On track for success

2020 Half-year Report

FCR Immobilien

FCR Immobilien

Table of key performance indicators

Important key performance indicators of FCR Immobilien AG as of June 30

in € million	January 1 – June 30, 2020	January 1 – June 30, 2019
Revenue incl. sales proceeds	18.9	29.5
EBITDA	8.0	9.3
EBIT	7.9	9.3
EBT	4.4	6.3
Consolidated net profit for the year (Group)	3.8	4.7

2020: Unaudited IFRS figures

2019: Audited IFRS figures

Select key performance indicators of FCR Immobilien AG

	June 30, 2020	December 31, 2019
Number of properties	83	76
Total leasable floor space	348,908 m^2	326,000 m^2
Net rental revenues p.a.	€20.5 million	€19.5 million
Occupancy rate	88%	88%
Potential net rental income p.a.	€23.0 million	€22.2 million
WAULT (in years)	5.4	4.4
Portfolio net rental yield p.a. (ACTUAL)	7.5%	7.0%
Portfolio net rental yield p.a. (TARGET)	8.4%	8.0%

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Letter from the CEO

Dear Fellow Shareholders and Business Partners,

FCR Immobilien AG continued its successful business operations in the first half of the year 2020. Despite the massive crisis caused by the novel corona virus, which is holding the entire society and economic life in an unprecedented grip, we not only successfully prevailed in this extremely difficult environment, but also succeeded in strategically and operationally advancing our company. We are a profitable, high-growth and innovative company that values and lives responsibility in the daily conduct of its business - responsibility for our employees, customers and partners as well as the general public. For this reason, I am extremely grateful and pleased to present you with a company that enjoys perfect health throughout.

As one of the leading German specialists for commercial property at established secondary locations, our robust business model rests on two sustainably strong pillars. The first and primary pillar is the holding of properties in our portfolio, the second complementary pillar consists of the construction of new and development of existing properties as well as property sales. This combination of opportunistic purchasing, active asset management and disposal of optimized properties is a great advantage and forms our holistic 360° approach to value creation. Our business model has one clear focus: Commercial properties in Germany. This is the strategic and operational core business on which we concentrate our efforts. We take an opportunistic approach to engaging in other business fields, provided they offer the potential for adequate returns. This is also evident from our financials: 96% of our rental income is generated in Germany, 76% in the retail segment. The fact that the corona crisis only had a moderate impact on the core business of FCR is in particular owed to our portfolio structure with shopping centers and specialized retail stores that host anchor tenants from the food segment.

We have continued to further develop our specific property portfolio in the first half of the year 2020, successfully developed our portfolio properties and conducted value-generating transactions both as property buyers as well as vendors. With 10 property acquisitions, we purchased one property more than in the same period of the previous year. On the vendor side, we matched the previous year with the successful sale of three properties. I believe that this is a good result, especially when taking into account that all of the 13 transactions tool place in the first quarter of the year, before the corona crisis hit home. Similar to all of our competitors, COVID-19 began strongly affecting our transaction business activities from the beginning of the second quarter. The severe crisis rendered us unable to conduct any purchases or sales in the period from April to June 2020 - despite our well-filled and attractive pipeline. The property market had come to a standstill. Since the beginning of July 2020, we are seeing transaction processes picking up strongly and the business has almost returned to pre-crisis levels.

Despite the difficult framework conditions, we were able to expand our property portfolio from 64 to now 83 properties and increase their market value from €251 million to €309 million within a period of 12 months. Our asset management has allowed us to secure or extend before term a total of 36 tenancy agreements with a volume of €5.7 million since the beginning of the year, including €3.3 million since the end of March 2020.

Our successful portfolio management is also reflected in the positive earnings generated in the first half of the year 2020. According to our IFRS-conforming figures, the continued development of the property portfolio and our successful asset management have increased our rental income increasing by 44% to €13.8 million, up from €9.6 million in the previous year. Despite the problems resulting from COVID-19, the positive development of our business was also evident in our FFO (funds from operations): As a result of the significant expansion of our property holdings, the FFO amounted to €2.2 million. This means that we have already achieved our primary objective of sustainably strengthening our portfolio business and in turn increasing our profitability in the first half of the year. In line with our strategy, the business with our property holdings - the bread and butter of our business model - took a more dominant position than our sales activities.

Earnings before interest (EBT) came in at €4.4 million and includes an upward change in value of €0.9 million. The EBT in the first half of the previous year was €6.3 million, with a value increase of €8.3 million. The reporting period in the previous year was also dominated by the proceeds the sale of a larger property, which of course made itself noticeable in the revenues. For the full first half of the year, we are pleased to report that the strengthening and expansion of our property portfolio business in the core asset class retail has delivered both higher growth and higher profitability.

The EPRA net asset value also increased to €101 million, which corresponds to €11.05 per share. This is a very encouraging result in light of the dividend of €0.30 per share distributed in the second quarter of 2020.

I would like to take the opportunity to express my gratitude to all colleagues at FCR who have worked tirelessly in this extremely difficult period for all of us. Our results for the first half of the year 2020 provide an excellent starting point for our plans to further continue on a profitable growth trajectory.

I am confident that this tailwind will enable us to continue harnessing the market's opportunities for growth in the second half of the year and to further expand our property portfolio, despite the existing macroeconomic uncertainties. To facilitate our continued growth, we have issued a new 4.25% bond that is currently in the process of being placed with private investors.

We are planning to increase our revenues in 2020, both in our core business of property holdings as well as property sales. The rental income generated by our existing property portfolio are forecasted at €28.3 million. This represents a significant increase of 31% over the full year 2019. Income from additional properties to be acquired in 2020 will - as an upside potential - add to this rental income. We are planning to generate revenues of €30 to 40 million from the sale of portfolio properties in the full year 2020. The second half of the year has proven to be the prime period for property sales. This is even more true for the second-half year of 2020 due to the standstill in the second quarter of 2020 caused by the corona virus that caused a very large backlog in the market. Whatever the future brings, we are well prepared: Our acquisition and sales pipeline is well-field.

FCR not only pursues growth, but also concepts and technologies in the fields of digitalization and artificial intelligence. We aspire to be one of the most innovative real estate companies in Germany. This goal has motivated us to acquire an interest in Immoware24 GmbH and thereby expand our technology base with an innovative and already established property management system. The second half of the year will see our company bringing further solutions to the market. Over the past six months, we have put an excellent starting position for this endeavor in place by extending the functional scope of the FCR software.

All of the above makes us very confident that our financial year 2020 will once again be a successful year.
I would like to thank you, our valued shareholders, for the trust you have placed in FCR. We look forward to your continued patronage in this exciting year.

Sincerely yours,

Falk Raudies, CEO
Munich, August 2020

Consolidated Statement of Financial Position

as of the balance sheet date June 30, 2020

ASSETS

in €	Notes no.	June 30, 2020	December 31, 2019
A. Non-current assets			
Intangible assets	2.2	499,148.69	197,114.77
Properties held as financial investments	2.1	312,258,390.56	298,985,902.57
Property, plant and equipment		925,725.73	848,752.67
Interests held in companies measured at equity	2.3	2,089,550.00	0.00
Long-term and other lendings		169,304.00	194,868.00
Total non-current assets		**315,942,118.98**	**300,226,638.01**
B. Current assets			
Inventories	2.4	3,305,365.26	1,866,886.00
Financial instruments available for sale on short notice	2.5	3,441,042.86	970,478.24
Trade receivables	2.6	5,626,693.08	9,651,381.57
Receivables from affiliated companies	2.7	2,778,487.62	2,973,487.62
Other current assets	2.6	1,478,380.90	1,840,264.87
Tax claims with short maturities		111,133.07	311,791.60
Cash and cash equivalents	2.9	4,888,359.99	9,142,565.23
Total non-current assets		**21,629,462.77**	**26,756,855.13**
Total assets		**337,571,581.75**	**326,983,493.15**

Consolidated Statement of Financial Position

as of the balance sheet date June 30, 2020

LIABILITIES AND EQUITY

in €	Notes no.	June 30, 2020	December 31, 2019
A. Equity			
Subscribed capital	2.9	9,146,404.00	9,146,404.00
Capital reserve	2.9	5,763,920.41	5,763,920.41
Other reserves		278,915.16	278,915.16
Retained earnings	2.9	71,459,362.27	70,432,798.05
Total equity		**86,648,601.84**	**85,622,037.62**
B. Liabilities			
NON-CURRENT LIABILITIES			
Non-current deferred tax liabilities		14,894,496.83	14,449,847.97
Non-current provisions		5,000.00	5,000.00
Non-current bonds	2.10	69,174,508.33	66,643,441.67
Non-current bank loans	2.11	148,049,034.87	144,886,966.94
Total non-current liabilities		**232,123,040.03**	**225,985,256.58**
CURRENT LIABILITIES			
Current provisions		737,171.12	1,124,532.90
Ongoing income tax liabilities		2,198,934.47	2,184,093.35
Current bonds	2.10	0.00	0.00
Current bank loans	2.11	7,827,669.95	7,424,855.81
Prepayments received	2.12	276,228.33	166,144.36
Trade liabilities	2.12	4,008,507.21	2,172,088.59
Other current liabilities	2.12	3,751,428.80	2,304,483.94
Total current liabilities		**18,799,939.88**	**15,376,198.95**
Total equity and liabilities		**337,571,581.75**	**326,983,493.15**

Consolidated Statement of Comprehensive Income

for the period January 1 – June 30, 2020

in €	Notes no.	January 1 - June 30, 2020	January 1 - June 30, 2019
Revenues	3.1	13,784,775	9,577,825
Revenues from the sale of properties held as financial investments	3.1	5,145,000	19,900,000
Portfolio movements		408,342	-218
Other operational income	3.3	95,512	277,558
Total turnover and operational income		**19,433,629**	**29,755,165**
Cost of materials	3.2	-3,619,488	-4,211,322
Expenses for purchased services		-89,675	0
Expenses from the disposal of properties held as financial investments		-4,291,000	-19,900,000
Personnel expenses	3.4	-2,323,980	-2,704,388
Change in the value of properties held as financial investments		884,213	8,302,065
Other operational expenses	3.5	-2,051,109	-1,954,541
Impairment of trade receivables and contractual assets		-18	0
Result from participating interests measured at equity		89,550	0
EBITDA		**8,032,122**	**9,286,980**
Amortization and impairment of other intangible assets and property, plant and equipment		-163,640	-20,310
Earnings before interest and tax (EBIT)		**7,868,482**	**9,266,670**
Financial income	3.6	107,933	18,353
Financial expenses	3.6	-3,622,192	-2,949,492
Earnings before taxes (EBT)		**4,354,224**	**6,335,531**
Taxes on income and earnings		-583,738	-1,641,317
Consolidated profit for the year		**3,770,485**	**4,694,213**
of which attributable to:			
Quota attributable to the shareholders of FCR Immobilien AG		**3,770,485**	**4,694,213**
Result per share (undiluted) referring to	3.7	3,770,485	4,694,213
Shares issued as of the balance sheet date		9,146,404	9,146,404
Result per share (undiluted)		**0.41**	**0.51**

Also refer to the supplementary explanations.

Notes to the Consolidated Financial Statements

Selected explanatory disclosures in the Notes to the Consolidated Financial Statements for the period from January 1 to June 30, 2020

General disclosures

FCR Immobilien AG (referred to as FCR AG, FCR of the Group hereafter) is a listed corporation limited by shares under German law. The company has its registered office in Pullach im Isartal (Munich Local Court, HRB 210430).

Type of business activities

FCR Immobilien AG has positioned itself as a specialist for commercial properties that focuses on established secondary locations in Germany. While the geographic location of these secondary locations offers potentials for above-average rental yields, they can also exhibit a more stable long-term development of rental income and property values than the property markets at prime locations that respond with more volatility to economic cycles.

The business model of FCR rests on two pillars: The first, primary pillar is the core business of FCR: the holding of real estate assets. This business segment generates rental income. Our core business is complemented by the second pillar, which includes the construction of new and development of existing properties as well as the trade with properties. This business segment generates income from property sales. These two pillars allow FCR to covers the full value chain consisting of purchasing, active asset management and property sales.

FCR employs a business and growth strategy that predominantly focuses on penetrating the German market in the core asset class retail, and within this class emphasizes on food retail stores operated by anchor tenants with strong credit ratings. Business activities in additional countries or markets (currently Austria) and additional asset classes (currently office, logistics and residential) are based on a strictly opportunistic approach with a selective, return-focused development of business segments.

FCR's property portfolio is distinguished by shopping centers and specialist retail stores that in most cases have a food anchor.

An additional market are hotel properties that are held in FCR’s property portfolio and operated by subsidiaries. These properties have been purchased with the aim of optimizing them and then reselling them at a profit. In order to achieve the highest possible return from the funds invested in projects, the Executive Board continuously examined in which phase the best sales result can be achieved with a risk-optimized approach.

1 Principles and methods applied in the preparation of the Interim Consolidated Financial Statements

The present Interim Financial Report of FCR Immobilien AG as of June 30, 2020 were prepared on a voluntary basis in compliance with the International Financial Reporting Standards (IFRS hereafter) as applicable in the EU, the supplementary commercial law provisions applicable pursuant to Section 315e (3) German Commercial Code as well the IAS 34 rules pertaining to interim reporting. The requirements resulting from the German accounting standard 16 (DRS 16 - interim reporting) have also been observed.

The reporting period is comprised of the first six months of financial year 2020 ("the first half-year"). Comparative figures can be found in the Statement of Financial Position as of December 31, 2019 and the Statement of Comprehensive Income for the period from January 1 to June 30, 2019.

The accounts and values as well as the explanations and disclosures contained in the Interim Consolidated Financial Statements are based on the same accounting and measurement methods used for the Consolidated Financial Statements as of December 31, 2019.

These condensed Interim Consolidated Financial Statements do not contain all the information that is required for annual financial statements and must therefore be read in conjunction with the Consolidated Financial Statements as of December 31, 2020. The Interim Consolidated Financial Statements were prepared under the assumption of a continuation of the company ("going concern").

The Interim Consolidated Financial Statements are denominated in Europe because all transactions conducted within the Group were denominated in this currency and the euro thus represents the functional currency used by the Group. Unless stated differently, all amounts are stated in thousand euro (€ thousand). We note that the commercial rounding of amounts and percentages may result in differences in some of the data presented in tables. This also concerns the total and subtotal amounts presented in the Consolidated Financial Statements.

1.1 New accounting standards to be applied in future financial years

The following standards, changes of standards and interpretations had already been published by the IASB at the time the Consolidated Financial Statements were prepared, but only become applicable in later reporting periods and the Group does not apply them ahead of their respective effective dates:

Standard	**Title**	**Date of initial application**	**Intended initial application**
	Endorsed		
Changes IFRS 3	Definition of a business operation	January 1, 2020	January 1, 2020
Changes IAS 1 / IAS 8	Definition of materiality	January 1, 2020	January 1, 2020
Changes framework concept	Adjusted framework concept	January 1, 2020	January 1, 2020
Changes IFRS 9 / IAS 39 / IFRS 7	Reformation of reference interest rates	January 1, 2020	January 1, 2020
	EU endorsement pending		
IFRS 16	Covid-19-Related Rent Concession	June 1, 2020	June 1, 2020
IFRS 17	Insurance contracts	June 1, 2021	June 1, 2021

No significant effects result from application of the new standards adopted into EU law in the first half of the financial year 2020.

2 Selected explanations to the Consolidated Statement of Financial Position - assets

2.1 Properties held as financial investments

The value of the property holdings as of December 31 are usually measured on an annual basis by an external and independent expert valuer. The measurement of the attributable fair value is carried out with the help of internationally recognized measurement methods and is based on information made available by the company, such as current rents, maintenance and administrative expenses or currently vacant space, as well as assumptions made by the expert on the basis of market data and evaluated on the basis of the valuer's professional qualifications, e.g. future market rents, typical maintenance and administration expenses, structural vacancy rates or discount and capitalization interest rates (level 3 of the fair value hierarchy). The measurement as of June 30, 2020 was based on the same principles as the measurement as of December 31, 2019. The measurement of the initial recognition amount is based on the acquisition or production costs together with the transaction costs.

The Executive Board analyzes the information made available to the expert valuer, the assumptions made and the results of the property valuation.

In the period from January 1 to June 30, 2020, purchases of eleven properties with a volume of €10,788,000 (first half of 2019: €21,780,000) settled and title transferred to the company.

The following overview shows the development of the investment properties:

€ thousand	June 30, 2020	December 31, 2019
Holdings as of January 1		
+ property acquisitions	15,699	71,865
+ deposit payments on acquisitions after the reporting date	0	3,874
- carrying amount reduction from property sales	-8,270	-41,266
+ subsequent acquisition and production costs	4,378	0
+ valuation result for properties sold	581	13,398
+ unrealized valuation result from fair value measurement (Change in market value)	884	13,673
Total	**312,258**	**298,986**

The Consolidated Statement of Comprehensive Income includes the following material amounts for properties held as financial investments:

€ thousand	first half year 2020	first half year 2019
Rental income	10,957	8,533
Income from operational expenses and CAM	1,526	1,045
Operational expenses (maintenance expenses, property management, land taxes etc.):	-5,117	-6,189
Total	**7,366**	**3,389**

The item "properties held as financial investments" includes shops and rental apartments in an amount of €271,344,000 (previous year: €254,604,000), hotels in an amount of €25,832,000 (previous year: €25,832,000) and properties under development in an amount of €14,982,000 (previous year: €14,675,000).

As was the case in the previous year, expenses for the maintenance of properties under development were of subordinate significance.

As of the balance sheet date, the company had a total of 81 (as of December 31, 2019: 81) properties held as financial investments on its books.

The rental properties' vacancy rate was 12% on both the reporting date December 31, 2019 as well as on June 30, 2020.

2.2 Intangible assets

FCR AG is currently developing a proprietary company management and controlling system. Associated expenses in an amount of €150,000 were capitalized in the first half of the financial year.

2.3 Interests held in companies measured at equity

In the first half of the financial year, FCR AG acquired a participating interest in a German limited liability company that has developed a proprietary property management software, which it markets by selling licenses.

2.4 Inventories

The inventories recognize unbilled CAM from rental properties as well as inventories of the hotels in the company's portfolio.

The inventories are comprised as follows:

€ thousand	**June 30, 2020**	**December 31, 2019**
Merchandise	2,166	1,236
Unbilled CAM	885	505
Stock on hand	255	126
Total	**3,305**	**1,867**

The change essentially results from the purchase and sale of merchandise and unbilled CAM.

2.5 Financial instruments available for sale on short notice

For the purpose of an active liquidity management, liquid funds were invested in short-term near-money market financial investments. This resulted in the investment of €3,441,000 (previous year: €970,000) in short-term near-money market financial investments. They are reported in a separate item in the Statement of Financial Position.

2.6 Current receivables and other current assets

The current receivables and other current assets are comprised as follows:

€ thousand	June 30, 2020	December 31, 2019
Trade receivables	5,627	9,652
Receivables from tenancies	3,476	1,285
Receivables from property sales	1,935	8,143
Receivables form hotel operations	215	224
other current (non-financial) assets	1,478	1,840
Total	**7,105**	**11,492**

The receivables from property sales were fully settled within the accounting period, after the reporting date.

Because there was no default risk and/or credit loss risk, neither the financial year nor the previous year recognized any impairment of material receivables or current assets.
None of above receivables and current assets were overdue.

The reported receivables and current assets have a residual term of less than one year. The carrying values of the reported receivables and current assets correspond to their attributable fair values.

No impairments, reversals of impairments or write-offs due to non-recoverability were recognized as of the stated reporting dates.

2.7 Receivables from affiliated companies

Receivables from affiliate companies existed as of the balance sheet date. These concern receivables from affiliated but unconsolidated companies.

€ thousand	June 30, 2020	December 31, 2019
RAT Asset & Trading AG	2,698	2,893
Suiten am Schloss	80	80
Total	**2,778**	**2,973**

Because there was no default risk and/or credit loss risk, neither the financial year nor the previous year recognized any impairment of material receivables or current assets.

2.8 Cash and cash equivalents

The item cash and cash equivalents is on all reporting dates comprised of credit balances with bank with maturities of not more than three months and cash at hand. The carrying amount of these assets corresponds to their attributable fair value.
The liquidity composed of the cash funds and the financial instruments available for sale on short notice amounts to €8,329,000 as of the reporting date (as of June 30, 2020: €12,608,000).

The item financial instruments available for sale on short notice recognizes short-term near-money market financial investments.

2.9 Equity

The development of the company's equity is presented in the Statement of Changes in Equity.

The share capital of €9,146,404.00 (previous year: €9,146,404) remained unchanged in the first half of the 2020 financial year. The capital reserves also remained unchanged at €5,764,000 as of the reporting date (previous year: €5,764,000).

A resolution on the distribution of dividends in an amount of €2,744,000 from the retained earnings was adopted.

The further development of the company's equity is presented in the Statement of Changes in Equity.

2.10 Bonds and debentures

This item recognizes the subscribed bonds.

The change in bonds resulted from the repayment of two bonds (SIN A1YC5F and SIN A12TW8) with an total issue value of €5,676,000.

The bond with a volume of €25,000,000 issued in 2018 has an interest coupon of 6% and matures on February 20, 2023. It is recognized in the item non-current liabilities. The non-current liabilities also recognize the bond with SIN A2BPUC and an issue volume of €15,000,000 maturing on October 18, 2021.

The bond issued in 2019 (SIND: A2TSB1) with a volume of €30,000,000 has an interest coupon of 5.25% and a maturity date on April 29, 2024 was fully issued in the financial year.

The first half of the financial year saw the issue of another bond (SIN: A254TQ) with a volume of €30,000,000 and an interest coupon of 4.25%. This bond was not fully subscribed on the reporting date and matures on March 31, 2025.

All bonds are fully collateralized. Analogous to the bank loans, the bonds are secured by the properties held as financial assets reported in the Statement of Financial Position.

The assets pledged as collateral may be liquidated by lenders if the Group fails to satisfy its obligations from interest and principal repayments for the financial liabilities.

No underutilized lines of credit existed on any reporting date due to the fact that these funds are utilized to their full extent when a property is purchased.

2.11 Bank loans

The liability to banks (bank loans) present as follows:

€ thousand	June 30, 2020	December 31, 2019
Non-current	148,049	144,887
Current	7,828	7,425
Total	**155,877**	**152,312**
of which collateralized	***155,877***	***152,312***

The liabilities to banks have increased significantly due to the assumption of new secured bank loans used to expand the property portfolio. Loan principal is repaid on an ongoing basis. The loans associated with properties sold during the first half of the financial year were fully repaid.

2.12 Current liabilities

The current liabilities have a residual term of less than twelve months. Due to the short maturities, there are no material differences between the debts' carrying amounts and attributable fair values.

The prepayments received concern deposits paid on guest reservations for the coming year.

3 Selected explanations to the Consolidated Statement of Comprehensive Income

3.1. Revenues

According to the company's business model, revenues are generated from the sale of properties, their management and administration and all associated transactions. The hotels held in the company's portfolio generate revenues from hotel operations, such as income from accommodation and food & beverage.

The revenues are comprised as follows:

€ thousand	first half year 2020	first half year 2019
Rental income from investment properties	11,643	7,980
Income from the sale of properties held as financial investment	5,145	19,900
Revenue from hotel operations	840	1,597
Other revenues	1,302	0
Total	**18,930**	**29,478**

The other revenues are essentially attributable to merchandise sales.

3.2 Result from property rentals

The result from property rentals results from the rental income and income from operational expenses and CAM, reduced by management expenses, and presents as follows:

€ thousand	first half year 2020	first half year 2019
Rental income from investment properties	10,957	8,533
Income from operational expenses and CAM	1,526	1,045
Total income	12,483	9,578
Operational expenses and CAM recoverable from tenants	-3,429	-4,023
Operational expenses and CAM not recoverable from tenants	-1,688	-2,166
Total property management expenses	**-5.117**	**-6.189**
Result from rental income	**7,366**	**3,389**

The revenues consist of rental income from properties in Germany, Austria and Italy.

3.3. Other operational income

The other operational income of €96,000 (first half of FY 2019: €278,000) essentially concerns material non-cash benefits (€39,000) in the first half of the current financial year and compensation payments (€193,000) in the first half of the 2019 financial year.

3.4. Personnel expenses

The personnel expenses are comprised as follows:

€ thousand	first half year 2020	first half year 2019
Wages and salaries	1,880	2,219
Social security levies and retirement benefits	444	486
Total	**2,324**	**2,705**

3.5. Other operational expenses

The other operational expenses are comprised as follows:

€ thousand	first half year 2020	first half year 2019
Legal and consultancy fees	398	299
Purchased services	322	307
Advertising expenses	321	250
Vehicle and travel expenses	217	133
Miscellaneous	794	966
Total	**2,051**	**1,954**

3.6 Financial result

in € thousand	June 30, 2020	December 31, 2019
Interest on bank deposits	0	13
Bond interest income	108	5
Income from financial activities	108	18
Interest on current account and loans	1,466	1,33
Bond interest	2,090	1,589
Interest from discounting	66	22
Financial expenses	3,622	2,949
Total	**-3,514**	**-2,931**

The interest income from bonds concerns the realized interest effects from the bonds' measurement at attributable fair value.

The interest expenses from bonds concern the bonds recognized in the item debentures, which bear half-yearly or quarterly interest.

The deteriorated financial result is essentially attributable to the acquisition of additional properties using new bank loans as well as the bonds issued in 2020.

3.7 Result per share

€	fist half year 2020	first half year 2019
Quota of the Group's shareholder in the result	3,770,485	4,694,213
Shares issued as of the balance sheet date	9,146,404	9,146,404 *
Result per share in €	**0.41**	**0.51**

** Issued shares adjusted for the capital increases conducted in the 2019 financial year*

The undiluted result per share is calculated from the consolidated result divided by the number of shares in circulation on the balance sheet date.

No diluted financial instruments were in circulation as of the end of the reporting period. The undiluted result is identical to the diluted result.

4 Other disclosures

4.1 Business transactions with related companies and persons

The persons and companies related to the reporting company include the members of the Executive Board and the Supervisory Board as well as board members of subsidiaries, in each case including their close family members, as well as companies on which the members of the Management Board or Supervisory Board or their close family members can exercise a significant influence, or in which they hold a material share of the voting rights. The related companies also include companies that form a corporate group with the reporting company, or in which the reporting company holds a participating interest that allows it to exercise significant influence on the business policy of the company in which it holds an interest, as well as the major shareholders of the reporting company including its group subsidiaries.

FCR is involved in the following business relationships with related persons:

Shareholdings in FCR held by members of the Executive Board and management board members of related persons

The sole member of the Executive Board holds 66.5% (December 31, 2019: 66.1%) of the shares in FCR Immobilien AG.

Contracts and business relationships directly between the members of the Management Board and FCR

As of the balance sheet dates, there were no contracts between the Management Board and FCR other than the CEO's employment contract.

Activities of members of the Supervisory Board in companies outside of FCR

Prof. Dr. Franz-Joseph Busse, Chairman of the Supervisory Board

Mr Prof Dr Busse also holds the following positions in corporate bodies:
» Scheelen AG, Waldshut-Tiengen, Chairman of the Supervisory Board
» Capital management company Dr. Peters Asset Finance GmbH & Co. KG, Dortmund, Member of the Advisory Board

Prof. Dr. Busse is also an investment manager with the following property umbrella funds:
» Protos Invest I, issuing house Steiner & Company, Hamburg
» Protos Invest II, issuing house Steiner & Company, Hamburg
» ISI 8 Investitions- und Beteiligungsgesellschaft, Wiesbaden
» Vorsorgeportfolio I, Deutsche Capital Management AG, issue house, Munich
» Vorsorgeportfolio II, Deutsche Capital Management AG, issue house, Munich
» Global Act 1 umbrella fund, C-Quadrat issue house, Frankfurt am Main
» C-Quadrat Portfolio fund1 umbrella fund, C-Quadrat issue house, Frankfurt am Main
» ISI 6 fund company, Düsseldorf
» DFH Deutsche Fonds Holding, issue house Stuttgart, asset structure fund Substantio

Hanjo Schneider, Vice Chairman of the Supervisory Board

Mr Schneider does not hold any other positions in corporate bodies.

Ludwig A. Fuchs, Member of the Supervisory Board

Herr Fuchs holds the following other positions in corporate bodies:
» Traxxall Technologies Inc., Montreal, Canada, Member of the Board of Directors
» FAMe Invest – Management GmbH, Managing Director

» Fuchs Asset Management GmbH, Managing Director
» LFL Inc., London, UK, Managing Director
» LAF Inc., London, UK, Managing Director
» Oimara Capital, London, UK, Managing Director
» Traxxall Technologies Inc., Montreal, Canada, Member of the Board of Directors

Contracts with other related persons

FCR Kitzbühel GmbH & Co. KG has been letting the apartments owned by it to the operator company Suiten am Schloss GmbH with registered office in Kitzbühel, Austria, since 2017 for a reasonable annual rent of €120,000.

Managing Director of Suiten am Schloss GmbH is Mr Thorsten Raudies, the brother of the reporting company's sole Executive Board member.

4.2 Related persons in key positions

The related persons in key positions are the members of the Executive Board and Supervisory Board presented below for the 2020 financial year.

Members of the Executive Board of the parent company

There were no changes to the Executive Board of FCR Immobilien AG during the reporting period. Mr Falk Raudies has been representing the company as sole president since its formation.

Members of the Supervisory Board of the parent company

The members of the Supervisory Board are:
» Prof Dr Franz-Joseph Busse (Chairman), University Professor, of Munich
» Hanjo Schneider, (Vice Chairman), business owner, of Hamburg
» Ludwig A. Fuchs, business owner, Grünwald

4.3 Other financial liabilities and contingent liabilities

Other financial liabilities

The liabilities from existing lease and tenancy agreements amount to:

€ thousand	**up to 1 year**		**between 1 year and 5 years**		**more than 5 years**	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Lease, tenancy and service agreements	263	256	232	238	0	0

The reported amounts are minimum payments.

FCR uses rented office space. This also serves the purpose of reducing the tied-up capital and leaves the investment risk with the lessor. The lease agreement for the company's headquarters in Munich results in annual rental expenses of €67,000. The lease, tenancy and service agreements relate to "operating" leases for office space, company cars and IT equipment.

The lease agreement for office space has an initial term of 6 years and provides for an option to extend the lease by another 5 years.

The company does not have the option of purchasing leases property at the end of the lease term. There were no "finance" leases.

Contingent liabilities and contingent receivables

There were no material contingent liabilities or contingent receivables as of the balance sheet date.

4.4 Material events after the balance sheet date

No events of material significance that may result in a different assessment of the company have occurred after the end of the financial year.

Declaration of responsibility from the

legal representatives of FCR Immobilien AG (Group)

I hereby warrant that, in accordance with the applicable accounting principles, the Consolidated Financial Statements for the half-year ending on June 30, 2020 portrays, to the best of my knowledge, a true and accurate picture of the Group's net asset, financial and earnings position, and that the Condensed Management Commentary for the Group and the Company presents the course of business including the Group's business performance and position in a way that conveys an accurate and true picture of the actual circumstances and that it describes the essential opportunities and risks inherent in the Group's expected development.

Consolidated Cash Flow Statement

for the period January 1 – June 30, 2020

in € thousand	January 1 - June 30, 2020	January 1 - June 30, 2019
Cash flow from operating activities	6,787	6,756
Cash outflow from investment/divestment activities	-11,735	-4,068
Cash inflow from financing activities	694	6,004
Change in cash and cash equivalents from initial consolidation	0	0
Net change in cash and cash equivalents	-4,254	8,692
Cash and cash equivalents as of January 1	9,143	3,052
Cash and cash equivalents as of December 31	4,888	11,744
Financial instruments available for sale on short notice	3,441	864
Cash and cash equivalents including financial instruments available for sale on short notice	8,329	12,608

Also refer to the supplementary explanations.

The company had unlimited power to dispose over the cash and cash equivalents on the balance sheet dates.

Consolidated Statement of Changes in Equity

for the period January 1 – June 30, 2020

in € (Exception: number of shares)	Number of shares in circulation	Subscribed capital	Capital reserve	Other reserves	Retained earnings	Equity
as of December 31, 2018	**4,219,588**	**4,219,588**	**1,085,538**	**278,915**	**65,404,728**	**70,988,768**
Result for the period					9,749,509	9,749,509
Total result	**4,219,588**	**4,219,588**	**1,085,538**	**278,915**	**75,154,237**	**80,738,278**
Capital increase	186,072	186,072	3,070,188			3,256,260
Sale of securities	335,084	335,084	2,848,214			3,183,298
Costs related to the capital increase			-184,715			-184,715
Initial consolidation					170,898	170,898
Capital increase from treasury funds	4,405,660	4,405,660	-1,055,304		-3,350,356	0
Dividend payment					-1,541,981	-1,541,981
as of December 31, 2019	**9,146,404**	**9,146,404**	**5,763,920**	**278,915**	**70,432,798**	**85,622,038**
Result for the period					3,770,485	3,770,485
Total result	**9,146,404**	**9,146,404**	**5,763,920**	**278,915**	**74,203,283**	**89,392,523**
Capital increase						0
Sale of securities						0
Costs related to the capital increase						
Deconsolidation						0
Capital increase from treasury funds						0
Dividend payment (Notes no. 2.9)					-2,743,921	-2,743,921
as of June 30, 2020	**9,146,404**	**9,146,404**	**5,763,920**	**278,915**	**71,459,362**	**86,648,602**

Interim Management Commentary for the first half of financial year 2020

1. FCR Immobilien AG

1.1 Business model

FCR Immobilien AG has positioned itself as a specialist for commercial properties that focuses on established secondary locations in Germany. While the geographic location of these secondary locations offers potentials for above-average rental yields, they can also exhibit a more stable long-term development of rental income and property values than the property markets at prime locations that respond with more volatility to economic cycles.

The business model of FCR rests on two pillars: The first, primary pillar is the core business of FCR: the holding of real estate assets. This business segment generates rental income. Our core business is complemented by the second pillar, which includes the construction of new and development of existing properties as well as the trade with properties. This business segment generates income from property sales. These two pillars allow FCR to covers the full value chain consisting of purchasing, active asset management and property sales.

FCR employs a business and growth strategy that predominantly focuses on penetrating the German market in the core asset class retail, and within this class emphasizes on food retail stores operated by anchor tenants with strong credit ratings. Business activities in additional countries or markets (currently Austria) and additional asset classes (currently office, logistics and residential) are based on a strictly opportunistic approach with a selective, return-focused development of business segments.

FCR's property portfolio is distinguished by shopping centers and specialist retail stores that in most cases have a food anchor.

An additional market are hotel properties that are held in FCR's property portfolio and operated by subsidiaries. These properties have been purchased with the aim of optimizing them and then reselling them at a profit. In order to achieve the highest possible return from the funds invested in projects, the Executive Board continuously examined in which phase the best sales result can be achieved with a risk-optimized approach.

As of the balance sheet date on June 30, 2020, the property portfolio of FCR Immobilien AG and its subsidiaries was comprised of 83 properties with a usable floor space of around 349,000 m^2.

The shares of FCR Immobilien AG are listed in the Scale segment of the Frankfurt Stock Exchange and the m:access market of the Munich Stock Exchange.

1.1.1 Acquisition and investment strategy

FCR Immobilien AG typically invests in existing properties that are located in smaller and medium-sized towns, have sustainably established themselves over many years and that, via their tenant structure, supply everyday goods and services that are geared to the micro-location, for example discount food retailers or clothing chains.

FCR Immobilien AG further focuses its efforts on the acquisition of properties in extraordinary situations, e.g. insolvency assets, with the aim of generating rental yields that are significantly above average. FCR Immobilien AG scouts these attractive locations via the broad network the company has developed as a result of its longstanding expertise and contacts to banks, real estate companies, market intermediaries and investment companies.

1.1.2 Active asset management and portfolio holding

FCR Immobilien AG's active asset management comprises - in addition to the generation of rental income - the use of suitable property and asset management activities to optimize the structural and commercial substance of the properties as well as the optimization of the tenant structure, rental income and lease terms.

1.1.3 Earnings model

FCR Immobilien AG generates the largest extent of its income from the two pillars leasing of directly and indirectly held portfolio properties and the opportunistic sale of selected commercial properties. The interplay between these two operational income models also allows for positive synergy effects that, for example, result from the consolidation of important administration and management services and harnessing the benefits of economies of scale.

1.2 Structure of the corporate group

Since the former FCR Immobilien & Vermögensverwaltungs GmbH & Co. KG changed its name and legal form to the current FCR Immobilien AG in 2013, all properties acquired since the year 2014 are held in independent general partnerships (a "KG") with a limited liability company under German law (a "GmbH") as the limited partner. FCR Immobilien AG holds 100% of the respective general partner shares. The general partnerships with a limited liability company as the general partner are managed by the general partner (FCR Verwaltungs GmbH), which is also a fully owned subsidiary of FCR Immobilien AG. FCR Immobilien AG is the principal company and directly manages the commercial properties held in its portfolio. It holds 100% of the shares in the respective subsidiaries.

a) FCR Verwaltungs GmbH
FCR Verwaltungs GmbH is a fully owned subsidiary of FCR Immobilien AG. The subsidiary's business activities are limited to asset management.

b) FCR Service GmbH
FCR Service GmbH was formed in 2017 and is a fully owned subsidiary of FCR Immobilien AG. The company renders services associated with the acquisition, sale and administration of real property. It commenced its operational activities at the beginning of the 2018 financial year.

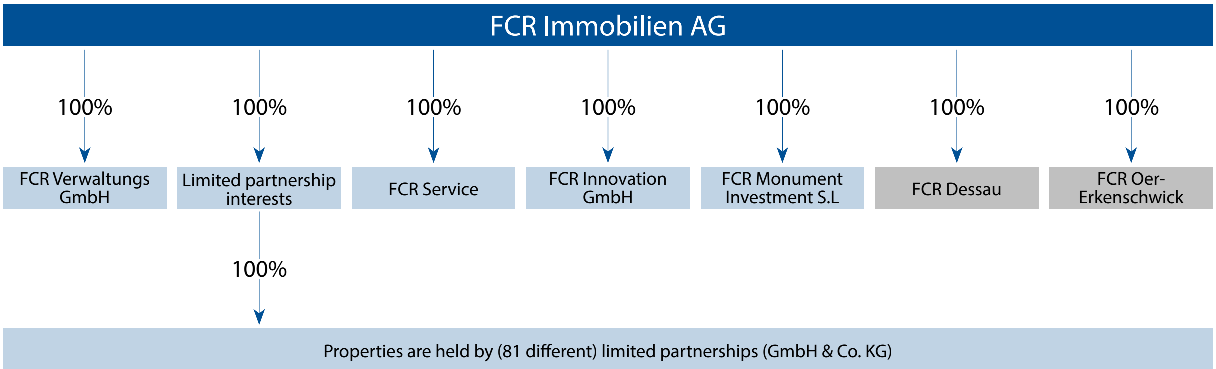
c) FCR Monument Investment S.L

FCR Monument Investment S.L was formed in 2017 and is a fully owned subsidiary of FCR Immobilien AG. The company holds one property in Spain.

d) FCR Innovation GmbH

This company was formed in 2018 and is fully owned by FCR Immobilien AG. The company's object is software development and the holding of participating interests in other companies, particularly in the area of "artificial intelligence".

The corporate group's structure as of the balance sheet date on June 30, 2020 presents as follows:



Property portfolio as of June 30, 2020

1.2.1 Movements in the property portfolio 2020

At the beginning of the financial year, on January 1, 2020, the directly or indirectly held property portfolio of FCR Immobilien Group AG consisted of a total of 76 properties with a total usable floor space of approx. 326,000 m^2.

10 additional properties with a usable floor space of 27,000 m^2 were acquired during the financial year, 3 other properties with a usable floor space of approx. 4,000 m^2 were sold in the same year. This resulted in an expansion of the overall property portfolio of FCR Group by 23,000 m^2 to now 83 properties with a total usable floor space of 349,000 m^2 and a project development space of 12,000 m^2 as of June 30, 2020.

New acquisitions:

Purchase contracts before a Notary Public were signed for the following 10 new properties in 2020 (in alphabetic order): Brandenburg Logistik, Cadolzburg, Gummersbach 2, Höchstadt, Jüterbog, Landau, Schwalbach, Schwandorf, Strullendorf and Teistungen. All new acquisitions were integrated in the portfolio of FCR Group via separate property holding companies.

The total net rental income from the newly acquired properties amounted to €1.5 million p.a., while the total new investments - meaning the total purchase prices (excl. incidental acquisition expenses) amounted to €14.9 million.

Property sales:

FCR Immobilien AG receives regular cash flows primarily from rental income generated by its portfolio properties. The second, complementary earnings pillar of FCR Immobilien AG is the generation of income from the sale of selected portfolio properties.

FCR Group successfully sold a total of three properties in the 2020 financial year. The sale of the properties (in alphabetic order) in Aue, Lichtentanne and Stuhr returned a leasable floor space of 4,000 m^2 to the market.

The grand total of the sales prices for the three properties amounted to €4.7 million.

Overview of portfolio movements 2019

	Number of properties	Usable floor space (in thousand m^2)	Net rental income (in €)	Transaction volume (in €)
Acquisitions 2020	10	26.78	1.5 million	14.9 million
Sales 2020	3	4.1	0.4 million	4.7 million
Net portfolio growth	7	22.7	1.1 million	10.2 million

The current financial year saw FCR Group's annual net rental income after adjustment for additions and disposals increase to €20.5 million.

The net investments, i.e. the balance of property additions and disposals, measured at purchase prices excluding incidental expenses amounted to €1.1 million.

1.2.2 Property portfolio as of June 30, 2020

As of June 30, 2020, the directly or indirectly held property portfolio of FCR Immobilien AG consisted of a total of 83 properties with a total usable floor space of approx. 349,000 m^2.

A variety of measures aimed at improving the tenant and building structure of the portfolio properties were implemented in the reporting period. In addition to the usual regularly recurring substance-preserving activities, this included extensive modernization measures for a number of properties.

1.3 Corporate bodies, employees, personnel development

FCR Group employed an average of 102 persons in the reporting period (previous year: 126).

There were no changes to the Executive Board of FCR Immobilien AG during the reporting period. Mr Falk Raudies has been representing the company as sole president since its formation.

2. Economic Report

2.1. Fundamental macroeconomic conditions

According to calculations by the Federal Statistics Office (Destatis), Germany's economy experienced growth at a rate of 0.6% in 2019, the tenth consecutive year of growth. This represents the longest phase of growth since the German reunification in 1990. Private consumption spending and gross fixed capital investments were the driver behind the growth. The economic output of the manufacturing industries (excluding the construction industry) did however declined significantly. The significantly subdued economic growth in 2019 is also evident in the average change of the inflation-adjusted gross domestic product (GDP) over the year in comparison to the same periods in the years 2008 to 2018. The average value for these years was 1.3%.[1] This weakening dynamic was also noticeable in the gross domestic product for the fourth quarter of 2019, which declined slightly from the third quarter of the same year.[2]

The year 2020 is characterized by the outbreak and spread of the novel corona virus. The corona pandemic's grave consequences for the German economic output already surfaced in the first quarter of 2020. The domestic product fell by 2.2% from its level in the fourth quarter of 2019. This is the strongest contraction since the global financial and economic crisis in 2008/2009. The gross domestic product in the first quarter of 2020 was 1.9% lower than in the first quarter of 2019.[3]

As a result of the global spread of the novel corona virus and the entailing restrictions, consumption by private households fell by 3.2% from the previous year quarter, investments in equipment even declined by 6.9%. Due to the higher available income on the one side and lower consumption spending on the other side, the distribution of the gross national income is shaped by a quarterly private household savings ratio of 16.7%, which was higher than in the same quarter of the previous year.[4] The inflation rate was +0.9% in June 2020, a slight increase from the +0.6% in May 2020. The consumer price index changed by +0.9% from the same month in the previous year. Prices increased above average for food, with a rise of 4.4%. Prices for fruits increased by 11.1%, fuel prices fell by 15.1%.[5]

[1] Federal Statistics Office, https://www.destatis.de/, press release no. 018 from January 15, 2020„German economy grows at a rate of 0.6% in 2019", https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/01/PD20_018_811.html

[2] Federal Statistics Office, https://www.destatis.de/, press release no. 180 from May 25, 2020 "Gross domestic product: Detailed findings on the economic output in the first quarter of 2020", https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/05/PD20_180_811.html

[3] Federal Statistics Office, https://www.destatis.de/, press release no. 180 from May 25, 2020 "Gross domestic product: Detailed findings on the economic output in the first quarter of 2020", https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/05/PD20_180_811.html

[4] Federal Statistics Office, https://www.destatis.de/, press release no. 180 from May 25, 2020 "Gross domestic product: Detailed findings on the economic output in the first quarter of 2020", https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/05/PD20_180_811.html

[5] Federal Statistics Office, https://www.destatis.de/, press release no. 263 from May 14, 2020 "Inflation rate in June 2020 at +0.9%", https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/07/PD20_263_611.html

Due to corona-related business closures, the inflation-adjusted revenues of German retailers declined by 6.5% from the previous month March. The subsequent lifting of restrictions allowed the retail trade to make good for revenues lost in the previous months. Retail revenues in May 2020 increased by 13.9% inflation-adjusted over April 2020. This value represents the strongest rise in revenues since 1994. An increase was also evident in the comparison to the same month in the previous year: In May 2020, inflation-adjusted retail revenues were 3.8% higher than in May 2019 after adjustment for inflation. While the revenues generated by supermarkets, department stores and consumer markets were 6.4% higher than in the same month of the previous year after adjustment for inflation, the retail revenues in the non-food segment declined by 3.5% after adjustment for prices. It is no surprise that the Internet and mail order business delivered and inflation-adjustment growth of 28.7% in May 2020. Market observers believe that this first and foremost due to corona-triggered temporarily changed shopping patters among the German population.[6]

The base scenario of Deutsche Bundesbank expects the macroeconomic situation to normalize and stabilize and the gross domestic product to increase by 3% in the year 2021, after a contraction of 7% in the current year. The economic recovery expected in this forecast does however presuppose that the pandemic-related measures are eased successively, that the corona virus can be kept under control and that there will be a medical solution to the pandemic. As of the date of this report, it is important to note the perspectives for the German economy are affected by significant uncertainties.[7]

2.2. Industry situation

JLL, a leading consultancy and investment management company in the real estate segment in its investment market overview for the first quarter of 2020 suggests that the transaction volume had not yet been affected by the COVID-19 crisis in this period. The nationwide transaction volume in this segment stood at €28 million, an impressive increase of 82% over the same quarter in the previous year. In addition to high-volume company acquisitions and investments in the residential segment, there was also a significantly higher number of direct transactions for stand-alone properties. In the same report, JLL foreshadowed a potential turning point in the real estate segment, which it forecasts to begin in the second quarter of 2020 as a result of the continuing corona pandemic.[8]

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[6] Federal Statistics Office, https://www.destatis.de/, press release no. 245 from July 01, 2020 "Retail revenues with a real plus of 3.8% in May 2020 over May 2019",
https://www.destatis.de/DE/Presse/Pressemitteilungen/2020/07/PD20_245_45212.html

[7] Deutsche Bundesbank, https://www.bundesbank.de/, Monthly report– June 2020,
https://www.bundesbank.de/de/publikationen/berichte/monatsberichte/monatsbericht-juni-2020-834934

[8] JLL, https://www.jll.de/, Investment market overview for Germany, first quarter of 2020,
https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

Germany nevertheless recorded a transaction volume of €42.5 billion in the first half year of 2020, 31% higher than ever previous year. To allow for an accurate interpretation of these half-year results, it must be added that the volume sharply declined to €14.6 billion in the second quarter of 2020 (Q1/2020: €27.9 billion) and that the months from April to June 2020 accounted for 35% of the half-year results. The result of €14.6 billion for the second quarter of 2020 falls below the quarterly average of €19.9 billion (reference period: Q1/2015 to Q1/2020). The last time the result of a second quarter was lower than this year's second quarter volume was in the year 2016 with €12.0 billion.[9]

The transaction volume broken down by the main type of property use presents as follows: The asset class living (e.g. residential portfolios, student residences, micro-apartments, retirement living and nursing care homes) accounts for 35% of the total volume and takes the first place in the table with €14.7 million. This is followed by office properties, which account for a transaction volume of €9.4 million or 22%. In the full year 2019, the office property segment with 40% was still clearly ahead of the living segment with 24%. In the first half of the year 2020, retail accounted for around €6 million or a share of 14%. €3.5 billion or more than 58% of the volume in the retail segment was allocated to supermarkets, discounters, specialist retail stores and specialist retail centers. Specialist retail products with a food anchor, neighborhood shopping centers and hardware stores are seen as extremely price-resistant by the analysts, who highlight a very high investor demand in these segments.[10]

The German capital city of Berlin is taking the lead among the big-7 (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart) with €5.0 billion in the first half of 2020, followed by Frankfurt (€3.9 billion), Hamburg €2.9 billion) and Munich €2.6 billion). In comparison to the previous year, Hamburg accounted for the highest increase with 83%, followed by Frankfurt at 26%, Düsseldorf at 23% and Munich at 17%. In the overall picture, a transaction volume of around €18 billion was attributable to the big-7, corresponding to a share of 42% in the total market (+4% over the same period in the previous year). An increase in the regional diversification was also noticeable with the share of the transaction volume taking place outside of the big-7 increasing from 46% by the end of 2019 to 58% by mid-2020.[11]

A general trend in the first half of 2020 was the focus on acquisitions and sales of property portfolios. In comparison to the previous year, portfolios increased by 135% to €24.4 billion, while stand-alone properties experienced a decline of 18%, corresponding to €18.1 billion. The transaction market is dominated by real estate corporations, asset managers and investment fund manager on both the vendor and buyer side.[12]

[9] JLL, https://www.jll.de/, Investment market overview for Germany, second quarter of 2020, https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

[10] JLL, https://www.jll.de/, Investment market overview for Germany, second quarter of 2020, https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

[11] JLL, https://www.jll.de/, Investment market overview for Germany, second quarter of 2020, https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

[12] JLL, https://www.jll.de/, Investment market overview for Germany, second quarter of 2020, https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

2.2.3. Earnings position

Rental income increased from €9.6 million in the previous year to €13.8 million. Revenues from property sales amounted to €5.2 million (previous year: €19.9 million). The biggest sale to date was the sale of the property in Salzgitter for €12.0 million in the past year.

The expenses from property sales amounted to €4.3 million (previous year: €19.9 million)

Cost of materials in an amount of €3.6 million (previous year: €4.2 million), personnel expenses of €2.3 million (previous year: €2.7 million), and other operational expenses of €2.1 million (previous year: €2.0 million) were essentially on par with the previous year.

The interest expenses increased as a result of the portfolio expansion from €2.9 million in the previous year to €3.6 million.

EBITDA was €8.0 million and included an upward change in the value of the property portfolio amounting to €0.9 million. The EBITDA in the same period of the previous year was €9.3 million and included a value gain of €8.3 million.

The consolidated earnings in the first half of the year amounted to €3.8 million (previous year: €4.7 million).

2.2.4 Net asset and financial position

The financial year saw the company’s non-current assets increasing by €15.7 million from €300.2 million to €315.9 million as a result of additional property acquisitions during the financial year.

With trade receivables declining to €5.6 million (December 31, 2019: €9.7 million), the current assets amounted to €21.6 million (December 31, 2019: €26.8 million). FCR Group's liquidity consisting of cash funds and securities amounting to €8.3 million as of the reporting date (December 31, 2019: €10.1 million).

Total assets increased by €10.6 million from €327.0 million as of December 31, 2019 to now €337.6 million).

The equity of FCR Group after distribution of a dividend of €2.7 million approved by the General Meeting on May 28, 2020 increased to €86.7 million (December 31, 2019: €85.6 million).

The equity ratio of FCR Group stands a solid 25.7% for the 2019 financial year (December 31, 2019: 26.2%).

As a result of the expansion of the property portfolio and business activities, the long-term bank loans increased from €144.9 million to €148.0 million, while bond liabilities increased from €66.6 million to €69.2 million.

3. Report on opportunities ans risks, outlook

The business activities of FCR Immobilien Group expose the company to opportunities and risks of an operational and economic nature. The reader is referred to the detailed presentation contained in the Management Commentary to the Annual Report dated December 31, 2019, section "3. Report on opportunities and risks, outlook.
The Executive Board has assessed a risk position that has remained essentially unchanged since January 1, 2020.

4. Events of special significance

General Meeting

The General Meeting of FCR Immobilien AG was conducted remotely via the Internet on May 28, 2020. All resolutions proposed to the meeting were adopted. The General Meeting resolved to distribute a dividend of €0.30 per share for financial year 2019. The capital authorized for 2019 was canceled and a new capital of €4,573,202 was authorized for the new year. The Executive Board was authorized to purchase treasury shares in accordance with Section 71 (1) no. 8 German Stock Corporation Act [AktG].

Mr Hanjo Schneider and Mr Ludwig A Fuchs were elected as new members of the Supervisory Board. Prof Dr Franz-Joseph Busse is the other Member of the Supervisory Board.

5. Outlook on the development of the corporation limited by shares (outlook report)

Development of the retail property market in Germany

For the rest of the year and beyond, JLL and other relevant market participants expect the real estate segment to experience effects of the largest-ever stimulus package in the history of Germany with a certain delay. In this context, properties with tenants from the segments food, drug stores, public administration, health and research are perceived in a very positive light.[13]

No significant consequences from the corona crisis

The majority of our rental income is generated in the retail segment - with an emphasis on food and neighborhood shopping as well as office and logistics properties. This positioning mitigated the consequences of the corona crisis on the rental income.

The company's asset management succeeded in securing or extending before term a total of 36 lease agreements with a volume of €5.7 million, including €3.3 million alone since begin of March 2020. Affected tenants were given relief by waving their rental payments, which amounted to a total of €200,000. The reporting period did not experience any permanent loss of rental income.

[13] JLL, https://www.jll.de/, Investment market overview for Germany, second quarter of 2020, https://www.jll.de/de/trends-and-insights/research/investmentmarktueberblick

Our portfolio structure allows us to maintain our favorable position.

FCR Immobilien Group will continue to utilize the market's opportunities for growth and further expand its property holdings. FCR is therefore planning to facilitate its growth by increasing the revenues for 2020 generated by both its existing portfolio and property sales. The rental income generated by the existing portfolio is forecasted to amount to €28.3 million. For the full financial year 2020, FCR is planning to generate revenues of between €30 and 40 million from property sales.

6. Material events after the balance sheet date

No events of material significance that may result in a different assessment of the company have occurred after the end of the financial year.

Munich, August 2020
FCR Immobilien AG

Falk Raudies
CEO

Legal notice

FCR Immobilien AG
Kirchplatz 9A
82049 Pullach im Isartal, Germany

Telephone +49 89 413 2496 00
Fax +49 89 413 2496 99
Email info@fcr-immobilien.de

Disclaimer

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