ANNUAL REPORT

2019

ERWE Immobilien AG

KEY FIGURES

ERWE IMMOBILIEN AG

Financial year	31 DEZ 2019	31 DEZ 2018
INCOME STATEMENT (EURO MILLION)		
Gross rental income	3,466	2,752
Earnings from property lettings	1,366	1,154
EBIT	11,540	9,466
Adjusted EBIT	11,752	9,822
Consolidated net income	8,706	4,913
BALANCE SHEET (EURO MILLION)		
Investment Properties	131,910	101,910
Interestes in properties	6,225	4,586
Net Asset Value (EPRA)	69,822	66,801
NAV per share	4.22	4.03
LTV (in %)	46.6%	36.8%
Total assets	162,638	127,120
Equity	58,285	49,585
Number of shares (000s)	16,562,922	16,562,922
PROPERTIES		
Inventory properties	3	3
Projekt developments	1	1
Participating interest	1	1
Lettable space in m2*	44,516	41,200
Occupancy rate in %*	74.5%	63.6%

* only inventory properties

ANNUAL REPORT 2019
ERWE Immobilien AG

“This Annual Report was published on 31. March 2020.
This English version is a translation of the legally definitive German version “

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MANAGEMENT BOARD FOREWORD

DEAR LADIES AND GENTLEMEN, DEAR SHAREHOLDERS,

The environment in which we operate was shaped in the past financial year by factors such as low interest rate policies, continuing pressure to find suitable forms of investment, rising construction prices,high demand from tenants for commercial and residential space, growinguncertainty in the retail sector, and stabilisation in real estate markets at a high level.

Our business model, with its focus on acquiring properties in good and prime locations in small and medium-sized German cities and exploiting their inherent potential, continues to prove its worth. Here, we still find growth potential that is no longer available in the "Top 8" traditional investment focuses. We see ourselves as one of the pioneers when it comes to reviving downtown areas that are often highly neglected. Our approach and our concepts are often met with open arms. After all, in many towns local politicians and planners realise that they need to try out new approaches to counter the structural change in the retail sector and the resultant decline in their town and city centres.

It is already clear that the key focus will be on mixed usage and that retail will concentrate on offering concepts that are unavailable online. These will focus on providing customers with an enjoyable time and positive shopping experiences based on informed advice and leisure-driven consumption. The latest experience shows that, in future, buildings will have to be sus-tainable in ecological terms and, above all, far more flexible in accounting for changing rhythms of consumption and expectations. Many town councils can make the task easier for themselves by moving civic offices and service facilities into attractive locations and thus take actions to generate additional "footfall".

This is how we created a "win-win" situation at our former shopping arcade in Lübeck. We managed to attract Lübeck City Administration, to which we let around 7,700 m^2, and thus around half of the property, on a long-term basis with two five-year extension options. This way, the administration can establish a civic office in the heart of the well-known historic city centre opposite the Marienkirche while also obtaining office space for administrative units. The administration can provide its staff with a central and easily accessible location while also en-hancing the impression it makes to the local population. For us, the added value is clear – the concept confirms the higher intrinsic value of our property, which now has a high-quality source of secure and sustainable rental income.

In 2020, we will also let out the office space at our property in Krefeld, "Bürohaus St. Anton-Strasse", to the city administration, which will move its building department to the location. Work on modernising the space is already underway. The refurbishment and modernisation of the 420 parking spaces at the property has been completed. Operations have been let on improved terms to APCOA as operator of the parking facility.

At Frankfurt Airport Center, in which we hold a 10.1 percent stake and for which we were commissioned to refurbish and modernise the property, we have consistently implemented a smart

modernisation concept to improve space that no longer conformed to current market standards. This way, was have quickly found high-quality tenants to take over vacant areas.

The project development investments we made in the year under report, in this case in the land in Friedrichsdorf, where we in-tend to build around 60,000 m² of commer-cial space on an area of around 44,000 m², are also guided by our concept of cleverly leveraging potential val-ue growth. Our idea of developing our TAUNUS LAB business park at a site directly next to the A5 motor-way just before Frankfurt am Main has met with an enthusiastic response.

Last year we already showed that a neglect-ed property in the Cathedral City of Speyer can be turned into a new attraction. With the new Amedia hotel and an extended range of gastronomi-cal offerings, Postgalerie Speyer will have a new character and attract new tenants and pass-ers-by.

The extent to which our properties have grown in value was underlined by new val-uations performed by surveyors in the final quarter of the year under report. The sur-veyors identified substantial added value in the land newly added in Friedrichsdorf. Not only that, the other properties also showed value growth, thus reflecting the develop-ment work performed.

We are positive about the new financial year, even if it may well be adversely affected by eco-nomic turmoil, noticeable changes in the retail landscape and the potentially massive impact of the coronavirus. By successful-ly placing our first corporate bond, with a volume of Euro 40 million, we now have the resources to take further steps to gen-erate growth. We have already secured an interesting mixed-use downtown property in a prime central location in Coesfeld near Münster.

Yours faithfully,

Axel Harloff
Director

Rüdiger Weitzel
Director

Frankfurt am Main, March 2020

SUPERVISORY BOARD REPORT

DEAR SHAREHOLDERS,
DEAR LADIES AND GENTLEMEN,

In the 2019 financial year, the Supervisory Board of ERWE Immobilien AG consistently and dili-gently performed the duties incumbent on it by law, the company's Articles of Association and its Code of Pro-cedure.

Cooperation with the Management Board

Cooperation with the Management Board was characterized by intensive, trusting dialogue, which in-cluded both regular meetings and individual discussions. The Supervisory Board con-stantly monitored the Management Board's activities and was available in an advisory capacity beyond the scope of their meetings. The Supervisory Board was closely involved by the Man-agement Board at an early stage of all important decisions, in particular through the reports of the Executive Board in accordance with Section 90 of the German Stock Corporation Act (AktG) - and kept itself informed about business development, strategy and corporate planning - includ-ing financial, investment and personnel planning, as well as all other relevant issues affecting the company. The Supervisory Board also monitored the financial re-porting process and the measures taken by the Management Board with regard to risk management, the internal control system and compliance. All decisions and measures requiring the approval of the Supervisory Board were discussed in detail, with the required resolutions formulated on the basis of these discussions and the resultant draft resolutions submitted by the Management Board. In addition to the Supervisory Board meetings, the Chairman of the Supervisory Board was in regular contact with the Management Board and kept himself informed about the current de-velopment of the business situ-ation, corporate strategy and planning, and significant business transactions. Conflicts of interest on the part of the Management Board and Supervisory Board members were neither reported nor arose in the past fiscal year.

Composition of the Supervisory Board, Management Board and committees

There were no personnel changes in either the Supervisory Board or the Management Board in the 2019 financial year.In accordance with the Articles of Association, the Supervisory Board consists of three members. For this reason, the Supervisory Board has not formed any committees. In the context of their activities, all members of the Supervisory Board addressed all topics incumbent on the Supervi-sory Board.

Supervisory Board meetings and areas of focus

I In the period under review, the Supervisory Board held four meetings, each of which was at-tended by all members. A further two consultations were carried out, and resolutions adopted, in two conference calls and by written circulation.

All Supervisory Board discussions focused on regular reporting by the Management Board regard-ing business activities, including detailed information on the development of revenue and earn-ings, strat-egy, the status of material current and planned investments (as well as their financing), the opportunity and risk situation, capital market developments and the material activities of the Management Board. The following topics were also addressed during the individual meetings: At the meeting held to adopt the annual financial statements on April 17, 2019, the Supervisory Board discussed the annual and consolidated financial statements and the combined manage-ment report of ERWE Immobilien AG and the Group for the 2018 financial year. The auditor took part in the discussion, reporting on the material findings of the audits conducted. Further mate-rial topics of this Supervisory Board meeting – apart from the routine Management Board report on current business development – were the resolution on the integration of internal property management within the Group and the development of an appropriate compliance and risk management system in line with the legal requirements. The Supervisory Board also resolved to amend the Articles of Association and approved the bonus payments for the Management Board for the 2018 financial year. The Management Board also explained the possibility of financing by issuing a corporate bond.

At the meeting on June 13, 2019, the Management Board provided the Supervisory Board with routine information about current business development, particularly about the successful inte-gration of property management.

At the meeting on September 26, 2019, the Management Board provided comprehensive in-formation about the current status of project developments, the acquisition pipeline, financing and hiring within the scope of information regarding current business development. Other top-ics included the current status of the corporate bond and the development of an equity partici-pation program for the Management Board and selected executives.

At the meeting on December 5, 2019, the Supervisory Board considered the status of the risk and compliance management system, along with current business development. Following a request from the Management Board for more self-regulation, the Supervisory Board resolved a corresponding change in the rules on representation by the Management Board. The develop-ment of a Management Board remuneration system in line with the requirements of ARUG II was a further topic discussed in the meeting.

On April 29, 2019, the Supervisory Board decided on the agenda and draft resolutions for the shareholders' meeting during a conference call.

In the conference call on August 12, 2019, the Management Board explained in detail the inter-im consolidated financial statements as of June 30, 2019.

In addition to the meetings, a resolution was passed by circular resolution on December 12, 2019 on the issue of the 2019/2023 corporate bond in the total amount of EUR 12.5 million.

Corporate Governance

The Supervisory Board and Management Board are committed to the principles of good corpo-rate governance according to the recommendations of the Government Commission on the German Corporate Governance Code (Regierungskommission Deutscher Corporate Governance Kodex). The Supervisory Board therefore dealt regularly and in detail with corporate governance issues.

In December 2019, the Supervisory Board and the Management Board resolved the declaration of compliance with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on the company's website. Further information on corporate governance can be found in the Declara-tion on Corporate Governance.

Annual and consolidated financial statements

The Annual General Meeting meeting elected Ebner Stolz GmbH & Co. KG Wirtschaftsprüferge-sellschaft Steuerberatungsgesellschaft, Hamburg, as auditor for the annual and consolidated fi-nancial statements for the 2019 financial year, and as auditor for any review of the half-year financial report in the 2019 financial year.

The auditor confirmed its independence to the Supervisory Board Chairman and stated that there are no circumstances that give reason to assume prejudice on its part.
The annual financial statements of the Company and the consolidated financial statements, in-cluding the combined management and Group management report for the 2019 financial year, submitted by the Management Board, were audited by the appointed auditor and received an unqualified audit opinion.

The Management Board submitted the annual financial statements, the consolidated financial statements and the combined management and group management report, as well as the audi-tor's report on its audit of the annual and consolidated financial statements, to the Supervisory Board in good time for examination. At the meeting held to adopt the annual financial state-ments on March 23, 2020, the Supervisory Board intensively discussed and reviewed the annual financial statements and reports with the Management Board.

The auditor who participated in the meeting reported on material findings of the audit and was on hand to provide additional information to the Supervisory Board. Based on its own review of the annual financial statements, the consolidated financial statements and the combined man-agement and group management report, the Supervisory Board endorsed the findings of the audit performed by the auditor and established that, following the final results of its review, no objections were to be raised. The Supervisory Board shared the auditor's assessment that the internal control and risk management system did not exhibit any material deficiencies with re-gard to the (consolidated) financial reporting process. At this meeting, the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board. The annual financial statements are thereby adopted pursuant to 172 of the German Stock Corporation Act (AktG).

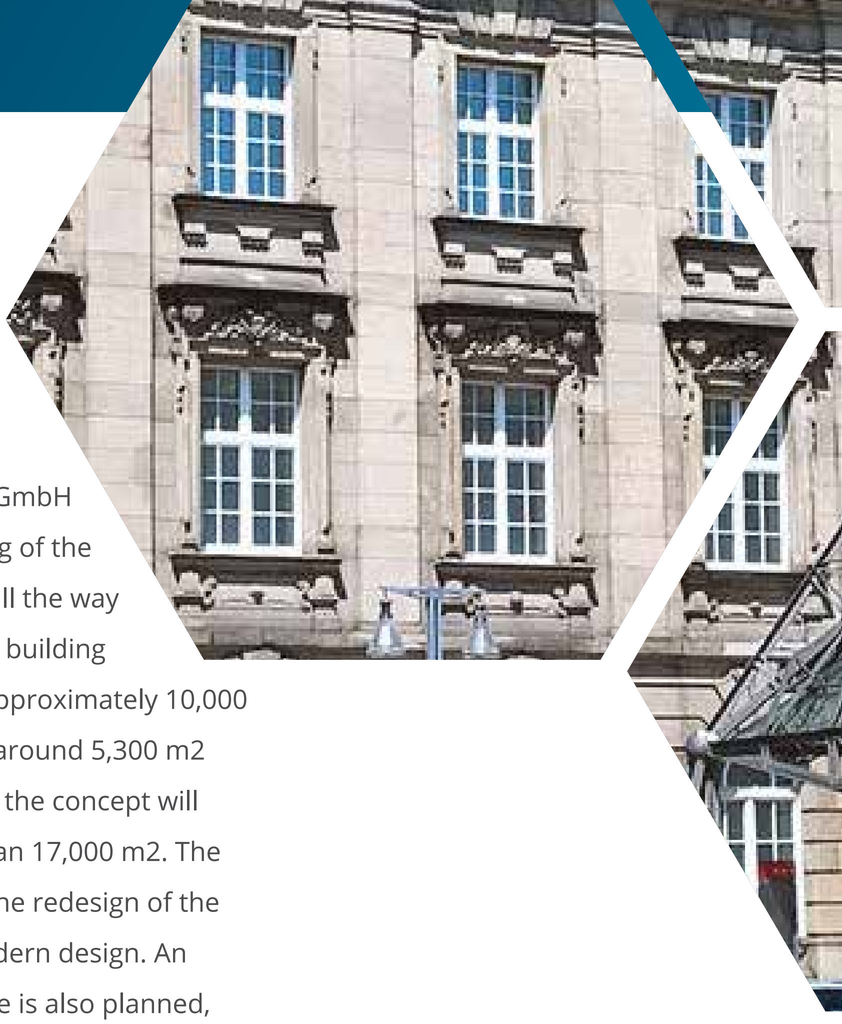
Thanks to the Management Board members and employees

The Supervisory Board would like to thank the Management Board and all employees of ERWE Immobilien AG for their work, their high level of commitment and their loyalty.

Frankfurt am Main, March 2020

Dr. Olaf Hein

Supervisory Board Chairman



SPEYER

The Postgalerie, which ERWE Retail Immobilien GmbH acquired in May 2017, is located at the beginning of the pedestrian zone in central Speyer, which leads all the way to the renowned Speyer Cathedral. The historic building located at Post-platz 1 in Speyer currently has approximately 10,000 m2 of retail and gastronomic space, along with around 5,300 m2 of office, service and storage space. A change in the concept will expand the total space of the center to more than 17,000 m2. The revitalization of the entire building will include the redesign of the retail spaces and mall to give it a bright and modern design. An increase in the proportion of gastro-nomic space is also planned, to improve the quality of time spent in the space and increase customer loyalty.

A major focus of the conceptual change is the conversion of previously vacant office space into hotel space. A lease agreement for the new space was signed with the Amedia hotel group in June 2018. Amedia is based in Austrian and was founded nine years ago. Amedia will operate a four-star hotel with approximately 110 rooms at this location.

The focus of current construction is currently on the expansion of the hotel and as-sociated restaurant. The construction phases for both areas should be completed for handover to the tenants by September 2020. The occupancy rate for the mall is 79% of the available space at the beginning of 2020. Furthermore, the barrier-free access including the lift will be completed in the second quarter of 2020. The cost of the measures is in line with the budget.

PROJECT VOLUME:
Euro 45 million

PROJECT PERIOD:
2017 - 2021

ERWE'S ROLES:
**Owner, developer,
project manager, investor**

Visualization:
pure rendering | Berlin

LICHTHOF
LÜBECK

ERWE acquired the property, formerly known as Königpassage, in spring 2018. One of the largest retail properties in the Hanseatic city of Lübeck. The shopping mall with letting space of around 16,000 m2 and retail areas of approx. 8,000 m2 was opened in autumn 1994. An important milestone was reached in 2019, when approximately 7,700 m2 of va-cant office space was leased to Lübeck's administrative authorities. The lease has an initial term of ten years and includes two extension options of five years each. A central focus of the LICHTHOF will be the new Civic Center, in which the city of Lübeck offers its citizens numerous services in connection with administrative facilities on an area of about 2,000 m2. Some initial areas were handed over in 2019, while the remaining space will be taken over successively over the course of 2020.

With this new lease, ERWE is also demonstrating that its concept for a new use of the for-mer shopping mall is paying off. To mark the new start for the property, which is located opposite St. Mary's Church, a Lübeck landmark, and directly off Königstraße, the mall was given the new name L I C H T H O F.
The name Lichthof (meaning, atrium) stands in particu-lar for the basic architectural concept, with a light-flooded glass dome at the heart of the property.

With the opening of the new district office of the Hanseatic City of Lübeck, 230 employees there will provide more than 2,000 citizens with a comprehensive range of municipal ser-vices every day. Due to the associated increase in visitor frequency, other potential tenants from retail, ca-tering and services sectors are interested in the new Lichthof in Lübeck.

Visualization: Optify

PROJECT VOLUME:
Euro 27.3 million

PROJECT PERIOD:
2018 - 2021

ERWE'S ROLES:
Owner, developer, project manager, investor

KREFELD

Visualization: OX.11 | Darmstadt

PROJECT VOLUME:
Euro 18.5 million

PROJECT PERIOD:
2018 - 2020

ERWE'S ROLES:
Owner, developer, project manager, investor

Visualization:OX.11 | Darmstadt

This mixed-use commercial property, acquired in June 2018, is located in a prime location in the city of Krefeld and has a total of around 11,000 m2 of office, retail and parking space. The main tenant is the clothing retailer C&A. The building has already undergone extensive modernization measures in 2019, particularly in the parking garage. Along with thorough refurbishment of the traffic routing and parking areas, emphasis was placed on improving usability by widening traffic routes and parking spaces. Today the parking block has 420 easily usable parking spaces on nine parking levels.

In addition, a modern parking guidance system indicates available spaces; parking fees are flexible and a new electronic access control system significantly increases security. Visitors are thus offered a modern and very user-friendly experience, with easy pedestrian access to any destination in central Krefeld. At the same time, the parking garage was leased to APCOA Parking GmbH under a new ten-year lease agreement.

The investment in the parking garage represents a significant proportion of the measures required to modernize the whole building complex. Due to strong demand, the remaining office space should be modernized and leased in 2020.

TAUNUS LAB IN FRIEDRICHSDORF

ERWE Immobilien AG has acquired land with a total area of approximately 44,000 m² in Friedrichsdorf, near Bad Homburg v.d.H., in two stages. Friedrichsdorf is a town in the immediate vicinity of Bad Homburg v.d.H., and is therefore located in the Greater Frankfurt metropolitan region, one of the strongest growing and largest conurbations in Germany. The city of Frankfurt can be reached in about 30 minutes by car. Friedrichsdorf is located directly next to the A5 highway, one of Germany's main traffic arteries, which passes directly through the Rhine-Main region, and connects northern and eastern Germany with the western and southern states.

ERWE will build a business park named TAUNUS LAB on the site in four construction phases. The entire project consists of five buildings with usable space of some 58,000 m², along with a parking garage with approximately 1,300 parking spaces and 70 charging stations for electric vehicles. There is a particular emphasis on sustainability in the implementation of this project. Tenants and employees at the location will also enjoy a broad range of services.

The office floor plans are designed in such a way that, in addition to single solutions, there is also the possibility of small-scale rentals of up to 400 m².

The total investment is estimated at around 182 million euros.

Following completion of site development including traffic routing in 2019, a building permit application was submitted for the business park's first phase of construction. It includes the first two office buildings, Lab West and Lab North, with total leasable space exceeding 21,000 m². Planning permission is expected to be granted in mid-2020, so that construction can begin in the fourth quarter of the year and completion is expected in the first half of 2022. This involves an investment of approximately EUR 60 million.

In the following construction phases, in addition to office use, the integration of childcare facilities and a hotel will be examined as well as the implementation of gastronomic offers and local shops.

PROJECT VOLUME:
Euro 182 million

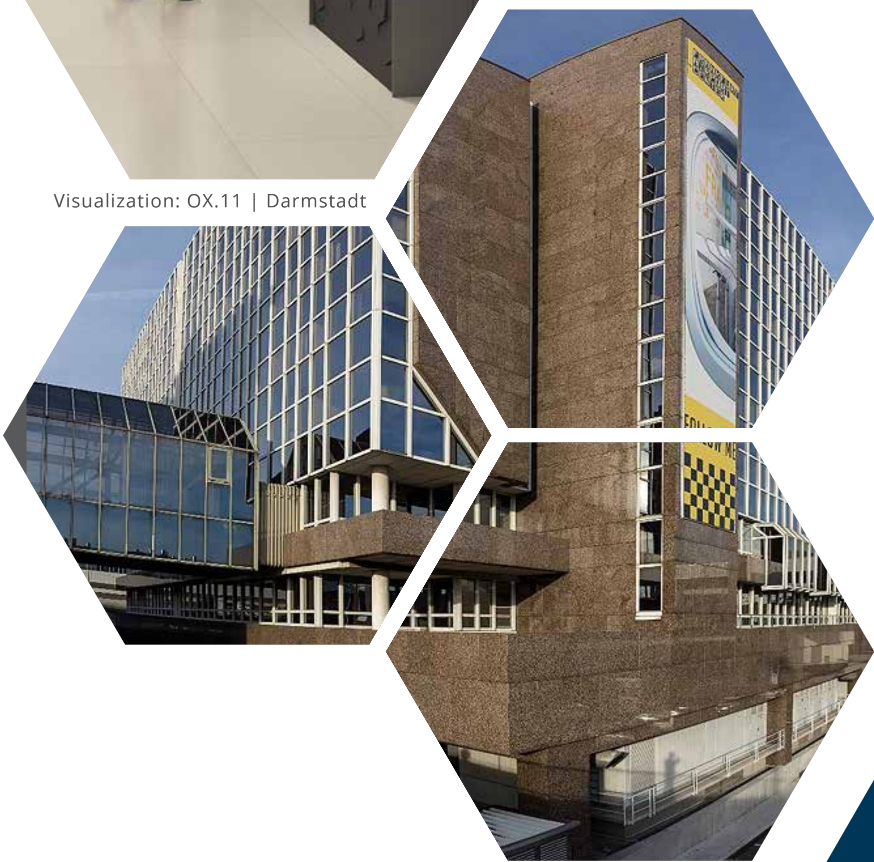
PROJECT PERIOD:
2019 - 2024

ERWE'S ROLES:
Owner, developer, project manager, investor

Visualization: B.C. Horvath

Visualization: B.C. Horvath

Visualization: OX.11 | Darmstadt



Rainer Freese

FRANKFURT AIRPORT CENTER 1

At the end of 2018, Frankfurt Airport Center 1 (FAC1) was acquired together with the joint venture partner Godewind Immobilien AG, Frankfurt/M., by way of a share deal at a net purchase price of EUR 168 million. ERWE has a 10.1% stake in the joint venture. In 2017, ERWE took overall responsibility for a comprehensive reposition-ing of FAC1, which has total usable space of 50,000 m², along with extensive refurbishment activities.

At the same time, efforts to attract new tenants were underway, as approximately 40% of the space was initially vacant. By the end of 2018, 80% of the space at FAC1 had already been leased. In mid-May 2019, a further 5,044 m² was leased to a ma-jor listed company. This means approximately 92% of the space was already under contract from permanent tenants.

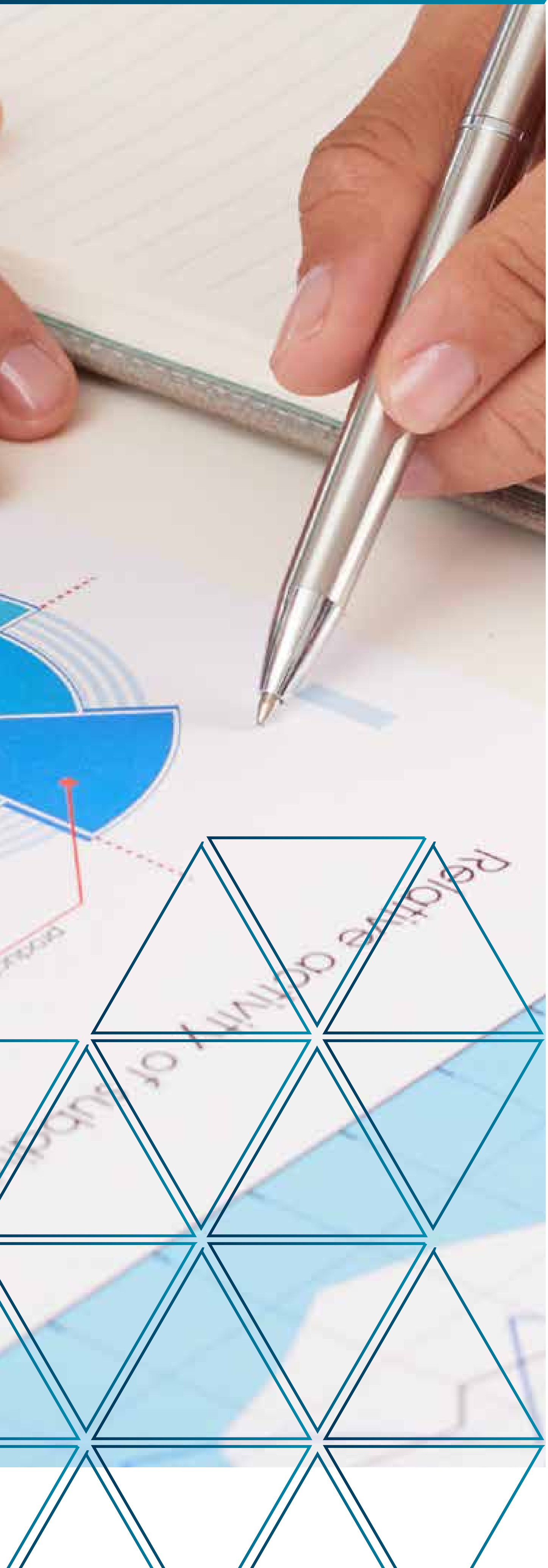
Based on the current occupancy rate of 94%, and structural vacancies of 2-3% in line with the market, the most important tasks in the business plan have been com-pleted. The ongoing construction work, which primarily relates to FAC's public spaces (lobby, mall, elevators, capex measures etc.) will be completed by the sec-ond quarter of 2021. The existing service contract with ERWE will also end at that time.

PROJECT VOLUME:
Euro 205 million

PROJECT PERIOD:
2017 - 2021

ERWE'S ROLES:
Developer, project manager, investor (10.1%)

INVESTOR:
ERWE Immobilien AG
Godewind Immobilien AG



ERWE SHARES

Development of the German stock market

After a disappointing performance in 2018, the German stock market positively surprised market participants in 2019. The DAX – Germany's lead index – ended the year up by more than 25%. The major stock markets in the US displayed a similarly strong performance. This development came as a surprise because the overall economic trend declined over the year. Political maneuvers, such as the trade war between the US and the People's Republic of China, the Brexit in Europe, the slowdown growth in the People's Republic of China, and the numerous crises and wars in the Middle meant that stock markets could only be expected to perform cautiously. In the end, although a weakening of the real economy was noted, it was perceived - at least in 2019 - as less than feared. In 2020, the upturn on stock markets continued, reaching new historic highs in February.

However, concerns about the coronavirus epidemic – which has spread around the world from China – have been negatively impacting financial markets since mid-February. On March 9, 2020, a new "Black Monday" was marked by a historic decline in share prices of more than eight percent, thereby reaching the same level of the losses last seen following the attack on New York's World Trade Center on September 11, 2001 or the collapse of Lehman Brothers on September 15, 2008. The total stock market declines, and their bottoming out and expected recovery, cannot be predicted as of editorial deadline for this annual report.

Development of the DIMAX

Real estate stock prices continued their continuous eleven-year upward trend in 2019. The DIMAX, the index in which the shares of all major German real estate stock corporations are listed, rose from 129.09 points at the end of 2018 to 150.26 points at the end of 2019, an annual rise of 16.4%, which was slightly lower than the increase in the DAX. The DIMAX also did not fully compensate for the market downturn. On "Black Monday", the DIMAX was only 5.03 percent below the beginning of 2020 at 142.70 points.

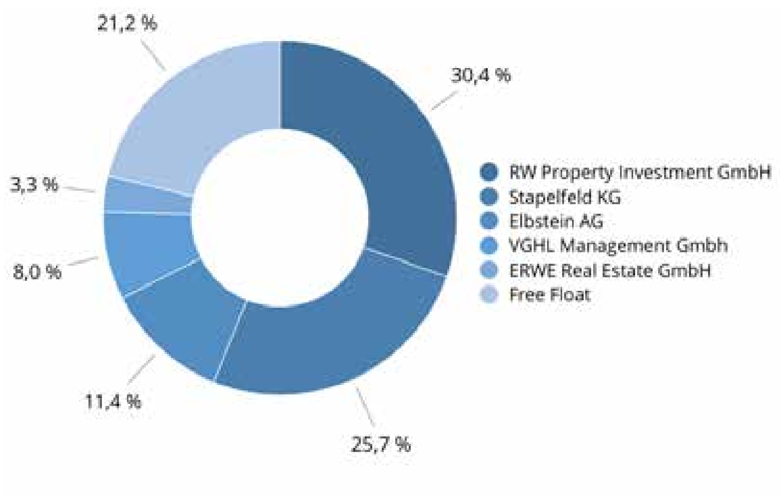
Development of ERWE's share price

The development of ERWE's share price in 2019 was approximately in line with the overall real estate market. The price of the ERWE Immobilien AG share rose from 2.80 euros at the beginning of the year to 3.24 euros at the end of 2019, an increase of 15.7%. In the first months of 2020, the positive price development of the ERWE share continued. The successful issue of the first corporate bond clearly contributed to that rise, and the new and great opportunities for ERWE resulted in a temporary high of Euro 4.48. In the period that followed, the share continued to develop comparatively unimpressed by the broad confusion and concern on the markets, and on 10 March 2020, at 3.70 euros per share, it was 14.2 percent higher than at the beginning of the year.

In the current reporting year, the company will intensively promote and expand its investor relations activities. In addition to participation in investor conferences and roadshows, the company also plans to initiate further coverage by securities analysts. The company is also pursuing the goal of always presenting the highest level of transparency in its reporting to capital market participants. For this reason, the company aims to be admitted to Deutsche Börse AG's Prime Standard in the 2020 financial year.

development of ERWE's share price
Period: January - December 2019

Shareholder structure



CONSOLIDATED FINANCIAL STATEMENTS AT A GLANCE

Consolidated Financial Statements

- Management Report
- Balance Sheet
- Income Statement
- Cash Flow Statement
- Development Equity
- Notes to Consolidated Financial Statements

Visualization: OX.11 | Darmstadt

MANAGEMENT REPORT

ERWE Immobilien AG for the 2019 Financial Year

I.Company fundamentals

1.Business model

ERWE Immobilien AG focuses on the development of promising downtown commercial real estate in prime locations in small and medium-sized towns and cities. Projects include office and hotel use, as well as downtown retail space..

The company pursues the goal of acquiring real estate with the potential for value growth, strengthening it through targeted investments and releasing the hidden values. It therefore invests in properties that, in addition to a good location, have development potential that can be realized through targeted investments, new concepts, at least partial changes in use and intelligent new letting. Downtown retail properties are often highly likely to appreciate in value due to altered market conditions. In some cases the properties have also been poorly managed or focused in the wrong direction. As a general rule, ERWE develops the assets thereby taken over on its own account. In individual cases, it also does so for third parties. As well as exploiting growth in value, ERWE Immobilien AG aims to build up a sustainable portfolio with significantly increased income.

To finance its growth, the Company also makes use of capital market instruments such as capital increases by issuing shares or placing corporate bonds.

In January 2019 the Company was listed for trading on the regulated market (General Standard) of the Frankfurt Stock Exchange (XETRA). The Company is also listed on the open markets in Berlin, Düsseldorf and Stuttgart (WKN A1X3WX, ISIN DE000A1X3WX6).

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. It is also partly linked to the subsidiaries via agency agreements and provides financial resources in the form of loans for the subsidiaries.

ERWE directly holds all of the shares in ERWE Service und Verwaltungs GmbH, which performs various tasks for the subsidiaries within the Group and the holding company, and in ERWE Properties GmbH, which in turn holds participating interests in the various property companies. As of 31 December

2019, the Company owned three portfolio properties in Speyer, Lübeck and Krefeld and a 10.1% stake in the Frankfurt Airport Center. In addition, ERWE acquired around 44,000 square meters of building land in Friedrichsdorf, near Bad Homburg vor der Höhe, Germany, in the reporting period. The Company carried out the purchase in two stages with the aim of developing a business park on the site under the name of TAUNUS LAB.

Within the ERWE Immobilien AG Group, reporting is addressed directly to the Management Board without a breakdown by segment. In addition to the acquisition and financing- of investments in real estate, the Group concentrates on the development of these properties in the form of modernization, refurbishment, conversion and expansion, new letting of space and repositioning of the property. For this reason, segment reporting is not included in the management report.

The progress made in the projects is evaluated regularly. This applies to the status of construction measures and of new lettings and new tenant acquisition. The progress of each project (obtaining building permits, progress of construction work) as well as progress on the lettings side (number of clients interested, viewings, rental contract negotiations, conclusion of rental contracts) are control parameters for the Group.

The current liquidity status is regularly and promptly recorded at the level of the Group as a whole. The Company uses multi-year financial planning for corporate management. This centrally controlled process enables it to monitor the financial stability of the Group. A key part of the management system involves continuously calculating liquidity flows at the level of individual companies.

Financial performance indicators are the adjusted EBIT, the net asset value (NAV) and the debt-equity ratio loan to value (LTV). The occupancy rate of the portfolio properties serves as non-financial performance indicators.

II.Business report

2.1 Macro-economic, sector-specific framework

According to initial figures from the Federal Statistical Office, the German economy grew by 0.6% in 2019, thus losing considerable momentum compared with previous years. In the previous year, real gross domestic product (GDP) had risen by 1.5%. However, the last two quarters of 2018 were already weak and pointed to a cooling economy

going into 2019. While a catch-up effect from the automotive industry boosted GDP to a quarterly growth rate of 0.5% in the first quarter of 2019, growth in the second quarter was down again at 0.2%. In the third and fourth quarters of 2019, the German economy only narrowly avoided a technical recession with marginal growth. On the other hand, industry has been in a de facto recession since the middle of 2018. The heavily export-oriented manufacturing sector, not including construction, has already suffered declines in gross value added for five consecutive quarters; simmering trade conflicts and political uncertainty continue to hamper global growth and slow down trade. (Source: Federal Statistical Office, Real Estate Industry Spring Survey 2020).

The reasons for the decline in exports are mainly due to external economic turbulence, including the trade war between China and the US, discussions about punitive tariffs between the US and Europe, and uncertainty within Europe over Brexit. These issues have negative effect, particularly on the industrial sector, and are increasingly affecting the service sector as well. The global economy therefore evolved only at a subdued pace in 2019, with a GDP growth rate of 2.6%. The two driving forces of the global economy, China and the United States, will likely have grown by 6.2% and 2.0% respectively. This is weaker than expected and indicates a downward trend. Compared with the economic performance of the entire euro zone, which is estimated to have grown moderately by 1.2% in 2019, the growth of the German economy is now well below average. The only country where economic development is currently still weaker is Italy. Although the German domestic economy has continued to support GDP in recent quarters, its contribution has been declining noticeably. However, domestic consumption, especially consumer spending driven by record employment and wage increases, has continued to compensate for the weakness of industry in exports and investments. The flourishing construction industry and an expansionary fiscal policy also helped to counter the downward trend in exports.

The authors of the spring survey on the real estate industry expect the global economic turbulence to level off in 2020, mainly because the United States is likely to adopt a more moderate approach to the various trade conflicts in the election year for US president. As a result, a further escalation in trade issues between the US and China is hardly to be expected. Instead, in the US election year the focus will be on demonstrating successes, such as small trade and investment agreements with China. Moreover, since the elections in the UK, there is reason to believe that Brexit will be handled in an orderly fashion and so will not lead to the feared burdens on the German export economy.

The effects of the coronavirus on further economic development have not been taken into account and are currently difficult to forecast. In the People's Republic of China, many parts of the country seem to have come to an economic standstill due to quarantine measures. Given the size of the economy, this is unlikely to be without consequences for Germany's economic performance.

In the Company's opinion it is anticipated that in the face of uncertain economic growth, companies or retailers will initially delay making rental decisions. At the same time, consumers are likely to become more cautious in their spending. This will have an impact on the commercial property market.

2.2 Developments in the German commercial property market

According to the real estate sector's spring survey, commercial real estate in Germany will be broadly prepared for price and rent increases in 2020 – with the exception of the physical retail trade. Driving forces are the German economy on the one hand and the investment market on the other, which is demanding ever more innovative and, above all, energy-efficient buildings. The markets for offices, logistics and corporate real estate (industry) each have their own typical locations, sizes and market conditions.

According to the real estate sector's spring survey, the German office space market is affected by the growth of the tertiary sector of the economy as a whole, which is reflected in a continuous rise in employment. In light of the continuing growth in office employment, the German office space market was also able to record brisk demand in 2019. The space turnover for the 127 office rental markets (purely urban areas only) continuously surveyed by bulwiengesa was just under 6.1 million square meters of commercial rental space in 2019, which is about 8.7% higher than the 10-year average. However the lack of supply, especially in A and B cities, precluded a better result. Meanwhile, 16 of the 21 A and B locations had critical vacancy rates below a healthy supply reserve of approximately 4% to 5% of the available space. Consequently, the turnover results of the years 2017 and 2018, at approx. 6.7 million and 6.3 million m² respectively, were not achieved.

An oversupply of office space such as we last saw at the beginning of the millennium is not likely to occur in German cities, even in the medium term. On the contrary, the recent past and 2020 point to relatively strong growth in successful B cities and university towns.

The retail sector has grown at a slightly-above average rate in the context of general economic performance. According to provisional figures from the German Retail Association (HDE), the sector reached a total volume of around Euro 537 billion in 2019, which corresponds to real growth of around 1.5%.

The retail sector therefore continued its positive trend of previous years. Growth in 2020 is also expected to be of about this magnitude. However, it must be taken into account that the development of the sectors and types of business is very different (source: Comfort High Streets Report 2020, Düsseldorf, Germany).

Above-average growth in e-commerce is also expected to continue. The German Retail Association (HDE) calculated growth of around 8.5% for 2018 and expects similar growth for 2019. However, the physical retail sector is also continuing to grow significantly. According to the HDE's figures for 2019, at +1.3%, this is noticeably lower than online sales, but in terms of absolute volume (+ around Euro 6 billion) it is still more than via e-commerce (+ Euro 4.5 billion). The bulk of the growth in physical retail comes from the periodical demand segment, in which online trade has so far played a relatively minor role. The situation is different in the traditional non-food sectors, especially in the area of fashion and accessories, where the online market share is now around 28%.

However, the days of rising retail rents across multiple locations and cities are over for the time being. In terms of the growth of peak rents in 2019, the pressure on retail rents has obviously increased further. However, individual cases give a very mixed picture. Out of 132 cities, the maximum rent has still risen in two cities (Berlin and Düsseldorf, Germany). In 30 cities the highest rent remained constant across all sizes of property. Examples include Hamburg, Leipzig, Freiburg im Breisgau, Potsdam and Flensburg, Germany. According to Comfort, the market is currently undergoing a phase of comprehensive realignment of retail rents and lease terms. Lease agreements are also becoming much more flexible, and the old, long-established practices are being abandoned. Support is increasingly needed from specialists familiar with the requirements of both the market and the retailers (e.g., with regard to terms, break options, turnover-linked rental components, incidental costs, indexation, building cost subsidies, and internal versus external provision).

According to the real estate industry's spring survey, the market for hotel properties is less affected by supply shortages than other commercial properties and the urban housing market. Despite the dynamic development of city tourism in recent years, the rise in prices and the increase in room prices is correspondingly low here.

2.3 Business performance and company position

Major events in the financial year

In the 2019 financial year, the Company concentrated on the integration and development of the property portfolios acquired in the previous year. The focus was on carrying out renovation and modernization work to make the acquired portfolios as marketable as possible and to ensure optimal long-term, secure letting. This proved to be a viable business model for ERWE Immobilien AG and helped the Company achieve significant growth in income and value.

At the same time, the Company has been working on raising further capital so it can purchase new and interesting properties. ERWE placed its first corporate bond in several phases. The bond runs for four years until 2023 and has an interest rate of 7.5% p.a. In the first phase, Euro 12.5 million were placed shortly before Christmas 2019. In the new 2020 financial year, a total of Euro 40 million was finally placed in two further phases. The 2019/2023 corporate bond (ISIN: DE000A255D05 / WKN A255D0) will be traded on the open market of the German Stock Exchange (Deutsche Börse AG). Some of the new funds will be used for fresh acquisitions in the new fiscal year (see Outlook).

In the course of 2019, the following project steps have already been taken in the various properties of the company:

Postgalerie Speyer

The Postgalerie, which ERWE Immobilien Retail Projekt 222 GmbH acquired in May 2017, is located at the beginning of the pedestrian zone in central Speyer, which leads all the way to the renowned Speyer Cathedral. Located at Postplatz 1, this historic building currently has around 10,000 m² of retail and gastronomy space, as well as around 5,300 m² of office, service and storage space. A change in the concept will expand the total lettings space in the center to more than 17,000 m². The revitalization of the entire building will include the redesign of the retail spaces and mall to give it a bright modern look. It is planned to expand the gastronomy space to attract more visitors to the mall.

A major focus of the conceptual change is the conversion of previously vacant office space into hotel space. The lease for the new space was signed by the Amedia hotel group in June 2018. Amedia is based in Austria and was founded nine years ago. Amedia will operate a 4-star hotel with about 110 rooms.

The focus of current construction is the development of the hotel and associated restaurant. The final construction phases for both areas should be completed for handover to the tenants by September 2020. Taking into account the new contracts already concluded, the occupancy rate for the building amounts to 78% of the space as at the beginning of 2020. The measures are within budget.

Lichthof Lübeck

An important milestone was reached in 2019 for the former Königpassage in Lübeck's Old Town, which has a rental space of around 16,400 m². Around 7,700 m², i.e., half the space, including all office space, was leased to the Hanseatic City of Lübeck on a long-term basis. The lease has an initial term of ten years and includes two extension options of five years each. The new civic center, a 2,000 m² space where the city's authorities will offer citizens numerous services connected to its administrative functions, will be a central focus of LICHTHOF. After the first completed office space was handed over to the city in October 2019, further office space followed in February 2020. As part of the realignment of the property and the changes in use, the passage was renamed L I C H T H O F in early 2020. The new name stands for a fresh beginning with the new concept of "Service meets Shopping & Indulgence" in the center of Lübeck, and at the same time reflects the architectural concept of the property. This is because the prominent design element is a large glass dome that provides excellent lighting in the central shopping area.

With the opening of the new district office of the Hanseatic City of Lübeck, 230 employees there will provide around 2,000 citizens with services such as registration certificates, issuing of passports, identity cards or driver's licenses, and registration or re-registration of vehicles on a daily basis.

The necessary construction work began immediately after the contract was signed with the city of Lübeck. The work has been divided into six construction phases and is largely running according to plan, so that the space can be delivered in partial stages until autumn 2020 as agreed. In parallel, letting efforts were stepped up in the period under report, leading to the signing of several new leases. Various rental inquiries have been received for retail space still vacant, particularly from the catering and bakery trades. Taking into account the new contracts already concluded, the occupancy rate of the property already stood at around 70% by the end of 2019. Furthermore, LICHTHOF will continue to establish itself as a center for administrative services.

Krefeld city center property

In mid-2018, ERWE took over a mixed-use property in downtown Krefeld. The building is located at St Antonstr. 56/Friedrichstr. 3–11/Königstr. 146, so is in a prime location in the heart of Krefeld. The property has around 11,000 m² of usable space and also includes a 420-space parking facility. Its principal tenant is the C&A textile group. It is planned to make better use of the property's potential by making targeted investments. The location should become more attractive for all tenants, for visitors and for the city as a whole.

In 2019, extensive works for modernizing the parking garage were completed. During the refurbishment, an internal digital parking guidance system was added and the lighting and pathways were made more user-friendly. In addition, the overall security of the property was improved and an access system to the parking garage was installed. A new long-term lease was concluded with the previous tenant of the parking spaces, APCOA Parking GmbH, on better terms.

The City Council of Krefeld has decided to rent the approximately 3,000 square meters of office space, which means that the property will be fully let.

TAUNUS LAB in Friedrichsdorf

ERWE Immobilien AG has acquired land with a total area of approximately 44,000 m² in Friedrichsdorf, near Bad Homburg vor der Höhe, in two stages. The district of Friedrichsdorf is located in the direct vicinity of Bad Homburg v.d.H., and thus in Greater Frankfurt, one of Germany's largest and fastest-growing conurbations. Downtown Frankfurt is around 30 minutes' drive away. Friedrichsdorf is located directly next to the A5 highway, one of Germany's main traffic arteries, which passes directly through the Rhine-Main region, and connects northern and eastern Germany with the western and southern states.

ERWE will build a business park named TAUNUS LAB on the site in four stages. The project consists of five buildings with usable space of some 58,000 m², along with a parking garage with approximately 1,300 spaces and 70 charging stations for electric vehicles. The idea of sustainability has a special meaning in the implementation of this campus. In addition, the tenants will be offered a variety of services; at the same time, the office floor plans offer single units as well as the potential for small-scale leases of up to 400 m². The total investment is estimated at around 182 million euros.

Following completion of site development including traffic routing in the period under report, a building permit application was submitted for the business park's first phase of construction. It includes the first two office buildings, Lab West and Lab North, with total lettings space exceeding 21,000 m². The building permit is expected in mid-2020, so that construction can begin in the fourth quarter, with completion planned in the first half of 2020. That will involve an investment of around EUR 60 million.

In addition to office use, the integration of childcare facilities and a hotel will be examined in the subsequent construction phases as will the implementation of restaurant services and local shopping enterprises.

Frankfurt Airport Center

At the end of 2018, Frankfurt Airport Center 1 (FAC1) had already been acquired together with the joint venture partner Godewind Immobilien AG, Frankfurt/M., by way of a share deal at a net purchase price of 168 million euros. ERWE took a 10.1 % share in the joint venture. In 2017, ERWE took overall responsibility for a comprehensive repositioning of FAC1, which has total usable space of 50,000 m², along with extensive refurbishment activities. Around 40% of the space was initially vacant.

At the same time, efforts were made to find new tenants. By the end of 2018, 80% of the space at FAC1 had already been leased. In mid-May 2019, a further 5,044 m² was leased to a major listed company. Interest in the remaining space is so great that full occupancy can be expected in the near future.

Based on the current occupancy rate of 94%, and structural vacancies of 2–3% in line with the market, the most important tasks in the business plan have been completed. The ongoing construction work, which primarily relates to FAC's public spaces (lobby, mall, elevators, etc.) will be completed by the second quarter of 2021. The existing service contract with ERWE will also have ended by then at the latest.

Comparison with previous year's forecast

IIn last year's forecast, we reported on our expectation that NAV would increase moderately in the 2019 financial year as a result of the planned revitalization measures and the start of construction work on the first phase of the Friedrichsdorf building. Regarding adjusted EBIT, we reported that we expected this to be in the same range as in the 2018 financial year. As the following explanations show, this forecast has been met.

Based on the individual financial statements of ERWE

Immobilien AG prepared in accordance with the German Commercial Code, we anticipated a slightly negative to break-even result. In fact, the annual result for 2019 under commercial law amounts to Euro –0.738 million. This is due to costs connected with the bond placement of Euro 0.455 million at the end of 2019, which could not be foreseen in the previous year.

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

Earnings position

When comparing the figures with those of the previous year, it should be noted that ERWE's statement of comprehensive income for the previous year only covered the period from 2 May to 31 December 2018.

The consolidated income statement of ERWE Immobilien AG shows gross rental income of Euro 3.466 million (2018: Euro 2.752 million). After deducting expenses from property lettings, the result is Euro 1.366 million (2018: Euro 1.154 million).

The fair value measurement of investment properties in accordance with IAS 40 yielded a result of Euro 12.569 million (2018: Euro 9.605 million), which was mainly due to the valuation of the project development and the land belonging to TAUNUS LAB Friedrichsdorf. The result from associates measured at equity of Euro 1.639 million (2018: Euro 0.000 million) includes the pro rata share of ERWE's profit from the investment in FAC1.

Other operating income of Euro 0.842 million (2018: Euro 1.116 million) mainly includes Euro 0.480 million (2018: Euro 0.000 million) in income from project development and management services provided to the Company which holds this property in connection with the revitalization of FAC1. Other operating income, which was Euro 0.274 million higher in the previous year, included one-off factors such as the sale of ERWE Immobilien Projekt 111 GmbH and income from the initial consolidation of FAC1. Other operating expenses amounting to Euro 3.062 million (2018: Euro 1.888 million) mainly comprise legal and consulting fees, costs of the stock exchange listing, investor relations and the shareholders' meeting, incidental costs of monetary transactions and year-end audit expenses. Financial costs chiefly comprise interest costs in connection with loans to finance the properties. Net of financial costs and taxes, consolidated net income in 2019 amounted to Euro 8.706 million (2018: Euro 4.913 million).

ERWE's operating result is measured by the earnings indicator "Adjusted EBIT". To this end, the consolidated result is first adjusted for taxes, the financial result for one-off and exceptional items and allocations to individual value adjustments, subsequent acquisition costs of at-equity investment, and expenses for other accounting periods. Adjusted EBIT includes income from the fair value measurement of investment properties and income from companies accounted for using the equity method, as this reflects the value added by a favorable acquisition or property development.

Adjusted EBIT for the period from 1 January to 31 December 2019 amounts to Euro 11.752 million (2018: Euro 9.821 million), as shown in the following overview:

Euro 000s	2019	2018
Consolidated net income	8,706	4,913
+ taxes	-482	2,469
+/- financial expenses/ income	3,316	2,084
+/- one-off and exceptional items	212	356
Adjusted EBIT	**11,752**	**9,822**

Asset position

As of 31 December 2019, the consolidated balance sheet showed non-current assets of Euro 139.602 million (2018: Euro 106.781 million), which corresponds to 86% (previous year: 84%) of total assets. These included investment properties of Euro 131.910 million (2018: Euro 101.910 million). The increase over the previous year was chiefly due to the acquisition of land for the TAUNUS LAB business park and its development, as well as further investment in the properties in Speyer, Lübeck and Krefeld for revitalization (totaling Euro 15.595 million). The measurement of investment properties at fair value led to an increase in value of Euro 12.569 million. This primarily reflects the value added from the development of the business park in Friedrichsdorf. In addition, non-current assets include an investment of Euro 6.225 million (2018: Euro 4.586 million) in the holding company of FAC1. The rise is due to the share of the annual profits of this company attributable to ERWE.

The current assets of Euro 23.036 million (2018: Euro 20.339 million) comprise mainly cash and cash equivalents, at Euro 19.055 million, just as in the previous year (Euro 19.152 million). Whereas this high level of cash and cash equivalents in the previous year is due to the inflow of funds from the cash capital increase carried out at the end of 2018, the high level as at 31 December 2019 is the result of cash inflows from the bond issued at the end of 2019. In addition, the other financial assets of Euro 1.894 million include further funds from the bond placement which ERWE received at the beginning of 2020.

The increase in financial debt from Euro 58.311 million in 2018 to Euro 83.415 million as at 31 December 2019 is due partly to the issue of the bond, and partly to further borrowing in connection with the acquisition of land and investment properties.The deferred tax liabilities shown under non-current liabilities include, in particular, deferred taxes on temporary differences between the values shown for investment properties in the consolidated financial statements and their tax carrying amounts. Despite the valuation results from investment properties of Euro 12.569 million reported in the consolidated financial statements, at Euro 15.300 million the change in these deferred tax liabilities was insignificant. This is because ERWE now assumes that any future sale of these properties will be at least partially free of trade tax. This means that deferred tax liabilities will be around Euro 4.1 million lower than if a (notional) sale with full tax burden were to be adopted. This led to a corresponding reversal of deferred tax liabilities recognized in previous years in the consolidated income statement and therefore to an increase in consolidated earnings.

Equity increased by Euro 8.699 million to Euro 58.285 million, largely due to the annual profits. Due to the rise in total assets, however, the equity ratio fell to 35.84% in the period under report. As at 31 December 2018, it stood at 39.01%. The net asset value (NAV) as an industry-standard indicator of the value of the Company is calculated as follows:

Euro 000s	31 December 2019	31 December 2018
Equity	58,285	49,585
- non-controlling interests	–3,595	–3,132
Equity attributable to ERWE shareholders	54,690	46,453
Liabilities for deferred taxes on investment properties attributable to shareholders of the parent company	15,132	14,164
Fair value of projects recognized at cost	0	6,184
Net-Asset-Value (NAV)	**69,822**	**66,801**
Number of shares	16,562,922	16,562,922
Net-Asset-Value (NAV) per share	**4.22**	**4.03**

ERWE calculates its loan-to-value (LTV) figure, which acts as an indicator of the Company's indebtedness, as the ratio of adjusted net financial liabilities (financial debt less liquid funds) to total property assets plus the at-equity interest. In the past financial year the LTV rose from 36.8% as at 31 December 2018 to 46.6% as at 31 December 2019.

Euro 000s	31 December 2019	31 December 2018
Investment properties	131,910	101,910
+ investments in property companies	6,225	4,586
= property assets	**138,135**	**106,496**
Financial debt	83,415	58,311
- cash and cash equivalents	-19,055	-19,152
= adjusted net financial liabilities	**64,360**	**39,160**
Loan-to-Value (LTV)	**46.6%**	**36.8%**

Financial position

The cash flow from operating activities for the period from 1 January to 31 December 2019 amounted to Euro –6.235 million (2018: (Euro –1.404 million) and included interest paid of Euro 3.011 million (2018: Euro 1.321 million). The reason for this negative cash flow is that ERWE still remains in the revitalization phase with its properties in Speyer, Lübeck and Krefeld. Only after this phase is completed do we expect the rental income to be expected to generate a positive cash flow from operating activities.

The cash flow from investing activities amounted to Euro –15.371 million at the end of the year (2018: Euro –16.953 million), which chiefly reflects the extensive investments made in the period under review. There were cash outflows in connection with the acquisition of land for the TAUNUS LAB business park and its development, as well as for revitalization measures in the other investment properties.

The cash inflow from financing activities totaled Euro 21.509 million as at 31 December 2019 (2018: Euro 32.629 million). Financing activities produced a cash inflow of Euro 51.117 million from borrowings. This was offset by loan repayments, particularly in connection with refinancing, of Euro 28.810 million. Due in particular to funds not yet invested from the issue of the bond at the end of the year, cash and cash equivalents at the balance sheet date amounted to Euro 19.055 million. This is a stable level compared with the previous year (31 December 2018: Euro 19.152 million).

2.5 Earnings, financial and asset position in separate financial statements of ERWE Immobilien AG

The commercial success of ERWE Immobilien AG as a holding company is closely linked to the economic development of the individual Group units. This means that in order to understand the economic development of ERWE Immobilien AG and its key influencing factors, it is essential to look at the Group as a whole. The reporting on the Group's position and the presentation of the opportunities and risks therefore also apply to ERWE Immobilien AG as an individual company. The individual financial statements of ERWE Immobilien AG on which this report is based were prepared according to the requirements of the German Commercial Code (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG).

Earnings position

The 2019 financial year was again marked by investment in further portfolio growth as well as in development, in particular the conversion, expansion, renovation and modernization of the real estate portfolio. For this reason ERWE Immobilien AG did not, of course, receive any earnings contributions from its investments.

Revenue is almost unchanged from the previous year at Euro 0.787 million (2018: Euro 0.782 million), which stems from charges passed on to subsidiaries. Interest on loans and receivables from subsidiaries has yielded a surplus of interest income over interest expenses of Euro 0.880 million (2018: Euro 0.036 million). This was offset by Euro 0.528 million (2018: Euro 0.068 million) in higher personnel expenses. These include the Management Board compensation. In the previous year, the Management Board only began to receive direct remuneration from the Company in November 2018.

Other operating expenses amounting to Euro 1.902 million (2018: Euro 2.006 million) mainly include expenses connected with the bond issue and with the cash capital increase in the previous year. There were also other costs relating to the Company's activity as a holding company for the ERWE Group, such as for the shareholders' meeting, the stock exchange listing, investor relations, year-end and audit expenses, and other legal and consulting costs.

Given the fact that no earnings contributions have yet been received from the operating subsidiaries, the Company reports a net loss of Euro 0.738 million for 2019 (2018: Euro 1.241 million).

Financial and asset position

ERWE Immobilien AG finances its subsidiaries at least in part. Equity of Euro 25.955 million (2018: Euro 26.693 million) and liabilities from the bond of Euro 11.550 million

(2018: Euro 0.000 million) are therefore offset by financial assets and receivables from subsidiaries totaling Euro 28.623 million (2018: Euro 16.455 million). Due to cash inflows from the bond placement towards the end of the 2019 financial year, cash at banks as at the balance sheet date amounted to Euro 11.177 million (2018: Euro 16.264 million). Other operating expenses amounting to Euro 1.912 million (2018: Euro 0.180 million) include Euro 1.894 million in receivables from the bond placement, which accrued to the Company at the beginning of 2020. The bank balances of Euro 16.264 million as at 31 December 2018 were mostly used to finance investments at the operating subsidiaries in the 2019 reporting year.

2.6 Overall summary of the Group's and Company's economic position

In the 2019 financial year it was also possible to demonstrate from an operational angle that ERWE's business model is viable. Great progress was made in repositioning, modernizing and achieving new, long-term lettings in all properties. A substantial project development in Friedrichsdorf also proves that ERWE is able to use intelligent concepts to turn real estate into sustainable, successful portfolio properties. At the end of the year, a corporate bond was placed for the first time. The renewed review of the valuation of the real estate portfolio proves the high value potential of the properties.

III. Outlook

Expectations for further economic development in Germany were still optimistic until around mid-February 2020. "The German economy is gradually emerging from a weak period. The German government expects a 1.1% increase in the price-adjusted gross domestic product for 2020," said the annual economic report of the Federal Ministry for Economic Affairs and Energy. Economic momentum at the beginning of 2020 would remain subdued, it added. The economy was expected to pick up again slightly during the course of the year, the report continued. However, the budding optimism changed to rising concern that continued to grow as the coronavirus epidemic spreading from China began to paralyze public life in entire regions.

At the time of this management report it was not possible to foresee the extent, the sustainability and, in particular, the effects of the epidemic on economic activity in Germany. However, ERWE Immobilien AG believes that the year 2020 will be marked by several months of fear and caution, which is likely to affect a large number of economic activities. Specifically, there could be reluctance to invest in any form, including the leasing of commercial space. Tenants in ERWE's premises might become cautious about spending or investing.

In addition, renovation and modernization measures could be hindered by difficulties in the supply of various building materials, which could delay some of ERWE's construction projects. Overall, rental income might be lower than planned. Moreover, bank lending could be delayed or even cease completely due to uncertain economic prospects.

On the other hand, times of crisis also offer opportunities and interesting investment possibilities. Thanks to the successful placement of its first corporate bond at the beginning of the year, ERWE is well prepared for such moves. In addition, the lowering of interest rates by the central banks to support the financial markets and banks will give access to even better refinancing terms. As with every wave of influenza, the spread of the virus might be contained in just a few weeks or be less severe than feared in March. This would allow the markets, people and economy to settle down again, and compensate for the virus-induced slump in spring as the year progresses.

Against this backdrop, ERWE will continue to proceed cautiously but systematically. It will examine further acquisition steps and, after a positive assessment, will also continue to invest in new and promising real estate portfolios and project developments.

In February of this year the Company acquired the Kupferpassage in Coesfeld, near Münster. This is a mixed-use property with office, retail, residential and parking spaces. Built in 1985, the building stands in a prime location in the town, is in very good condition and is let long-term to Hennes & Mauritz, Thalia and dm-Drogerie Markt, among others. ERWE is planning a total investment of around Euro 20 million, which will be financed to a small extent by means of the 2019/2023 corporate bond. A positive cash flow has been determined for the property, which can be further increased in the coming years.

The acquisition of the property in Coesfeld alone will increase the ERWE Group's rental income by around 40% over the year. In addition, income from the ongoing completion and handover of already rented space – particularly from the LICHTHOF in Lübeck, the Postgalerie in Speyer and the property in Krefeld – will continue to increase, contributing to the rise in value of ERWE's real estate portfolios.

In the medium term, i.e., over the next three to five years, and assuming the availability of suitable financing opportunities, ERWE is still aiming to build up a portfolio with a total value of around Euro 500 million to Euro 1 billion. In addition to building up the portfolio and increasing current income, ERWE aims to optimize the financing structure and, in particular, to establish the LTV (loan-

to-value) at under 60% (31 December 2019: 46.6%). This already applies to the 2020 financial year.

ERWE expects to be able to moderately increase its NAV in the 2020 financial year as well, due to the planned revitalization and project development measures. This will be helped by the increased earnings from property lettings compared to 2019. As a result of the revitalization measures due to be completed in some areas and through new acquisitions, the average occupancy rate in 2020 will increase significantly compared to the period under report. At the moment we are looking into a number of potential acquisitions, but cannot currently estimate which of these we will actually be able to realize in 2020. Given the current limited size of the portfolio and the considerable impact of even a single acquisition on adjusted earnings, we are not in a position to make a reliable forecast for the 2020 financial year.

In its separate financial statements prepared in accordance with the German Commercial Code (HGB), ERWE Immobilien AG expects to report a slightly negative to neutral result in 2020. This is because the success of the Company's business activities will largely only be reflected in the subsidiaries.

IV. Opportunity and risk report

Risk report

Risk management system

The risk management system of the ERWE Immobilien AG Group (short form: ERWE) is an essential part of the governance risk compliance regulations. Further elements comprise the compliance management system, internal control system and internal audit. ERWE's risk policy is directed towards planning and implementing the corporate strategy. ERWE accepts reasonable risks in order to take advantage of business opportunities. Unreasonable risks should be avoided.

The main task of group-wide risk management is to recognize developments that threaten the Company's existence, measure the risk capacity and assess the degree of threat. As a rule, individual risks only pose a threat to a company's continued existence in extreme cases; it will likely be more dangerous if several risks accumulate. For example, rising interest rates combined with falling market rents and the loss of an anchor tenant can have a very negative impact on the value of investment properties. This is one of the reasons why ERWE pursues a risk policy that takes into account the Group's risk-bearing capacity.

Following the successful further expansion of the ERWE Immobilien AG Group, numerous new organizational structures and systems were created and documented in line with the growth of the ERWE Group, particularly in the 2019 financial year. In addition, new procedures were set up and laid down in writing. As part of this process of implementation and further development, a comprehensive new record was made of procedures and individual risks in the area of risk management and compliance management. The risk management system comprises all organizational regulations and activities for the systematic, regular and Group-wide implementation of those procedures which are necessary for risk management. A designated person is responsible for each area of risk. Risk management is coordinated by a central unit at ERWE and supported by an external auditing company. In the future, ERWE's Management Board will keep the Supervisory Board regularly informed about ERWE's overall risk situation in a separate quarterly risk report. The overriding aim of the group-wide risk management system, which is checked for effectiveness on a case-by-case basis, is to secure ERWE's long-term existence. An extensive risk catalog documents all major risks, including compliance risks, to which ERWE is also exposed.

ERWE's risk management system was described and documented in a guideline in 2019.

Wherever possible, risks are covered by adapted insurance cover which is customary in the market, especially for buildings, general operating risks, personnel and management.

Risk classification

The risk owners assess the individual risks of their area of responsibility on a quarterly and ad hoc basis, and forward these assessments to the risk management unit responsible for preparing the risk management report. In the process they assess both the risk classification, i.e., the impact that a risk occurrence would have on ERWE or the property or project development to be assessed, and the probability of the risk occurring. Risk classification is carried out as standard on the basis of the following specifications.

ERWE uses a 4-point scale (4 score) to assess the risks. The scale makes it possible to map the risks in the risk management system in a differentiated format. The standard descriptions of the risk categories and the probabilities of occurrence were also adjusted as part of a new way of recording and evaluating the risks. At the same time, other, more accurate risk descriptions have been applied for certain risks.

Risk classification

The risk classification is based on the following categories:

Category	Value	Description
Minimal	1	No significant impact on business processes
Conceivable	2	Obvious impact on business processes
Serious	3	Significant impact on business processes
Endangering	4	Potential impact on business processes

The probability of occurrence is defined in the following categories:

Category	Value	Description
Marginal	1	up to 25% probability of occurrence
Possible	2	26%–50% probability of occurrence
Probable	3	51%–75% probability of occurrence
Highly probable	4	from 76% probability

ERWE uses a scoring model (points system from 1 to 4) to measure risk, which enables the implementation, evaluation and weighting of all individual risks in the Group. The scores are derived from the (weighted) average of the figures shown as values in the table above. The potential amount of damage and probability of occurrence are determined for each risk before the relevant (counter) measures (gross method) are taken. Threshold values are defined for significant risks and specific measures are automatically triggered when these are reached, such as a duty to inform or the immediate initiation of a course of action.

Accounting-related internal control system

The accounting-related internal control system encompasses principles, procedures and measures throughout the Group to safeguard the economic efficiency, reliability and propriety of accounting and ensure compliance with the relevant legal provisions to provide a true and fair picture of the Company's position within the scope of external reporting. This includes organizational rules such as the "four eyes principle,"as well as routine automated IT process controls. Clearly worded procedural guidelines also specify how the relevant rules should be applied in the ERWE Group.

A key element in correct, reliable accounting is the targeted separation of administrative, executive, accounting and approval functions, which ERWE ensures by assigning responsibility as appropriate. To make sure that the valuation of assets is accurate and in line with market conditions, ERWE draws on the expertise of specialist external real estate valuers. Other regulatory and control measures are designed to provide reliable, easily understood information from the accounting records.

Accounting transactions are recorded using standard commercial accounting systems. Subsidiary accounting for the real estate is carried out locally in property management software systems. ERWE's consolidated financial statements were prepared with the help of consolidation software.

All dates and figures are checked and evaluated by ERWE's accounting department and by an external service provider. The service provider compiles the consolidated financial statements using Microsoft Excel after receiving the lists of totals and balances and further information.

Presentation of the most significant individual risks

The ERWE Group is exposed to numerous different risks which, individually or together, can have a negative effect on the assets, liabilities, financial position and financial performance as well as on the further economic development of the Group as a whole. The risks presented are set out below. When determining their significance, the possible impact on ERWE is shown in essence.

In addition to general risks which apply to all companies, the eight most significant risks of the ERWE Group focus on risks specific to property from the purchase and sale of real estate, management and project development, as well as the related real and financial economic risks.

Serial no.	Risks	Risk areas	Evaluation
1.	Real estate valuation risk (different internal and external factors)	Market / Finances / Accounting	High significance
2.	Rental risk (loss of anchor tenants)	Market / Operational business / Finance	High significance
3.	Refinancing risk (cluster risks, rise in interest rates)	Financing	High significance
4.	Risk of non-compliance with financial indicators (covenants)	Financing	High significance
5.	Project development risks in the portfolio	Specific project development	High significance
6.	Project development risks for original Project developments	Specific project development	High significance
7.	Liquidity risk	Market / Finances / Operational business Material	significance
8.	Capital market risk	Market / Finances / Operational business Material	significance

(1) Real estate valuation risk

The valuation of property is a central issue for real estate companies. Parameters such as the discount/capitalization interest rate, vacancy rate and market rent play an important part in the valuation. In this context, the valuation risk should be classified as a financial risk. The valuation risk can be expanded to cover the fact that the values determined by the appraisers cannot be achieved on the market.

ERWE has reacted to this risk by appointing prestigious valuation agencies, among other measures. ERWE generally classifies the valuation risk as a risk of high importance. As at the balance sheet date, the risk is assessed as “conceivable” and the probability of occurrence as “marginal.”

(2) Rental risk (loss of anchor tenants)

The return on real estate is mainly determined by the rental. The rental risk is described as a risk with high importance. The rental risks were assessed at an individual level on each of ERWE’s properties. An overall score for the rental risk was found to be around 2.2, which is above the mid-point.

(3) Refinancing risk

ERWE is exposed to the risk of refinancing if its properties are partially financed with outside capital. There is currently no sign of banks restricting lending on properties. Nevertheless, we consider the refinancing risk to be one of high significance if there is an increased need for refinancing and the overall economic situation deteriorates sharply. However, against the backdrop of solid property financing, the interest rate terms and alternative refinancing via the capital market, we assess the risk as moderate. As of the balance sheet date, the assessment is rated as “conceivable” and with a probability of “marginal” occurrence.

(4) Risk of non-compliance with financial indicators

If ERWE Group companies were to breach obligations arising from loan agreements (financial covenants), the loans could be called in early or breaches of contractual terms could be identified. Compliance with the financial covenants is constantly monitored and controlled by the Management Board. In addition, compliance is monitored as part of the risk management system, either on a regular or ad hoc basis, and communicated to creditors as part of the routine bank reporting system. The assessment fluctuates between “conceivable” and “marginal.”.

(5) Project development risks in the portfolio

Project development risks include the approval risk for conversions and renovations, the cost risk, the project financing risk and the deadline risk. The risks of fundamental importance for ERWE were assessed at the level of individual properties. Overall, the risk is assessed as “conceivable” as at the balance sheet date. The probability of occurrence is on average assessed as “possible.”

(6) Project development risks for original project developments

The project development risks for original project developments encompass the individual risks: Land and building ground risk, construction cost risk, project financing risk, deadline risk and the profitability risk of project development.

The risks of fundamental importance for ERWE were assessed at the level of individual properties. Overall, the risk as at the balance sheet date is assessed as "conceivable." The probability of occurrence is on average assessed as "possible."

(7) Liquidity risk

The liquidity risk is a financial risk. It describes the risk of not being able to obtain funds required to settle due payments or only being able to obtain them at higher refinancing costs. This is classified as a significant risk at ERWE. It has been assessed as "serious" and with a "probable" likelihood of occurrence.

(8) Capital market risk

For ERWE, capital market risk denotes dependence on the capital market with its investors, and the risk of becoming increasingly dependent on the capital market. ERWE classifies the risk as one of major significance. It has been assessed as "serious" and with a "probable" likelihood of occurrence.

Further risks

In addition to the significant and material risks mentioned and individually described, ERWE has the usual company-specific, financial, real estate and performance-related risks in its core and support processes.

ERWE uses an external service provider for information technology (IT) and electronic data processing (EDP) which is responsible for further developing the IT system. Interruptions, failures and manipulation of IT systems and unauthorized access to the Company's IT could have a considerable impact on ERWE's business operations. To combat this risk, ERWE only uses commercially established software that offers a high standard of security. Moreover, specialized external IT service providers ensure that all electronic systems function as smoothly as possible under operating, maintenance and administration contracts.

Since 25 May 2016, data security (data protection) requirements have become more stringent as a result of the EU General Data Protection Regulation (GDPR), which made it a criminal offense to fail to provide data protection safeguards from 25 May 2018 onward. These requirements are being met with appropriate measures, technical and organizational regulations and agreements (data protection officers).

Like any other company, ERWE is also exposed to risks which are an inherent part of its own organization (management and organizational risks). ERWE maintains a simple, clearly defined management and organizational structure. Although the low number of staff brings cost benefits, this is offset by the risk of losing people in key positions. Rules on staff representation and the sharing of all information important for current business transactions help to prevent this. The risk is reduced by ensuring proper documentation.

A further risk is what are known as compliance risks. Compliance involves the observance of laws and regulations. Every employee must adhere to prescribed, legal or regulatory parameters and respect internal guidelines. This general requirement gives rise to a wide variety of

compliance risks in areas such as services provided by third parties in portfolio management, buying and selling, data protection and data security, IT, insider trading, labor law, money laundering or general operational risks.

ERWE addresses these risks by means of compliance guidelines and appropriate training for employees, who accept the specific compliance risks associated with their respective roles. ERWE has also issued compliance guidelines in the form of a code of conduct.

Legal risks arise with every private-sector agreement such as the rental, purchase or sale of real estate. These risks also apply to financing agreements with banks and to any activity on the capital market or in company law. Legal risks also arise from the need to comply with a wide variety of regulations, laws and requirements concerning property ownership and management. In order to manage legal issues and prevent risks, ERWE appointed a manager to head up the legal department at the end of 2019. ERWE also makes use of external specialist consultants. Whenever risks from legal disputes are identified, they are duly recognized in the accounts through the creation of appropriate provisions.

The ERWE Group's business can be influenced by various external factors which the Company itself is unable to control, such as potential acts of terrorism or natural disasters. Some of these, including coronavirus and the associated economic downturn, cannot be foreseen. However, political decisions in the context of, for example, tax policy, landlord and tenant law or the promotion of house building, can also affect the profit outlook for renting and trading in real estate, both positively and negatively.

Overview of ERWE Group's overall risk position

In the opinion of ERWE and the Group management, the above-mentioned material and significant risks and the further risks do not, either individually or together, constitute a threat to the existence of the Company as at the balance sheet date. ERWE is of the view that any potential threats to the continued existence of the Company and real estate challenges resulting from these risks will continue to be successfully managed in the future, and that countermeasures will be developed in good time.

Opportunities report

In the ERWE Group, managers regularly assess commercial opportunities for the entire group. Six significant opportunities which are closely connected with the risks are described below.

Presentation of the most important opportunities

The most significant opportunities are described below. This assessment reflects an indication of the current significance of these opportunities for ERWE.

Lft No.	Opportunities	Divisions	Evaluation
1.	Intensification capital market	Market / Finance / Accounting	High importance
2.	Opportunities in project development	Market / Operating business	High importance
3.	Refinancing opportunity	Loans	High importance
4.	Reduction of the vacancy rate	Market / Finance / Operations	High importance
5.	Insourcing/ Outsourcing	Market / operating business	Essential significance
6.	Transaction Opportunities	Market / Finance / Operations	Essential significance

(1) Intensification of capital market

The capital market also offers opportunities. For example ERWE might be able to refinance itself better than through the commercial banks in certain circumstances and conditions. In addition unsecured financing could be presented if, for example, a bond were issued. ERWE regards the chances of intensifying its activities on the capital market (e.g., obtaining a corporate rating or an investment grade) as an opportunity of great importance. Increased refinancing on the capital market is therefore ERWE's declared aim.

(2) Opportunities in project development

Although project development activities involve the associated risks mentioned above, they can also bring considerable opportunities for profit. Opportunities in project development represent opportunities in the market and in operational business, and are regarded by ERWE as opportunities of great significance.

(3) Refinancing opportunities

The very low level of interest rates, the ERWE Group's improved earnings position and the solidly financed investment properties offer the potential for excellent, even more favorable refinancing of real estate or project developments. ERWE views opportunities relating to the financial sector as of high importance.

(4) Reduction of vacancy rate

Reducing the vacancy rate is an opportunity of great importance. Reducing vacancies increases rental income and eliminates the expense of empty units. Further letting can also have a positive effect on the property as a whole. ERWE tries to further reduce vacancies in its properties through project development measures within existing projects, and by making the entire property more attractive. Moreover, further reducing vacancies will generate higher cash flow which can also improve other key operating figures.

(5) Insourcing/Outsourcing

Another significant opportunity is what is known as insourcing or outsourcing. ERWE analyzes its own activities at regular intervals to determine whether it is worth undertaking certain work itself ("make") or having it carried out by a service company ("buy"). This analysis can be used to leverage synergy. ERWE regards these insourcing and outsourcing options as a good opportunity in the coming financial year.

(6) Transaction opportunities

At present there are considerable opportunities throughout the sector to make profits from transactions. Transactions refer to both purchases and sales. ERWE classifies transaction opportunities as a significant opportunity. The Company that there are considerable opportunities inherent in transactions which may be seized in the coming financial year.

Overview of the ERWE Group's overall opportunities position

Like its business risks, the opportunities facing ERWE mainly relate to its further development as a real estate company focusing on commercial properties in Germany. In the 2019 financial year, the Company was able to further expand its portfolio. As a result, the Company has created great opportunities for realizing hidden values in the portfolios and generating sustained earnings through a sound development strategy. By undertaking conversions and extensions, the Company can expand the space available at comparatively low cost to generate additional rental income. Measures to restructure space can help to attract new tenants. Current vacancy rates can be reduced, thereby increasing cash flow.

ERWE can renegotiate existing financing on an individual basis, and, if necessary, structure it more favorably, thus also contributing to a higher cash flow.

In view of the overall economic development it is likely that more and more interesting downtown real estate which meets ERWE's criteria will be offered for sale. This will significantly increase opportunities for profitable transactions.

V. Further legal disclosuresn

1. Supplementary disclosures pursuant to § 289a (1), § 315a (1) of the German Commercial Code (HGB)

1.1 Composition of share capital

The fully paid-up share capital of ERWE Immobilien AG as at 31 December 2019 stands at Euro 16,562,922 (2018: Euro 16,562,922) and is divided into 16,562,922 (2018: 16,562,922) registered no-par shares. All shares grant the same rights. Each share grants one vote and is decisive for the share of profit.

1.2 Restriction of voting rights and transfer of shares

No restrictions on voting rights or the transfer of shares have been agreed.

1.3 Direct or indirect voting rights of more than 10%t

Based on the voting rights notifications received by the Company up to 31 December 2019 pursuant to §§ 33 and 34 of the German Securities Trading Act (WpHG), the Company is aware of the following direct or indirect shareholdings of more than 10% of the voting rights as at the end of 2019:

Heinz-Rüdiger Weitzel holds 5,583,882 voting rights. This represents a 33.71% stake in the Company's share capital. Heinz-Rüdiger Weitzel is attributed the voting rights in RW Property Investment GmbH and ERWE Real Estate GmbH, which in turn hold a stake of 30.43% and 3.28% respectively.
A total of 5,583,882 voting rights are attributable to Axel Harloff and Nicole Harloff. This represents a 33.71% share of the Company's share capital. The voting rights of Stapelfeld KG and VGHL Management GmbH, which in turn hold 25.72 % and 8.00 % of the voting rights, are attributed to Mr Axel Harloff and Ms Nicole Harloff.

John-Frederik Ehlerding is attributed 1,885,170 voting rights. This represents an 11.38% share of the Company's share capital. John-Frederik Ehlerding is attributed the voting rights in Elbstein AG, which in turn holds a share of 11.38% of the voting rights in the Company.

1.4 Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

1.5 Type of voting rights control for employee shareholdings

Employees who hold a stake in the capital of ERWE Immobilien AG exercise their rights of control like other shareholders in accordance with the statutory provisions and the Articles of Association. There is no indirect control of voting rights

1.6 Legal regulations and provisions of the Articles of Association on the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

The appointment and dismissal of members of the Management Board is governed by §§ 84 and 85 of the German Stock Corporation Act (AktG). Under these provisions, members of the Management Board are appointed by the Supervisory Board for a maximum of five years. Members can be reappointed or their term of office extended, in each case for five years. In addition, Section 6 of the Articles of Association stipulates that the number of Management Board members must be determined by the Supervisory Board and the Management Board must consist of one or more persons.

Pursuant to § 179 (2) AktG in conjunction with Section 19 of the Company's Articles of Association, changes to the Articles of Association that do not concern changes in the purpose of the business require a resolution of the shareholders' meeting. This needs a simple majority of the share capital represented at the vote.

1.7 Powers of the Management Board to issue and buy back shares

1.7.1 Authorization to acquire treasury shares

The shareholders' meeting of ERWE Immobilien AG authorized the Management Board of the Company in a resolution dated 13 June 2019 to acquire, with the approval of the Supervisory Board, treasury shares in the Company up to a total of 10% of the Company's share capital existing at the time the resolution was passed, up to and including 12 June 2024. Shares acquired on the basis of this resolution may also be retired. The full text of the resolution is contained in the invitation to the shareholders' meeting, which was published in the German Federal Gazette on 3 May 2019.

The Company has not made use of this authorization as of the balance sheet date.

1.7.2 Authorized capital

Pursuant to Section 4 (4) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions up to and including 12 June 2024 by up to a total of Euro 8,000,000 against cash and/or non-cash contributions by issuing new, registered no-par value ordinary shares. The Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders in the cases specified in Section 4 (4) of the Articles of Association.

1.7.3 Conditional capital

In accordance with Section 4 (5) of the Articles of Association, the Company's share capital is conditionally increased by up to Euro 8,000,000 by issuing up to Euro 8,000,000 new, registered no-par value shares.

The conditional capital increase serves solely to grant shares to the holders or creditors of convertible bonds or bonds with warrants issued by the Company or affiliates of the Company within the meaning of § 18 of the German Stock Corporation Act (AktG). This requires the Company to hold at least 90% of the shares, directly or indirectly, in accordance with the authorization of the shareholders' meeting of 12 July 2018 until 11 July 2023 against cash or non-cash contributions.

The conditional capital increase also serves the purpose of issuing shares to holders of convertible bonds or bonds with warrants with conversion or option obligations in accordance with the respective convertible or option bond conditions.

The conditional capital increase will only be carried out to the extent that the holders of warrants under bonds with warrants or creditors of convertible bonds issued by the Company or by an affiliate of the Company within the scope of § 18 of the German Stock Corporation Act (AktG), in which the Company holds at least 90% of the shares, either directly or indirectly, up to and including 11 July 2023, on the basis of the authorization of the shareholders' meeting of 12 July 2018, exercise their conversion or option rights. Alternatively, it will only be carried out to the extent that the holders or creditors of convertible bonds or bonds with warrants meet their obligation to exercise their option or conversion rights, provided that the conversion or option rights are not fulfilled by granting treasury shares or other forms of settlement. The issue of the new shares will take place at the option/conversion prices to be determined in each case in accordance with the aforementioned authorizing resolution in the bond or option terms. The new shares can be provided for with a profit entitlement from the beginning of those financial years for which the Annual General Meeting has not yet adopted a resolution on the appropriation of profits.

1.7.4 Authorization to issue option and/or convertible bonds

By resolution of June 4, 2018, last amended and supplemented by resolution of the shareholders' meeting of 13 June 2019, the shareholders' meeting of the Company authorized the Management Board, with the approval of the Supervisory Board, to issue bearer or registered convertible bonds or bonds with warrants or a combination of these instruments (hereinafter together also referred to as "bonds") with a total nominal value of up to Euro 100,000,00.00 on one or more occasions up to and including 11 July 2023 with a maximum term of ten years. Furthermore, the Management Board was authorized to issue convertible bonds or bonds with warrants on one or more occasions and to grant the holders or creditors of convertible bonds or bonds with warrants conversion or option rights to a total of up to Euro 8,000,000 new, registered no-par shares in the Company in accordance with the terms and conditions of the bonds.

The Company's shareholders are generally entitled to subscription rights for the convertible bonds or bonds with warrants. The Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders to the convertible bonds or bonds with warrants in certain cases. It is also authorized to determine all further details of the issue and terms of the convertible bonds or bonds with warrants and their conditions, or to determine them in agreement with the relevant issuing Group company.

1.8 Significant agreements which take effect in the event of a change of control following a takeover bid, and the resulting impact

The terms and conditions of the corporate bond issued by ERWE Immobilien AG stipulate that in the event of a potential change of control due to a takeover bid, the respective bond creditors can demand early repayment of the bonds on the terms specified in the bond terms and conditions.

Agreements that were concluded under the terms of a change of control also apply to members of the Management Board.

1.9 Compensation agreements with members of the Management Board or employees in the event of a takeover bid

In the event of a change of control event, each member of the Management Board has an extraordinary right of termination. If this special termination right is exercised, the relevant Management Board member would be entitled to a severance payment equal to the capitalized basic remuneration for the originally agreed remaining term of his or her employment contract up to a maximum period of two years.

In the same way, the beneficiaries of the management stock option plan adopted by the Supervisory Board on 23 January 2020 and subsequently launched by the Company may, in the event of a change of control event, claim their profit share from the virtual shares granted to them under the Management stock option plan.

1.10 Main features of the compensation system

1.10.1 Management Board compensations

The overall structure and level of Management Board compensation is determined by the Supervisory Board of ERWE Immobilien AG and reviewed at regular intervals. The compensation of the Management Board comprises a fixed annual salary, which is not performance-related and is paid as salary in equal monthly installments, and non-cash benefits from the provision of a company car as well as reimbursement of health and nursing care insurance and accommodation. In addition, the Management Board receives reimbursement of expenses incurred in the performance of its duties in a proven amount.

In addition to basic annual compensation, members of the Management Board receive variable compensation based on achieving pre-defined targets for the relevant financial year. The variable compensation is capped, and structured in a way that allows both positive and negative developments to be taken into account. The Supervisory Board is allowed some discretion, within fair limits, when determining how far targets have been achieved.

At its meeting on 23 January 2020, the Supervisory Board also adopted a stock option plan for management in the form of virtual shares. The scheme aims to bind the beneficiaries to the Company and allow them to participate in the increased value of the Company. The appreciation rights entitle the beneficiary to a remuneration, which varies depending on the performance of the share price of ERWE Immobilien AG.

Insurance premiums for the directors' and officers' liability insurance taken out by ERWE Immobilien AG are paid by the Company.

1.10.2 Supervisory Board compensation

On 13 June 2019, the shareholders' meeting of the Company established the compensation of the Supervisory Board as follows: Each member of the Supervisory Board receives an annual compensation of Euro 15,000 in addition to reimbursement of expenses. The Chairman receives twice this amount, while the Deputy Chairman receives one-and-a-half times this amount. If the compensation and reimbursement of expenses are subject to VAT, the Company will issue a refund if the Supervisory Board member can present a separate invoice. The Company also pays the insurance premiums for the directors and officers insurance, which insures the activities of its Supervisory Board members.

2. Declaration on corporate governance pursuant to § 289f and § 315d HGB

The declaration on corporate governance is published annually on the Company's website under the heading Investor Relations/Corporate Governance and can be accessed there at the following URL:

http://www.erwe-ag.com/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung/

Frankfurt am Main, March 2020

Axel Harloff	Rüdiger Weitzel
Management Board member	Management Board member



Assets

EUR		31 December 2019	31 December 2018
A. Non-current assets			
Property, plant and equipment and intangible assets	E.1.	1,466,970	197,354
Investment properties	E.2.	131,910,000	101,910,000
Interests in companies measured at equity	E.3.	6,224,752	4,585,700
Prepayments made for investment properties		0	88,153
		139,601,722	**106,781,207**
B. Current assets			
Trade receivables and other receivables	E.4.	340,885	222,262
Feceivables from companies linked by virtue of investment	E.5.	619,848	0
Other financial assets	E.6.	1,894,300	0
Other assets	E.7.	1,021,503	942,075
Income tax receivables		104,449	22,576
Cash and cash equivalents	E.8.	19,055,016	19,151,851
		23,036,000	**20,338,764**
Total Assets		**162,637,721**	**127,119,971**

Liabilities

EUR	31 December 2018	31 December 2018
A. Equity		
Share capital	16,562,922	16,562,922
Capital reserve	11,020,843	11,020,843
Revenue reserves	14,359,043	14,390,301
Accumulated net profit	12,747,254	4,479,195
Equity allocable to shareholders in the parent company	54,690,063	46,453,261
Non-controlling interests	3,594,773	3,132,041
	58,284,836	**49,585,303**
B. Non-current liabilities		
Financial debt	69,726,396	41,501,149
Provisions	36,960	4,758
Leasing liabilities	2,563,180	0
Deferred tax liabilities	15,299,656	15,737,487
	87,626,192	**57,243,393**
C. Current liabilities		
Provisions	0	120,117
Income tax liabilities	16,318	77,044
Financial debt	13,688,584	16,810,311
Trade payables	946,506	2,105,888
Leasing liabilities	389,283	0
Other liabilities	1,686,002	1,177,915
	16,726,693	**20,291,275**
Total equity and liabilities	**162,637,721**	**127,119,971**

Consolidated Income Statement for the Period from 01.01.2019 to 31.12.2019

EUR		01.01.-31.12.2019	02.05.-31.12.2018
Gross rental income	F.1.	3,465,659	2,752,489
Expenses from property lettings	F.1.	-2,099,861	-1,598,656
Earnings from property lettings	F.1.	**1,365,798**	**1,153,834**
Other operating income	F.2.	841,999	1,116,148
Personnel expenses	F.3.	-1,814,628	-519,599
Other operating expenses	F.4.	-3,061,501	-1,888,474
Result from measurement of investment properties	E.2.	12,569,200	9,604,528
Result from associated companies valuated at equity	E.3.	1,639,052	0
Earnings before income and taxes (EBIT)		**11,539,920**	**9,466,436**
Financial income	F.5.	10,910	25,222
Financial expenses	F.6.	3,326,759	-2,109,651
Earnings before taxes		**8,224,071**	**7,382,007**
Taxes on income		481,620	-2,468,538
Consolidated net income / comprehensive income		**8,705,690**	**4,913,470**
of which attributable to:			
Shareholders in parent company		8,268,059	4,479,195
Non-controlling interests		437,631	434,274
Earnings per share			
(16,565,922 Stocks; Vj. 16,562,922 Stocks)	F.7.	0.50	0.44
Diluted earnings per share			
(16,565,922 Stocks; Vj. 10,293,656 Stocks)	F.7.	0.50	0.44

CASH FLOW STATEMENT
for the Period from 01.01.2019 to 31.12.2019

EUR	1 January– 31 December 2019	2 May– 31 December 2018
Consolidated earnings before taxes	**11,539,920**	**9,466,436**
Depreciation of property, plant and equipment and amorti-sation of intangible assets	173,924	19,081
Measurement result from investment properties	-12,569,200	-9,604,528
Result from associated companies valued at equity	-1,639,052	0
Change in asset and liability items		
(Increase) / decrease in trade receivables	-118,623	-104,676
(Increase) / decrease in other assets	-443,776	-230,549
(Decrease) / increase in provisions	-87,915	-13,816
(Decrease) / increase in trade payables	-499,258	1,059,346
(Decrease) / increase in other liabilities	508,087	-46,018
Other non-cash income / expenses	0	-621,211
Operating cash inflow/outflow	**-3,135,893**	**-75,935**
Interest paid and ancillary financing costs	-3,010,970	-1,321,216
Interest received	10,910	25,222
Income tax payments	-98,809	-31,797
Cash flow from operating activities	**-6,234,763**	**-1,403,726**
Disposal (addition) of non-current assets	0	470,000
Payments for the acquisition of investment property	-6,060,860	-11,930,414
Investments in investment properties	-8,677,095	-1,544,732
Investments in investment properties	-555,500	0
Investments in property, plant and equipment and intangible assets	-77,759	-109,342
plant and equipment and intangible assets		
Investments in equity instruments of other companies	0	-3,838,778
Investments in equity instruments of other companies	**-15,371,213**	**-16,953,266**
Capital deposits	-637,382	17,951,026
Repayment of finance lease liabilities	-160,710	0
Taking up of financial debt	51,116,840	16,958,412
Repayment of financial debt	-28,809,609	-2,280,856
Cash flow from financing activities	**21,509,139**	**32,628,582**
Change in cash and cash equivalents	-96,836	14,271,590
Reduction in cash and cash equivalents due to disposal of fully consolidated companies	0	-2,581
Cash and cash equivalents at beginning of period	19,151,852	4,882,843
Cash and cash equivalents at end of period	**19,055,016**	**19,151,851**

DEVELOPMENT IN EQUITY

for the Period from 1 January 2019 to 31 December 2019

In EUR	Share capital	Capital reserve	Revenue reserves	Accumu-lated net profit	Total	Non-control-ling interests	Total Equity
Balance at 01.01.2019	**16,562,922**	**11,020,843**	**14,390,301**	**4,479,195**	**46,453,261**	**3,132,041**	**49,585,303**
Consolidated net income /comprehensive income	0	0	0	8,268,060	8,268,060	437,631	8,705,690
Other changes	0	0	-31,258	0	-31,258	25,100	-6,158
Stand am 31.12.2019	**16,562,922**	**11,020,843**	**14,359,043**	**12,747,255**	**54,690,063**	**3,594,772**	**58,284,835**

In EUR	Share capital	Capital re-serve	Revenue reserves	Accumu-lated net profit	Total	Non-control-ling interests	Total Equity
Balance at 02.05.2018	**10,162,500**	**107,621**	**14,390,301**	**0**	**24,660,422**	**2,693,483**	**27,353,905**
Consolidated net income /comprehensive income	0	0	0	4,479,195	4,479,195	434,274	4,913,470
Capital increase	6,400,422	11,840,781	0	0	18,241,203	0	18,241,203
Equity procurement expenses for capital increases	0	-927,559	0	0	-927,559	0	-927,559
Other changes	0	0	0	0	0	4,284	4,284
Stand am 31.12.2018	**16,562,922**	**11,020,843**	**14,390,301**	**4,479,195**	**46,453,261**	**3,132,041**	**49,585,303**

A. General disclosures

ERWE Immobilien AG (hereinafter: “ERWE AG”) is the parent company of the Group and has its legal domicile at Herriotstrasse 1, Frankfurt am Main, Germany. The company is entered in the Commercial Register of the District Court of Frankfurt am Main under HRB 113320. Its financial year is the calendar year.

The company is listed on 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 the development of promising downtown commercial properties 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 develops projects for itself and on behalf of third parties to develop projects whose value can be released or significantly increased with working with new concepts. As well as recovering the value growth achieved in individual projects, ERWE‘s aim is to achieve a sustainable portfolio expansion with significantly rising revenues.

B. Accounting principles

(1) Basis of preparation of the financial statements

These consolidated financial statements of ERWE AG cover the period from 1 January to 31 December 2019 and were prepared in accordance with the International Financial Accounting Standards (IFRS) as applicable in the European Union (EU). These consolidated financial statements only cover the period from 2 May 2018 to 31 December 2018 due to the initial consolidation on 2 May 2018 in the consolidated income statement, as well as in the consolidated cash flow statement and the consolidated statement of changes in equity for the previous-year period.

The acquisition of the shares in ERWE Properties GmbH in 2018 as part of a capital increase through contributions in kind did not meet the criteria for a business combination under IFRS 3 “Business Combinations,” but had to be recognized as an acquisition of individual assets and liabilities. In this context, ERWE Properties GmbH was to be regarded as the economic acquirer, since the shareholders of ERWE Properties GmbH were able to determine the financial and business policy of ERWE AG as a result of the issue of shares in ERWE AG as consideration for their contribution in kind. This was therefore what is known as a reverse asset acquisition. According to a decision of the IFRS Interpretations Committee on 13 March 2013, such transactions of transactions are to be accounted for in accordance with the regulations of IFRS 2 “Share-based Payment.” Accordingly, the assets and liabilities of ERWE AG had to be recognized at fair value and the difference between the fair values of the identifiable net assets of ERWE AG and the value of the shares issued had to be offset directly in equity as part of the initial consolidation. The assets and liabilities of ERWE Immobilien AG and its subsidiaries were amortized on the basis of the underlying valuation regulations at the time of initial consolidation. In doing so, the subscribed capital of ERWE AG was used as a basis for improving the insight into the net worth, financial position and earnings of the Group.

All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the IFRS Interpretations Committee (IFRS IC) whose application is mandatory for the 2019 financial year have been taken into account. The consolidated financial statements of ERWE AG have been presented in Euros (EUR). Unless otherwise stated, all amounts are shown in euros. The consolidated financial statements were approved for publication by the Management Board on 23 March 2020.

(2) (2) Accounting standards and interpretations applied for the first time in the financial year

As of 1 January 2019, the Group will apply the following new and revised standards and interpretations:

Standard or interpretation	Content of standard or interpretation	Mandatory application from
IFRS 16	Leases	financial years beginning on or after 1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	financial years beginning on or after 1 January 2019
Amendment to IAS 28	Long-term interests in associates or joint ventures	financial years beginning on or after 1 January 2019

a) IFRS 16 – Leasing

IFRS 16 replaces the previously applicable standards and interpretations IAS 17, IFRIC 4, SIC-15 and SIC-27 and is to be applied from January 1st 2019. The EU endorsement was issued on 31 October 2017. The new regulations mean that the lessee no longer needs to differentiate between finance and operating lease agreements. Instead, the lessee recognizes the economic right to the leased asset in the form of a right of use, which is amortized over the term of the lease. Correspondingly, a liability in the amount of the present value of the future lease payments is recognized as a liability and amortized using the effective interest method.

For short-term leases and leased assets of minor value, the accounting treatment is simplified and the lease payment is recognised as an expense over the term of the lease.

Since the lessor's accounting for leases essentially corresponds to the regulations of IAS 17, which has been applied to date, there are no significant changes for ERWE as lessor of real estate from first-time application.

As part of a lease analysis, ERWE has evaluated the existing leasing contracts in which the Group is the lessee for possible adjustment effects at all Group companies. Based on this analysis, the first-time application of IFRS 16 has had the following effects on ERWE's consolidated financial statements. The first-time application was carried out with modified retrospective application. ERWE measures operating leases at the present value of the remaining lease payments, taking into account the incremental borrowing rate of 3.7% as of 1 January 2019.

Compared with the other financial obligations reported in the notes to the consolidated financial statements as of 31 December 2018, the leasing liability additionally recognized as of 1 January 2019 with the first-time application of IFRS 16 is as follows:

Lease liability in Euro 000s

Other financial obligations from leases as at 31 December 2018	**417,596**
In consideration of extension option of 5 years	549,875
In consideration of vehicle leases	17,997
Discounting to the present value of the liability	-178,379
Additional lease liabilities as at 1 January 2019	**807,088**

b) IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting treatment of uncertainty concerning income taxes. According to the interpretation, when recognizing uncertainty concerning income taxes, companies should assume that the tax authorities will audit the reported amounts in full awareness of all relevant information. The interpretation is effective from 1 January 2019 and has no material effect on ERWE's consolidated financial statements.

c) c) Amendments to IAS 28 "Investments in Associates" – long-term investments in associates or joint ventures

The amendments concern the clarification of the exclusion of investments as defined IAS 28 from the scope of IFRS 9. IFRS 9 is not applied to investments in an associate or joint venture accounted for using the equity method. However, IFRS 9 is applied to long-term investments that represent part of the net investment in an associate or joint venture. The amendments have been applied for the first time since 1 January 2019. There were no effects on ERWE's consolidated financial statements.

(3) Accounting standards not yet requiring mandatory application

In addition to the new standards and interpretations listed below, which are of fundamental importance for the consolidated financial statements of ERWE AG, a number of other standards and interpretations have been adopted by the IASB, but these are not expected to have any significant effect on the consolidated financial statements. These standards and interpretations are therefore not listed and described. Early application of all new standards and interpretations is not planned.

Standard or interpretation	Content of standard or interpretation	Mandatory application from
Amendment to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform, IASB response to existing uncertainties in relation to IBOR reform.	1 January 2020
Amendment to revision of conceptual framework	Revised definitions of assets and liabilities, and new guidelines on measurement and derecognition	1 January 2020
Amendment IAS 1 und IAS 8	Changes to definition of materiality of financial statements	1 January 2020
Amendment IFRS 3	Changes concerning the definition of business operations	1 January 2020, EU endorsement pending

The Company does not expect any material effects from the application of these standards, which are to be applied from January 1, 2020.

(4) Consolidation principles

Subsidiaries are all the companies controlled by ERWE AG. The Group controls a company if it is exposed or entitled to fluctuating returns by means of its influence over the company. As a rule, control is accompanied by a share of voting rights of more than 50%. In assessing whether control exists, the existence and effect of potential voting rights that are currently exercisable or convertible are considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent company. They are deconsolidated when control no longer exists.

All subsidiaries are included in the consolidated financial statements (see „Consolidated Companies").

In the case of company acquisitions, an assessment is made (see „Material discretionary decisions and estimates") as to whether the acquisition constitutes a business combination pursuant to IFRS 3 or merely the acquisition of a group of assets and liabilities as an aggregate entity that is not a company.

Company acquisitions as defined in IFRS 3 are recognized using the purchase method. Under this method, the acquisition costs are allocated to the individually identifiable assets, liabilities and contingent liabilities acquired in accordance with their fair values at the time of acquisition. Any remaining debit difference is recognized as goodwill, while any credit difference is recognized in profit or loss. Acquisition-related costs are recognized as expenses.

Shares in the net assets of subsidiaries in the legal form of a corporation which are not attributable to ERWE AG are shown separately in equity as shares of non-controlling shareholders. When calculating the consolidated net profit attributable to non-controlling interests, consolidation entries affecting net income are also taken into account. There were no shares in the net assets of subsidiaries in the legal form of a partnership as at the balance sheet date.

The acquisition of property companies that do not meet the IFRS 3 definition of companies is presented as the direct purchase of an aggregate entity – in particular properties. In this case, the acquisition costs are allocated to individually identifiable assets and liabilities based on their fair value. The acquisition of property companies therefore does not lead to the recognition of goodwill or negative goodwill from the consolidation of investments. Conversely, the sale of property companies is presented as the sale of an aggregate entity - in particular properties.

If ERWE acquires shares in companies that result in a stake of less than 50%, it recognizes these at equity if it is able to exercise a significant influence on the associated company.

Intra-group receivables, liabilities and results are eliminated in the course of consolidating debts or expenses and income for the purposes of the consolidated financial statements. Expenses and income arising from the transfer of assets within the Group are also eliminated.

(5) Consolidated companies

Including the parent company, the scope of consolidation comprises 11 fully consolidated companies. The scope of consolidation has developed as follows:

Number	2019	2018
Balance at 1 January 2019 or 2 May 2018	9	9
Additions	2	1
Disposals	0	1
Balance at 31 December	11	9

The additions in the reporting period relate to the newly founded companies ERWE Immobilienmanagement GmbH and ERWE Parking GmbH. ERWE Immobilienmanagement GmbH mainly provides services to group companies. The corporate purpose of ERWE Parking GmbH is the renting and leasing out of parking areas, parking blocks and underground garages.

The consolidated group as of 31 December 2019 is as follows::

No.	Company	Domicile	Stake in %	Held by No.	Activity
	Fully consolidated companies:				
1.	ERWE Immobilien AG	Frankfurt am Main			Holding
2.	ERWE Properties GmbH	Frankfurt am Main	100.0	1	Holding
3.	ERWE Service und Verwaltungs GmbH	Frankfurt am Main	100.0	1	Service provider
4.	ERWE Parking GmbH	Frankfurt am Main	100.0	1	Service provider
5.	ERWE Immobilienmanagement GmbH	Frankfurt am Main	74.9	1	Service provider
6.	ERWE Immobilien Projekt 444 GmbH	Frankfurt am Main	100.0	2	Portfolio holder
7.	ERWE Immobilien Projekt 777 GmbH	Frankfurt am Main	100.0	2	Portfolio holder
8.	ERWE Projekt Friedrichsdorf GmbH	Frankfurt am Main	94.9	2	Portfolio holder
9.	ERWE Immobilien Retail Projekt 222 GmbH	Frankfurt am Main	90.0	2	Portfolio holder
10.	ERWE Immobilien Retail Projekt 333 GmbH	Frankfurt am Main	90.0	2	Portfolio holder
11.	ERWE Immobilien Retail Projekt 555 GmbH	Frankfurt am Main	90.0	2	Portfolio holder

C. Key accounting policies

Fair value measurement

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants as at the measurement date. In measuring fair value, it is assumed that the transaction in the course of which the asset is sold or the liability is transferred takes place either on the balance sheet date or on the date on which the asset is sold

- Principal market for the asset or liability; or

- Most advantageous market for the asset or liability if there is no principal market.

The Group must have access to the principal or most advantageous market. The fair value of an asset or liability is measured on the basis of the assumptions that market participants would use to setting the price of the asset or liability. This is based on the assumption that market participants act in their best economic interes.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The use of observable input factors is to be kept as high as possible and non-observable input factors as low as possible.

All assets and liabilities for which the fair value is determined or reported in the financial statements are assigned to the fair value hierarchy described below, based on the lowest level input parameter that is significant to fair value measurement overall:

Level 1:Listed prices (taken over without amendment) in active markets for identical assets or liabilities.

Level 2:Valuation method in which the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement and directly or indirectly observable on the market.

Level 3:Valuation method in which the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement and not observable on the market.

For assets and liabilities recognized on a recurring basis in the financial statements, the Group determines whether any reclassifications between levels in the hierarchy have occurred by reviewing the classification at the end of the reporting period (based on the lowest level input parameter that is material to the fair value measurement overall).

Classification as current or non-current

The Group classifies the assets and liabilities recognized in the balance sheet into current or non-current assets and liabilities. An asset is classified as current if:

- It is expected to be realized in its normal operating cycle or it is held for sale or consumption during this period; or when
- It is expected to be realized within twelve months of the balance sheet date; or when
- It is a cash or cash equivalent unless the exchange or use of the asset to settle an obligation is restricted for a

period of at least twelve months after the balance sheet date.

All other assets are classified as non-current.

A liability requires classification as current when:

- It is expected to be settled in its normal operating cycle; or when
- expected to be settled within twelve months of the balance sheet date
- The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date (e.g. in the event of an infringement of credit terms).e

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities respectively.

Financial assets

The ERWE Group only has financial assets that are valued at amortized cost pursuant to IFRS 9.4.1.2. These are mainly loans to third parties and receivables from rent and incidental rental costs which, moreover, do not have a significant impact on the assets, earnings and financial situation of the ERWE Group. This is accompanied by a reduction in the scope of the report.

Financial assets are retired when the contractual rights to cash flows from the financial asset expire or the rights to receive cash flows are transferred in a transaction in which all material risks and opportunities associated with ownership of the financial asset are also transferred.

Impairment of financial assets

Given its business model and tenant structure, the Group is not exposed to any high impairment risk. ERWE uses the simplified impairment model pursuant to IFRS 9.5.5.15 and consistently calculates its impairment requirements in the amount of the lifetime expected credit losses..

Financial liabilities

Loan liabilities and other liabilities are initially recognised at fair value less transaction costs. After initial recognition, liabilities are measured at amortised cost using the effective interest method.

Financial liabilities are retired upon settlement,, i.e. when the obligations specified in the contract have been settled or rescinded or have expired.

Leases

Since 1 January 2019, leases have been shown in the balance sheet in accordance with the requirements of IFRS 16. The companies of the ERWE Group act both as lessor (leasing out properties) and as lessee.

ERWE as lessor:

In principle, ERWE classifies its leases as either operating leases or, if substantially all of the risks and rewards incidental to ownership of the asset are transferred, as finance leases.

In the case of an operating lease, ERWE reports the leased asset as an asset under property, plant and equipment or an investment property. Subsequent measurement carried out in accordance with the standard to be applied accordingly. Letting income connected to operating leases is recognized by the lessor through profit or loss on a straight-line basis over the term of the lease.

ERWE has recognized all leases in which it acts as lessor as operating leases.

ERWE as lessee:

For all agreements taking effect on or after 1 January 2019, ERWE reviews whether a lease exists or is included.

A lease exists if

- the fulfillment of the concluded lease agreement presupposes the use of an identified asset, and
- the lessee is entitled to obtain substantially all the economic benefits associated with the use of the identified asset, and
- the lessee is entitled to determine the use of the identified asset throughout its useful life.

If a lease is identified, the lessee recognizes a right-of-use asset and a lease liability on the date the asset is made available.

The initial measurement of the lease liability is at the present value of the lessee's lease payments to be made over the term of the lease. Discounting is based on the interest rate implicit in the lease. If this cannot be determined, the Group's incremental borrowing rate is used. In subsequent measurement, the carrying amount of the lease liability is compounded using the interest rate used for discounting and reduced by the lease payments made. When recognizing the lease liability, extension and termination options are taken into account if ERWE is reasonably certain that these options will be exercised in the future.

The cost of the right-of-use asset comprises the value of the lease liability upon addition plus the initial direct costs of concluding the agreement, an estimate of the restoration costs and less any incentives. The right-of-use asset is subsequently measured at amortized cost. ERWE amortizes the rights of use on a straight-line basis over the term of the lease.

Modifications to the leases are always recognized against the right-of-use asset through other comprehensive income. These are recognized through profit or loss in the income statement if the carrying amount of the right-of-use asset is already reduced to zero or if this results from a partial termination of the lease.

In the case of short-term leases and low-value leases, the related payments are recognized as an expense in the income statement on a straight-line basis over the term of the lease.

Recognition of income and expenses

Income is recognized when it is likely that the Group will receive the economic benefits and the amount of income can be reliably determined.

Expenses are recognized upon being incurred in economic terms.

Interest income and expenses are recognized on a time-apportioned basis over their remaining term, taking due account of the remaining receivable/liability and the effective interest rate.

Cash flow statement

The cash flow statement shows the development in the Group's cash flows in the reporting period. In the consolidated financial statements, the cash flow from operating activities has been determined using the indirect method, which involves adjusting earnings before taxes to eliminate non-cash-effective items and add cash-effective items. The cash flow statement presents the cash flows from operating, investing and financing activities.

The classification was changed on 31 December 2019 to enhance the informative value of the cash flow statement. The comparative figures for the previous year have also been presented according to the new classification.

Material discretionary decisions, estimates and assumptions

When preparing the consolidated financial statements, the Management Board makes estimates and assumptions concerning expected future developments based on the circumstances known as at the balance sheet date. The estimates derived on this basis may deviate from actual circumstances at a later point in time. In this case, corresponding prospective adjustments are made to the assumptions and the carrying amounts of the assets or liabilities thereby affected.

Assumptions and estimates are continually reviewed and are based on experience and other factors, including expectations of future events that appear reasonable under the given circumstances.

In applying the accounting policies, the Management Board made the following estimates that have materially influenced the recognition, disclosure and measurement in the consolidated financial statements:

- The fair values of investment properties are based on the findings of the independent surveyors commissioned for this purpose. These values are based on discounted future surpluses, which are calculated using the discounted cash flow method over a forecast period of ten years. When determining the value, the surveyors need to estimate factors such as rental income, vacancy rates, maintenance and modernization measures, applicable discount and capitalization rates. These directly influence the fair value of the investment properties. In addition, transaction costs are taken into account to a probable extent according to ERWE's assessment. In the context of the residual value method for a project development property, the determination of the value of properties under construction also requires, in particular, an estimate of the construction costs still to be incurred and risk discounts for risk and profit until completion. In addition, transaction costs are taken into account to a probable extent according to ERWE's assessment. In the context of the residual value method for a project development property, the determination of the value of properties under construction also requires, in particular, an estimate of the construction costs still to be incurred and risk discounts for risk and profit until completion

- In addition, the Management Board decides which method seems most appropriate for determining the value of the asset. For example, the value of project developments that have not yet been completed is determined using the residual value method, while the value of properties that are already generating rental income is determined using the DCF model. The German income approach ("Ertragswertverfahren") used in the previous year was converted to the DCF method throughout the Group, therefore the German income approach was not used as at the reporting date. Where right-of-use assets under IFRS 16 are directly related to properties, they are included in the fair value of the properties after initial recognition. These are therefore measured at fair value on the assets side of the balance sheet in subsequent periods, while the corresponding lease liabilities continue to be measured at amortized cost, taking into account the effective rate of interest and repayment.

- The calculation of impairments of financial assets also requires the use of estimates. Here, the default risks of financial assets have to be assessed and the respective expected credit losses have to be estimated.

- Deferred taxes: Based on current budgets, the Management Board takes decisions as to the extent to which future loss carryovers can be used. The basis for these decisions is provided by the expected taxable profits at the respective company, which largely correlate with the fair values of the properties held by the respective company.

- For provisions, various assumptions have to be made concerning probabilities of occurrence and the amount of utilization. Account was taken of all information known when preparing the financial statements

In applying the accounting policies, the Management Board took the following discretionary decisions that have materially influenced the amounts recognized in the consolidated financial statements:

- With regard to the properties held by the Group, the Management Board must decide as at each reporting date whether these are to be held for long-term letting and/or value appreciation or designated as held for sale. Depending on this decision, the properties are then recognized under investment properties, inventories or non-current assets held for sale. This decision is discretionary as the opportunities to sell a property otherwise held for long-term letting and/or value appreciation on particularly advantageous terms are not foreseeable.

- Upon the addition of property companies, a decision has to be taken as to whether these represent acquisitions of operations. If, in addition to the assets and liabilities, an operation (integrated group of activities) is also taken over, then the transaction constitutes a business combination. The business processes of, for example, asset and property management, receivables management and accounting are viewed as an integrated group of activities. Furthermore, one key indication that an operation has been taken over is the employment of personnel at the company thereby acquired.

- Deferred taxes: Deferred tax liabilities must be recognized for temporary differences between the property values recognized in the consolidated financial statements and the tax carrying amounts of these properties to the extent that it is probable that the temporary differences will be taxed in the event of a fictitious sale of the property. For 2019, the company assumes for the first time that this type of sale will be partially free of trade tax. Therefore, for the temporary differences relating to these properties, only deferred tax liabilities were recognized in the amount of the tax rate for corporate income tax and solidarity surcharge. This results in an approximately Euro 4.1 million lower burden of deferred tax liabilities compared with a burden at the full tax rate.

- Upon initial recognition of financial instruments, a decision has to be taken concerning the measurement category to which they are to be allocated.

D. Segment reporting

ERWE does not report internally by segment, therefore segment reporting is not possible. Other information to be disclosed under IFRS 8 is also not relevant. When a property is sold, significant revenue can be generated with a single customer within one year, but no dependencies can be derived from this.

E. Notes to the consolidated balance sheet

(1) Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are recognized at cost, less cumulative depreciation and cumulative impairment losses. Cost includes those outlays directly attributable to the acquisition. Subsequent costs are only capitalized if the company is likely to obtain future economic benefits from such. Repairs and maintenance are recognized as expenses in the statement of comprehensive income in the financial year in which they are incurred.

Depreciation is recognized on a straight-line basis using estimated useful lives generally ranging from three to fifteen years. The depreciation methods and economic useful lives are reviewed and adjusted where necessary as at each balance sheet date.

Carrying amounts are tested for impairment as soon as there is any indication that they exceed the respective recoverable amounts.

Gains and losses on disposals of assets are calculated as the difference between the net disposal proceeds and the respective carrying amounts and are recognized through profit or loss.

The property, plant and equipment and intangible assets recognized as of 31 December 2019 also include plant and office equipment, operating equipment and right-of-use assets in connection with the treatment of leases pursuant to IFRS 16.

Property, plant and equipment developed as follows in the period:

in EUR	Right-of-use leases	Intangible assets	Plant and office equipment	Total
Costs as at 1 January 2019	807,088	13,210	255,001	1,075,299
Additions	558,694	44,879	112,007	715,581
Disposals	0	-5	-33,064	-33,069
Costs as at 31 December 2019	1,365,782	58,084	333,945	1,757,811
Write-ups				
Cumulated depreciation/amortization as at 1 January 2019	-46,025	-13,205	-57,652	-116,882
Additions	-96,623	-6,752	-70,584	-173,959
Disposals	0	0	0	0
Cumulated depreciation/amortization as at 31 December 2019	-142,647	-19,957	-128,237	-290,841
Carrying amount as at 1 January 2019	761,063	5	197,349	958,417
Carrying amount as at 31 December 2019	1,223,135	38,127	205,708	1,466,970

in EUR	Right-of-use leases	Intangible assets	Plant and office equipment	Total
Costs as at 2 May 2018	0	13,210	145,881	159,091
Additions	0	0	111,974	111,974
Disposals	0	0	0	0
Costs as at 31 December 2018	0	13,210	257,855	271,065
Write-ups				
Cumulated depreciation/amortization as at 2 May 2018	0	-13,205	-38,823	-52,028
Additions	0	0	-21,683	-21,683
Disposals	0	0	0	0
Cumulated depreciation/amortization as at 31 December 2018	0	-13,205	-60,506	-73,711
Carrying amount as at 2 May 2018	0	5	107,058	107,063
Carrying amount as at 31 December 2018	0	5	197,349	197,354

(2) Investment properties

Investment properties include all properties which are held for the long-term generation of rental income or value appreciation and which are not used by the company itself or intended for sale in the course of the company's ordinary business activities.

Investment properties are measured upon addition at cost, including any acquisition-related costs incurred, and subsequently at fair value. Fair value is the price at which an asset can be sold or a liability settled in an orderly transaction between market participants as at the measurement date. Ongoing maintenance expenses are recognized in the statement of comprehensive income. To the extent that they exceed ongoing maintenance, modernization measures are capitalized if the company is likely to obtain future economic benefits from such. The valuation results are presented in the consolidated income statement under the item „Result from the valuation of investment property".

Investment properties are derecognized if they are sold or become permanently incapable of further use and are not expected to generate any future economic benefits upon disposal. Gains and losses from disposal or decommissioning are recognized in the year in which the properties are disposed of or decommissioned. The gain or loss corresponds to the difference between the disposal price on the one hand and the carrying amount plus any costs to sell on the other hand.

Properties are transferred out of investment properties to another balance sheet line item if a change of use arises and is documented by the start of own use or the start of development work in preparation for sale.

Properties held to generate rental income and/or value appreciation and not for own use or sale in the course of ordinary business activities are recognized under investment properties.

Investment properties are not traded on an active market but measured by reference to inputs not based on observable market data

(Level 3).

The fair value of investment properties is basically determined using discounted future surpluses calculated according to the DCF method. The underlying detailed forecast period is ten years in each case. A potential discounted disposal value (terminal value) of the valuation properties is forecast for the end of this period. This reflects the price that can most likely be achieved at the end of the detailed forecast periods. The discounted payment surpluses are capitalized as a perpetual annuity in the terminal value at the capitalization rate. The sum of the discounted surplus cash and cash equivalents and the discounted potential disposal value produces the gross capital value of the valuation property. This value is converted into a net present value by taking into account transaction costs incurred in an orderly transaction.

In the previous year, properties were valued using the German income approach ("Ertragswertverfahren") in accordance with the requirements of the German Property Valuation Regulation ("ImmoWertV").

The value of the first construction phase of the TAUNUSLAB business park (LAB North and LAB West), for which a building application has already been submitted on the valuation date, is determined using the residual value method. An indicative market value of the completed and leased property is first determined on the basis of expected future annual net income using the DCF method. All costs still to be incurred in connection with the preparation of the project are then deducted from this value. These costs could include, for example, all construction costs, ancillary construction costs, financing costs, marketing costs and incidental acquisition costs. A risk discount for risk and profit is also deducted. The other construction phases of the TAUNUS LAB business park, which are still in the preliminary planning stage, were valued on the basis of the land value, taking into account the preliminary planning services already provided.

The Management Board is responsible for determining the valuation methods and procedures and for coordinating the process. An external surveyor values the property based on data obtained as at the valuation date, which was largely provided by the company's Asset Management. This ensures that the valuation of the properties is in line with the market and as per the balance sheet date. The results of the valuation by the external surveyor are checked for plausibility by Asset Management. This is followed by a discussion of the valuation results with the Management Board and the external surveyor.

The fair values of investment properties developed as follows in the period under report:

in EUR	**31 December 2019**	**31 December 2018**
Carrying amount as at 1 January 2019 or 2 May 2018	101,910,000	78,222,633
Purchases (+)	7,310,860	11,930,414
Other additions (+)	8,284,394	1,554,948
Right-of-use additions	1,747,392	0
Fair value increases (+)	12,569,200	9,604,528
Reclassifications out of prepayments made (+)	88,153	597,477
Carrying amount as at 31 December	**131,910,000**	**101,910,000**

The purchases are the result of the acquisition of land for the business park in Friedrichsdorf, on which the TAUNUS LAB business park is planned. The other additions relate to subsequent costs incurred in connection with revitalizing properties in Speyer, Krefeld and Lübeck, as well as the planning services for the TAUNUS LAB business park. The right-of-use additions result from the disclosure in the balance sheet of the lease agreement for parking spaces in Speyer in accordance with IFRS 16.

The investment properties are encumbered with mortgages to secure liabilities.

The following overview shows the main assumptions used to measure the fair value of investment properties using the DCF method, the residual value method and the German income approach ("Ertragswertverfahren") used in the previous year: The ranges stated here do not account for exceptional individual cases.

DCF method 31 December 2019		
Valuation parameter	Unit	Range
Discount rate	in %	3.0%–4.75%
Capitalization rate	in %	3.5%–4.25%
Market rent	in Euro/m2	11.24–15.35

Residual value method 31 December 2019		
Valuation parameter	Unit	Range
Discount rate/ Capitalization rate	in %	3.90%
Calculated construction costs of usable space	in EUR/qm	2,309
Risk discount for risk and profit	%	15.00%
Market rent (after completion)	in EUR/qm	16,00

German income approach ("Ertragswertverfahren") 31 December 2019		
Valuation parameter	Unit	Recognition
Market rent	in Euro/m2	7.00–15.00
Property rate	in %	3.5%–3.75%
Remaining useful life	in years	40–50
Revitalization expenses	in Euro/m2	8.75–9.00

The selected discount/capitalization rate and the underlying market rents were identified as the key value drivers for the period under report and for the investment properties valued using the DCF method:

31 December 2019	Discount rate		Capitalization rate		Market rent	
	–0.5%-points	0.5%-points	–0.5%-points	0.5%-points	–10%-points	+10%-points
Value change Euro 000s in %	5,700,000 5.19%	-5,600,000 -5.10%	14,600,000 13.30%	-11,300,000 -10.29%	-5,400,000 -4.92%	5,200,000 4.74%

The above percentages relate in each case to the properties valued using the DCF method.

Valuation using the residual value method is particularly sensitive in relation to the following parameters:

31 December 2019	Discount rate/ Capitalization rate		Construction costs		Market rent	
	-0.25%-points	0.25%-points	-0.5%-points	+0.5%-points	-5%-Points	+5%-points
Value change Euro 000s in %	5,700,000 55.18%	–5,020,000 –48.60%	3,030,000 29.33%	–3,040,000 –29.43%	–3,970,000 –38.43%	3,960,000 38.33%

The above percentages relate to the project development properties valued using the residual value metholn the previous year, the following effects arose in the event of possible fluctuations in the respective valuation parameters of investment properties valued in accordance with the German income approach ("Ertragswertverfahren") based on the requirements of the German Property Valuation Regulation ("ImmoWertV"):

31 December 2018	Property rate		Market rent	
	-			
	0.5%-points	0.5%-points	-10%-points	+10%-points
Value change				
Euro 000s	13,710,000	11,860,000	–13,280,000	13,270,000
in %	13%	–12%	–13%	13%

31 December 2018	Useful life		Revitalization expenses	
	-5 years	+5 years	-10%-points	+10%-points
Value change				
Euro 000s	–4,870,000	4,070,000	3,060,000	–3,060,000
in %	–5%	4%	3%	–3%

(3) Interests in companies recognized at equity

An associate is a company over which the Group has significant influence. Significant influence involves the ability to participate in financial and operating policy decisions at the shareholding, but does not involve control or joint management of decision-making processes.

Significant influence is assumed when a shareholder directly or indirectly holds 20% or more of the voting rights in another company. Significant influence is mainly evidenced by whether the shareholder can actually exercise significant influence. Pursuant to IAS 28.6, significant influence may be presumed, also for holdings of less than 20%, if one or more of the following

- The shareholder is represented on the management or Supervisory Board
- The shareholder can significantly participate in the operating policy, including dividend policy
- The interchange of managerial personnel between the company and the associate is possible
- Material transactions or material scope of business relationships between the company and the associate
- The company provides essential technical information to the associate.

The Group holds a 10.1% shareholding in Godewind Office VI GmbH & Co. KG (HRA 51265) with legal domicile in Frankfurt am Main (previously: MP Sky S.à.r.l.). ERWE reports this shareholding under investments in associates. Godewind Office VI GmbH & Co. KG holds a participating interest in Frankfurt Airport Center 1, a business center at Frankfurt Airport. The company's business objective is holding, developing and letting the existing property. Due to extensive interdependencies, ERWE has the ability to significantly participate in the company's financial and operating policy decisions. ERWE has been awarded the assignment to revitalize and reposition the business center. Furthermore, ERWE has been commissioned to perform project development and, by managing investments in a targeted manner, will upgrade the lettings space in order to let this to attractive new tenants.

The interests held by the Group in an associate are recognized using the equity method. Upon initial recognition, the interests are measured at cost. In subsequent periods, changes in the Group's share of net assets are recognized. In the consolidated income statement, these are recognized as the result of at-equity interests.

ERWE performs a review as at every balance sheet date to ascertain whether there are any indications that an interest may be impaired.

The following table provides summarized financial information about the Group's interest in Godewind Office VI GmbH & Co. KG:

in Euro	2019	2018
Current assets	4,984,613	2,364,864
Non-current assets	229,770,251	187,161,718
Current liabilities	–16,833,108	–45,774,417
Non-current liabilities	–156,314,945	–98,367,168
Equity	**61,606,811**	**45,384,997**
ERWE's share in equity (10.104%)	**6,224,752**	**4,585,700**

ERWE recognized an amount of Euro 1,639,052 through profit or loss in the statement of comprehensive income as the difference between the pro rata equity at the respective balance sheet dates as the result from associates measured at equity.

(4) Trade receivables

Trade receivables exclusively result from lettings and do not bear interest. Allowances are recognized based on the maturity structure and depending on whether the receivables are due from active or former tenants.

(5) Receivables from associatesn

Receivables from associates include a loan of Euro 555,500 granted to Godewind Office VI GmbH & Co. KG. The loan is granted on a short-term basis and the interest rate is 2.5%. Receivables from project development and management services vis-à-vis Godewind Office VI GmbH & Co. KG are also reported.

(6) Other current financial assets

Other current financial assets of Euro 1,894,300 include receivables from the bond subscription, the inflow of which happened shortly after the balance sheet date..

(7) Other current assetse

in Euro	31 December 2019	31 December 2018
Tax receivables (VAT)	542,607	498,011
Deposits	175,448	78,816
Prepayments for new projects	145,966	0
Prepaid expenses	102,668	13,026
Interest receivables	84	37,467
Deferred financing expenses	0	300,000
Other current assets	54,730	14,756
Total	1,021,503	942,075

(8) Cash and cash equivalents

Cash and cash equivalents comprise credit balances on the business accounts of companies included in the scope of consolidation. These are recognized at nominal value. The development in cash and cash equivalents is presented in the consolidated cash flow statement.

(9) Equity

IThe company's share capital amounted to Euro 16,562,922 in the 2019 financial year.

By resolution of the shareholders' meeting on 13 June 2019, share capital was increased conditionally to Euro 8,000,000.00 ("conditional capital 2018/I").

Accordingly, the existing authorization to issue convertible bonds or bonds with warrants was adjusted in such a way that the Management Board is now authorized up to and including 11 July 2023, with the approval of the Supervisory Board, to grant convertible bonds or bonds with warrants or a combination of these instruments up to a total nominal amount of Euro 100,000,000.00 with conversion or option rights up to a total of 8,000,000 new no-par bearer shares in the company in accordance with the terms and conditions of the bonds.

By resolution of the Annual General Meeting on 13 June 2019, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to Euro 8,000,000.00 by 12 June 2024 against contributions in cash and/or non-cash contributions, whereby shareholders' subscription rights may be excluded ("authorized capital 2019/I").

By resolution of 13 June 2019, the shareholders' meeting authorized the company's Management Board to acquire and sell up to a total of 10% of the Company's share capital existing at the time of the resolution by 12 June 2024, and to use the treasury stock under exclusion of shareholders' subscription rights. The full text of the resolution is contained in the invitation to the shareholders' meeting, which was published in the German Federal Gazette on 3 May 2019.

As at the balance sheet date, ERWE AG does not hold any treasury stock.

The capital reserve contains the premium from the cash capital increase entered in the commercial register on 28 December 2018 less equity procurement expenses.

Non-controlling shareholders account for a share of EUR 3,594,773 reported in equity as of December 31, 2019.

On the balance sheet date, non-controlling interests related exclusively to the following companies: ERWE Projekt Friedrichsdorf GmbH, ERWE Immobilien Retail Projekt 222 GmbH, ERWE Immobilien Retail Projekt 333 GmbH, ERWE Immobilien Retail Projekt 555 GmbH and ERWE Immobilienmanagement GmbH. The following summarized financial information is provided for these five companies:

in Euro	1 January–31 December 2019	2 May–31 December 2018
Revenue	3,420,886	2,752,489
Comprehensive income	8,123,005	4,264,014
Non-current assets	130,836,238	101,999,998
Current assets	8,719,620	3,203,078
Non-current liabilities	71,470,106	57,238,930
Current liabilities	29,161,864	17,263,263
Net assets	38,923,888	30,700,883
Non-controlling interests (%)	9.2%	10.2%
Non-controlling interests (Euro)	3,594,773	3,132,041

The development in equity in the period under report has been presented in the statement of changes in equity.

(10) Deferred tax assets and liabilitiesn

Current tax claims and liabilities are measured at the amounts expected to be refunded by or paid to the tax authorities. The calculation of the amounts has been based on the tax rates and tax laws valid as at the balance sheet date.

Pursuant to IAS 12, deferred taxes are basically recognized 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.

Deferred tax assets for tax loss carryovers have been recognized at the amounts at which the associated tax benefits are likely to be realized due to future taxable profits (and recognized at least at the amount of deferred tax liabilities).

The loss carryovers relate exclusively to Germany and are therefore not expected to expire. In view of this, the company has foregone disclosing the maturity structures of non-capitalized 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 recognized 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 relation to the temporary differences between the fair values recognized in the consolidated financial statements for the investment properties and their

tax-carrying amounts, we refer to the material discretionary decisions, estimates and assumptions.

No deferred taxes are recognized for asset-side or liability-side taxable temporary differences in connection with interests in group companies as long as the Group can control their reversal and they will not reverse in the foreseeable future.

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.

Deferred tax assets and liabilities as of December 31, 2019, consist of temporary differences in the following balance sheet line items:

in Euro	31 December 2019	31 December 2018
Tax loss carryovers	1,692,242	1,054,215
Deferred tax assets before netting	1,692,242	1,054,215
Netting	–1,692,242	–1,054,215
Deferred tax assets after netting	0	0
Investment properties	16,623,537	16,485,541
Financing costs	332,412	306,161
At-equity interests	35,948	0
Deferred tax liabilities before netting	16,991,898	16,791,702
Netting	–1,692,242	–1,054,215
Deferred tax liabilities after netting	15,299,656	15,737,487

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

in Euro	1 January 2019	Income statement	31 December 2019
Investment properties	–16,485,541	–137,996	–16,623,537
Financing costs	–306,161	–26,252	–332,412
At-equity interests	0	–35,948	–35,948
Loss carryovers	**1,054,215**	**638,027**	**1,692,242**
Total	**–15,737,487**	**437,831**	**–15,299,656**

No deferred tax assets have been recognized for corporate income tax loss carryovers of around Euro 4.0 million (31 December 2018: around Euro 1.46 million) and trade tax loss carryovers of around Euro 7.3 million (31 December 2018: around Euro 1.46 million) as there are insufficiently specific prospects of these being realized. Due to uncertainties regarding the continuation of tax losses carried forward from the period before the contribution of ERWE Properties GmbH to ERWE AG in 2018, these were not taken into account.

The reported tax expense differs from the theoretical amount that would result from applying the average income tax rate of the Group to earnings before taxes:

in EUR	1 January – 31 December 2019	2 May – 31 December 2018
Earnings before income taxes	8,224,071	7,382,007
Group tax rate	31.925%	30.825%
Expected taxes	2,625,535	2,275,504
Reconciliation due to tax-related items:		
- Impact of future unusable tax losses or utilization of as yet unrecognized loss carryovers	959,059	445,652
- Corporate income tax for previous years		
- Tax-exempt income from sale of shares	-43,789	6,498
- Tax-exempt income from at-equity income	-456,485	-277,447
- Tax rate changes (trade tax cutback)	-3,567,018	0
- Other impact	1,078	17,788
Actual taxes	**-481,690**	**2,467,995**

(11) financial debt

Financial debt is initially recognized at fair value and subsequently at amortized cost taking due account of the effective interest method.

The following variable and fixed-interest financial debt existed as at 31 December 2019:

in EUR	31 December 2019	31 December 2018
Non-current financial debt		
Variable interest financial debt	11,920,525	10,500,000
Fixed-interest financial debt	57,805,871	31,001,149
Non-current financial debt, total	**69,726,396**	**41,501,149**
Current financial debt		
Variable interest financial debt	12,355,000	
Fixed-interest financial debt	1,333,584	16,810,311
Current financial debt, total	**13,688,548**	**16,810,311**

Current and non-current financial liabilities totaled Euro 83,414,981 and increased by Euro 25,103,521 compared with 31 December 2018 (Euro 58,311,460). This is mainly due to the refinancing and raising of new loans. On 30 December 2019, ERWE Immobilien AG also issued a premium bond with a total nominal value of Euro 12.5 million on the open market of the German stock exchange. The bond is due for repayment on 10 December 2023 and bears interest of 7.5% per annum. A total of Euro 11.55 million was placed on 31 December 2019. The bond is unsecured.

The financial loans are mainly secured by the company with liens on property (31 December 2019: Euro 85,300,000; 31 December 2018: Euro 60,500,000). 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. In addition, no distributions may be made, although limited payments are permitted under certain conditions.

(12) Lease liabilities

Lease liabilities are structured as follows as at 31 December 2019::

in EUR	2019
As at 1 January	807,088
Additions	2,306,086
Accrued interest	49,089
Payments	–195,032
Sundry	–14,767
As at 31 December	2,952,464
Of which current	389,283
Of which non-current	2,563,180

(13) Income tax liabilities

The income tax liabilities of Euro 16,318 (31 December 2018: Euro 77,044) include tax provisions for current corporate income tax and trade tax obligations.

(14) Provisions

Provisions are recognized for legal or constructive obligations to third parties that result from past events and are uncertain in terms of their maturity or amount. They are recognized when it is likely that an outflow of resources will be required to settle the obligation and the amount of obligation can be reliably estimated. The Group recognizes provisions for loss-making transactions when the expected benefits from its contractual rights are lower than the unavoidable costs required to meet its contractual obligations. The valuation is based on the best possible estimate of the current obligation as at the balance sheet date. Non-current provisions are recognized at their settlement amount discounted as at the balance sheet date.

The non-current provisions of Euro 36,960 (31 December 2018: Euro 4,758) involve provisions for storage obligations.

(15) Other current liabilities

Other current financial liabilities are structured as follows

in Euro	31 December 2019	31 December 2018
Interest deferrals	745,413	780,094
Liabilities for outstanding invoices	326,440	81,500
Value-added tax liabilities	299,055	12,586
Liabilities for year-end and audit expenses	161,480	160,500
Deposits received	75,448	78,816
Liabilities for personnel	56,562	54,813
Other current liabilities	21,604	9,607
Total	**1,686,002**	**1,177,915**

Interest deferrals mainly concern the interest for the ERWE Immobilien AG bond and the loan interest of the property companies. Liabilities for outstanding invoices mainly consist of legal and advisory expenses, in particular in connection with the issuing of bonds, which were incurred at the end of the year.

F. Notes to the consolidated income statement

(1) Earnings from property lettings

The Group has concluded lease agreements for the commercial letting of its investment properties. Given the terms and conditions of the contracts, for example the fact that lease terms do not cover the major portion of the economic useful lives of the commercial properties, the Group has established that the essential risks and rewards incidental to ownership of the properties thereby let remain at the Group. The Group therefore recognizes these contracts as operating leases. Income from operating lease contracts is recognized on a straight-line basis over the term of the respective lease pursuant to IFRS 16. Due to its operating nature, this income is recognized as revenue. As net rents are usually paid monthly in advance, the rent receivables are due immediately.

Income from the passing on of operating expenses is within the scope of IFRS 15. This income is recognized over time based on the underlying service performance, i.e. upon transfer of control over the respective service to the tenant. This depends on corresponding contractual arrangements being in place with the tenants and on receipt of the consideration thereby determined being probable. Operating expenses are recognized in accordance with the principal method, as is the passing on of such expenses. Prepayments of operating expenses by tenants are paid monthly together with net rents and are immediately due for payment. Operating expense items and the corresponding income from passing these on to tenants are reported without being offset in the consolidated income statement. ERWE follows the current presentation practice in order to increase comparability.

Upon the sale of a property, earnings are recognized when the risks and rewards incidental to ownership (ownership rights, benefits and obligations) are transferred to the buyer.

The earnings of Euro 1,365,798 (2018: Euro 1,153,834) from property lettings are structured as follows:

in EUR	1 January–31 December 2019	2 May– 31 December 2018
Gross rental income	3,465,659	2,752,489
Expenses from property lettings	-2,099,861	-1,598,656
Earnings from property lettings	**1,365,798**	**1,153,834**

Gross rental income is made up of Euro 2,863,502 in net lettings income (2018: Euro 2,243,104) and of Euro 602,157 in income from the passing on of operating expenses (2018: Euro 509,385).

The property-specific operating expenses of Euro 2,099,861 (2018: Euro 1,598,656) mainly include outlays for operating expenses and ancillary expenses.

(2) Other operating income

Other operating income is structured as follows:

in EUR	1 January–31 December 2019	2 May–31 December 2018
Project development/management services FAC1	480,000	0
Passing on of expenses for tenant renovations	116,765	0
Income from derecognition of liabilities/reversal of provisions	99,963	55,782
Income from services	59,241	0
Other income from expenses passed on	45,724	99,000
Non-cash compensation	22,349	8,348
Insurance compensation	7,949	7,733
Income from other accounting periods	6,709	81,157
Income from initial consolidation of at-equity interests	0	746,922
Income from the sale of property companies	0	116,005
Sundry other operating income	3,301	1,200
Total	**841,999**	**1,116,148**

ERWE has been commissioned to revitalize and reposition the business center FAC 1 (Godewind Office VI GmbH & Co. KG), which results in income from project development and management services. Income from the passing on of expenses for tenant renovations is related to tenant renovations carried out for the City of Lübeck; the corresponding expenses are included in other operating expenses. Income from services in the amount of Euro 59,241 (2018: Euro 0) are a result of property management services provided by ERWE Immobilienmanagement GmbH to third parties.

(3) Personnel expenses

Personnel expenses are structured as follows:

in EUR	1 January–31 December 2019	2 May–31 December 2018
Salaries	1,622,130	449,290
Statutory social costs	192,499	70,308
Total personnel expenses	**1,814,628**	**519,599**
Of which expenses for pension benefits	–2,982	–1,904

(4) Other operating expenses

in EUR	1 January–31 December 2019	2 May–31 December 2018
Legal and advisory expenses	599,988	284,420
Year-end and audit expenses	310,515	324,185
Stock market listing and shareholders’ meeting	290,559	246,408
Depreciation of fixed assets	173,959	19,081
Advertising costs/investor relations	183,344	83,150
Non-deductible input tax	148,162	21,270
Insurances	133,958	3,098
Subsequent expense of initial consolidation of at-equity interests	133,929	0
Travel expenses	120,567	63,068
Expenses for tenant renovations	116,765	0
Incidental costs of monetary transactions	115,969	157,505
Costs for non-realized projects	94,667	0
External services	93,348	38,140
Rental and lease costs	79,496	60,369
Compensation for damages	75,000	0
Expenses for other accounting periods	71,352	171,527
Supervisory Board compensation	67,500	45,000
Costs for premises	66,002	9,675
Pre-opening charges for Hotel Speyer	40,000	0
Hardware/software maintenance expenses	34,973	17,390
Vehicle expenses	18,495	22,173
Provision for legal disputes	0	100,000
Passing on of expenses for Management Board activities	0	90,000
Sundry other operating expenses	92,956	132,015
Total	**3,061,501**	**1,888,474**

The legal and advisory expenses in the amount of Euro 599,988 (2018: Euro 284,420) resulted mainly from the phasing out of advisory services and consulting for various property projects. The expenses for the stock market listing and shareholders’ meeting mainly include ongoing costs for the stock market listing and investor relations expenses (2019: Euro 186,963; 2018: Euro 150,196), as well as costs for the shareholders’ meeting (2019: Euro 103,596; 2018: Euro 96,212). Depreciation of other fixed assets consists of amortization of right-of-use assets under IFRS 16 in the amount of Euro 96,623 and depreciation of other fixed assets in the amount of Euro 77,337 (2018: Euro 19,081). Due to subsequent acquisition costs for the at-equity investment acquired in 2018, there is an expense of Euro 133,929 in the current year, as income from the initial consolidation was recorded in the previous year. Rental and lease costs of Euro 79,496 (2018: Euro 60,369) include expenses from low-value and short-term leases.n

(5) Financial income

Financial income is derived from interest income in connection with a loan granted to Godewind Office VI GmbH & Co. KG.

(6) Financial expenses

in EUR	1 January–31 December 2019	2 May–31 December 2018
Financial debt interest expenses	3,265,123	2,087,367
Other financial expenses	61,636	22,284
Total	**3,326,759**	**2,109,651**

Financial expenses mainly comprise interest expenses in connection with the loans for financing the properties.

(7) Earnings per share

Basic earnings per share are calculated as follows:

in EUR	1 January–31 December 2019	2 May –31 December 2018
Consolidated earnings (EUR)	**8,705,690**	**4,913,470**
Consolidated net income less non-controlling interests	8,268,059	4,479,195
Dilutive effects	0	0
Consolidated net income less dilutive effects	8,268,059	4,479,195
Number of shares		
Shares issued as at balance sheet date	16,565,922	16,562,922
Weighted number of shares issued	16,565,922	10,293,656
Dilutive effects	0	0
Weighted number of shares issued (diluted)	16,565,922	10,293,656
Earnings per share (EUR)		
Basic earnings per share	0.50	0.44
Diluted earnings per share	0.50	0.44

Basic earnings per share are calculated by the dividing the earnings attributable to the owners of shares in the parent company by the weighted average number of shares in circulation during the period under report.

G. HYPOTHETICAL COMPARATIVE PREVIOUS-YEAR FIGURES

The ERWE Group was created on 2 May 2018 with the contribution of ERWE Properties GmbH to ERWE AG. Using the hypothetical comparative previous-year figures, the income statement of the ERWE Group for the 2018 financial year is presented as if the ERWE Group had been consolidated for the first time on 1 January 2018. This is intended to make it easier to compare the consolidated income statement for the 2019 financial year with the previous year's figures. As this financial information reflects a hypothetical situation, it does not convey in all details the view that would have resulted if the events to be considered had actually taken place at the beginning of the previous year's period (hypothetical comparative figures in the income statement), nor does it reflect the actual earnings position.

in EUR	1 January–31 December 2019 (as reported)	2 February–31 December 2018 (as reported)	1 January–31 December 2018 (hypothetical comparative figures)
Income from property lettings	3,465,659	2,752,489	3,393,666
Expenses from property lettings	–2,099,861	–1,598,656	–1,936,337
Earnings from property lettings	**1,365,798**	**1,153,834**	**1,457,329**
Other operating income	841,999	1,116,148	1,131,507
Personnel expenses	–1,814,628	–519,599	–684,259
Other operating expenses	–3,061,501	–1,888,474	–2,433,534
Result of measurement of investment properties	12,569,200	9,604,528	9,604,528
Result from associates measured at equity	1,639,052	0	0
Earnings before income and taxes (EBIT)	**11,539,920**	**9,466,436**	**9,075,571**
Financial income	10,910	25,222	29,120
Financial expenses	–3,326,759	–2,109,651	–2,781,721
Earnings before taxes	**8,224,071**	**7,382,007**	**6,322,970**
Taxes on income	481,620	–2,468,538	–2,468,538
Consolidated net income / comprehensive income	**8,705,690**	**4,913,470**	**3,854,432**

H. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash flows are broken down into operating, investment and financing activities. The indirect calculation method was chosen to present the cash flow from operating activities, whereas cash flows from investing and financing activities are determined on the basis of payments. Cash funds correspond to the level of cash and cash equivalents.

Cash flow from operating activities for the period under report amounted to Euro –6,234k (previous year: Euro –1,404k). Cash flow from operating activities mainly results from payments of interest and financing costs in the amount of Euro 3,011k (previous year: Euro 1,321k). One-off financing costs and other one-off payments accounted for Euro 520k (previous year: Euro 245k) of this amount.

In the reporting period, payments were made for the acquisition and further investments in investment properties of Euro 14,738k (previous year: Euro 13,475k). Furthermore, cash flow from investing activities in the period under report includes loans granted to an associated company in the amount of Euro 556k (previous year: Euro 0).

Cash flow from financing activities amounted to Euro 21,509k in the period under report (previous year: Euro 32,629k) and is primarily attributable to new borrowings (Euro 51,117k; previous year: Euro 16,958k) in connection with the clearance or repayment of financial loans – primarily in connection with refinancing – of Euro 28,810k (previous year: Euro 2,281k). The payments in connection with additions to equity of Euro 637k result from payments in 2019 for costs in connection with the cash capital increase carried out at the end of 2018.

Cash funds decreased only insignificantly by Euro 97k from Euro 19,152k at the beginning of the period under report to Euro 19,055k at the end of the current period under report. Cash funds include cash and cash equivalents available at short notice and not subject to long-term restraints on disposal.

Financial liabilities resulting from financing activities developed as follows in the period under report:

Euro 000s	Opening balance at 1 January 2019	Changes affecting payment*	Changes not affecting payment: Effective interest method	Changes not affecting payment: Sundry	Closing balance at 31 December 2019
Financial debt	58,311	21,823	436	2,844	83,415
Lease liabilities	807	–195	49	2,291	2,952
Total	59,119	21,628	485	5,135	86,367

*Including payments for financing costs

in TEUR	Opening balance at 2 May 2018	Changes affecting payment*	Changes not affecting payment: Effective interest method	Changes not affecting payment: Sundry	Closing balance at 31 December 2018
Financial debt	44,180	14,665	257	-791	58,311
Total	**44,180**	**14,665**	**257**	**-791**	**58,311**

*Including payments for financing costs

I. DISCLOSURES ON FINANCIAL INSTRUMENTS AND FAIR VALUES

(1) Additional disclosures on financial instruments

a) Classification

At the ERWE Group, the classification of financial instruments required by IFRS 7 is performed by analogy with the respective balance sheet line items. The following tables show a reconciliation of the carrying amounts for each IFRS 7 class (balance sheet items) to the valuation categories on the individual reporting dates.

		Measured at amortized cost		Measured at fair value	Total
Euro 000s	IFRS 7 category	Carrying amount	Fair Value	Carrying amount	balance sheet line items at 31 Dec 2019
Assets					
Trade receivables	Aac	341	341	0	341
Sundry current assets	Aac	3,536	3,536	0	3,536
Liabilities					
Non-current financial loans	Flac	69,726	72,160	0	69,726
Current financial loans	Flac	13,689	13,689	0	13,689
Trade payables	Flac	947	947	0	947
Lease liabilities	Flac	2,952	2,952	0	2,952
Other liabilities	Flac	1,686	1,686	0	1,686

		Measured at amortized cost		Measured at fair value	
Euro 000s	IFRS 7 category	Carrying amount	Fair Value	Carrying amount	Total balance sheet line item as at 31 Dec 2018
Assets					
Trade receivables	Aac	222	222	0	222
Sundry current assets	Aac	965	965	0	965
Liabilities					
Non-current financial loans	Flac	41,501	41,328	0	41,501
Current financial loans	Flac	16.810	16,810	0	16,810
Trade payables	Flac	2,106	2,106	0	2,106
Other liabilities	Flac	1,178	1,178	0	1,178

Abbreviations for IFRS 7 categories:

Aac Financial assets measured at amortized cost

Flac Financial liabilities measured at amortized cost

b) Fair value disclosures

The calculation of the fair values of financial assets and liabilities for measurement and explanatory note disclosures was based on Level 3 of the fair value hierarchy.

Trade receivables and other current assets have short remaining terms of maturity. Their carrying amounts as at the balance sheet date therefore approximate to their fair values. The same applies for floating-rate non-current and current financial loans, trade payables and other current liabilities.

The fair value of fixed-rate non-current financial loans is determined by discounting future cash flows. Discounting is based on a market interest rate with matching maturities and risks.

c) Net result of financial assets and liabilities

Gains and losses on financial assets and liabilities are structured as follows:

Net result 1 January –31 December 2019

Euro 000s	IFRS 7 category	Interest	Income/ expenses	Total
Financial assets measured at cost	Aac	11	0	11
Financial liabilities measured at cost	Flac	-2,885	-442	-3,327

Net result 2 May –31 December 2018

Euro 000s	IFRS 7 category	Interest	Income/ expenses	Total
Financial assets measured at cost	Aac	25	0	25
Financial liabilities measured at cost	Flac	-1,853	-257	-2,109

Interest income and interest expenses are presented within financial income and financial expenses. The expenses for financial liabilities measured at cost relate to adjustments made when applying the effective interest method. These expenses are presented within financial expenses.sen.

(2) Financial risk management and IFRS 7 disclosures

Financial risk management forms an integral component of the risk management system and thus assists the company in meeting its targets. Material risks monitored and controlled within the Group's financial risk management include interest rate risk, default risk, liquidity risk and financing risk.

a) Interest rate risk

Most of the Group's loans have fixed interest rates. Interest rate risk therefore only applies to one long-term loan with a nominal value of Euro 26,000k and one short-term loan of Euro 12,355k. As interest rates are not expected to rise in the near future, the company assesses this risk as being relatively low. For this reason and due to the relatively low proportion of variable interest rate loans, a sensitivity analysis is not carried out.

b) Default risk

Default risk involves the risk of contractual partners being unable to meet their contractually agreed payment obligations. Maximum default risk corresponds to the carrying amounts of the financial assets. Default risks are managed on group level for the overall Group. Trade receivables are mainly due from tenants. ERWE accords priority to ensuring impeccable creditworthiness during the tenant selection process already. To secure this risk, the Group requires tenants to provide deposits or guarantees. There is no significant concentration of potential credit risks within the Group. However, higher credit risks may exist for commercial properties due to the tenant structure.

c) Liquidity risk

Responsibility for liquidity risk management lies with the Management Board, which has established an appropriate concept for managing short, medium and long-term financing and liquidity requirements. On overall Group level, the current liquidity situation is regularly and promptly recorded. This centrally managed function monitors the financial stability of the group of companies. The ongoing calculation of liquidity flows on individual company level also forms part of this management system.

The liquidity analyses below present the contractually agreed (undiscounted) cash flows for primary financial liabilities, including interest payments, as at the respective balance sheet date. The analyses include all financial instruments held as at the respective balance sheet date. No account was taken of payments budgeted for future new liabilities.

Euro 000s	**2020**	**2021**	**2022**	**2023**	**After 2023**
Financial debt	17,340	59,920	1,766	12,368	0
Trade payables	946	0	0	0	0
Lease liabilities	499	495	495	494	1,437
Other liabilities	1,686	0	0	0	0
Total	**20,470**	**60,415**	**2,261**	**12,862**	**1,437**

d) Financing risk

To be able to make further acquisitions, ERWE is dependent on the granting of loans or issuing of bonds. Furthermore, expiring loans have to be extended or refinanced. In these cases, there is the risk that it may not be possible to extend a loan, or only on different terms. Any infringement by companies within the ERWE Group of covenants relating to existing financing agreements may lead to loans having to be rapid prematurely or terminated. ERWE may possibly be unable to refinance itself at short notice. This factor is continually monitored by the Management Board. ERWE was able to secure long-term financing until December 2023 through the issuing of a bond with a total nominal value of Euro 12,500k.

The company's cash flow and potential future dividend payments depend on the economic success of its subsidiaries and participating interests or may have to be supplemented or replaced by debt capital. ERWE is dependent on generating sufficient liquidity from its real estate portfolio to cover the interest and repayment expenses associated with the existing financing

J. OTHER DISCLOSURES

(1) Capital management

The Group manages its capital with the objective of maximizing shareholder returns by optimizing the ratio of equity to debt. This way, it ensures that all group companies can operate on a going concern basis. The Group's balance sheet equity is used as an important key figure for capital.

As a stock corporation, the company is subject to the minimum capital requirements of German stock corporation law. Furthermore, the Group is subject to the customary and sector-specific minimum capital requirements of the financial sector, particularly for financing specific properties. These minimum capital requirements are monitored continuously.

Risk management regularly reviews the Group's capital structure. To meet lending standards for external capital requirements, the company calculates and forecasts key accounting figures. These also include property-service debt service ratios and loan-to-value figures.

The year-end equity ratio was as follows:

Euro 000s	**31 December 2019**	**31 December 2018**
Equity (including non-controlling interests)	58,284,836	49,585,303
Total assets	162,637,721	127,119,971
Equity ratio in %	**35.84%**	**39.01%**

The loan-to-value (LTV) amounts to 46.6% (31 December 2018: 36.8%). Information about the calculation of this key figure can be found in the Group Management Report.

(2) Minimum lease payments for operating leases

ERWE acts as lessor in a number of operating leases (rental agreements). Claims to minimum lease payments for long-term operating leases generally relate to the letting of commercial properties, which are recognized under investment properties. The Group does not have any other claims to minimum lease payments. Minimum lease payments include rental income (excluding apportionable operating expenses).

Disclosures on operating leases in accordance with IFRS 16.90b	2020	2021-2024	2025 and beyond
Euro 000s	< 1 year	1–5 years	> 5 years
Total future minimum lease payments due to non-cancelable operating leases (as lessor)	2,944	10,672	9,254

Minimum lease payments (basic net rent) came to Euro 2,864k in the period under report (31 December 2018: Euro 2,243k).

(3) Other financial obligations and contingent liabilities

As at 31 December 2019, ERWE as lessee had the following material rental and lease obligations:

in EUR	31 December 2019	31 December 2018
Rental and lease obligations		
- within one year	3,233	92,799
- maturing between 1 and 5 years	3,392	324,797
- maturing after 5 years	424	0
Total	**7,049**	**417,596**

For 2019, these financial obligations comprise the portion of rental and lease obligations not recognized in accordance with IFRS 16 and result from short-term rental agreements for vehicle parking spaces and storage areas as well as small appliances.

In connection with contracts entered into with construction contractors, the Group has obligations of Euro 15,859,159 that are due within one year and of Euro 609,000 that are due by October 2021.

(4) Related party disclosures

According to IAS 24 „Related Party Disclosures“, related parties are defined as, among others, parent companies, subsidiaries and subsidiaries of a common parent company, associated companies, legal entities under the influence of the management and the management of the company. Business transactions between ERWE Immobilien AG and its consolidated subsidiaries are eliminated through consolidation and are therefore not explained in the Notes.

Translated with www.DeepL.com/Translator (free version)

The following material transactions were executed between the Group and related parties:

in Euro	31 December 2019 Receivable (+)/ Liabilities (-)	1 January–31 December 2019 Income/interest income (+) Expenses/interest (-)
ERWE as borrower:		
VGHL Management GmbH – loan to ERWE 333	–278,531	–8,531
VGHL Management GmbH – loan to ERWE 555	–131,116	–4,016
Elbstein AG	0	–4,605
HCK Wohnimmobilien GmbH	0	–38,333
Ehlerding Stiftung	3,000,000	–177,958
Dr. Holger Henkel (Supervisory Board) loan to ERWE AG	0	–17,667
ERWE as recipient of service:		
VGHL Management GmbH	0	–191,850
ERWE Real Estate GmbH	0	–20,541
RW Property Investment GmbH	0	–36,517
Nicole Harloff (Managing Director of ERWE Immobilien Management GmbH)	0	–71,426
Dr. Holger Henkel (Supervisory Board) legal advice	0	–99,709
ERWE as provider of service		
ERWE Real Estate GmbH	0	75,000
Godewind Office VI GmbH & Co. KG	613,898	492,413

Elbstein AG granted a loan of Euro 250,000 to ERWE AG in 2018. This bore interest at 12% p.a. Another loan of Euro 1,616,640 was granted in 2018, which bore interest at 5.5% p.a. Both loans were paid back in January 2019. Interest costs amounted to Euro 4,605 in 2019.

HCK Wohnimmobilien GmbH granted a loan of Euro 1,000,000 in 2018. This bore interest at 12% p.a. This loan was paid back in April 2019. Interest costs amounted to Euro 38,333 in 2019.

Ehlerding Stiftung granted a loan of Euro 1,250,000 in 2018, which bore interest at 12% p.a. and was paid back in April 2019. Ehlerding Stiftung took out a new loan of Euro 3,000,000 in June 2019. This loan has a term of two years and bears interest at 8.5% p.a. Total interest costs amounted to Euro 177,958 in 2019.

The loan of Euro 500,000 granted by Dr. Holger Henkel to ERWE AG in 2018 was repaid on February 1, 2019 plus a one-time payment of Euro 12,500. Interest was charged at 12% p.a., and the interest from 1 January to 1 February 2019 amounted to Euro 5,167. In 2019, Dr. Holger Henkel provided legal advisory services to ERWE amounting to Euro 99,709.

In the context of center, property and facility management contracts concluded with ERWE, VGHL Management GmbH received compensation of Euro 191,850. VGHL Management GmbH also issued 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 bear interest at 12.5% p.a. When ERWE Immobilienmanagement GmbH was founded, Nicole Harloff held a 25.1% stake in the company. As part of her work as managing director of ERWE Immobilienmanagement GmbH, she received remuneration of Euro 71,426 in the period from 1 July to 31 December 2019.

RW Property Investment GmbH received reimbursement of expenses for costs in the amount of Euro 36,517. ERWE Real Estate GmbH received reimbursement of expenses of Euro 20,541 for costs incurred by it in connection with ERWE. In 2019, the ERWE Group provided services worth Euro 75,000 to ERWE Real Estate GmbH.

In 2019, ERWE provided project development and management services worth Euro 481,615 to Godewind Office VI GmbH & Co. KG. In addition, ERWE Properties GmbH granted loans in several payments totaling Euro 555,500 to Godewind Office VI GmbH & Co. KG. These loans are granted for an indefinite period, are unsecured and bear interest at 2.5%. The interest for the period February 15 to December 31 amounts to 10,798 EUR.

From the bond issue at the end of December 2019, Stapelfeld GmbH & Co. KG subscribed to bonds with a nominal value of Euro 155,000.

With regard to the compensation paid to the Management and Supervisory Boards, reference is made to the information provided in the following section.

(5) Management Board and Supervisory Board

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

Axel Harloff, Dipl. Kaufmann

Rüdiger Weitzel, Dipl. Ingenieur

The Management Board received fixed compensation and a bonus in the period under report. The compensation for the two Management Board members, including the non-cash benefit resulting from the use of a car, amounted to a combined total of Euro 516,000 in the period under report (2018: Euro 66,000). Furthermore, the members of the Management Board were reimbursed for their travel and other expenses.

Compensation for Management Board members was structured as follows:

	Axel Harloff		Rüdiger Weitzel		Total 2019
	2019	2018	2019	2018	
Basic compensation not related to performance	180,000	30,000	180,000	30,000	360,000
Non-cash compensation not related to performance	21,000	3,500	15,000	2,500	36,000
Compensation related to performance	60,000	0	60,000		120,000
Total	261,000	33,500	255,000	32,500	516,000

Mr. Axel Harloff is still the Chairman of the Supervisory Board of Accentro Real Estate AG and Consus Real Estate AG.

Mr. Rüdiger Weitzel is a member of the Supervisory Board of SATURIA Fondmanagement GmbH.

ERWE Immobilien AG Supervisory Board members, their occupations and compensation received for the past financial year are shown in the following table:

Name	Role	Occupation	Total compensation 2019	Total compensation 2019
Dr. Olaf Hein	Supervisory Board Chairman	Elbstein AG management board	30,000	20,000
Dr. Holger Henkeln	Deputy Chairman	Lawyer	22,500	15,000
Carsten Wolff	Member of Supervisory Board	Head of accounting and finance	15,000	10,000
Total			**67,500**	**45,000**

Mr. Carsten Wolff is deputy chairman of the Supervisory Board of Westgrund AG.

(6) Employees

The average number of employees was as follows:

Number	2019	2018
Management Board members	2	2
Full-time employees	18	7
Total	**20**	**9**

The ERWE Group had 24 employees and two Management Board members as at 31 December 2019.

(7) Group auditor's fee

The group auditor's fee for the 2019 financial year amounted to a total of Euro 107k, of which Euro 92k for auditing services, Euro 7k for tax consultancy services and Euro 8k for other services.

(8) Events after the balance sheet date

On 18 February 2020, ERWE Immobilien AG placed the increase of the 2019/2023 bond at Euro 40 million. The partial bond was issued at 100% of the nominal value. It has a term of four years and bears interest at 7.5% p.a.

On 4 March 2020, ERWE Immobilien AG concluded a purchase agreement for the acquisition of the Kupferpassage shopping center in Coesfeld, Germany. The investment totaled Euro 20 million and concerns commercial space with approximately 10,000m2 of usable space and 160 vehicle parking spaces.

On 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since 11 March 2020, the WHO has classified the spread of the coronavirus as a pandemic.

This results in an increased risk for ERWE that tenants in ERWE's premises could experience a reluctance to consume or invest, which could lead to payment defaults or tenant insolvencies or that the conclusion of new contracts is delayed or stopped. In addition, renovation and modernization measures could be hindered by difficulties in the supply of various building materials, which could delay the various construction plans in the projects. However, specific effects cannot be assessed at present.

Furthermore, there have been no events of particular significance for ERWE's asset, financial position and results of operations after 31 December 2019.

(9) Declaration of compliance with the German Corporate Governance Code

The Management Board last resolved in December 2019 to adopt the declaration of compliance with the German Corporate Governance Code pursuant to § 161 AktG. This is made available to shareholders at the following link:

http://www.erwe-ag.com/fileadmin/Ablage/03_Investor_Relations/Corporate_Governance/191220__Entsprechenserklaerung_final.pdf

Frankfurt am Main, 23 March 2020

ERWE Immobilien AG

Axel Harloff	Rüdiger Weitzel
Management Board member	Management Board member

Independent Auditor's Report

To

ERWE Immobilien AG, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and the Combined Management Report

Audit opinions

We have audited the consolidated financial statements of ERWE Immobilien AG, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2019, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from January 1 to December 31, 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report combined with the management report (hereinafter "combined management report") of ERWE Immobilien AG, Frankfurt am Main, for the period from January 1 to December 31, 2019. In accordance with the German legal requirements, we did not examine the declaration on corporate governance pursuant to §§ [Articles] 315d and 289f HGB [Handelsgesetzbuch: German Commercial Code] published on the Group's website, which is referred to in the combined management report, with regard to its content.

In our opinion, on the basis of the knowledge obtained in the audit.

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the period from January 1 to December 31, 2019 and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion does not extend to the above mentioned components of the combined management report that were not examined with regard to their content.s.

In accordance with § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Regulation on statutory audit of public-interest entities (No 537/2014; hereinafter "EU Audit Regulation"), and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law, as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Pursuant to Article 10 paragraph 2) f) EU Audit Regulation, we declare that we did not perform any prohibited non-audit services pursuant to Article 5 paragraph 1 EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are matters that, in our professional judgment, were of the greatest significance to our audit of the consolidated financial statements for the period from January 1 to December 31, 2019. These matters were taken into account during our audit of the consolidated financial statements as a whole, and when forming our audit opinion thereon; we do not express a separate audit opinion on these matters.

The matters we consider key audit matters are presented in the following:

1) Measurement of investment properties

2) Recognition and measurement of deferred taxes

With regard to 1) Measurement of investment properties

a) Risk to the financial statements

In its consolidated balance sheet as of 31 December 2019, ERWE Immobilien AG reports investment properties of Euro 131,910k (previous year: Euro 101,910k) measured at fair value pursuant to IAS 40. In the 2019 financial year, a result from measurement of investment properties of Euro 12,569k (previous year: Euro 9,604k) is recognized in the consolidated income statement.

The company's statements regarding investment properties are included in section C., with regard to material discretionary decisions, estimates and assumptions, and E. (2) of the notes to the consolidated financial statements, and in II.3. of the combined management report.

The respective fair values in accordance with IFRS 13 was carried out by the executive directors on the basis of the discounted cash flow method/residual value method by reference to surveys compiled by external surveyors. These are Level 3 measurements based on material inputs not observable on the market. The forecast surplus cash and cash equivalents from rental income and operating, maintenance and administrative expenses include significant discretionary decisions and estimates with a material impact on the consolidated financial statements. IAS 40 and IFRS 13 also require numerous disclosures in the notes, and it must be ensured that they are complete and appropriate.

b) Audit approach and conclusions

Our audit procedures include, in particular, evaluation of the measurement procedures with regard to their conformity with IAS 40 in conjunction with IFRS 13, and of the accuracy and completeness of the data regarding the property portfolio. We thereby verified the forecast values and parameters used in the measurement (particularly rental income and operating, maintenance and administrative expenses, as well as discounting and capitalization interest rates) and assured ourselves of the appropriateness of the discretionary decisions and estimates. Among other things, we used external market data to assess the parameters used in the measurement.

We assured ourselves of the qualification and objectivity of the external surveyors appointed by the company.

In the knowledge that relatively minor changes to the parameters used in the measurement can have significant effects on the value of investment properties, we also arithmetically verified the sensitivity analysis conducted by the external surveyors and the effects of possible fluctuations in these parameters. Further, we assessed the appropriateness of the associated statements in the notes to the consolidated financial statements.

In our opinion, ERWE Immobilien AG has implemented an appropriate valuation procedure that is suitable for determining fair values in accordance with IAS 40 and IFRS 13. We believe that the executive directors' assessments underlying the recognition of assets are sufficiently justified and lead to an appropriate presentation in the consolidated financial statements. The disclosures in the notes pursuant to IAS 40 and IFRS 13 are complete and appropriate.

With regard to 2) Recognition and measurement of deferred taxes

a) Risk to the financial statements

Deferred tax liabilities of Euro 15,299k (previous year: Euro 15,737k) recognized in the consolidated financial statements of ERWE Immobilien AG almost exclusively consist of liability-side differences between the valuation of the investment properties in the consolidated financial statements and their tax carrying amounts after netting with any deferred tax assets for tax loss carryovers.

The company's statements regarding deferred taxes are included in sections C., with regard to material discretionary decisions, estimates and assumptions, and E. (10) of the notes to the consolidated financial statements.
The recognition and measurement of deferred taxes in ERWE Immobilien AG's consolidated financial statements is the result of complex tax matters relating to the property companies.

In our view, deferred taxes were therefore of particular significance to the consolidated financial statements, whereby the question of the applicable tax rate was of particular importance. The risk to the consolidated financial statements arises, in particular, from the inappropriate application of trade tax exemptions when determining the deferred tax liabilities from temporary differences relating to investment properties.

b) Audit approach and conclusions

We verified the measurement of deferred taxes with regard to compliance with IFRS 12 requirements.

We assured ourselves of the qualification and objectivity of the adviser who assisted the company in determining deferred taxes, and acknowledged their opinion regarding the question of the applicable tax rate.

We verified the executive directors' assumptions regarding the recognition and measurement of deferred taxes. The measurement of deferred taxes was carried out appropriately.

Other information

The executive directors are responsible for the other information. The other information comprises:

- the declaration on corporate governance pursuant to §§ 315d and 289f HGB published on the Group's website, which is referred to in the combined management report,

- the supervisory board report,

- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code [Deutsche Corporate Governance Kodex],

- the remaining parts of the annual report, but not the consolidated financial statements, not the statements in the combined management report examined with regard to their content and our associated auditor's report, and

- the statement on the consolidated financial statements pursuant to § 297 Abs. 2 Satz 4 HGB, and the statement on the combined management report pursuant to § 289 Abs. 1 Satz 5 and § 315 Abs. 1 Satz 5 HGB.

The supervisory board is responsible for the supervisory board report. The executive directors and supervisory board are responsible for the statement pursuant to section 161 AktG [German Stock Corporation Act] and the declaration on corporate governance included in the combined management report. The executive directors are also responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the statements in the combined management report examined with regard to their content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on our activities, we come to the conclusion that there is a material misstatement in the other information, we are obliged to report it. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to the section 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the Group's ability to continue as a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of addressees taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with applicable laws, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare to those charged with governance that we have complied with the relevant requirements regarding independence, and communicate all relationships and other matters that could reasonably be assumed to affect our independence and the associated protective measures taken.

Of the matters we discuss with those charged with governance, we determine which matters were most significant to the audit of the financial statements for the present reporting period, and are therefore key audit matters. Unless laws or other legal requirements prevent the public disclosure of a matter, we describe these matters in the independent auditor's report.

Other Laws and Legal Requirements

Other disclosures pursuant to Article 10 EU Audit Regulation.

We were elected as group auditor by the shareholders' meeting on June 13, 2019. We were appointed by the supervisory board on January 21, 2020. We have been ERWE Immobilien AG, Frankfurt am Main's group auditor without interruption since the 2018 financial year.

We declare that audit opinions contained in this independent auditor's report are consistent with the supervisory board's additional report pursuant to Article EU Audit Regulation (audit report).

Responsible Wirtschaftsprüfer [German public auditor]

The Wirtschaftsprüfer responsible for the audit is Mr. Dirk Heide.

Hamburg, March 23, 2019

Ebner Stolz GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Jens Lingthaler	**Dirk Heide**
Wirtschaftsprüfer	**Wirtschaftsprüfer**

Responsibility statement

We hereby confirm that, to the best of our knowledge, and in accordance with the applicable principles for reporting principles, the 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 that the combined 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.

Frankfurt am Main, March 2020

ERWE Immobilien AG

The Management Board

Axel Harloff Rüdiger Weitzel

Supervisory Board	Dr. Olaf Hein	Chairman of Supervisory Board
	Dr. Holger Henkel	Deputy Chairman of Supervisory Board
	Carsten Wolff	Member of Supervisory Board
Management Board	Axel Harloff	Member of Management Board
	Rüdiger Weitzel	Member of Management Board
Company information	Legal domicile	Frankfurt am Main Frankfurt HRB 113320 ERWE Immobilien AG Herriotstr. 1 60528 Frankfurt am Main T +49 (0) 69 96 37 68 69-0 E-Mail: info@erwe-ag.com www.erwe-ag.com
	Investor Relations	Hillermann Consulting Christian Hillermann Poststrasse 14 - 16 20354 Hamburg T +49 (0) 40 320 27 91 - 0 E-Mail: office@hillermann-consulting.de
	Public Relations	german communications Jörg Bretschneider Milchstr. 6b 20148 Hamburg T +49 (0) 40 46 88 330 E-Mail: presse@german-communication.com
	Share capital	16,562,922 EUR
	Distribution	16,562,922 shares
	Voting rights	1 vote per share
	Share identification	WKN A1X3WX / ERWE ISIN DE000A1X3WX6 Stock market ticker ERWE
	Designated Sponsor	ODDO SEYDLER BANK AG, Frankfurt am Main
	Stock markets	Frankfurt a. M. (XETRA), open markets in Berlin, Düsseldorf, Stuttgart
	Finacial year	Calendar year

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