



ERWE
IMMOBILIEN



**HALF YEAR
REPORT**

30 June 2020

ERWE Immobilien AG

KEY FIGURES

ERWE IMMOBILIEN AG

Financial year

Income Statement (EURO 000s)

	30 June 2020	30 June 2019
Gross rental income	2,224	1,673
Earnings from property lettings	1,313	679
EBIT	5,956	5,985
Adjusted EBIT	5,956	6,911
Consolidated net income	5,559	2,782

Balance sheet (EURO 000s)

	30 June 2020	31 December 2019
Investment properties	171,999	131,910
Interests in properties	6,450	6,225
Net asset value (EPRA)	72,830	69,822
NAV per share	4,40	4,22
LTV (%)	57.2%	46.6%
Total assets	209,545	162,638
Equity	63,844	58,285
Number of shares (000s)	16,563	16,563

Properties

Inventory properties	4	3
Project developments	2	1
Participating interests	1	1
Lettable space in m ² *	71,674	54,558
Occupancy rate in %**	83.1%	74.5%

* only Inventory Properties incl. Parking

** only Inventory Properties

Half Year Report
1 January 2020 - 30 June 2020
ERWE Immobilien AG



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MANAGEMENT BOARD FOREWORD

DEAR LADIES AND GENTLEMEN,
DEAR SHAREHOLDERS,

This year began on an optimistic note and with fresh momentum. Now, however, we can see that 2020 is likely to go down in history as the year in which nearly all the world's economies suffered their sharpest downturns in modern history. In the second quarter alone, Germany's gross domestic product plummeted by 10.1 percent, its sharpest drop since 1970 and far worse than the previous record holder, the first three months of 2009, when the financial crisis spilled over onto the real economy. All this damage is basically due to a virus that spread across the world, starting in China, and convinced nearly all the world's governments to shut down normal economic activities. This lockdown, which included curfews, travel bans, store and gastronomy closures, has created a massive economic crisis. We still do not know how this will develop or what far-reaching consequences it might have.

Not least, the coronavirus has significantly intensified the crisis in Germany's inner cities, a market very important to our business. Numerous retailers, including well-known chains such as Karstadt-Kaufhof, Esprit, Sinn and Tom Tailor, have had to take protective measures or initiate insolvency protection proceedings to avoid collapsing altogether. The problems with stationary retail that have already been apparent for years have suddenly become all the more striking. Key media channels, such as the "Zeit", "Spiegel" and "Handelsblatt", fearfully asked whether Germany's inner cities were now about to die out entirely.

Given this backdrop, we too of course wondered whether our business model, with its focus on consistently investing in and developing commercial space in Germany's "B" and "C" cities, was still appropriate. Put simply, our conclusion is this: We are convinced not only that we are pursuing the right business model, but that we are now operating in a segment that will offer ideal opportunities in the years ahead. Germany's inner cities are naturally not about to disappear all at once, but we will see growing initiatives to restructure them. And we are very sure that we will play an increasingly relevant role in this process.





A glance at the development of our existing portfolio shows that our concept of putting space to mixed-use is meeting with ever greater acceptance and thus stands to succeed on a sustainable basis. Following on from Lübeck, we have now attracted a further city administration, in this case in Krefeld, to rent a substantial amount of space at our property on a long-term basis. Not only that, we have incurred manageable arrears with our existing tenants. Where payments were not made, the tenants will transfer the outstanding amounts in the months ahead.

Despite all this, we have maintained a cautious approach this year and not yet fully drawn down the funds from our first corporate bond placed at the end of 2019/beginning of 2020. To date, we have made three investments, once again in Krefeld, in Coesfeld near Münster and in Darmstadt directly on the A5 motorway not far from Frankfurt Airport. Our second investment in Krefeld offers us the opportunity to develop a new building in a prime downtown location

and then let this out on a long-term basis. In Coesfeld, we had the opportunity to acquire and further optimise a property that is also in a prime location and already put to mixed use. Finally, our acquisition in Darmstadt enabled us to secure one of the last available spaces in a flourishing development area. By rebuilding this site, we will obtain almost three times as much lettable space compared with the existing property. Our investments showed that we were able to acquire the properties at attractive prices, a factor that has once again had a very positive impact on our fair value measurements and thus our earnings for the first half of the financial year.

We will continue to focus on tracking down and seizing opportunities in the market. We still have sufficient funds, but will review our options for further capital measures before the end of the year. Our aim is to make sure we have the resources we need to participate to an adequate extent in the process of reshaping downtown Germany.

Yours faithfully,

Axel Harloff
Director

Christian Hillermann
Director

Rüdiger Weitzel
Director

Frankfurt am Main, August 2020

GROUP MANAGEMENT REPORT

of ERWE Immobilien AG for the 1st Half of 2020

I. Company fundamentals

1.1 Business model

ERWE Immobilien AG focuses on developing a highly profitable commercial real estate portfolio. Its preferred sites involve promising real estate in prime locations in small and medium-sized towns and cities with more than 10,000 inhabitants. 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 invests in particular in real estate that is well located and, following targeted measures, suitable for new concepts tailored to the needs of new tenant groups. The approaches implemented include mixed-use concepts, i.e. creating attractive office space and implementing interesting retail concepts for hotel operations, gastronomy and residential uses. ERWE is playing an active role in the necessary process of structural change in Germany's inner cities. Here, the previous focus on retail and office concepts is increasingly giving way to more diverse ways of using the space. These new approaches are countering the long-term decline in importance of stationary retail at downtown locations and satisfying people's need for diverse urban spaces offering a variety of experiences and high quality of life.

In all of its activities, the company benefits from the longstanding experience and extensive network of its Management Board and employees.

ERWE Immobilien AG is listed in the Regulated Market (General Standard) at the Stock Exchange in Frankfurt a.M. (XETRA) and in open trading in Berlin and Düsseldorf (ISIN: DE000A1X3WX6).

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, net asset value (NAV) 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

The coronavirus crisis and resultant suspension of large areas of economic activity from around mid-March to mid-May of this year led to a severe downturn in the German economy. Gross domestic product fell by 10.1 percent in the second quarter of 2020 alone, and thus more sharply than ever before. The crisis has sustainably hit the aviation, tourism, retail, gastronomy and cultural sectors. How the downturn will fundamentally affect these sectors in the longer term is not yet foreseeable. The Government has introduced extensive relief measures, including substantial financial support, to avert the worst consequences of the economic crisis. Insolvency law has also been largely suspended and landlords no longer have the right to give notice to tenants in arrears.

A more significant wave of insolvencies is expected in the second half of the year. Financial markets continue to receive substantial support from central banks. Interest rates can be expected to remain low, and in some cases negative, in the long term.

2.2 Developments in the German commercial property market

The German real estate sector would appear to have been only slightly affected by the coronavirus crisis. Irrespective of social distancing rules, the main construction trade was able to continue work at building sites. Demand for residential property has grown further and led to a further rise in prices. Even the market for commercial space has so far reported rising prices. According to investigations performed by the Association of German Pfandbrief Banks (vdp), prices for office properties in Germany showed a further increase of 6.3 percent merely in the second quarter of this year (Q1

2020: 8.4 percent), while prices for retail properties declined by a further 1.3 percent (Q1 2020: -1.1 percent). Residential property prices showed ongoing strong growth of 6.0 percent in the second quarter of 2020 (Q1 2020: 6.5 percent). Neither the vdp nor other market participants currently forecast that this trend will also continue in the second half of the year.

2.3. Business performance and company position

Major events in the first half of 2020

ERWE issued its first corporate bond at the end of 2019 and by mid-February 2020 had increased its volume to a total of Euro 40 million. The bond has a four-year term until 2023 and bears interest at 7.5 percent per annum. This way, the company received adequate funds to make suitable new investments.

Given the coronavirus crisis, ERWE adopted a cautious approach in the period under report, but nevertheless seized three interesting investment opportunities in the first half of the year.

ERWE took over the "Kupferpassage" property in Coesfeld near Münster, i.e. on the northern edge of the Ruhr region. This downtown property, which is put to mixed use and almost fully let, has usable space of around 15,000 m² and 160 parking spaces. Apartments account for around 17 percent of the space. The complex was built in 1985, is in good condition and let to tenants including Hennes & Mauritz, Thalia and dm-Drogerie Markt. Given its very central location, the property offers sustainable potential for value growth. ERWE has budgeted for a total investment of around Euro 20 million, of which only a low share was financed using funds from the corporate bond.

Furthermore, ERWE made a second investment in downtown Krefeld. The new acquisition involves a built-on piece of land in a prime location at Friedrichstrasse 6-12, and thus not far from the first investment in St. Anton-Strasse/Friedrichstrasse. This location offers the opportunity for new development along forward-looking lines and on a mixed-used basis consistent with requirements. The plan is to construct a building with space for offices, gastronomy, retail and residential uses. Expressions of interest have already been received from potential tenants. Not only that, the property offers very good synergies with the building already owned by ERWE directly opposite. As well as offices and retail, with Krefeld City Administration and C&A as principal tenants, this building also has 420 parking spaces in ERWE's newly renovated parking facility. Overall, a total of around Euro 22 million is to be invested.

At the beginning of June, ERWE signed the contract to acquire a property with office, production and logistics space in a fast-developing commercial estate with

modern office buildings and international tenants in Darmstadt. The estate is located not far from the A5 motorway and thus also not far from Frankfurt Airport. Based on valid building law, the property, which currently has space of around 2,700 m² provides for the option of constructing a new building with more than three times as much space. Overall, ERWE will invest around Euro 24 million in taking over and developing the property.

In January, work continued on restructuring the arcade in Lübeck's historic city centre, with the property being renamed as LICHTHOF Lübeck. The new name stands not only for the new start, but also for the new concept, namely "Service meets Shopping & Fun". Of the space let to Lübeck City Administration in spring 2019, a further section of around 3,000 m² has now been handed over. The remaining space will be handed over in the autumn. Overall, Lübeck City Administration has let around half of the property on a long-term basis, most of which is to be used as a citizens' service centre.

Large sections of the Krefeld I property were already modernised in 2019. Having been refurbished and modernised, the parking facility has now been let for ten years to APCOA Parking GmbH. During the period under report, talks were already underway to let the office space of around 3,400 m² to Krefeld City Administration, which is interested in locating various administrative activities to the site. These negotiations led to the successful conclusion of an agreement with the city authorities in July.

Conversion work at the former office space at Postgalerie in the cathedral city of Speyer, which will be used in future for the hotel operated by Amedia, progressed on schedule in the period under report. The first 54 of the planned total of around 115 rooms were handed over on schedule. The remaining space is due to follow in the autumn of this year. Further retail and gastronomy space is scheduled to be handed over in the first quarter of 2021. At present, 83 percent of the total space of around 17,000 m² at Postgalerie is let out.

ERWE will build the new business centre named TAUNUS LAB in Friedrichsdorf near Bad Homburg v.d.H. in several stages. The company initially plans to build the first section with the office complexes Lab West and Lab North and total letting space of more than 21,000 m². The building permit has already been applied for and is expected to be granted at the end of 2020. Construction work will only begin once advance letting agreements have been concluded for at least 65 percent of the space. ERWE is already holding various talks with potential tenants interested in space at TAUNUS LAB.

At Frankfurt Airport Center, in which ERWE holds a 10.1 percent stake, the company's portfolio and project development activities have raised the occupancy rate from its original level of 66 percent to 96 percent at present. Conversion measures are progressing on schedule and in line with the budget.

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

Earnings position

Driven by the Group's growth and takeovers of further portfolio properties, income and expenses at ERWE Immobilien AG both increased further in the period under report. Gross rental income rose to Euro 2.224 million in the first six months of 2020 (H1 2019: Euro 1.673 million). Net of expenses from property lettings, earnings from property lettings came to Euro 1.314 million (H1 2019: Euro 0.679 million). Due mainly to the integration of ERWE Immobilienmanagement GmbH and the expenses resulting from the virtual participation programme, personnel expenses rose to Euro 2.342 million (H1 2019: Euro 0.705 million). Due to increased volumes, other operating expenses rose to Euro 1.837 million (H1 2019: Euro 1.391 million).

The income statement was once again significantly influenced by the fair value measurement of investment properties in accordance with IFRS. This positive valuation figure was significantly influenced by the acquisition on favourable terms of the property in Coesfeld in the period under report. Overall, IFRS measurement resulted in an amount of Euro 8.125 million, as against Euro 5.763 million in the previous year's period, which was in turn mainly influenced by the valuation of land in Friedrichsdorf. At Euro 0.225 million, by contrast, the value adjustment for the investment in Airport Center 1 at Frankfurt Airport turned out lower than in the previous year's period (Euro 1.3 million), in which a larger volume of new letting agreements was concluded.

A further positive item involved income of Euro 2.629 million from the reversal of deferred tax liabilities. This is due to the fact that the company now expects it to be possible to sell a further property on terms that are exempt from trade tax. As a result, it is now only necessary to recognize deferred tax liabilities in the amount of the tax rate for corporate income tax and the solidarity surcharge. Less financial expenses, which increased to Euro 3.033 million (H1 2019: Euro 1,873 million), consolidated net income doubled year-on-year to Euro 5.559 million (H1 2019: Euro 2.782 million). At Euro 5.956 million, EBIT adjusted to exclude one-off items (adjusted EBIT) fell short of the figure for the first half of 2019 (Euro 6.911 million).

Financial position

The cash flow statement reflects the considerable investment efforts made by the Group in the current 2020 financial year as well. A combined total of Euro 32.313 million was channelled into purchase price payments and investments in real estate. Operating activities resulted in a net outflow of funds amounting to Euro 6.976 million. Due to the successful increase in ERWE's first corporate bond, cash and cash equivalents rose from Euro 19.06 million at the end of 2019 to Euro 25.390 million at the end of June 2020.

Asset and capital structure

Due above all to the properties taken over in Coesfeld and Krefeld, the consolidated balance sheet grew further and included total assets of Euro 209.544 million at the end of the period under report, as against Euro 162.637 million as of 31 December 2019. The largest balance sheet item involves investment properties, which amounted to Euro 171.999 million compared with Euro 131.910 million at the end of the past financial year.

Notwithstanding its massive investment activities, which were mainly financed by debt capital and the taking up of the corporate bond, ERWE's consolidated balance sheet reflects the strength of the company's equity resources. The equity ratio came to 30.47 percent at the end of June 2020 while the balance of current and non-current financial debt increased.

As a result, the loan-to-value key figure amounted to 57.2 percent at the balance sheet date, as against 46.6 percent at the end of 2019. The LTV thus still remains within the target corridor of under 60 percent. The valuation of ERWE's assets is reflected in a net asset value per share that rose from Euro 4.22 at the end of 2019 to Euro 4.40. That is significantly higher than the listed share price upon the editorial deadline for this Half-Year Financial Report.

Overall summary of Group's economic position

ERWE Immobilien AG has documented once again in the current 2020 financial year that it has the right business model and strategy. The investments made in the period under report enabled the properties to make significant progress in terms of their development. Furthermore, the company's strategy, namely of taking over properties, making targeted investments enabling the properties to be let to new user groups and thus generating sustainable revenues and rising property valuations, is proving its worth.

III. Outlook

Given the unforeseeable situation that would arise merely if the coronavirus were to become more widespread again, ERWE cannot provide any assessment or forecast concerning macroeconomic developments. Any long-term and sustained downturn in economy activity could nevertheless endanger lettings, and thus the ongoing value, of ERWE's real estate portfolio. Upon the editorial deadline for this Half-Year Report, however, this did not seem likely.

During the lockdown, the company only had to reach agreements based on legal requirements concerning the deferral of rental payments with several tenants. The situation at ERWE's properties stabilised in June already. Moreover, ERWE expects the rental payments thereby deferred to be transferred at the latest by the middle of next year.

From a current perspective, the future lettings situation has further improved, as the letting of office space at the Krefeld I property was firmly agreed with Krefeld City Administration after the expiry of the period under report. Following in the footsteps of Lübeck, a further municipal authority is therefore renting a substantial amount of space from ERWE. The letting agreement for Krefeld I has a ten-year term with the option of extension by a further five years.

Pursuant to the respective agreement, the rental payments by the Amedia hotel group for the hotel in Postgalerie Speyer will only be due from early 2021. By then, the currently difficult situation for city tourism should have eased.

ERWE is continuing to pursue the objective of building up a portfolio with a total value of around Euro 500 million to Euro 1 billion in the medium term. Funds for additional current investments are still available from the corporate bond. ERWE is nevertheless reviewing further capital measures that would enable it to benefit to an appropriate extent from the numerous opportunities currently arising in German inner cities.

Based on the comparatively stable development in its rental income and the investments already made on favourable terms in new properties, ERWE expects its net asset value to show moderate growth once again in 2020.

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 prop-

erties in Germany. The company managed to further expand its portfolio in the first half of 2020. The acquisition of properties in Krefeld and Coesfeld increased the company's total assets. By making such acquisitions, ERWE is accessing substantial opportunities for its portfolios. With a targeted investment strategy, it aims to consistently increase the value of the real estate and generate sustainable revenues from its portfolios.

4.2 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. In addition, the company will occasionally sell a developed property and take on property development contracts from third parties.

The interim period under report witnessed changes in the Group's risk structure, although the impact of the coronavirus pandemic can be termed low. Rental payments for a small number of tenants were deferred or delayed. From a current perspective, the company nevertheless does not expect any loss of rental payments or material implications for the asset, financial and earnings position of the ERWE Group. Due to its high current cash holdings, the company still views its liquidity risk as being very low. Financing risks are discernible, as the banks have currently adopted a more restrictive approach to real estate lending. The Management Board nevertheless expects to meet the lending requirements of its bank partners and that the financing market will continue to offer suitable terms to the company in line with market conditions. The properties newly included in the balance sheet are subject to the risks outlined in the 2019 Annual Report.

V. Overall summary

The Management Board expects the overall economy to stabilise at least gradually over the next one to two years. Notwithstanding significant fluctuations, the capital markets should be able to maintain the high level already achieved. The overall economy and the capital markets will nevertheless be exposed to risks in future, 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.

Frankfurt am Main, August 2020

Assets

EUR		30 June 2020	31 December 2019
Non-current assets			
Property, plant and equipment and intangible assets		1,435,111	1,466,970
Investment properties	D.1	171,998,600	131,910,000
Interests in companies measured at equity		6,449,752	6,224,752
Prepayments made for investment properties	D.2	518,734	0
		180,402,197	139,601,722
Current assets			
Trade receivables and other receivables	D.3	837,373	340,885
Receivables from companies linked by virtue of investment		672,514	619,848
Other financial assets		500,000	1,894,300
Other assets	D.4	1,641,132	1,021,503
Income tax receivables		101,283	104,449
Cash and cash equivalents		25,389,980	19,055,016
		29,142,283	23,036,000
Total assets		209.544.480	162.637.721

Liabilities

EUR		30 June 2020	31 December 2019
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		18,032,036	12,747,254
Equity allocable to shareholders in parent company		59,974,845	54,690,063
Non-controlling interests		3,868,649	3,594,773
		63,843,494	58,284,836
Non-current liabilities			
Financial debt	D.5	56,019,794	69,726,396
Provisions	D.7	837,060	36,960
Other financial liabilities		2,343,114	2,563,180
Deferred tax liabilities	D.6	12,628,733	15,299,656
		71,828,701	87,626,192
Current liabilities			
Income tax liabilities		16,318	16,318
Financial debt	D.5	71,738,055	13,688,584
Liabilities to companies linked by virtue of investment		218,195	946,506
Other financial liabilities		414,213	389,283
Other liabilities	D.8	1,485,503	1,686,002
		73,872,285	16,726,693
Total equity and liabilities		209,544,480	162,637,721

Consolidated Income Statement for the Period from 1 January to 30 June 2020

EUR		1 January - 30 June 2020	1 January - 30 June 2019
Gross rental income		2,224,434	1,673,135
Expenses from property lettings		-910,975	-994,148
Earnings from property lettings	E.1	1,313,459	678,987
Other operating income		471,706	337,900
Personnel expenses	E.2	-2,341,832	-704,883
Other operating expenses	E.3	-1,836,991	-1,390,535
Result from measurement of investment properties	D.1	8,124,469	5,763,190
Result from associated companies valued at equity		225,000	1,300,000
Earnings before income and taxes (EBIT)		5,955,810	5,984,660
Financial income		7,000	3,871
Financial expenses	E.4	-3,033,387	-1,872,529
Earnings before taxes		2,929,423	4,116,003
Taxes on income	D.6	2,629,235	-1,334,324
Consolidated net income / comprehensive income		5,558,659	2,781,678
of which attributable to:			
Shareholders in parent company		5,284,782	2,764,463
Non-controlling interests		273,877	17,215
undiluted Earnings per share	E.5	0.32	0.17
diluted Earnings per share	E.5	0.32	0.17

Consolidated Cash Flow Statement for the Period from 1 January to 30 June 2020

EUR	1 January - 30 June 2020	1 January - 30 June 2019
Consolidated earnings before taxes	5,955,810	5,984,660
Depreciation of property, plant and equipment and amortisation of intangible assets	105,874	13,817
Measurement result from investment properties	-8,124,469	-5,763,190
Result from associated companies valued at equity	-225,000	-1,300,000
Change in asset and liability items		
(Increase) / decrease in trade receivables	-496,489	125,008
(Increase) / decrease in other assets	-662,186	-549,537
(Decrease) / increase in provisions	800,100	-121,617
(Decrease) / increase in trade payables	-347,255	-1,615,742
(Decrease) / increase in other liabilities	-270,307	348,875
Other non-cash income / expenses	0	178,841
Operating cash inflow/outflow	-3,263,922	-2,698,885
Interest paid and ancillary financing costs	-3,670,510	-1,864,490
Interest received	56	3,871
Income tax payments	-41,687	-8,039
Cash flow from operating activities	-6,976,063	-4,567,542
Payments for the acquisition of investment property	-22,241,755	-3,006,638
Investments in investment properties	-9,997,000	-1,054,994
Investments in property, plant and equipment and intangible assets	-74,016	-69,997
Investments in equity instruments of other companies	0	-133,929
Investments in equity instruments of other companies	-32,312,771	-4,265,557
Repayment of finance lease liabilities	-195,136	0
Taking up of financial debt	45,818,934	5,960,000
Repayment of financial debt	0	-6,659,609
Cash flow from financing activities	45,623,798	-699,609
Change in cash and cash equivalents	6,334,964	-9,532,708
Cash and cash equivalents at beginning of period	19,055,016	19,151,851
Cash and cash equivalents at end of period	25,389,980	9,619,143

Development in Equity for the Period from 1 January to 30 June 2020

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
Balance at 1 January 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	5,284,782	5,284,782	273,877	5,558,658
Other changes	0	0	0	0	0	0	0
Balance at 30 June 2020	16,562,922	11,020,843	14,359,044	18,032,036	59,974,845	3,868,650	63,843,494

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2019	16,562,922	11,020,843	14,390,301	4,479,195	46,453,261	3,132,041	49,585,302
Consolidated net income / comprehensive income	0	0	0	2,764,463	2,764,463	17,215	2,781,678
Other changes	0	0	-24,166	0	-24,166	25,101	935
Balance at 30 June 2019	16,562,922	11,020,843	14,366,135	7,243,658	49,193,558	3,174,357	52,367,915



Select explanatory notes to the consolidated financial statements (IFRS) for the period from 1 January to 30 June 2020

A. General disclosures

(1) Information about the company

ERWE Immobilien AG (hereinafter: "ERWE AG") is the parent company of the Group and is entered in the Commercial Register of the District Court in Frankfurt am Main under HRB 113320 at its legal domicile in Frankfurt am Main, Germany. The company has the following business address: Herriotstrasse 1, 60528 Frankfurt am Main, Germany. These abridged interim consolidated financial statements as of 30 June 2020 have as their object ERWE AG and its subsidiaries (hereinafter abbreviated to "ERWE").

The company is listed in the Regulated Market (General Standard) at the Stock Exchange in Frankfurt am Main and in open trading in Berlin, Stuttgart and Düsseldorf.

The business activities of ERWE AG and the subsidiaries included in the consolidated financial statements focus on developing promising downtown commercial real estate 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 enhanced by working with new concepts. As well as recovering the value growth achieved in individual projects, ERWE also aims to sustainably expand its portfolio and generate substantial revenue growth.

(2) Basis of preparation

These abridged interim consolidated financial statements of ERWE AG cover the period from 1 January to 30 June 2020. 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 2020 should therefore always be viewed in conjunction with the consolidated financial statements as of 31 December 2019.

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 2020 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 28 August 2020.

B. Principal accounting policies and estimates

The accounting policies applied in these abridged interim consolidated financial statements as of 30 June 2020 are consistent with those applied in the consolidated financial statements as of 31 December 2019.

There were also no material changes in estimates compared with the consolidated financial statements as of 31 December 2019.

C. Consolidation principles and scope of consolidation

(1) 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 2019.

(2) Scope of consolidation

Including the parent company, the scope of consolidation as of 30 June 2020 comprised 21 companies that are fully consolidated. The scope of consolidation developed as follows:

Number	2020	2019
Balance at 1 January	11	9
Additions	10	2
Disposals	0	0
Balance at 31 December	21	11

In the current period under report, 10 newly founded companies were added to ERWE's scope of consolidation. These companies and the respective levels of shareholding are presented in the table below (numbers 12 to 21).

As of 30 June 2020, the scope of consolidation was as follows:

No.	Company	Domicile	Stake in %	Held by no.	Activity
Fully consolidated companies:					
1.	ERWE Immobilien AG	Frankfurt a.M.			Holding
2.	ERWE Properties GmbH	Frankfurt a.M.	100.0	1	Holding
3.	ERWE Service und Verwaltungs GmbH	Frankfurt a.M.	100.0	1	Service provider
4.	ERWE Parking GmbH	Frankfurt a.M.	100.0	1	Service provider
5.	ERWE Immobilienmanagement GmbH	Hamburg	74.9	1	Service provider
6.	ERWE Immobilien Projekt 444 GmbH	Frankfurt a.M.	100.0	2	Portfolio holder
7.	ERWE Betriebs GmbH	Frankfurt a.M.	100.0	2	Operating equipment
8.	ERWE Projekt Friedrichsdorf GmbH	Frankfurt a.M.	94.9	2	Project development
9.	ERWE Immobilien Retail Projekt 222 GmbH	Frankfurt a.M.	90.0	2	Portfolio holder
10.	ERWE Immobilien Retail Projekt 333 GmbH	Frankfurt a.M.	90.0	2	Portfolio holder
11.	ERWE Immobilien Retail Projekt 555 GmbH	Frankfurt a.M.	90.0	2	Portfolio holder
12.	ERWE Darmstadt I GmbH	Frankfurt a.M.	100.0	2	Portfolio holder
13.	ERWE Immobilien Projekt 999 GmbH	Frankfurt a.M.	100.0	2	Shelf company
14.	ERWE Projekt Saarlouis GmbH	Frankfurt a.M.	100.0	2	Shelf company
15.	ERWE Projekt Homburg GmbH	Frankfurt a.M.	100.0	2	Shelf company
16.	ERWE Projekt Bergisch-Gladbach GmbH	Frankfurt a.M.	100.0	2	Shelf company
17.	ERWE Projekt Wiesbaden GmbH	Frankfurt a.M.	100.0	2	Shelf company
18.	ERWE Projekt Recklinghausen GmbH	Frankfurt a.M.	100.0	2	Shelf company
19.	ERWE Projekt Hagen GmbH	Frankfurt a.M.	100.0	2	Shelf company
20.	ERWE Projekt Hanau GmbH	Frankfurt a.M.	100.0	2	Shelf company
21.	ERWE Projekt Krefeld GmbH	Frankfurt a.M.	100.0	2	Project development

(3) Changes in the scope of consolidation in the interim period under report

The following companies newly founded in 2020 were included in the scope of consolidation for the first time in the interim period under report: ERWE Darmstadt I GmbH, ERWE Immobilien Projekt 999 GmbH, ERWE Projekt Saarlouis GmbH, ERWE Projekt Homburg GmbH, ERWE Projekt Bergisch-Gladbach GmbH, ERWE Projekt Wiesbaden GmbH, ERWE Projekt Recklinghausen GmbH, ERWE Projekt Hagen GmbH, ERWE Projekt Hanau GmbH and ERWE Projekt Krefeld GmbH. All of the aforementioned companies have their legal domicile in Frankfurt am Main.

D. 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:

in EUR	30 June 2020	31 December 2019
Carrying amounts at 1 Jan	131,910,000	101,910,000
Purchases (+)	21,967,131	7,223,200
Other additions (+)	9,997,000	8,372,054
Right-of-use additions	0	1,747,392
Fair value increases (+)	8,124,469	12,569,201
Reclassifications out of prepayments made (+)	0	88,153
Carrying amounts at 30 Jun resp. 31 Dec	171,998,600	131,910,000

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).

The acquisitions stated relate to the purchase of the Kupferpassage Coesfeld and Krefeld II properties. Other additions result from the capitalisation of revitalisation expenses. The increases in fair value mainly result from the measurement of Kupferpassage Coesfeld.

(2) Prepayments made

The prepayments of Euro 518,734 reported for the Group chiefly relate to the prepayment made to acquire a property in Darmstadt.

(3) Trade receivables

Trade receivables totalled Euro 837,373 and thus increased by Euro 496,489 compared with 31 December 2019 (Euro 340,885). These relate exclusively to lettings and do not bear interest. The German Act on Mitigating the Consequences of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law dated 27 March 2020 offers tenants the possibility of suspending rental payments for a limited period and of paying the arrears at a later point in time. Several tenants drew on this possibility. As of 30 June 2020, ERWE assumes that the tenants are still solvent and that the receivables are not impaired.

(4) Other assets

The other assets reported as of 30 June 2020 comprise the following items:

in EUR	30 June 2020	31 December 2019
Tax receivables (VAT)	1,033,037	542,607
Prepayments for new projects	238,022	145,966
Deposits	176,848	175,448
repaid expenses	128,350	102,668
accounts payable	25,169	166
Interest receivables	140	84
Other current assets	39,564	54,564
Total	1,641,132	1,021,503

(5) Financial debt

Financial debt is measured upon initial recognition at fair value and in subsequent periods at amortised cost using the effective interest method.

As of 30 June 2020, the company had the following floating and fixed-interest financial debt:

in EUR	30 June 2020	31 December 2019
Non-current financial debt		
Variable interest financial debt	0	11,920,525
Fixed-interest financial debt	56,019,794	57,805,871
Non-current financial debt, total	56,019,794	69,726,396
Current financial debt		
Variable interest financial debt	24,275,525	12,355,000
Fixed-interest financial debt	47,462,530	1,333,584
Current financial debt, total	71,738,055	13,688,584

The following specific changes occurred during the period under report:

in EUR	1 January 2020	Re-payment	Inflow/amortization	reclassification/maturities	Valuation effects relating to the effective interest method	30 June 2020
Non-current financial liabilities	69,726,396	0	43,972,149	-57,760,255	81,504	56,019,794
Current financial liabilities	13,688,584	0	49,401	57,760,255	239,815	71,738,055
Total financial liabilities	83,414,980	0	44,021,550	0	321,319	127,757,849

Current and non-current financial liabilities totalled Euro 127,758,850 and thus increased by Euro 44,342,870 compared with 31 December 2019 (Euro 83,414,980). At Euro 44,412,599, the funds newly taken up mainly involved the inflow of Euro 28,450,000 due to the second tranche of the bond, as well as the inflow of Euro 15,962,599 resulting from a loan taken up to finance the acquisition of the Kupferpassage property in Coesfeld. Reclassifications relate to loans at ERWE Immobilien Projekt 222 GmbH (Euro 39,442,632), ERWE Immobilien Projekt 333 GmbH (Euro 12,191,525), ERWE Projekt Friedrichsdorf GmbH (Euro 3,000,000), ERWE Immobilien AG (Euro 3,000,000) and ERWE Immobilien Projekt 555 GmbH (Euro 127,100), all of which mature in the first half of 2021.

In February 2020, ERWE increased the volume of its premium bond, which had been issued on the open market of the German stock exchange in December 2019, to Euro 40 million. The bond bears interest of 7.5% per annum and matures on 10 December 2023. Interest is payable on a half-yearly basis and the bond is unsecured.

The financial loans are otherwise mainly secured by the company with liens on property (30 June 2020: Euro 112,150,000; 31 December 2019: Euro 85,300,000). The assignment of rental income serves as further collateral.

The terms and conditions of the bond require compliance with financial covenants (change of control, debt ratios, debt service coverage ratio). If these covenants are breached, bondholders are entitled to demand repayment from the issuer. Possible breaches of financial covenants are counteracted by regular monitoring to ensure that any potential breach of covenant is detected as early as possible and prevented by appropriate measures. Furthermore, no distributions may be made, although limited payments are permitted under certain conditions.

(6) 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.

In the period under report, the company assumed that the conditions for trade tax exemption upon sale were also met for the first time for a further property. As a result, deferred tax liabilities have now only been recognised for this property in the amount of the tax rate for corporate income tax and the solidarity surcharge. Compared with application of the full tax rate, this reduces the tax charge by around Euro 4.3 million. This amount has been recognised as income in the taxes on income line item.

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 2020 result from temporary differences in the following balance sheet line items:

in EUR	30 June 2020	31 December 2019
Tax loss carryovers	1,681,042	1,692,242
Deferred tax assets before netting	1,681,042	1,692,242
Netting	-1,681,042	-1,692,242
Deferred tax assets after netting	0	0
Investment properties	13,950,917	16,623,537
Financing costs	319,319	332,412
At-equity interests	39,540	35,948
Deferred tax liabilities before netting	14,309,776	16,991,898
Netting	-1,681,042	-1,692,242
Deferred tax liabilities after netting	12,628,733	15,299,656

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

in EUR	1 January 2020	Income statement	30 June 2020
Investment properties	-16,623,537	2,672,620	-13,950,917
Financing costs	-332,412	13,094	-319,319
At-equity interests	-35,948	-3,592	-39,540
Loss carryovers	1,692,242	-11,200	1,681,042
Total	-15,299,656	2,670,923	-12,628,733

(7) Non-current provisions

Non-current provisions are structured as follows:

in EUR	1 January 2020	exercise	release	allocation to accruals	30 June 2020
Pprovision for retention	36,960	0	0	0	36,960
Provision for personnel costs	0	0	0	800,100	800,100
Total	36,960	0	0	800,100	837,060

in EUR	1 January 2019	exercise	release	allocation to accruals	30 June 2019
Provision for retention	4,758	0	0	32,202	36,960
Provision for personnel costs	0	0	0	0	0
Total	4,758	0	0	32,202	36,960

The non-current provisions of Euro 837,060 comprise provisions for retention obligations and provisions for a virtual stock participation programme.

Virtual stock participation programme

Programme description:

In the 2020 financial year, ERWE Immobilien AG introduced a virtual stock participation programme that is intended to retain beneficiaries at the company and enable them to participate in any increase in the company's value. Beneficiaries are granted the right to participate on a virtual basis in any appreciation in the company's share price. Based on a Supervisory Board resolution, the programme regulations provide for a maximum total of 3,000,000 stock appreciation rights (virtual shares). These rights are in all cases granted by concluding individual grant agreements between the company and the respective beneficiary and, as a general rule, provide for cash settlement.

Vesting conditions:

To exercise the stock appreciation rights granted within the participation programme, beneficiaries must complete a specified period of service. Should the beneficiary prematurely leave his or her employment relationship with ERWE Immobilien AG for whatever reason, the virtual shares not yet vested at such point in time lapse. The beneficiary becomes first and fully entitled to one quarter of the stock appreciation rights thereby granted upon conclusion of a one-year period. The remaining three quarters of the stock appreciation grants thereby granted become gradually vested in three equal packages of one quarter each every twelve months over a further period of thirty-six months.

Measurement:

The binomial model (option pricing model) has been selected to measure the value of the virtual shares allocated to members of the Management Board. Based on the agreed contractual terms, the value of the options as of 30 June 2020 is presented in the following table.

	Total	of which board members		
		Axel Harloff	Heinz-Rüdiger Weitzel	Christian Hillermann
Measurement to 30 June 2020				
Number of contractually earned virtual shares	-	-	-	-
Proportionally recorded number of virtual shares in expenses	489,519	206,235	206,235	77,048
Present value per virtual share	1,63	1,65	1,65	1,54
Recorded expense in the current fiscal year	800,100	340,580	340,580	118,940
Provision as of the reporting date	800,100	340,580	340,580	118,940
Of this, the intrinsic value for the virtual shares contractually earned on the reporting date	-	-	-	-

(8) Other current liabilities

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

in EUR	30 June 2020	31 December 2019
Interest deferrals	545,458	745,413
Liabilities for outstanding invoices	404,749	326,440
Liabilities for personnel	206,862	56,562
Value-added tax liabilities	159,613	299,055
Deposits received	75,448	75,448
Liabilities for year-end and audit expenses	47,000	161,480
Liabilities for compensation SB	33,750	0
Other current liabilities	12,623	21,604
Total	1,485,503	1,686,002

E. 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 2019. 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:

in EUR	1 January - 30 June 2020	1 January - 30 June 2019
Gross rental income	2,224,434	1,673,135
Expenses from property lettings	-910,975	-994,148
Earnings from property lettings	1,313,459	678,987

The increase in gross rental income was mainly due to the acquisition and letting of Kupferpassage Coesfeld from May 2020, as well as to rental income generated from letting a parking facility in Speyer and additional rental income generated from letting space at Lichthof Lübeck to Lübeck City Administration.

Expenses from property lettings mainly include outlays for operating and ancillary expenses, as well as for repairs and maintenance. The reduction in these expenses was chiefly due to property administration / centre management services, which are now performed by proprietary personnel. In the previous year's comparative period, these services were still outsourced to third parties.

(2) Personnel expenses

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

in EUR	1 January - 30 June 2020	1 January - 30 June 2019
Salaries	2,203,115	638,407
Statutory social costs	138,717	66,476
Total personnel expenses	2,341,832	704,883
Of which expenses for pension benefits	2,142	1,428

The year-on-year increase in personnel expenses by Euro 1,636,949 was due above all to the higher number of employees and the expenses of Euro 800,100 resulting from the virtual participation programme.

(3) Other operating expenses

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

in EUR	1 January - 30 June 2020	1 January - 30 June 2019
Legal and advisory expenses	648,622	240,352
Insurances	125,675	95,955
Stock market listing and shareholders' meeting	120,355	195,800
Non-deductible input tax	110,224	14,915
Year-end and audit expenses	108,412	172,731
Depreciation of tangible and intangible assets	105,874	13,817
Incidental costs of monetary transactions	99,143	57,857
Advertising costs/investor relations	88,780	82,848
Travel expenses	61,074	43,845
Rental and lease costs	39,331	82,099
Supervisory Board compensation	33,750	33,750
External services	30,234	52,111
Costs for premises	30,096	0
Vehicle expenses	23,679	3,111
Hardware/software maintenance expenses	9,819	13,229
Subsequent expense of initial consolidation of at-equity interests	0	133,929
Sundry other operating expenses	201,923	154,185
Total	1,836,991	1,390,535

(4) Financial expenses

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

in EUR	1 January - 30 June 2020	1 January - 30 June 2019
Financial debt interest expenses	2,978,672	1,467,637
Prepayment penalty	0	400,000
Other financial expenses	54,715	4,892
Total	3,033,387	1,872,529

Financial expenses rose by Euro 1,160,858 compared with the equivalent period in the previous year. This increase was chiefly due to the interest expenses for the corporate bond.

(5) Earnings per share

Basic earnings per share are calculated as follows:

in EUR	1 January - 30 June 2020	1 January - 30 June 2019
Consolidated earnings (EUR)	5,558,659	2,781,678
Consolidated net income less non-controlling interests	5,284,782	2,764,463
Dilutive effects	0	0
Consolidated net income less dilutive effects	5,284,782	2,764,463
Number of shares		
Shares issued as at balance sheet date	16,565,922	16,562,922
Weighted number of shares issued	16,565,922	16,562,922
Dilutive effects	0	0
Weighted number of shares issued (diluted)	16,565,922	16,562,922
Earnings per share (EUR)		
Basic earnings per share	0.32	0.17
Diluted earnings per share	0.32	0.17

F. Other disclosures

(1) Related party disclosures

The following material transactions were executed between the Group and related parties in the interim period under report:

in EUR	30 June 2020 Receivable (+)/ Liabilities (-)	1 Jan - 30 June 2020 Income/interest income (+) Expenses/interest (-)
ERWE as borrower:		
VGHL Management GmbH – loan to ERWE 333	-295,406	-16,875
VGHL Management GmbH - loan to ERWE 555	-139,060	-7,944
Ehlerding Stiftung	-3,000,000	-127,500
ERWE as lender:		
Covivio Office VI GmbH & Co. KG	573,242	6,944
ERWE as recipient of service:		
ERWE Real Estate GmbH	0	-26,875
RW Property Investment GmbH	0	-4,698
Nicole Harloff (Managing Director of ERWE Immobilien Management GmbH)	-629	-65,972
Dr. Holger Henkel (Supervisory Board) legal advice	0	-218
ERWE as provider of service:		
ERWE Real Estate GmbH	0	3,000
Covivio Office VI GmbH & Co. KG	47,600	243,490

A loan of Euro 3,000,000 was taken up from the Ehlerding Foundation in June 2019. This loan has a two-year term and charges interest at 8.5% p.a. The interest expenses amounted to Euro 127,500 in the first half of 2020.

Furthermore, VGHL Management GmbH granted a loan of Euro 270,000 to ERWE Immobilien Retail Projekt 333 GmbH and a loan of Euro 127,100 to ERWE Immobilien Retail Projekt 555 GmbH. Both loans charge interest at 12.5% p.a. In the first half of 2020, the interest expenses amounted to Euro 16,875 at ERWE 333 and to Euro 7,944 at ERWE 555.

Upon the foundation of ERWE Immobilienmanagement GmbH, Nicole Harloff acquired a 25.1% stake in this company. In her capacity as managing director of ERWE Immobilienmanagement GmbH, she received remuneration of Euro 65,972 in the period from 1 January to 30 June 2020.

In the first half of 2020, ERWE received Euro 243,490 for project development and management services provided to Covivio Office VI GmbH & Co. KG. Furthermore, ERWE Properties GmbH granted loans totalling Euro 555,500 in several tranches to Covivio Office VI GmbH & Co. KG. These loans are granted for an indefinite term, unsecured, and bear interest at 2.5%. Interest of Euro 6,944 was paid for the period from 1 January to 30 June 2020.

Dr. Holger Henkel was paid Euro 218 for providing legal advice to ERWE in 2020.

(2) Management Board and Supervisory Board

The following individuals were members of the Management Board of ERWE Immobilien AG during the period under report and still are currently:

- Axel Harloff, Dipl. Kaufmann
- Rüdiger Weitzel, Dipl. Ingenieur
- Christian Hillermann, Dipl. Kaufmann (since 23 March 2020)

The Management Board received fixed remuneration and a bonus in the period under report. The remuneration of all members of the Management Board, including the non-cash benefit resulting from the use of a company car, amounted to a combined total Euro 1,318,957 in the period under report (30 June 2019: Euro 318,000). Furthermore, the members of the Management Board were reimbursed for their travel and other expenses.

Name	Basic compensation not related to performance	Non-cash compensation not related to performance	Compensation related to performance	proportional based compensation	Total 30 June 2020
Axel Harloff	120,000	9,229	100,000	340,580	569,809
Rüdiger Weitzel	120,000	11,528	100,000	340,580	572,108
Christian Hillermann	50,000	8,100	0	118,940	177,040
Total	290,000	28,857	200,000	800,100	1,318,957

Name	Basic compensation not related to performance	Non-cash compensation not related to performance	Compensation related to performance	proportional based compensation	Total 30 June 2020
Axel Harloff	90,000	10,500	60,000	0	160,500
Rüdiger Weitzel	90,000	7,500	60,000	0	157,500
Christian Hillermann	0	0	0	0	0
Total	180,000	18,000	120,000	0	318,000

As of the balance sheet date, an amount of Euro 800,100 was recognised as a provision for share-based payments (30 June 2019: Euro 0).

The company has not granted any loans or advances to Management Board members, neither has it entered into any liabilities on behalf of Management Board members.

Remuneration totalling Euro 33,750 was recognised for the three members of the Supervisory Board in the first half of 2020.

(3) Risk reporting

Reference is made to the risk reporting in the consolidated financial statements as of 31 December 2019 in respect of the objectives and methods of risk management and the risks involved in the company's future business performance.

The interim period under report witnessed changes in the Group's risk structure, although the impact of the coronavirus pandemic can be termed low. Rental payments for a small number of tenants were deferred or delayed. From a current perspective, the company nevertheless does not expect any loss of rental payments or material implications for the asset, financial and earnings position of the ERWE Group. Due to its high current cash holdings, the company still views its liquidity risk as being very low. Financing risks are discernible, as the banks have currently adopted a more restrictive approach to real estate lending. The Management Board nevertheless expects to meet the lending requirements of its bank partners and that the financing market will continue to offer suitable terms to the company in line with market conditions.

(4) Other financial obligations

In connection with contracts entered into with construction contractors, the Group has obligations of around Euro 10.6 million that are due within one year and of around Euro 1.1 million that are due by 30 June 2022.

The Group has purchase price obligations of Euro 3.1 million in connection with already concluded property purchase contracts.

(5) Events after the balance sheet date

On 4 June 2020, ERWE concluded a contract to acquire a property in Darmstadt. The closing for this acquisition was on 31 July 2020.

Furthermore, ERWE concluded a rental agreement with Krefeld City Administration concerning the letting of around 3,400 m² of office space at the portfolio property in Krefeld. This rental agreement has a ten-year term and includes a five-year extension option. The letting of this space to Krefeld City Administration means that all of the office, retail and parking space at the property is now fully let.

No further events of particular significance for ERWE's asset, financial and earnings position have occurred since 30 June 2020.

Frankfurt am Main, 28 August 2020
ERWE Immobilien AG



Axel Harloff
Director



Christian Hillermann
Director



Rüdiger Weitzel
Director

Responsibility Statement

“We hereby affirm that, to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated 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 the interim group 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 in the remainder of the financial year.”

Frankfurt am Main, 28 August 2020
ERWE Immobilien AG



Axel Harloff
Director



Christian Hillermann
Director



Rüdiger Weitzel
Director





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