



ERWE
IMMOBILIEN

QUARTERLY-REPORT
31.MARCH 2019
ERWE IMMOBILIEN AG

KEY FIGURES

ERWE IMMOBILIEN AG

	Financial year	
	31.03.2019	31.12.2018
INCOME STATEMENT (Euro 000s)		
Gross rental income	996	2,752
Earnings from property lettings	516	1,154
EBIT	4,509	9,466
Adjusted EBIT	5,328	9,822
Consolidated net income	3,067	4,913
BALANCE SHEET (Euro 000s)		
Investment properties	112,609	101,910
Interests in properties	4,614	4,586
Net asset value (EPRA)	65,852	66,801
NAV per share	3.98	4.03
LTV (%)	39.5	36.8
Total assets	128,744	127,120
Equity	52,654	49,585
Number of shares (000s)	16,563	16,563
PROPERTIES		
Inventory properties	3	3
Project developments	1	1
Participating interests	1	1
Lettable space in m ² *	41,200	41,200
Occupancy rate in % *	54.8 **	63.6

* only inventory properties

** excluding new lettings Speyer Hotel and Lübeck City





*Dear Shareholders,
Dear Ladies and Gentlemen,*

Acquire and implement – that would be a fitting description for the first 12 months since the new era began at ERWE Immobilien AG. Since 2 May 2018, we have operated our new business model as a real estate company that focuses on commercial property development and associated portfolio growth in “B” cities in Germany with 10,000 or more inhabitants. Since that date, we have built up a Group that had total assets of around Euro 128.7 million and equity of around Euro 52.6 million at the end of March 2019.

We have not acquired any new properties since the beginning of the year. Having said this, our priority at the start of the new financial year was not to make further acquisitions but firstly to focus on implementing numerous projects already initiated when acquiring our properties and investments in 2018. In January, for example, we received approval for our shares to be admitted to the Regulated Market (General Standard) at the Frankfurt Stock Exchange. We had applied for this when executing our cash capital increase at the end of 2018. This means we can act in the market as a respectable real estate company interested in implementing suitable capital measures to finance its further growth.

Another piece of good news was the result of very long preparations. In the first quarter, we were able to implement the acquisition of the land needed for our business park in Friedrichsdorf by paying the purchase price. The 3.3 hectare piece of agricultural land has now been approved for construction and the local authority is already working on developing and accessing the site. The discontinuation of all conditions precedent originally agreed meant we could incorporate the land. This has had a clearly positive im-

act on our balance sheet. After all, land prices in the area have risen by around 50 percent in the intervening period. Not only that, we still have options which we agreed with the district council in Friedrichsdorf to acquire a further 1.2 hectares of building land.

At the same time, assuming ownership of the land enabled us to initiate the next major step, namely implementing and gradually building the business park, which will in future be called TAUNUS LAB. Commercial space totalling 58,000 m² has been planned. Estate agents on location have already indicated to us that there is enormous demand for the space. Applications for building permits are already underway.

We can report further success in implementing the measures planned to modernise, revitalise and reposition our properties: In Lübeck, we managed to let 7,700 m², and thus around half the space at the former shopping centre KÖNIGPASSAGE to the City of Lübeck on a long-term basis. Following suitable conversion, the City Council will be establishing a civic centre with citizen’s services at our centre. We plan to hand over the first space at the beginning of next year.



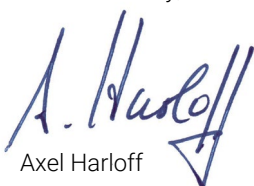
Our concept of targeted revitalisation and modernisation, accompanied by suitable investment, is actually working. This is clear from the development in lettings on originally vacant space at Frankfurt Airport Center 1 opposite Terminal A at Frankfurt Airport. As well as holding a 10.1% stake here, ERWE has been engaged to develop the property. All it took was a good concept and initial implementation measures and then the first potential tenants approached us, a process which is still continuing. Slightly after the end of the first quarter, in mid-May, surfaces of 5,044 m² were let to a large listed company that has withheld its name. This means that around 92 per cent of the space is now let. Interest in the remaining space is currently so great that we expect it all to have been let by the end of the year.

Our balance sheet for the first quarter only documents part of the developments outlined above. That is because the rental income generated from successful contract signings will only be reflected in the financial figures later in the year and next year. By

contrast, the income statement was significantly influenced by the valuation of the land in Friedrichsdorf, which was included in the balance sheet for the first time and whose value has appreciated significantly in recent years. The effect resulting from fair value measurement pursuant to IAS 40 amounts to Euro 5.433 million. Net of deferred taxes, consolidated net income came to Euro 3.069 million. ERWE generated gross rental income of just under Euro 1 million in the first quarter. Our key financial performance indicators, namely adjusted EBIT (Euro 5.3 million), net asset value (Euro 65.9 million/Euro 3.98 per share) and loan-to-value (39.5%) provide us with a very strong foundation for the current financial year.

For the financial year as a whole, we expect to see further operating earnings growth and also plan to generate further growth with new, high-value investments. Here, we will be examining financing to safeguard our options when making acquisitions and also looking at ways to further optimise the company's capital situation.

Yours faithfully,



Axel Harloff
Member of Management Board



Rüdiger Weitzel
Member of Management Board

Frankfurt am Main, May 2019

ERWE IMMOBILIEN AG

Consolidated Income Statement

for the Period from 1 January to 31 March 2019

	1 January – 31 March 2019
	Euro
Gross rental income	996,271
Expenses from property lettings	-480,285
Earnings from property lettings	515,985
Other operating income	202,318
Personnel expenses	-259,135
Other operating expenses	-564,238
Result from measurement of investment properties	5,433,190
Earnings before income and taxes (EBIT)	5,328,120
Financial income	1,318
Financial expenses	-819,978
Earnings before taxes	4,509,461
Taxes on income	-1,440,503
Consolidated net income / comprehensive income	3,068,958
of which attributable to:	
Shareholders in parent company	2,938,291
Non-controlling interests	130,667



ASSETS

	31.03.2019	31.12.2018
	Euro	Euro
A. Non-current assets		
Property, plant and equipment and intangible assets	255,539	197,354
Investment properties	112,609,000	101,910,000
Interests in companies measured at equity	4,613,796	4,585,700
Prepayments made for investment properties	99,424	88,153
Other financial assets	0	0
	117,577,759	106,781,207
B. Current assets		
Trade receivables and other receivables	299,845	222,262
Receivables from companies linked by virtue of investment	548,091	0
Other financial assets	585,255	444,064
Other assets	545,593	520,587
Cash and cash equivalents	9,187,767	19,151,851
	11,166,551	20,338,764
Total assets	128,744,310	127,119,971

LIABILITIES

	31.03.2019	31.12.2018
	Euro	Euro
A. Equity		
Share capital	16,562,922	1016,562,922
Capital reserve	11,020,843	11,020,843
Revenue reserves	18,869,496	14,390,301
Accumulated net profit	2,938,291	4,479,195
Equity allocable to shareholders in parent company	49,391,552	46,453,261
Non-controlling interests	3,262,708	3,132,041
	52,654,261	49,585,302
B. Non-current liabilities		
Financial debt	41,628,582	41,501,149
Provisions	3,258	4,758
Deferred tax liabilities	17,173,970	15,737,487
	58,805,809	57,243,394
C. Current liabilities		
Provisions	0	120,117
Income tax liabilities	77,044	77,044
Financial debt	13,877,590	16,810,311
Trade payables	400,670	2,105,888
Liabilities to companies linked by virtue of investment	2,879,108	1,110,517
Other liabilities	49,828	67,398
	17,284,240	20,291,275
Total equity and liabilities	128,744,310	127,119,971

DEVELOPMENT IN EQUITY

for the Period from 1 January to 31 March 2019

Euro	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
Balance at 2 May 2018	16,562,922	11,020,843	18,869,496	0	46,453,261	3,132,041	49,585,302
Consolidated net income / comprehensive income	0	0	0	2,938,291	2,938,291	130,667	3,068,958
Other changes	0	0	0	0	0	0	0
Balance at 31 December 2018	16,562,922	11,020,843	18,869,496	2,938,291	49,391,552	3,262,708	52,654,260

NET ASSET VALUE (NAV)

for the Period from 1 January to 31 March 2019

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

FUNDS FOR OPERATIONS (FFO)

for the Period from 1 January to
31 March 2019

Euro	bereinigte KonzernGuV
Gross rental income	996,271
Expenses from property lettings	-480,285
Earnings from property lettings	515,985
Other operating income	202,318
Personell expenses	-259,135
Other operating expenses	-564,238
Earnings before income and taxes	-105,070
Financial income	1,318
Financial expenses	-819,978
Earnings before taxes	-923,729
Taxes on income	234,278
Consolidated net income	-689,451

ADJUSTED EBIT

for the Period from 1 January to
31 March 2019

Euro 000s	2018
Consolidated net income	3,068,958
+ taxes	1,440,503
+/- financial costs/income	818,659
+/- non-recurring and special items	0
Adjusted EBIT	5,328,120



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