Further tenants include APCOA Parking GmbH, which operates the 420 parking spaces at the property, as well as the textile retailer C&A.

Kupferpassage, the property we acquired in Coesfeld in mid-2020, also showed very stable developments, and that

despite the difficult climate. Towards the end of the period under report, the occupancy rate rose slightly to 92.4 percent (end of 2020: 91.6 percent). Most of the vacant space relates to residential units in the upper floors, which are currently being modernised and will then be let on favourable terms given the high level of demand for such space. Located in the centre of downtown Coesfeld, Kupferpassage has total mixed-use space of around 15,000 m² and 160 car parking spaces.

At Postgalerie in the cathedral city of Speyer, we completed the hotel space in 2020 already and handed over 115 new rooms to our hotel tenant, the Amedia Group. In line with the agreement, Amedia will start making rental payments in April after the hotel has opened. The occupancy rate has gradually improved and rose to 86.9 percent at the end of the first quarter (end of 2020: 86.4 percent; March 2020: 78 percent). In recent months, we have also witnessed growing interest from tenants wishing to rent the space still available. We therefore expect the occupancy rate to improve further as the year progresses. We are also underlining the conversion, expansion and ongoing modernisation work at our Postgalerie by introducing a new logo. This should illustrate the property's new image and its proximity to Speyer cathedral.

The development properties also acquired in 2020 are now in the planning stage, which will be followed by measures to convert or replace the respective properties with new buildings. That is true for the property we acquired in the centre of Krefeld in mid-2020, which is located across the road from the pro-

perty we successfully developed in just two years. The design stage was initiated in the period under report, with various ideas and concepts being discussed with potential tenants who are showing great interest in renting space at this 1A location in downtown Krefeld. The City Administration has also been involved in the talks. An application for a building permit is being drafted, as is the request for permission to demolish the existing building. The planned mix of uses still provides for apartments, offices, medical practices and retail space. Construction work is scheduled to begin before the end of this year.

The development stage is also well underway in Darmstadt, where we acquired two properties in 2020. The commercial property in an ideal development location, which we also plan to demolish and replace, will then have three times as much usable space as the existing building. Here, we are currently in promising talks with tenants. The residential and commercial property we acquired in downtown Darmstadt at the end of 2020 is in a prime location at the heart of the pedestrian zone. The upper floors of this building are currently unused. We will exploit this potential by creating high-quality apartments.

Turning to the construction of the new TAUNUS LAB business centre in Friedrichsdorf near Bad Homburg, we expect to receive the relevant building permit in the near future. We will start construction work on the new building when we have concluded advance letting agreements for two thirds of the new space. Here, we will be taking up or resuming talks with potential tenants once the current wave of the pandemic eases.

The developments outlined above for the first quarter left their mark above all on our gross rental income. Deducting the relevant expenses from this income led to earnings from property lettings of Euro 1.062 million (2020: Euro 0.519 million). The higher personnel expenses of Euro 1.063 million (2020: Euro 0.78 million) resulted from the further expansion in our company as a real estate platform. At Euro 0.835 million, the income from fair value measurement of our investment properties hardly changed (2020: Euro 0.914 million).

Overall, the consolidated earnings before taxes of minus Euro 1.305 million reported for the first quarter of 2021 represent a slight improvement on the previous year (2020: minus Euro 1.389 million). At minus Euro 1.354 million, consolidated net income is not comparable with the previous year's figure

(Euro 2.412 million), which benefited from the remeasurement of deferred taxes. Our adjusted earnings before interest and taxes (EBIT) of Euro 0.445 million were higher than the equivalent figure in the previous year (minus Euro 0.054 million).

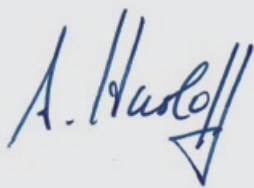
Other key financials showed only minor changes in the first quarter of 2021. ERWE's consolidated total assets amounted to Euro 214.3 million (end of 2020: Euro 215.16 million). The slightly higher volume of investment properties, which stood at Euro 194.4 million (end of 2020: Euro 192.7 million) was mainly due to current investments. There was also little change in our key financial performance indicators, such as the equity ratio of 26.6 percent (end of 2020: 27.1 percent) and loan-to-value of 63.1 percent (end of 2020: 63.3 percent). The net asset value per share, which we previously consid-

ered alone, stood at Euro 4.05 per share (end of 2020: Euro 4.12 per share). Our EPRA NRV of Euro 4.81 per share was also almost unchanged (end of 2020: Euro 4.87 per share).

Even though the current climate is not easy, we are maintaining our growth targets. We are currently reviewing further capital measures to enable us to exploit growing investment opportunities in the current year. We expect to see a further increase in gross rental income and thus also an improvement in our earnings.

Finally, we hope that the pandemic will abate in the near future. This will enable the economy as a whole, and many areas of commercial property management in particular, to sustainably ease and then return to very positive developments.

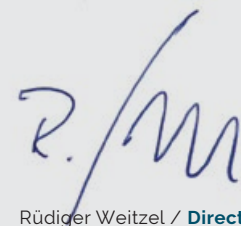
Yours faithfully,



Axel Harloff / **Director**



Christian Hillermann / **Director**



Rüdiger Weitzel / **Director**

Frankfurt am Main, May 2021



Balance sheet

as of 31 March 2021

Assets

EUR	31 March 2021	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	1.474.351	1.387.899
Investment properties	194.360.500	192.713.000
Investments in associates	10.251.918	8.831.767
Prepayments made for property, plant and equipment and intangible assets	0	54.030
Prepayments made for investments	0	1.343.151
	206,086,769	204,329,846
Current assets		
Trade receivables and other receivables	571.538	561.303
Receivables from associates	1.065.693	964.308
Other assets	1.300.334	1.317.171
Income tax receivables	27.968	26.267
Cash and cash equivalents	5.369.383	7.962.383
	8,334,917	10,831,433
Total assets	214,421,685	215,161,279

Liabilities

EUR	31 March 2021	31 December 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	11,804,538	13,004,593
Equity attributable to shareholders in the parent company	53,747,347	54,947,402
Non-controlling interests	3,351,748	3,440,283
	57,099,096	58,387,685
Non-current liabilities		
Financial debt	100,585,999	56,464,190
Provisions	1,447,259	1,447,259
Lease liabilities	2,078,520	2,162,382
Deferred tax liabilities	12,575,978	12,521,418
	116,687,756	72,595,249
Current liabilities		
Income tax liabilities	0	16,318
Financial debt	36,838,632	79,070,450
Trade payables	232,870	1,880,500
Liabilities to associates	617,101	0
Lease liabilities	442,872	400,799
Other liabilities	2,503,359	2,810,278
	40,634,834	84,178,346
Total equity and liabilities	214,421,685	215,161,279

Consolidated Statement of Comprehensive Income

for the Period from 1 January to 31 March 2021

EUR	01 Jan 2021 - 31 Mar 2021	01 Jan 2020 - 31 Mar 2020
Gross rental income	1,730,259	957,933
Expenses from property lettings	-668,226	-438,521
Earnings from property lettings	1,062,034	519,412
Other operating income	188,550	171,867
Personnel expenses	-1,062,848	-777,711
Other operating expenses	-581,944	-881,500
Result from measurement of investment properties	834,800	913,800
Result from associates measured at equity	77,000	0
Earnings before interest and taxes (EBIT)	517,591	-54,132
Financial income	4,700	3,500
Financial expenses	-1,754,697	-1,338,817
Earnings before taxes	-1,232,406	-1,389,449
Taxes on income	-56,183	3,801,309
Consolidated net income / comprehensive income	-1,288,589	2,411,860
of which attributable to:		
Shareholders in parent company	-1,200,054	2,079,362
Non-controlling interests	-88,535	332,498

Consolidated Statement of Changes in Equity

for the Period from 1 January to 31 March 2021

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling customers	Total equity
Balance at 1 Jan 2021	16,562,922	11,020,843	14,359,043	13,004,593	54,947,402	3,440,283	58,387,685
Consolidated net income / comprehensive income	0	0	0	-1,200,054	-1,200,054	-88,535	-1,288,589
Other changes	0	0	0	0	0	0	0
Balance at 31 Mar 2021	16,562,922	11,020,843	14,359,043	11,804,539	53,747,348	3,351,748	57,099,096
	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling customers	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	2,079,362	2,079,362	332,498	2,411,860
Other changes	0	0	0	0	0	0	0
Balance at 31 Mar 2020	16,562,922	11,020,843	14,359,044	14,826,616	56,769,425	3,927,271	60,696,696

EPRA NRV

as of 31 March 2021

EUR 000s	31 March 2021	31 December 2020
Equity	57,099	58,388
- non-controlling interests	-3,352	-3,440
Equity attributable to ERWE shareholders	53,747	54,947
Liabilities for deferred taxes on investment properties, where attributable to shareholders in parent company	14,528	14,298
Property acquisition tax on investment properties	11,525	11,417
EPRA NRV	79,800	80,662
	16,562,922	16,562,922
EPRA NRV per share	4.82	4.87

Adjusted EBIT

for the Period from 1 January to 31 March 2021

EUR 000s	31 March 2021	31 March 2020
Consolidated net income	-1,289	2,412
+/- tax income/expenses	56	-3,801
+/- financial income/costs	1,750	1,335
+/- non-recurring and special items	0	0
Adjusted EBIT	518	-54





ERWE IMMOBILIEN AG

Herriotstrasse 1 60528 Frankfurt am Main

Tel: +49 69 96 37 68 69 0

Fax: +49 69 96 37 68 69 30

Info@erwe-ag.com

www.erwe-ag.com