



30 September 2021

# 9M-REPORT

**ERWE IMMOBILIEN AG**

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[www.erwe-ag.com](http://www.erwe-ag.com)

# The first 9 months at a glance

## Key figures

<b>Income statement (EURO million)</b>	<b>30 Sep 2021</b>	<b>30 Sep 2020</b>		<b>30 Sep 2021</b>	<b>31 Dec 2020</b>
Gross rental income	5,601	3,991	Total assets	221,273	215,161
Earnings from property lettings	3,286	2,316	Equity	61,626	58,388
EBIT	3,790	6,188	Number of shares (000s)	18,219,214	16,562,922
Adjusted EBIT	3,790	6,188			
Consolidated net income	-2,113	3,749			
			<b>Properties</b>		
<b>Balance sheet (EURO million)</b>	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>	Inventory properties	5	5
Investment properties	200,557	192,713	Project developmets	3	3
Investments in associates	10,061	8,832	Participating interests	1	1
Net Reinstatement Value (EPRA)	86,093	80,662	Lettable space in m <sup>2</sup> *	72,540	71,907
NRV per share (EUR)	4.73	4.87	Occupancy rate in %*	89.0	89.2
NAV per share (EUR)	4.01	4.12			
LTV (in %)	63.5	63.1			

**Note:** \* only inventory Properties





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# Management Board Foreword

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

Now that the initially unexpectedly long Corona crisis has eased through the summer months of the year and social life has returned to normal in many areas, the situation in our real estate portfolios has also improved further. Not only has the demand for the rental space that is still available improved considerably, but also for the projects that we are planning to build. Nevertheless, there is still no reason to sound the all-clear, as the number of infections is on the rise again this autumn, despite the fact that the population has already been vaccinated to a large extent.

Once again, there could be restrictions on public life, which in turn would burden our properties, especially in Speyer, Krefeld, Lübeck or Coesfeld near Münster. How difficult it is to assess future developments is also shown by the fact that the outgoing federal government has had to revise its economic growth forecast downwards every three months. Accordingly, the real upswing will probably not materialize until next year.

In view of the still uncertain development, we have concentrated on the further positioning of our properties and have been able to take advantage of the growing demand for new leases. In the Postgalerie in the cathedral city of Speyer, demand



**“WE WILL  
ALSO CONVINCE  
INVESTORS THAT  
OUR RENTAL  
INCOME WILL  
CONTINUE TO RISE  
STRONGLY.”**

for rental space had already improved by the end of the first half of the year. We are currently negotiating with two interested parties for larger spaces in the Postgalerie. A total area of around 480 sqm was let to an eye clinic, which will move in towards the end of the year. Overall, we are also registering growing interest in our space from medical institutions. That is why we are developing a health concept for the location in order to be able to approach interested parties more appropriately and precisely. At the end of the reporting period, the occupancy rate of the Postgalerie was 85.8 per cent, slightly below the level at the end of 2020 (86.4 per cent).

The situation at LICHTHOF Lübeck improved rapidly after it opened in June of the year. The new community centre operated by the City of Lübeck in the LICHTHOF is now well received and contributes significantly to the increase in footfall in the arcade. This is also leading to growing interest from potential tenants from various service sectors, in particular from food retailers for the largest remaining vacant space in the property.

The situation has also eased in the Kupferpassage Coesfeld, which was acquired in mid-2020, following its reopening in June. Interest in the rental space still available has improved noticeably and, as in Speyer, comes from medical facilities. The largest share of the still vacant spaces are flats that are currently being renovated. Interest on the part of potential tenants is very high. The occupancy rate of the Kupferpassage decreased slightly towards the end of the reporting period to 90.8 per cent (end of 2020: 91.6 per cent).

Since the beginning of the year, full rental income has been flowing from City Colonaden Krefeld, which was 100 per cent let in the previous year.

At the end of 2020, the city of Krefeld had moved into the property's space, which had been converted, refurbished and renovated on schedule within six months, with various public authority departments.

We were able to reach an important milestone in the third quarter for the property acquired in mid-2020 in Krefeld's city centre, which is located opposite the City Colonaden. This is being repositioned by the construction of a new mixed-use property. Around half of the 8,500 sqm of the planned building on the site of the former Ziellenbachhaus has been leased on a long-term basis by a well-known and successful company from the technology and communications sector. There are interested parties from the food retail and health sectors for the remaining space in the new building.

The residential and commercial building Darmstadt, which was acquired at the end of 2020 and is in a prime location in Darmstadt's city centre in the middle of the pedestrian zone, is vacant on the upper floors. Contemporary living space will be created there.

Our development properties are in the planning and development phase. The commercial property in Darmstadt near the A5 motorway will make way for a new building with about three times as much floor space as before.

For our business park TAUNUS LAB in Friedrichsdorf near Bad Homburg v.d.H. we expect the building permit for the first construction phase in the fourth quarter of the year. We will start construction activities when we have pre-let two thirds of the space of the first building. From the ongoing marketing activities we are registering an increasing amount of interest in leasing from a whole range of companies.

An important event in the third quarter of the year was our successfully completed cash capital increase. The share capital was increased by ten percent with gross proceeds of around 5.5 million Euros. In addition to the existing major shareholders who participated in the capital increase, we were able to attract numerous new shareholders to the company.

Our earnings situation improved in the third quarter. Gross rental income grew significantly to €5.601 million (same period last year: €3.991 million) due to the successful new lettings last year and the acquisition of the Kupferpassage in Coesfeld. Accordingly, the result from property lettings increased to 3,286 million euros (2,316 million euros).

The result from the measurement of our investment properties, at 5.4 million Euros, was below the result of the previous year (8.9 million Euros). However, it increased sequentially by €3.7 million compared to the first half of the year, as the rental success in Krefeld is reflected here.

After deducting only slightly changed expense items, the Group reported earnings before interest and taxes of 3.8 million Euros for the period from January to the end of September, compared to 6.2 million Euros in the same period of the previous year. The difference is mainly due to the lower net result from the fair value measurement. After deducting the increase in financial expenses to 5.2 million Euros (4.8 million Euros) and an effect of 0.7 million Euros from the tax calculations, a consolidated result of minus 2.112 million Euros (previous year: 3,749 million Euros) remained, which thus improved by just under 0.7 million Euros compared to the half-year result.

Our other key economic indicators show only minor changes. The ERWE consolidated balance sheet total increased



slightly from the beginning of the year to 221.3 million Euros (215.2 million Euros) due to the investments in the portfolios until the reporting date. In this respect, the increase is also reflected in investment property, the volume of which rose to 200.6 million Euros (192.7 million Euros).

Our financial performance indicators hardly changed. The equity ratio increased slightly to 27.9 percent (end of 2020: 27.1 percent) due to the capital increase. At 63.5 per cent, the loan-to-value was only slightly above the level of 63.1 per cent at the end of 2020. The net asset value (NAV) of 73.0 million Euros

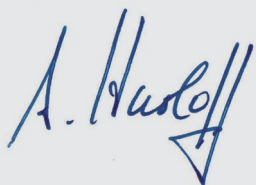
and the net reinstatement value (NRV) of 80.7 million Euros were both around 7 per cent above the values as at 31 December 2020. Due to the increased number of shares as a result of the capital increase, the values per share for the NAV fell from 4.12 Euros to 4.01 Euros and for the NRV from 4.87 Euros to 4.73 Euros.

We are confident for the remainder of the current year. In Krefeld it has been proven once again that our mixed-use concepts can achieve viable and sustainable success. We are creating an significant attraction in the city centre of this city with an interesting tenant

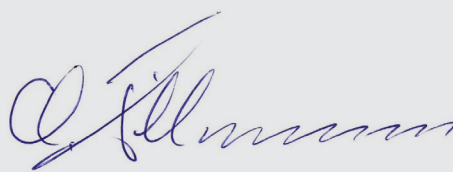
mix. Moreover, the opportunity to participate in the necessary revitalisation of numerous German city centres is immense. We have a wealth of opportunities that we are keen to take advantage of. To this end, we are also looking around on the financial markets for suitable capital.

We will also convince investors that our rental income will continue to rise strongly. We expect an increase of around 40% for the year as a whole. A further increase from existing properties in the coming year will result from newly signed leases and expected further closings by the end of this year.

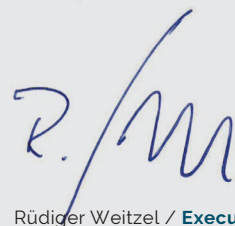
Kind regards



Axel Harloff / **Executive Board**



Christian Hillermann / **Executive Board**



Rüdiger Weitzel / **Executive Board**

Frankfurt am Main, November 2021







# Balance Sheet

## as of 30 September 2021

## Assets

EUR	30 September 2021	31 December 2020
<b>Non-current assets</b>		
Property, plant and equipment and intangible assets	1,522,508	1,387,899
Investment properties	200,557,300	192,713,000
Investments in associates	10,060,718	8,831,767
Prepayments made for property, plant and equipment and intangible assets	0	54,030
Prepayments made for investments	0	1,343,151
	<b>212,140,526</b>	<b>204,329,847</b>
<b>Current assets</b>		
Trade receivables and other receivables	759,395	561,303
Receivables from associates	1,073,138	964,308
Other assets	1,118,658	1,317,171
Income tax receivables	31,369	26,267
Cash and cash equivalents	6,149,669	7,962,383
	<b>9,132,229</b>	<b>10,831,433</b>
<b>Total assets</b>	<b>221,272,754</b>	<b>215,161,279</b>

# Liabilities

EUR	30 September 2021	31 December 2020
<b>Equity</b>		
Share capital	18,219,214	16,562,922
Capital reserve	14,715,603	11,020,843
Revenue reserves	14,359,044	14,359,044
Accumulated net profit	11,065,493	13,004,593
Equity attributable to shareholders in the parent company	58,359,353	54,947,402
Non-controlling interests	3,266,865	3,440,283
	<b>61,626,218</b>	<b>58,387,685</b>
<b>Non-current liabilities</b>		
Financial debt	123,427,561	56,464,190
Provisions	1,217,685	1,447,259
Lease liabilities	1,912,043	2,162,382
Deferred tax liabilities	13,262,505	12,521,418
	<b>139,819,794</b>	<b>72,595,249</b>
<b>Current liabilities</b>		
Income tax liabilities	0	16,318
Financial debt	15,869,000	79,070,450
Trade payables	119,499	1,880,500
Liabilities to associates	654,940	0
Lease liabilities	516,986	400,799
Other liabilities	2,666,317	2,810,278
	<b>19,826,742</b>	<b>84,178,346</b>
<b>Total equity and liabilities</b>	<b>221,272,754</b>	<b>215,161,279</b>



# Consolidated Statement of Comprehensive Income

for the Period from 1 January to 30 September 2021

EUR	01 Jan 2021 - 30 Sep 2021	01 Jan 2020 - 30 Sep 2020
Gross rental income	5,601,305	3,991,077
Expenses from property lettings	-2,314,824	-1,675,235
<b>Earnings from property lettings</b>	<b>3,286,481</b>	<b>2,315,842</b>
Other operating income	1,144,893	679,234
Personnel expenses	-3,440,955	-3,240,702
Other operating expenses	-2,485,070	-2,681,476
Result from measurement of investment properties	5,398,571	8,890,148
Result from associates measured at equity	-114,200	225,000
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,789,720</b>	<b>6,188,045</b>
Financial income	12,430	4,386
Financial expenses	-5,170,344	-4,785,666
<b>Earnings before taxes</b>	<b>-1,368,194</b>	<b>1,406,765</b>
Taxes on income	-744,325	2,341,818
<b>Consolidated net income / comprehensive income</b>	<b>-2,112,519</b>	<b>3,748,583</b>
of which attributable to:		
Shareholders in parent company	-1,939,100	3,531,999
Non-controlling interests	-173,418	216,584
Undiluted earnings per share	-0.11	0.21
Diluted earnings per share	-0.11	0.21

# Consolidated Statement of Changes in Equity

for the Period from 1 January to 30 September 2021

EUR	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling customers	Total equity
<b>Balance at 1 Jan 2021</b>	<b>16,562,922</b>	<b>11,020,843</b>	<b>14,359,043</b>	<b>13,004,593</b>	<b>54,947,402</b>	<b>3,440,283</b>	<b>58,387,685</b>
Consolidated net income / comprehensive income	0	0	0	-1,939,100	-1,939,100	-173,418	-2,112,519
Other changes	1,656,292	3,694,760	0	0	5,351,052	0	5,351,052
<b>Balance at 1 Sep 2021</b>	<b>18,219,214</b>	<b>14,715,603</b>	<b>14,359,044</b>	<b>11,065,493</b>	<b>58,359,353</b>	<b>3,266,865</b>	<b>61,626,218</b>
	Share capital	Capital reserve	Revenue reserves	Accumulated net profit	Total	Non-controlling customers	Total equity
<b>Balance at 1 Sep 2020</b>	<b>16,562,922</b>	<b>11,020,843</b>	<b>14,359,044</b>	<b>12,747,254</b>	<b>54,690,063</b>	<b>3,594,773</b>	<b>58,284,836</b>
Consolidated net income / comprehensive income	0	0	0	3,531,999	3,531,999	216,584	3,748,583
Other changes	0	0	0	0	0	0	0
<b>Balance at 1 Sep 2020</b>	<b>16,562,922</b>	<b>11,020,843</b>	<b>14,359,044</b>	<b>16,279,253</b>	<b>58,222,062</b>	<b>3,811,356</b>	<b>62,033,418</b>

# EPRA NRV

## as of 30 September 2021

EUR 000s	30 September 2021	31 December 2020
Equity	61,626	58,388
- non-controlling interests	-3,267	-3,440
Equity attributable to ERWE shareholders	58,359	54,947
Deferred tax liabilities attributable to shareholders of the parent company	15,805	14,298
Property acquisition tax on investment properties	11,928	11,417
<b>EPRA NRV</b>	<b>86,093</b>	<b>80,662</b>
Numbers of shares	18,219,214	16,562,922
<b>EPRA NRV per share</b>	<b>4.73</b>	<b>4.87</b>

**EPRA** stands for European Public Real Estate Association

**NRV** NRV is the abbreviation for Net Reinstatement Value. This is a key figure for asset valuation and is used for portfolio companies. The NRV represents the asset value that would be required to rebuild the company.

# Adjusted EBIT

## for the Period from 1 January to 30 September 2021

EUR	30 September 2021	30 September 2020
Consolidated net income	-2,112,519	3,748,583
+/- tax income/expenses	744,325	-2,341,818
+/- financial income/costs	5,157,914	4,781,280
+/- non-recurring and special items	0	0
<b>Adjusted EBIT</b>	<b>3,789,720</b>	<b>6,188,045</b>







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