



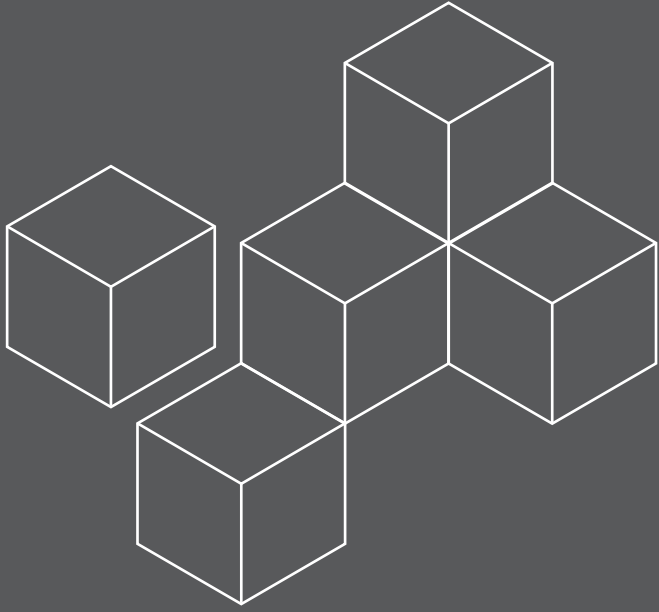
31 March 2022
QUARTERLY REPORT

ERWE Immobilien AG • Herriotstr. 1 • 60528 Frankfurt

www.erwe-ag.com



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Management Board Foreword

Ladies and Gentlemen,
Dear Shareholders,

The current times give us all no chance to relax. After two years, it seemed, normal conditions were to return after the Corona pandemic subsided and a sustainable recovery in economic development was to begin. Russia's attack on Ukraine put an abrupt end to the positive expectations. The war exposed Germany's problematic energy supply situation and exacerbated the supply bottlenecks in the economy triggered by the Corona pandemic. Energy prices skyrocketed to unprecedented heights and further pushed up inflation, causing Germany to record a rate of 7.4 per cent in April, the highest inflation in over 40 years.

All the hopeful growth forecasts made at the end of 2021 have been revised. For the first quarter of 2022, the Federal Statistical Office recorded a growth in gross domestic product of only 0.2 per cent compared to the previous quarter. Consumer confidence reached all-time lows. The GfK consumer climate index, which measures the propensity to consume of private households, fell to an index value of minus 15.7 points in April 2022, a historic low.

Instead of the hoped-for recovery, the demands on managing our portfolio properties, but also on project developments, have increased once again. We keep a close eye on rising energy prices in property management in order to adjust our tenants' advance payments for operating costs in time. We still have contracts with energy suppliers at comparatively favourable energy prices, but most of them have been agreed for a period of one year and, in view of the current drastic increase in energy prices, significant increases can be expected when they are extended.

We regularly review the quality of the valuations of our project developments. So far, no value assessment has deviated from the valuation as at 31 December 2021 – not even as a result of the Russia-Ukraine war, the rise in inflation and the construction period interest rates.

Despite the difficult general conditions, ERWE was able to develop well operationally in the first quarter. Part of the increase stems from the rents received for the first time from the Amedia hotel group in our Speyer Postgalerie compared to the same quarter of the previous year. In addition, rents were collected from the newly acquired property in Wuppertal for the month of March.

In Wuppertal, we acquired a property in a prime city centre location on 28 February 2022, which is fully let to C&A on a long-term basis. The property is located in Herzogstraße, i.e. in the pedestrian zone of Wuppertal-Elberfeld, and has a rental area of just under 10,000 square metres. The investment offers a stable return and generates a positive



cash flow after deducting all costs and interest. In addition, the property has attractive appreciation potential.

As of 31 March 2022, we acquired another building in a central inner-city location in Bremerhaven. The building with around 5,500 sqm of usable space is located in Bürgermeister-Smidt-Straße and is also fully let to the C&A department stores group. The location in the city centre is characterised by a high development potential, as the building is situated opposite a large area for which an extensive urban redevelopment is planned. We expect a clever and successful redevelopment of the heart of Bremerhaven's city centre in the medium and long term, from which our new acquisition should also benefit.

Extensive efforts were also made in the first quarter of the 2022 financial year to further increase operating income, in particular by letting rental space that was still available, but these efforts were not yet reflected in concrete new lettings at the end of the quarter. At our LICHTHOF in Lübeck's Old Town, where the main tenant, the City of Lübeck, operates a community centre and has established other administrative units, occupancy at the end of the quarter under review was 75.9 per cent, slightly below the level at the end of 2021 (76.7 per cent). In the first quarter, we received planning permission to convert office space into flats. Here we expect a swift new letting after completion.

In our Postgalerie, the occupancy rate at the end of the quarter under review decreased to 81.9 per cent (end of 2021: 85.8 per cent). However, we can expect an increase in the occupancy rate due to the leasing of space to an eye clinic. In March, we received the corresponding building permit for the planned conversion of the space, so that we will expect to hand over the finished practice space in the middle of the year. In addition, there is currently a lot of demand for the still vacant spaces, especially from the medical sector.

Our City-Colonaden in Krefeld are still 100 per cent let. However, C&A, as the tenant of the retail space, has exercised

a special right of termination, but at the same time signaled that it wants to continue to rent our property on a somewhat smaller scale. We see this as an opportunity to further diversify the property, which also houses a multi-storey car park with 420 parking spaces in addition to Krefeld city authorities, and thus also to let any space that becomes available at improved conditions.

Our property Kupferpassage in Coesfeld near Münster had an almost unchanged stable occupancy rate of 92.6 percent in the reporting period. Long-term new tenancy agreements were finalised with important existing tenants. The refurbishment of currently empty flats was completed in April of the year, so that we expect good letting and increasing occupancy of the property before the end of the year.

Our residential and commercial building in a prime location in Darmstadt's city centre in the middle of the pedestrian zone will have to be re-let in the course

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of the year, as existing shop tenants are moving out. We will create and rent out high-quality living space on the already empty areas on the upper floor.

Due to the inclusion of the new properties in Wuppertal and Bremerhaven, the lettable area of the Group's portfolio properties increased from 72,746 sqm at year-end 2021 to 90,066 sqm as at 31 March 2022. The overall occupancy rate improved slightly from 89.3% to 90.4%. Our development projects are also

making progress. In Krefeld, the legacy property of our second investment was demolished and we received the building permit. After we had already let two thirds of the new space to be built in 2021, including to the AOK Rheinland, the construction measures were started. The budget was adjusted in view of rising construction costs during the reporting period.

In the commercial property near the A5 motorway in Darmstadt, construction work is to begin in the third quarter with the demolition of the old building. The planned new building will have about three times as much floor space as the existing property.

The start of construction of the new TAUNUS LAB business centre in Friedrichsdorf near Bad Homburg v.d.H. is contingent on the pre-letting of at least two thirds of the space as well as on the still outstanding building permit. Construction is planned in three to four phases. "Lab North" will be the first building to be constructed. We currently have eleven prospective tenants for the corresponding floor space.

In summary, the results for the ERWE Immobilien AG Group in the first quarter of 2022 are as follows. Despite the improved earnings from property lettings, the consolidated result after tax for the first quarter of 2021 is minus 2.136 million Euros compared to minus 1.289 million Euros in the first quarter of the previous year. This is primarily due to the fact that, compared to the previous year, no revaluation of the real estate portfolio was carried out in the first quarter and aperiodic costs were incurred due to the reduction of the Management Board. In addition, compared to the previous year, costs were incurred for the capital increase, for refinancing and costs for the purchase of the new properties that could not be capitalised.

Gross rental income in the Group improved by almost 20 percent to 2.065 million Euros (previous year's quarter: 1.730 million Euros). Earnings from property lettings also increased by around 20 percent to 1.273 million Euros (previous year's quarter: 1.062 million Euros). After



deducting personnel expenses, other operating income and expenses as well as the results of the valuation of our properties, earnings before taxes amounted to minus 2.311 million Euros (previous year's quarter: minus 1.232 million Euros). The result from associated companies valued at equity amounted to zero Euros on the reporting date (previous year's quarter: 77,000 Euros), as the investment in Frankfurt Airport Center I concerned had been reclassified from shares in associated companies to investments due to the conclusion of the service agreement.

Our adjusted earnings before interest and taxes (EBIT) of minus 0.113 million Euros were below the comparable period of the previous year (plus 0.518 million Euros).

Our consolidated total assets increased to 237.495 million Euros as at 31 March 2022 compared to the end of 2021 (220.1 million Euros), mainly due to the acquisitions in Wuppertal and Bremerhaven. The value of investment properties increased accordingly to 218.8 million Euros (end of 2021: 195.49 million Euros). The new acquisitions as well as the negative Group result had an impact on our financial performance indicators, such as the equity ratio at 21.65 per cent (end of 2021: 24.33 per cent), the loan-to-value at 72.4 per cent (end of 2021: 67.8 per cent) as well as the NRV according to EPRA at 4.20 Euros after 4.23 Euros per share at the end of 2021.

The difficult market conditions and the requirements for managing our tasks, especially in the project business, as well as our growth targets have prompted us to further expand our partnership with Elbstein AG. The cash capital increase, which we resolved in April and were able to implement in May, is related to this. The cash capital increase has a volume of up to 6,343,708 new shares from the company's existing authorised capital. ERWE's share capital increases from

18,219,214 Euros to up to 24,562,922 Euros as a result of the capital increase. As a result, the company will receive new equity capital of around 9 million Euros.

To secure the capital increase, our shareholder Elbstein Aktiengesellschaft, Hamburg, had undertaken in an investor agreement vis-à-vis ERWE and ICF Bank, which accompanied the capital increase, to exercise all subscription rights attributable to it and to take over all non-subscribed new shares from the capital increase.

We welcome a higher commitment of Elbstein to ERWE. In this way, Elbstein is honouring the development of our company to date and is also expressing its interest in the future development of the company.

We believe that ERWE is strengthened for its future path and hope that the general conditions for all of us will improve again. In this respect, we assume that ERWE will be able to further expand its operating results 2022 also due to the acquisitions already made and with the help of further new lettings.
Kind regards

Axel Harloff / **Director**

Rüdiger Weitzel / **Director**

Frankfurt am Main, May 2022



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Consolidated Balance Sheet

as of 31 March 2022

Assets

EUR	31 March 2022	31 December 2021
Non-current assets		
Property, plant and equipment and intangible assets	1,356,034	1,431,366
Investment properties	218,833,000	195,495,000
Investments in associates	1,410,755	1,410,755
Participating interests	8,750,877	8,750,877
Prepayments made for property, plant and equipment and intangible assets	222,000	0
Prepayments made for investment properties	52,094	52,094
Prepayments made for investments in associates	0	1,256,000
	230,624,759	208,396,092
Current assets		
Trade receivables and other receivables	740,489	611,257
Receivables from associates	0	0
Receivables from companies linked by virtue of investment	888,510	883,806
Other assets	2,157,644	1,600,979
Income tax receivables	13,259	36,298
Cash and cash equivalents	3,070,572	8,573,056
	6,870,473	11,705,395
Total assets	237,495,232	220,101,487



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EUR	31 March 2022	31 December 2021
Equity		
Share capital	18,219,214	18,219,214
Capital reserve	14,687,361	14,687,361
Revenue reserves	14,357,366	14,357,366
Accumulated net profit	1,739,253	3,802,797
Equity attributable to shareholders in the parent company	49,003,195	51,066,738
Non-controlling interests	2,410,739	2,482,949
	51,413,934	53,549,687
Non-current liabilities		
Financial debt	100,698,824	113,076,405
Provisions	975,456	975,456
Lease liabilities	1,674,020	1,804,018
Deferred tax liabilities	10,979,119	11,133,137
	114,327,419	126,989,015
Current liabilities		
Income tax liabilities	0	0
Financial debt	67,081,860	34,757,455
Trade payables	320,169	227,011
Liabilities to associates	304,366	1,221,142
Liabilities to associates	139,200	139,200
Lease liabilities	507,101	503,300
Other liabilities	3,401,184	2,714,676
	71,753,879	39,562,784
Total equity and liabilities	237,495,232	220,101,487



Consolidated Statement of Comprehensive Income

for the Period from 1 January to 31 March 2022

EUR	01 Jan 2022 - 31 Mar 2022	01 Jan 2021 - 31 Mar 2021
Gross rental income	2,064,506	1,730,259
Expenses from property lettings	-791,626	-668,226
Earnings from property lettings	1,272,880	1,062,034
Other operating income	78,380	188,550
Personnel expenses	-1,424,775	-1,062,848
Other operating expenses	-541,764	-581,944
Result from measurement of investment properties	109,000	834,800
Result from associates measured at equity	0	77,000
Earnings before interest and taxes (EBIT)	-506,279	517,591
Financial income	4,704	4,700
Financial expenses	-1,785,689	-1,754,697
Earnings before taxes	-2,287,264	-1,232,406
Taxes on income	151,510	-56,183
Consolidated net income / comprehensive income	-2,135,754	-1,288,589
of which attributable to:		
Shareholders in parent company	-2,063,544	-1,200,054
Non-controlling interests	-72,210	-88,535



Consolidated Statement of Changes in Equity

for the Period from 1 January to 31 March 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	3,802,796	51,066,738	2,482,949	53,549,688
Consolidated net income / comprehensive income	0	0	0	-2,063,544	-2,063,544	-72,210	-2,135,754
Other changes	0	0	0	0	0	0	0
Balance at 31 March 2022	18,219,214	14,687,361	14,357,366	1,739,253	49,003,195	2,410,739	51,413,934
	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	14,359,043	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 March 2021	16,562,922	11,020,843	14,359,043	11,804,539	53,747,348	3,351,748	57,099,096



EPRA NRV

as of 31 March 2022

EUR 000s	31 March 2022	31 December 2021
Equity	51,414	53,550
- non-controlling interests	-2,411	-2,483
Equity attributable to ERWE shareholders	49,003	51,067
Liabilities for deferred taxes on investment properties, where attributable to shareholders in parent company	14,514	14,467
Property acquisition tax on investment properties	13,006	11,615
EPRA NRV	76,523	77,149
Number of shares	18,219,214	18,219,214
EPRA NRV per share	4.20	4.23

Adjusted EBIT

for the Period from 1 January to 31 March 2022

EUR 000s	31 March 2022	31 March 2021
Consolidated net income	-2,136	-1,289
+/- tax income/expenses	-152	56
+/- financial income/costs	1,781	1,750
+/- non-recurring and special items	393	0
Adjusted EBIT	-113	518





ERWE Immobilien AG • Herriotstr. 1 • 60528 Frankfurt
ISIN: DE000A1X3WX6 // Ticker: ERWE

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