

Corporate News

ERWE Immobilien AG posts profitable start to 2020

- **Consolidated net income of Euro 2.412 million in first quarter**
- **No severe impact expected from coronavirus**
- **Large cushion of liquidity underlines investment capacity**
- **Acquisitions to continue with due caution**

Frankfurt am Main, 15 May 2020. ERWE Immobilien AG (ISIN DE000A1X3WX6), Frankfurt am Main, began the 2020 financial year with positive earnings and has posted consolidated net income of Euro 2.412 million for the first quarter of 2020. The company, which is focusing on building up an inner-city property portfolio, does not see any severe risks or notable negative implications for its portfolio despite the difficult climate since early March due to the coronavirus crisis. Given its substantial cushion of liquidity and solid balance sheet, the company will be maintaining its acquisition efforts. Aimed at generating further profitable growth, these will be preceded by careful inspection and implemented with due caution.

Rental income developed within the budgeted framework, as did outlays both for ongoing operating expenses and for developing the property portfolios. Earnings from property lettings cumulatively totalled Euro 0.958 million and thus fell slightly short of the previous year's figure (Euro 0.996 million). This was due to the termination of several rental agreements in connection with various modernisation and conversion measures at ERWE's properties.

The effects of fair value measurement pursuant to IAS 40 amounted to Euro 0.913 million in the period under report (previous year's period: Euro 5.433 million). This was because, apart from the land in Friedrichsdorf, the Group's portfolio properties did not show any measurement requirement. Compared with the previous year, this resulted in negative EBIT of Euro 0.05 million (Euro 5.328 million). Revaluation of deferred tax obligations led to a positive item of Euro 3.801 million, as a result of which the Group's income statement for the first quarter concludes with consolidated net income of Euro 2,412 million, and thus slightly lower than in the previous year (Euro 3.0 million).

Having issued its first bond (2019/2023 corporate bond) starting shortly before Christmas, ERWE can point to liquid funds of more than Euro 41 million in its balance sheet at the reporting date at the end of March. All in all, the Group's total assets rose to Euro 190.389 million as of 31 March 2020

(end of 2019: Euro 162.637 million). The company's key financial performance indicators still show great robustness and adequate scope for further growth. The loan-to-value of 48.3 percent is very moderate (end of 2019: 46.6 percent). At Euro 68.292 million, or Euro 4.12 per share, net asset value declined only minimally since the end of 2019 (Euro 4.22 per share).

"The coronavirus crisis will further accelerate the restructuring of inner cities in Germany. What they need are new concepts for reviving spaces originally built just for retail", comments Rüdiger Weitzel, Director at ERWE. "Our concepts based on mixed utilization are encountering growing demand at all our properties". One example is the LICHTHOF Lübeck property, where half the space has been let to Lübeck City Administration. Another relates to the projects in Krefeld, where ERWE acquired a second piece of land directly in the vicinity of its first property in the first quarter and where public sector tenants have also indicated their interest in letting the space. "We are well prepared for the overall crisis and will act on the growing opportunities available to us for our profitable development", added ERWE Director Axel Harloff.

ERWE Immobilien AG focuses on developing a highly profitable commercial real estate portfolio. Its preferred sites involve promising downtown locations in German cities and exclusively prime locations in smaller towns and municipalities. ERWE acquires properties whose potential value growth can be sustainably exploited by introducing new utilisation concepts. This way, the company aims to build a highly profitable and valuable portfolio with substantial revenue growth. ERWE Immobilien AG is listed in the Regulated Market (General Standard) in Frankfurt and in open trading on the stock exchanges in Frankfurt am Main (XETRA), Berlin, Düsseldorf and Stuttgart (ISIN: DE000A1X3WX6).

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