

Corporate News

ERWE Immobilien AG: Preliminary FY 2020 result confirmed by unqualified audit opinion

- **Slight positive net result of EUR 0.1m (previous year: EUR 8.706m) despite pressure from changes in property valuations**
- **Significant progress in extending the property platform**
- **Mixed-use concepts bearing fruit: Sustainably growing rental income expected**

Frankfurt am Main, 30 March 2021. The recently published preliminary results from ERWE Immobilien AG (ISIN DE000A1X3WX6), Frankfurt/M., have been fully confirmed by an unqualified audit opinion. Gross rental income rose by 61% to EUR 5.589m (previous year: EUR 3.466m). The occupancy rate has been continuously improved during the year from 74.5% to 89.2%. After deducting expenses from property letting, the resulting NOI almost doubled to € 2.632m (previous year: EUR 1.366m).

The result from measurement of ERWE's investment properties of EUR 6.788 came in significantly lower than previous year's result of EUR 12.569 due to the pandemic. In particular, retail and hotel space was negatively affected, especially at our property in Speyer. In spite of these reductions in fair value, the value of our investment property portfolio grew from EUR 131.91m at the end of 2019 to EUR 192.731m due to the acquisitions and progress made in the revitalization projects.

As in the previous year, the net profit benefited from the release of deferred taxes by EUR 2.778m (EUR 0.481 in 2019).

„Naturally, Corona-related effects have not completely eluded our retail and hotel spaces“, said ERWE board-member Christian Hillermann. „Crucially however, our portfolio has become more resilient against such effects because our new mixed-use concepts for our projects are successful. The significant growth in gross rental income results from the acquisitions and newly let rental spaces, particularly in Krefeld and Lübeck. Following the completion of a revitalization project, ERWE has let half of the space of Postgalerie Lübeck to the City of Lübeck. In Krefeld, all of the refurbished office space has been handed over to the City of Krefeld. Both authorities

are moving city agencies into ERWE's buildings, Lübeck even a civic centre. „Since the hand-over of the rental space occurred rather late in the second half of the year, ERWE stands to benefit significantly more from 2021 onwards,“ said Hillermann.

The Net Asset Value (NAV) per share declined only marginally from EUR 4.22 to EUR 4.12, showing resilience of ERWE's asset value. Starting in the current fiscal year, ERWE will switch its asset valuation reporting from NAV to NRV (Net Reinstatement Value), in line with the recommendation from EPRA. ERWE's NRV has improved from EUR 4.77 per share in 2019 to EUR 4,87.

ERWE is set to keep growing in the coming years. Important prerequisites have been accomplished in 2020 by strengthening the property platform, in particular by internalizing the Property Management activities and by acquiring a strategic participation in peko GmbH. This enables ERWE to cover the entire value chain of a property with internal resources.

Under the assumption that the pandemic will recede toward the end of the second quarter and the retail sector will regain its former strength, ERWE expects to achieve an up to 50% higher gross rental income, reaching EUR 7.8m – EUR 8.5m and a significant improvement of adjusted EBIT.

The full audited results of 2020 can be obtained from ERWE Immobilien AG or downloaded from ERWE's website (www.erwe-ag.com).

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

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