

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 115.2m

19 May 2021

UPDATE



## A good start into the year; FFO increases 27% yoy

### What's it all about?

Yesterday after the bell, FCR released sound headline figures for Q1/21. With an increase of 27% yoy the company managed to further increase its FFO after the already steep increase in 2020. We view this as an encouraging signal that FCR is on track to yet again nearly double its cash generation in 2021E (eAR). This is also backed by the new additions of properties which had been acquired in April this year of - in total - approx. EUR 27m. The company reiterated its guidance to acquire c. EUR 160m worth of new properties. However, the guided EUR 8m FFO and EUR 14m EBT for 2021E looks a little shy in our view (eAR EUR 9.3m and EUR 17m respectively). Still, we leave our estimates unchanged as the timing of the portfolio expansion remains unknown, with our estimates being achievable the earlier FCR executes on new acquisitions. With the NAV soaring to EUR 115.6m the stock is now trading at par with its book value, which we view as not justifiable, given that peers are trading with a 20-30% premium to NAV. We therefore reiterate to BUY, PT EUR 14.80

**BUY** (BUY)

<b>Target price</b>	<b>EUR 14.80 (14.80)</b>
Current price	EUR 11.80
Up/downside	25.4%



**MAIN AUTHOR**

**Thomas Wissler**

t.wissler@alsterresearch.com

+49 40 309 293-58

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 115.2m | EV EUR 342.1m

**BUY** (BUY)

**Target price** EUR 14.80 (14.80)  
**Current price** EUR 11.80  
**Up/downside** 25.4%

**MAIN AUTHOR**

**Thomas Wissler**  
t.wissler@alsterresearch.com  
+49 40 309 293-58

## A good start into the year; FFO increases 27% yoy

FCR reported solid Q1/21 results. **Operating earnings (EBITDA) nearly doubled yoy** and arrived at EUR 3.9m. In our view, the strong increase mainly is the result of the company's portfolio expansion and with it higher rental income. In addition, last year's EBITDA had been burdened by Covid-19 related "costs" as FCR marginally suffered from rental deferrals and lower operating income from its hotel operations.

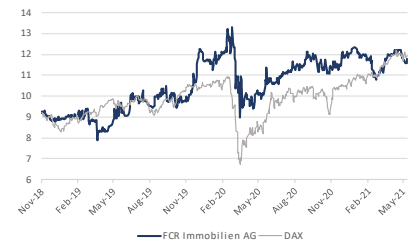
More importantly, Funds From Operation (FFO) continued to increase by 27% yoy in the first quarter of 2021 and arrived at EUR 1.4m vs. EUR 1.1m in the previous period. In light of the steep increase in 2020 (net swing of EUR 8.6m) the better cash based performance raises confidence that FCR will be able to yet again virtually double its FFO in 2021E (eAR). Here, the company will likely benefit from its planned portfolio expansion. **FCR reiterated its guidance to invest approx. EUR 160m in 2021** of which c. EUR 27m had already been invested in the first four months. As a reminder: In the last few weeks, FCR acquired a portfolio of 9 properties with a total leasable area of 35,500m<sup>2</sup> and annualized net rents of EUR 2.2m. According to the company, the acquisition pipeline remains well filled.

**Guidance:** With the release of the first quarter results, FCR confirmed its 2021 forecast to increase its EBT to EUR 14m (eAR EUR 17.1m) and an improvement in FFO to EUR 8m (eAR EUR 9.3m). Despite the fact that the guidance is a little short to our estimates we leave our expectations unchanged as the timing of the portfolio expansion remains unknown, which ultimately drives the company's KPIs going forward.

With the NAV soaring to EUR 115.6m the stock is now trading at par with its book value, which we view as not justifiable, given that peers are trading with a 20-30% premium to NAV. **We therefore reiterate to BUY with unchanged PT of EUR 14.80.**

FCR Immobilien AG	2018	2019	2020	2021E	2022E	2023E
Sales	37.3	49.7	38.9	57.5	60.5	68.5
<i>Growth yoy</i>	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
EBIT	7.1	18.1	14.4	25.6	39.4	45.5
FFO	3.4	-3.7	4.9	9.3	16.7	20.2
FFO-Margin	23.9%	-19.5%	21.6%	35.5%	37.4%	39.0%
Net profit	2.9	9.7	9.6	14.2	22.9	27.2
Net debt (net cash)	152.8	208.8	226.9	294.1	391.5	442.6
LTV	64.4%	68.0%	72.1%	71.4%	74.0%	73.5%
EPS recurring	0.35	1.07	1.05	1.46	2.34	2.79
FFOPS	0.41	-0.41	0.54	0.95	1.71	2.07
DPS	0.17	0.30	0.30	0.36	0.59	0.70
<i>Dividend yield</i>	1.5%	2.5%	2.5%	3.1%	5.0%	5.9%
FFO-yield	3.4%	-3.4%	4.6%	8.1%	14.5%	17.5%
EV/EBIT	37.9x	17.9x	23.7x	16.0x	12.9x	12.3x
P/E	34.1x	11.1x	11.3x	8.1x	5.0x	4.2x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 12.34 / 9.88  
**Price/Book Ratio** 1.2x

### Ticker / Symbols

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

### Changes in estimates

		Sales	EBIT	EPS
2021	old	57.8	25.6	1.46
	Δ	-	-	-
2022	old	60.5	39.4	2.34
	Δ	-	-	-
2023	old	68.5	45.5	2.79
	Δ	-	-	-

### Key share data

Number of shares: (in m pcs) 9.8  
Book value per share: (in EUR) 10.11  
Ø trading volume: (12 months) 4,000

### Major shareholders

RAT Asset & Trading AG 65.0%  
FaMe Invest & Mgmt GmbH 8.0%  
Free Float 27.0%

### Company description

FCR Immobilien AG is a German-based company in the real estate sector. The public limited company focuses on retail properties in established secondary locations in Germany with anchor tenants that are mainly highly credible grocery stores.

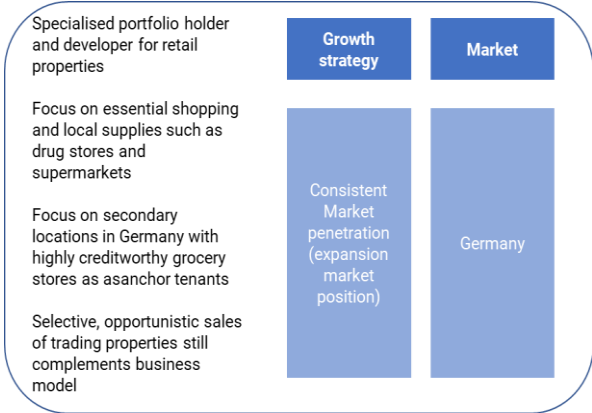
## Recent transactions overview

Date	Purchase / Disposal	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm	
16.01.2020	D	Einzelhandel	Duisburg	C&A	10.000			
05.02.2020	P	Einzelhandel	Gummersbach	C&A	4.500			
12.02.2020	P	Fachmarkt	Höchstadt a.d. Aisch	TAKKO und Action	1.700			
27.02.2020	P	Fachmarktzentrum	Landau a.d. Isar	Dänisches Bettenlager und Deichmann	1.300			
09.03.2020	P	Einzelhandelsportfolio Bayern		Dänisches und Sonderpreis Baumarkt				
		Fachmarkt	Cadolzburg	Dänisches Bettenlager	1.100			
		Fachmarkt	Schwandorf	Sonderpreis Baumarkt	1.300			
		Fachmarkt	Strullendorf	Sonderpreis Baumarkt	900			
28.05.2020	D	Einzelhandel	Lichtentanne	Penny	1.500			
01.07.2020	P	Einzelhandel	Westeregeln	EDEKA	1.300			
09.09.2020	D	Fachmarkt	Hof	TAKKO	900			
21.10.20	P	Einkaufszentrum	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10 Mio.
27.10.20	P	Lebensmittelmärkte			185			1,99 Mio.
		Einzelhandel	Ruhle, Thüringen	Netto	100	1.200	9	
		Einzelhandel	Bückeberg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4	
30.10.20	P	Fachmarkt	Ludwigslust	toom Baumarkt	435	7.600		3,8 Mio.
3.11.20	D	Fachmarktzentrum	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200		
6.11.20	D	Fachmarktzentrum	Magdeburg			2.800		
17.11.20	P	Fachmarkt	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51 Mio.
8.12.20	D	Fachmarktzentrum	Pößneck, Thüringen	NKD, vongut		7.600		
9.4.21	P	Fachmarktzentrum	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	20 Mio. (eAR)
30.4.21	P	Fachmarktzentrum	Bauzen, Dresden, Plauen	pitstop, Carglass, Dänisches B.		4.200		
30.4.21	P	Fachmarktzentrum	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 Mio. (eAR)

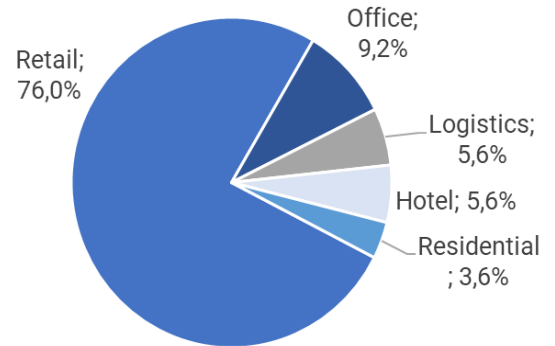
Source: Company data, AlsterResearch

# Investment case in six Charts

## Business Model



## Rental income as per asset class (2020)



## Major tenants

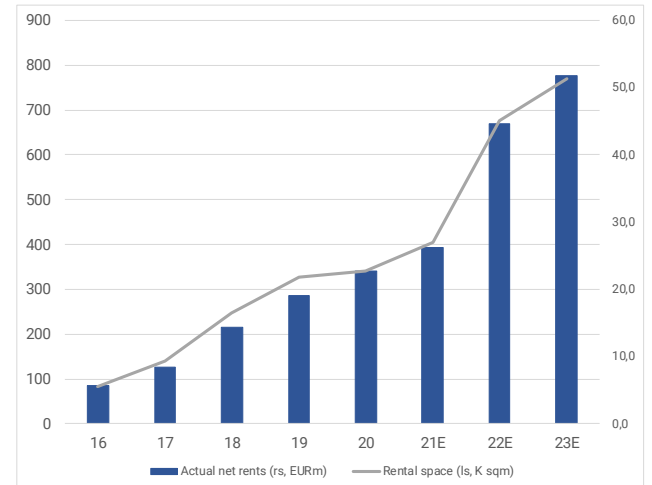
### Food retail / grocery



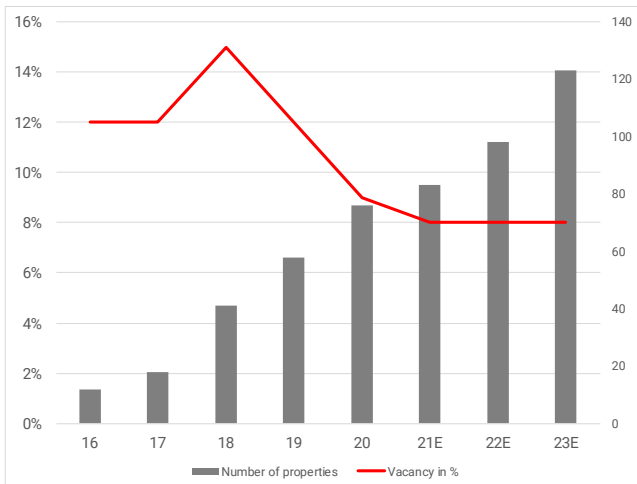
### Specialty retail



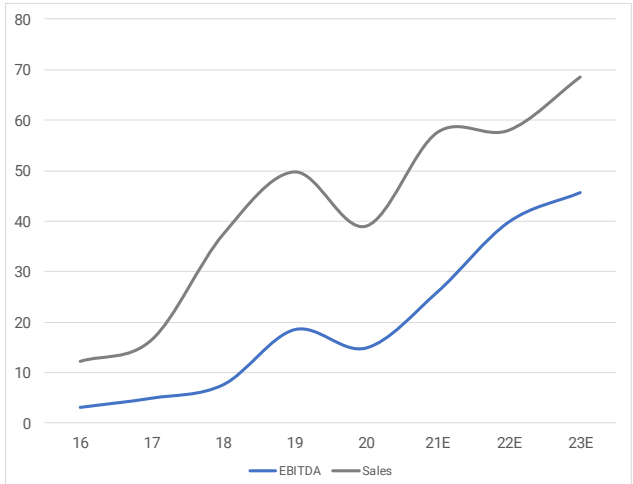
## Rental Space and actual net rental income



## Development of vacancies and number of properties



## Sales and earnings development in EURm



Source: Company data, AlsterResearch

# SWOT Analysis

## Strengths

- Convincing business model with promising future perspectives
- High financial strength thanks to stock market listing
- High management competence
- Clear degression effects through scalable business model
- AI-based software expertise
- Space reserves at the locations of the retail parks

## Weaknesses

- Organizational structure still reflects the announced company size not sufficiently again (sole director)
- Lack of stock market liquidity causes still low free float
- Lack of breadth in the shareholder structure (share of private customers, institutional)

## Opportunities

- Improved balance sheet and cash flow statement ratios due to the company's re-focusing on its core portfolio management and development competencies
- Trend reversal in regional population development in favour of rural areas (D locations)
- Greater attractiveness of locations by expanding the sector mix (service provider, health care provider, gastronomy)
- Capital increase provides opportunity for better rating and lower refinancing costs

## Threats

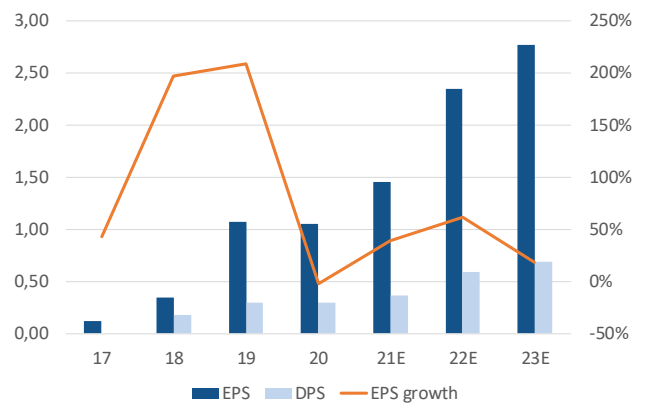
- Corona crisis could massively dampen consumer spending nationwide
- Individual risk in key positions through strong focus on the founder
- Conditions imposed by local authorities that restrict use
- Stronger growth in online trade
- Designation of further retail spaces in the neighbourhood

# Financials in six charts

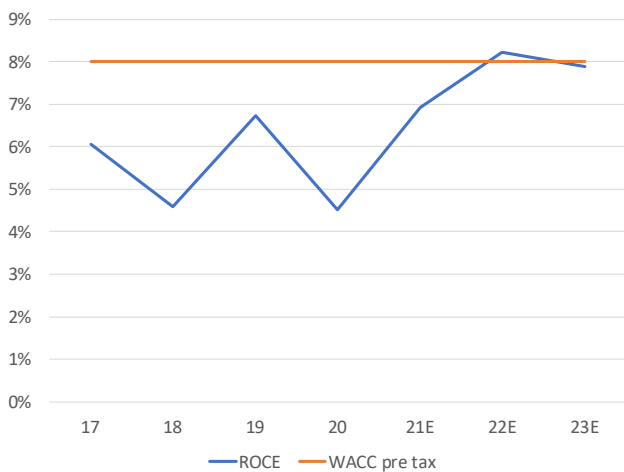
**Sales vs. EBITDA margin development**



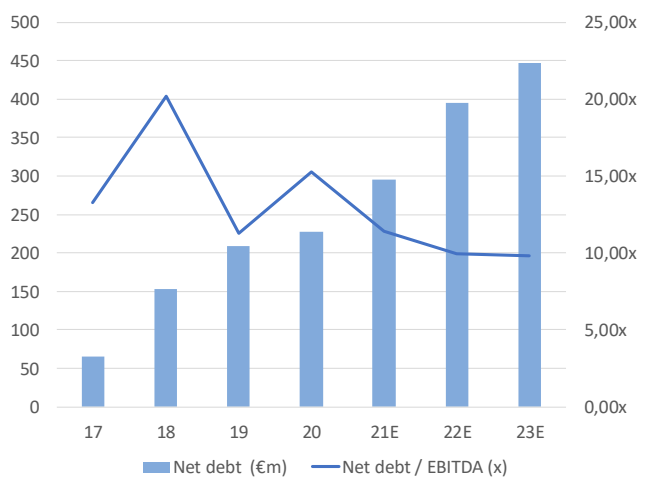
**EPS, DPS in EUR & yoy EPS growth**



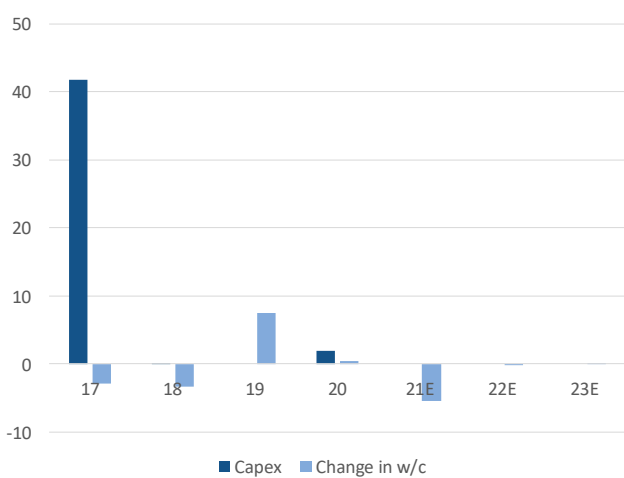
**ROCE vs. WACC (pre tax)**



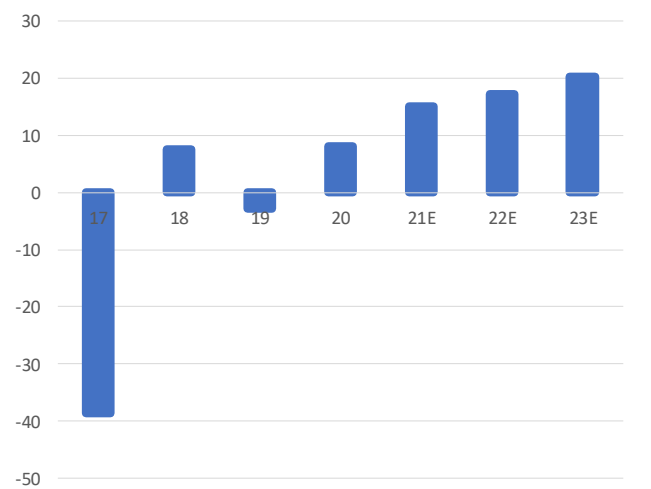
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>37.3</b>	<b>49.7</b>	<b>38.9</b>	<b>57.5</b>	<b>60.5</b>	<b>68.5</b>
Sales growth	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
Change in finished goods and work-in-process	-0.0	0.5	3.2	4.6	-0.9	-0.7
<b>Total sales</b>	<b>37.3</b>	<b>50.1</b>	<b>42.1</b>	<b>62.1</b>	<b>59.6</b>	<b>67.8</b>
Change in the value of investment property	0.0	13.7	0.8	4.9	6.3	7.2
Expenses from financial investments held real estate	21.3	27.9	10.9	27.2	11.9	12.8
Personnel expenses	5.1	10.9	12.5	9.5	9.5	11.0
Material expenses and other opex	5.1	10.9	12.5	9.5	9.5	11.0
Total operating expenses	29.7	31.7	27.3	36.2	19.8	22.0
<b>EBITDA</b>	<b>7.6</b>	<b>18.5</b>	<b>14.8</b>	<b>25.9</b>	<b>39.7</b>	<b>45.8</b>
Depreciation	0.5	0.4	0.4	0.3	0.3	0.3
EBITA	7.1	18.1	14.4	25.6	39.4	45.5
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>7.1</b>	<b>18.1</b>	<b>14.4</b>	<b>25.6</b>	<b>39.4</b>	<b>45.5</b>
Financial result	-4.3	-6.2	-6.7	-8.5	-11.9	-12.8
Recurring pretax income from continuing operations	2.8	11.9	7.7	17.1	27.5	32.8
Extraordinary income/loss	0.0	0.0	3.8	0.0	0.0	0.0
Earnings before taxes	2.8	11.9	11.5	17.1	27.5	32.8
Taxes	-0.1	2.2	1.9	2.9	4.7	5.5
Net income from continuing operations	2.9	9.7	9.6	14.2	22.9	27.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.9</b>	<b>9.7</b>	<b>9.6</b>	<b>14.2</b>	<b>22.9</b>	<b>27.2</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.9	9.7	9.6	14.2	22.9	27.2
Average number of shares	8.48	9.15	9.15	9.76	9.76	9.76
<b>EPS reported</b>	<b>0.35</b>	<b>1.07</b>	<b>1.05</b>	<b>1.46</b>	<b>2.34</b>	<b>2.79</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	-0%	1%	8%	8%	-2%	-1%
<b>Total sales</b>	<b>100%</b>	<b>101%</b>	<b>108%</b>	<b>108%</b>	<b>99%</b>	<b>99%</b>
Change in the value of investment property	0%	28%	2%	9%	10%	11%
Expenses from financial investments held real estate	57%	56%	28%	47%	20%	19%
Personnel expenses	14%	22%	32%	17%	16%	16%
Material expenses and other opex	14%	22%	32%	17%	16%	16%
Total operating expenses	80%	64%	70%	63%	33%	32%
<b>EBITDA</b>	<b>20%</b>	<b>37%</b>	<b>38%</b>	<b>45%</b>	<b>66%</b>	<b>67%</b>
Depreciation	1%	1%	1%	1%	0%	0%
EBITA	19%	36%	37%	45%	65%	66%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>19%</b>	<b>36%</b>	<b>37%</b>	<b>45%</b>	<b>65%</b>	<b>66%</b>
Financial result	-11%	-12%	-17%	-15%	-20%	-19%
Recurring pretax income from continuing operations	8%	24%	20%	30%	46%	48%
Extraordinary income/loss	0%	0%	10%	0%	0%	0%
Earnings before taxes	8%	24%	30%	30%	46%	48%
Taxes	-0%	4%	5%	5%	8%	8%
Net income from continuing operations	8%	20%	25%	25%	38%	40%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>8%</b>	<b>20%</b>	<b>25%</b>	<b>25%</b>	<b>38%</b>	<b>40%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>8%</b>	<b>20%</b>	<b>25%</b>	<b>25%</b>	<b>38%</b>	<b>40%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	0.2	0.2	1.5	1.5	1.5	1.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.5	0.8	0.8	0.5	0.2	-0.1
Financial assets	237.6	299.2	320.5	411.6	528.9	602.0
<b>FIXED ASSETS</b>	<b>238.3</b>	<b>300.2</b>	<b>322.8</b>	<b>413.6</b>	<b>530.6</b>	<b>603.4</b>
Inventories	0.3	1.9	4.2	0.3	0.3	0.4
Accounts receivable	1.2	9.7	5.2	4.7	5.0	5.6
Other current assets	4.8	4.8	7.6	7.6	7.6	7.6
Liquid assets	3.9	10.1	8.7	5.9	28.5	7.4
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.3	0.1	0.9	0.9	1.0
<b>CURRENT ASSETS</b>	<b>10.5</b>	<b>26.8</b>	<b>25.8</b>	<b>19.4</b>	<b>42.3</b>	<b>22.0</b>
<b>TOTAL ASSETS</b>	<b>248.8</b>	<b>327.0</b>	<b>348.7</b>	<b>433.0</b>	<b>573.0</b>	<b>625.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>71.0</b>	<b>85.6</b>	<b>92.4</b>	<b>110.6</b>	<b>129.9</b>	<b>151.4</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	147.3	211.5	211.1	300.0	420.0	450.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.3	0.4	0.4
Other provisions	2.0	3.3	1.4	1.1	1.2	1.4
<b>Non-current liabilities</b>	<b>149.3</b>	<b>214.8</b>	<b>212.6</b>	<b>301.5</b>	<b>421.6</b>	<b>451.8</b>
short-term liabilities to banks	9.5	7.4	24.5	0.0	0.0	0.0
Accounts payable	2.3	2.2	1.5	1.2	1.5	1.7
Advance payments received on orders	0.1	0.2	0.1	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.8	2.3	2.0	2.3	2.4	2.7
Deferred taxes	13.9	14.4	15.6	15.6	15.6	15.6
Deferred income	0.0	0.0	0.0	1.9	2.0	2.3
<b>Current liabilities</b>	<b>28.5</b>	<b>26.5</b>	<b>43.7</b>	<b>20.9</b>	<b>21.5</b>	<b>22.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>248.8</b>	<b>327.0</b>	<b>348.7</b>	<b>433.0</b>	<b>573.0</b>	<b>625.5</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	0%	0%	0%	0%	0%	0%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	-0%
Financial assets	96%	91%	92%	95%	92%	96%
<b>FIXED ASSETS</b>	<b>96%</b>	<b>92%</b>	<b>93%</b>	<b>96%</b>	<b>93%</b>	<b>96%</b>
Inventories	0%	1%	1%	0%	0%	0%
Accounts receivable	0%	3%	1%	1%	1%	1%
Other current assets	2%	1%	2%	2%	1%	1%
Liquid assets	2%	3%	3%	1%	5%	1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>4%</b>	<b>8%</b>	<b>7%</b>	<b>4%</b>	<b>7%</b>	<b>4%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>29%</b>	<b>26%</b>	<b>27%</b>	<b>26%</b>	<b>23%</b>	<b>24%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	59%	65%	61%	69%	73%	72%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	0%	0%	0%	0%
<b>Non-current liabilities</b>	<b>60%</b>	<b>66%</b>	<b>61%</b>	<b>70%</b>	<b>74%</b>	<b>72%</b>
short-term liabilities to banks	4%	2%	7%	0%	0%	0%
Accounts payable	1%	1%	0%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	1%	1%	0%	0%
Deferred taxes	6%	4%	4%	4%	3%	2%
Deferred income	0%	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>11%</b>	<b>8%</b>	<b>13%</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch



Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	2.9	9.8	9.6	14.2	22.9	27.2
Depreciation of fixed assets (incl. leases)	0.5	0.4	0.4	0.3	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.8	-5.5	0.3	-4.9	-6.3	-7.0
Cash flow from operations before changes in w/c	4.3	4.6	10.3	9.6	16.9	20.5
Increase/decrease in inventory	0.0	0.0	-2.4	4.0	-0.1	-0.0
Increase/decrease in accounts receivable	0.0	0.0	4.5	0.4	-0.2	-0.7
Increase/decrease in accounts payable	0.0	0.0	-0.7	-0.3	0.3	0.2
Increase/decrease in other w/c positions	3.3	-7.5	-1.9	1.4	0.2	0.5
Increase/decrease in working capital	3.3	-7.5	-0.4	5.4	0.2	-0.0
<b>Cash flow from operating activities</b>	<b>7.6</b>	<b>-2.9</b>	<b>9.8</b>	<b>15.1</b>	<b>17.1</b>	<b>20.5</b>
CAPEX	-0.2	0.0	-1.9	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-96.6	-56.0	-17.6	-86.2	-111.0	-65.9
Income from asset disposals	0.0	0.0	-1.4	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-96.7</b>	<b>-56.0</b>	<b>-20.9</b>	<b>-86.2</b>	<b>-111.0</b>	<b>-65.9</b>
Cash flow before financing	-89.1	-58.9	-11.0	-71.1	-93.9	-45.4
Increase/decrease in debt position	91.1	64.6	16.7	64.4	120.0	30.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	1.0	6.4	0.0	6.7	0.0	0.0
Dividends paid	-0.3	-1.5	-2.7	-2.7	-3.6	-5.7
Others	-4.4	-3.7	-6.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>87.4</b>	<b>65.7</b>	<b>7.9</b>	<b>68.3</b>	<b>116.4</b>	<b>24.3</b>
Increase/decrease in liquid assets	-1.7	6.9	-3.1	-2.8	22.6	-21.1
<b>Liquid assets at end of period</b>	<b>3.1</b>	<b>9.1</b>	<b>5.6</b>	<b>2.8</b>	<b>25.4</b>	<b>4.2</b>

Source: Company data; AlsterResearch

Real estate ratios in EURm	2018	2019	2020	2021E	2022E	2023E
Number of properties	58	76	83	98	123	140
Rental space	248,000	327,000	342,000	403,807	676,500	770,000
Actual net rents	14.4	19.1	22.7	26.2	44.6	51.7
FFO	3.4	-3.7	4.9	9.3	16.7	20.2
FFO margin	23.9%	-19.5%	21.6%	35.5%	37.4%	39.0%
FFOPS	0.41	-0.41	0.54	0.95	1.71	2.07
Potential net rents	17.7	22.2	21.7	na	na	na
Letting quota	85.0%	88.0%	91.0%	92.0%	92.0%	92.0%
Market value	237.4	299.0	314.5	411.6	528.9	602.0
ACTUAL net rental returns	6.1%	6.4%	7.2%	6.4%	8.4%	8.6%
WAULT	5.5	4.4	5.1	5.2	5.3	5.4
NAV	8.9	11.1	11.7	12.8	14.8	17.0
LTV	64.4%	68.0%	72.1%	71.4%	74.0%	73.5%

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	0.35	1.07	1.05	1.46	2.34	2.79
Cash flow per share	0.84	-0.35	1.03	1.51	1.72	2.07
Book value per share	8.37	9.36	10.11	11.33	13.31	15.51
Dividend per share	0.17	0.30	0.30	0.36	0.59	0.70
<b>Valuation</b>						
P/E	34.1x	11.1x	11.3x	8.1x	5.0x	4.2x
P/CF	14.1x	-33.3x	11.4x	7.8x	6.9x	5.7x
P/BV	1.4x	1.3x	1.2x	1.0x	0.9x	0.8x
Dividend yield (%)	1.5%	2.5%	2.5%	3.1%	5.0%	5.9%
FCF yield (%)	7.1%	-3.0%	8.7%	12.8%	14.6%	17.5%
EV/Sales	7.2x	6.5x	8.8x	7.1x	8.4x	8.2x
EV/EBITDA	35.4x	17.5x	23.1x	15.8x	12.8x	12.2x
EV/EBIT	37.9x	17.9x	23.7x	16.0x	12.9x	12.3x
<b>Income statement (EURm)</b>						
Sales	37.3	49.7	38.9	57.5	60.5	68.5
yoy chg in %	127.4%	33.2%	-21.7%	47.8%	5.2%	13.2%
Gross profit	21.3	27.9	10.9	27.2	11.9	12.8
Gross margin in %	57.0%	56.1%	28.0%	47.4%	19.6%	18.7%
EBITDA	7.6	18.5	14.8	25.9	39.7	45.8
EBITDA margin in %	20.3%	37.2%	38.1%	45.1%	65.7%	66.9%
EBIT	7.1	18.1	14.4	25.6	39.4	45.5
EBIT margin in %	18.9%	36.5%	37.1%	44.5%	65.2%	66.5%
Net profit	2.9	9.7	9.6	14.2	22.9	27.2
<b>Cash flow statement (EURm)</b>						
CF from operations	7.6	-2.9	9.8	15.1	17.1	20.5
Capex	-0.2	0.0	-1.9	0.0	0.0	0.0
Maintenance Capex	0.5	0.4	0.4	0.3	0.3	0.3
Free cash flow	7.4	-2.9	8.0	15.1	17.1	20.5
<b>Balance sheet (EURm)</b>						
Intangible assets	0.2	0.2	1.5	1.5	1.5	1.5
Tangible assets	0.5	0.8	0.8	0.5	0.2	-0.1
Shareholders' equity	71.0	85.6	92.4	110.6	129.9	151.4
Pension provisions	0.0	0.0	0.0	0.3	0.4	0.4
Liabilities and provisions	158.7	222.3	237.1	301.5	421.6	451.8
Net financial debt	152.8	208.8	226.9	294.1	391.5	442.6
w/c requirements	-0.9	9.2	7.8	3.8	3.8	4.3
<b>Ratios</b>						
ROE	4.1%	11.4%	10.3%	12.9%	17.6%	18.0%
ROCE	3.1%	5.9%	4.4%	6.2%	7.2%	7.5%
Net gearing	215.3%	243.9%	245.5%	265.9%	301.3%	292.3%
Net debt / EBITDA	20.2x	11.3x	15.3x	11.4x	9.9x	9.7x

Source: Company data; AlsterResearch

## Conflict of interests

Disclosures regarding research publications of SRH AlsterResearch AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures. It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if SRH AlsterResearch AG

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,
- (2) has entered into an agreement on the production of the research report with the analyzed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of SRH AlsterResearch AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
FCR Immobilien AG	2

# Important disclosures

**1. General Information/Liabilities** This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by SRH AlsterResearch AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of SRH AlsterResearch AG. Reproduction of this document, in whole or in part, is not permitted without prior permission SRH AlsterResearch AG. All rights reserved. Under no circumstances shall SRH AlsterResearch AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

**2. Responsibilities** This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

**3. Organizational Requirements** SRH AlsterResearch AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of AlsterResearch AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

**4. Information Concerning the Methods of Valuation/Update** The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at <https://www.alsterresearch.com>.

SRH AlsterResearch AG uses the following three-step rating system for the analyzed companies:

- **Buy:** Sustainable upside potential of more than 10% within 12 months
- **Sell:** Sustainable downside potential of more than 10% within 12 months.
- **Hold:** Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of SRH AlsterResearch AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by SRH AlsterResearch AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of SRH AlsterResearch AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

**5. Date and time of first publication of the financial analysis**  
25.09.2020

## 6. Risk information

- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

**7. Major Sources of Information** Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. SRH AlsterResearch AG has checked the information for plausibility but not for accuracy or completeness.

**8. Competent Supervisory Authority** SRH AlsterResearch AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

**9. Specific Comments for Recipients Outside of Germany** This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

**10. Miscellaneous** According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.alsterresearch.com>.

## Contacts

SRH AlsterResearch AG  
Himmelstr. 9  
22299 Hamburg

Tel: +49 40 309 293-52  
Fax: +49 40 556 330-54  
E-Mail: [info@alsterresearch.com](mailto:info@alsterresearch.com)

mwb fairtrade Wertpapierhandelsbank AG  
Rottenbacher Straße 28  
82166 Gräfelfing

Tel: +49 89 85852-0  
Fax: +49 89 85852-505  
E-Mail: [info@mwbfairtrade.com](mailto:info@mwbfairtrade.com)

Our research can be found under

## Research

**OLIVER DREBING**  
Senior Analyst  
Tel: +49 40 309 293-57  
E-Mail: [o.drebing@alsterresearch.com](mailto:o.drebing@alsterresearch.com)

**KARSTEN RAHLF, CFA**  
Senior Analyst  
Tel: +49 40 309 293-54  
E-Mail: [k.rahlf@alsterresearch.com](mailto:k.rahlf@alsterresearch.com)

**KATHARINA SCHLÖTER**  
Analyst  
Tel: +49 40 309 293-52  
E-Mail: [k.schloeter@alsterresearch.com](mailto:k.schloeter@alsterresearch.com)

**THOMAS WISSLER**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [t.wissler@alsterresearch.com](mailto:t.wissler@alsterresearch.com)

**DR. OLIVER WOJAHN**  
Senior Analyst  
Tel: +49 40 309 293-53  
E-Mail: [o.wojahn@alsterresearch.com](mailto:o.wojahn@alsterresearch.com)

**ALEXANDER ZIENKOWICZ**  
Senior Analyst  
Tel: +49 40 309 293-56  
E-Mail: [a.zienkowicz@alsterresearch.com](mailto:a.zienkowicz@alsterresearch.com)

## Sales

**MARKUS KÖNIG-WEISS**  
Head of Sales  
Tel: +49 40 309 293-52  
E-Mail: [mkw@alsterresearch.com](mailto:mkw@alsterresearch.com)

## Equity Capital Markets / Trading

**KAI JORDAN**  
Member of the Board  
Tel: +49 40 36 0995-22  
E-Mail: [kjordan@mwbfairtrade.com](mailto:kjordan@mwbfairtrade.com)

**ALEXANDER DEUSS**  
Head of Institutional Sales  
Tel: +49 40 36 0995-22  
E-Mail: [adeuss@mwbfairtrade.com](mailto:adeuss@mwbfairtrade.com)

**SASCHA GUENON**  
Head of Designated Sponsoring  
Tel: +49 40 360 995-23  
E-Mail: [sguenon@mwbfairtrade.com](mailto:sguenon@mwbfairtrade.com)

<b>RESEARCH HUB</b>	<a href="http://www.research-hub.de">www.research-hub.de</a>
<b>BLOOMBERG</b>	<a href="http://www.bloomberg.com">www.bloomberg.com</a>
<b>FACTSET</b>	<a href="http://www.factset.com">www.factset.com</a>
<b>THOMSON REUTERS / REFINITIV</b>	<a href="http://www.refinitiv.com">www.refinitiv.com</a>
<b>CAPITALIQ</b>	<a href="http://www.capitaliq.com">www.capitaliq.com</a>