

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 171.8m

22 July 2022

UPDATE



## Strong H1 results provide confidence for FY22 expectations; BUY

### What's it all about?

FCR Immobilien ('FCR') reported headline figures for H1 22, showing an unchanged strong dynamic for all major KPI's. Most importantly, funds from operations (FFO) increased by a strong 35% yoy to EUR 5m, setting a comfortable foundation to achieve our forecasted EUR 12.8m for FY 22. Year to date, FCR acquired 5 further properties bringing the total property portfolio to 103 worth EUR 420m. Especially in these uncertain markets, this strong performance offers significant visibility on FCR's FY 2022 results and even provides some upside potential to AlsterResearch conservative FFO expectations. With FCR being able to execute on its well filled pipeline, the necessary financing in place in order to acquire at least another EUR 100m worth of properties, we are reiterating our BUY recommendation and PT of EUR 22.00.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 22.00 (22.00)</b>
Current price	EUR 17.60
Up/downside	25.0%



**MAIN AUTHOR**

**Thomas Wissler**

t.wissler@alsterresearch.com

+49 40 309 293-58

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

[alsterresearch.com](https://www.alsterresearch.com)

This research is the product of AlsterResearch, which is registered with the BaFin in Germany.

# FCR Immobilien AG

Germany | Real Estate | MCap EUR 171.8m | EV EUR 424.5m

**BUY** (BUY)

**Target price** EUR 22.00 (22.00)  
**Current price** EUR 17.60  
**Up/downside** 25.0%

**MAIN AUTHOR**

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

## Strong H1 results provides confidence for FY22 expectations

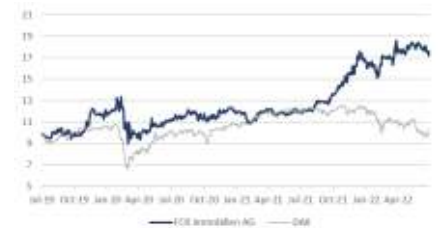
**Strong H1 foundation** FCR reported strong H1/22 results showing nice improvements for virtually all KPI's. Funds from operations (FFO) continued to increase and improved by a remarkable 35% yoy to EUR 5m (H1/21 EUR 3.7m). The very good operating performance was driven by further expansion of the real estate portfolio, the successful asset management of its existing properties and a high level of management efficiency thanks to the use of its own management software. In H1, FCR acquired 5 additional properties bringing the total value of its portfolio to EUR 420m. With the acquisition pipeline well filled for the second half, we see FCR on a good path to achieve our c. EUR 13m FFO expectations or >80% yoy growth. Accounting earnings (EBT) also increased by healthy (and recurring) 31% yoy to EUR 8.8m, reflecting c. 54% of our FY 22 expectations.

**Strategy remains intact** Especially by executing on further acquisitions, we believe that FCR's strategy still remains intact. The company aims to profitably grow in the niche market for retail properties in established secondary locations in Germany. Limited competition and in-depth market know-how allows for attractive (initial) yields in the range of 8-12%. Consequently, FCR is set to continue showing disproportionate FFO growth in the coming years. Considering FCR's typical financing structure of 80% debt / 20% equity, FCR should be able to stem acquisitions worth c. EUR 100m without tapping additional financing sources.

**BUY confirmed** Overall, we remain confident in the equity story of FCR and its positioning within the lucrative niche market of the German real estate market. In addition, the company is likely to remain an attractive dividend payer (current yield of 2%), which nicely adds to the favorable valuation. We therefore reiterate our BUY recommendation with unchanged PT of EUR 22.00.

FCR Immobilien AG	2019	2020	2021	2022E	2023E	2024E
Sales	49.7	38.9	52.5	35.5	43.1	48.1
<i>Growth yoy</i>	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
EBIT	18.1	14.4	18.5	23.6	29.6	33.0
FFO	-3.7	4.9	7.1	12.8	15.8	18.0
FFO-Margin	-19.5%	21.6%	29.4%	40.7%	40.4%	40.9%
Net profit	9.7	9.6	12.1	13.4	17.5	19.7
Net debt (net cash)	208.8	226.9	252.7	312.3	369.4	435.7
LTV	66.4%	69.7%	71.5%	69.1%	69.9%	71.6%
EPS recurring	1.07	1.05	1.25	1.38	1.80	2.02
FFOPS	-0.41	0.54	0.73	1.31	1.62	1.84
DPS	0.30	0.30	0.35	0.39	0.45	0.50
<i>Dividend yield</i>	1.7%	1.7%	2.0%	2.2%	2.6%	2.9%
FFO-yield	-2.3%	3.1%	4.1%	7.5%	9.2%	10.5%
EV/EBIT	21.0x	27.6x	22.9x	20.5x	18.3x	18.4x
P/E	16.5x	16.8x	14.0x	12.8x	9.8x	8.7x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 18.60 / 11.70  
**Price/Book Ratio** 1.6x

### Ticker / Symbols

ISIN DE000A1YC913  
WKN A1YC91  
Bloomberg FC9:GR

### Changes in estimates

		Sales	EBIT	EPS
<b>2022E</b>	old	35,5	23,6	1,38
	Δ	0,0%	0,0%	0,0%
<b>2023E</b>	old	43,1	29,6	1,80
	Δ	0,0%	0,0%	0,0%
<b>2024E</b>	old	48,1	33,0	2,02
	Δ	0,0%	0,0%	0,0%

### Key share data

Number of shares: (in m pcs) 9.76  
Book value per share: (in EUR) 11.14  
Ø trading volume: (12 months) 4,000

### Major shareholders

RAT Asset & Trading AG 64.4%  
FaMe Invest & Mgmt GmbH 8.0%  
Free Float 27.6%

### 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	Type	Location	Anchor tenant	net rent in EUR K	Leasable area in sqm	WAULT Years	Purchase price EURm	Rent per sqm / month
16.01.2020	D	Retail	Duisburg	C&A		10.000			
05.02.2020	P	Retail	Gummersbach	C&A		4.500			
12.02.2020	P	Retail	Höchststadt a.d. Aisch	TAKKO und Action		1.700			
27.02.2020	P	Retail	Landau a.d. Isar	Dänisches Bettenlager und Deichmann		1.300			
09.03.2020	P	Retail portfolio	Bayern	Dänisches und Sonderpreis Baumarkt		-			
		Specialty retail	Cadolzburg	Dänisches Bettenlager		1.100			
		Specialty retail	Schwandorf	Sonderpreis Baumarkt		1.300			
		Specialty retail	Strullendorf	Sonderpreis Baumarkt		900			
28.05.2020	D	Retail	Lichtentanne	Penny		1.500			
01.07.2020	P	Retail	Westeregeln	EDEKA		1.300			
09.09.2020	D	Specialty retail	Hof	TAKKO		900			
21.10.20	P	Shopping centre	Eilenburg	Kaufland und toom Baumarkt	800	15.000	8,7	10	4,44
27.10.20	P	Grocery stores			185	-		1,99	0,00
		Retail	Ruhle, Thüringen	Netto	100	1.200	9		6,94
		Retail	Bückeburg, Thüringen	Niedrig-Preis-Markt (NP)	85	1.000	4		7,08
30.10.20	P	Retail	Ludwigslust	toom Baumarkt	435	7.600		3,8	4,77
3.11.20	D	Specialty retail	Oer-Erkenschwick, NRW	Buschkamp-Center		6.200			0,00
6.11.20	D	Specialty retail	Magdeburg			2.800			0,00
17.11.20	P	Specialty retail	Pulsnitz, Sachsen	Hammer und Pfennigpfeiffer	173	3.300		1,51	4,37
8.12.20	D	Specialty retail	Pößneck, Thüringen	NKD, vongut		7.600			0,00
9.4.21	P	Specialty retail	Görlitz	Möbel Roller, toom Baumarkt	1600	28.000	6	21,5 (eAR)	4,76
30.4.21	P	Specialty retail	Bauzen, Dresden, Plauen	piistop, Carglass, Dänisches B.		4.200			0,00
30.4.21	P	Specialty retail	Altenberg	Netto, lokaler Baumarkt	600	3.300		7 (eAR)	6,67
9.6.21	P	Specialty retail	Zollenroder	Pfennigpfeiffer	92	1.144	4,8	0,9 (eAR)	1,73
9.6.21	P	Retail	Eching		160	5.000	6,9	2,9 (eAR)	2,17
1.9.21	P	Specialty retail	Finsterwalde	EDEKA, Rossmann, Deichmann	500	5.000	4,3	5,3 (eAR)	8,33
10.11.21	P	Commercial building	Siegen	100% C&A	>1000	7.112	6,4	10,5 (eAR)	11,72
2.12.21	P	Shopping centre	Eisenach	Marktkauf, toom, TEdi, Woolworth	4000	26.000	0	30 (eAR)	12,82
17.12.21	D	Student home	Bamberg	Student houses		-	0	20	0,00
29.12.21	P	Specialty retail	Pforzheim	toom Baumarkt	0	5.600	11,7	2,8 (eAR)	3,00
11.1.22	P	Specialty retail	Lüchte, Bad Piermont	toom Baumarkt	460	6.400	2,1	4,8 (eAR)	6,00
11.1.22	P	Specialty retail	Zeithain	Hammer Fachmärkte	260	7.850	3,5	1,6 (eAR)	2,80
18.02.2022	P	Specialty retail	Zella-Mehlis	EDEKA	300	6.500	5,3	3-3,5 (eAR)	3,85
28.04.2022	P	Specialty retail / office	Salzwedel	EDEKA	200		10		
24.05.2022	P	Specialty retail	Osterode	Hammer	230	2.500	6,6	3.0-3.5 (eAR)	7,66
13.07.2022	P	Logistics	Dettingen unter Teck	Logistic company	500	9.000	10		
13.07.2022	P	Specialty retail	Vohenstrauß	NKD	100	700	9,8		

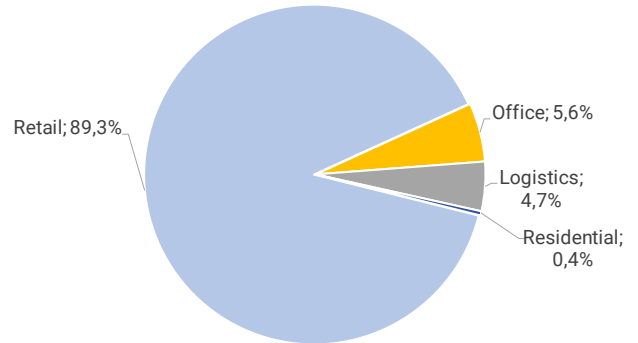
Source: Company data, AlsterResearch, P=purchase, D=disposal

# Investment case in six Charts

## Business Model



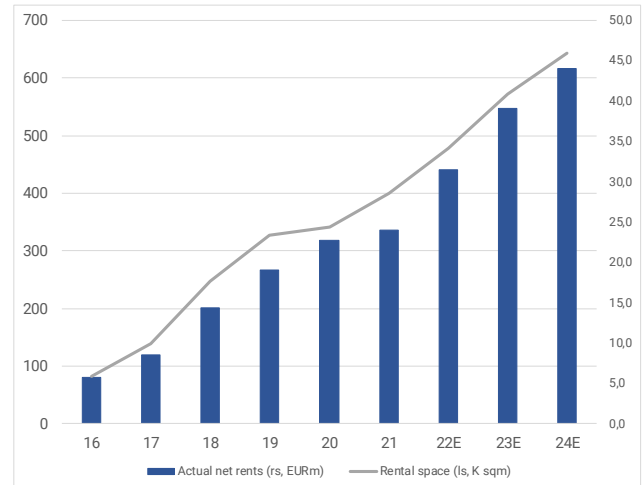
## Rental income as per asset class 2021



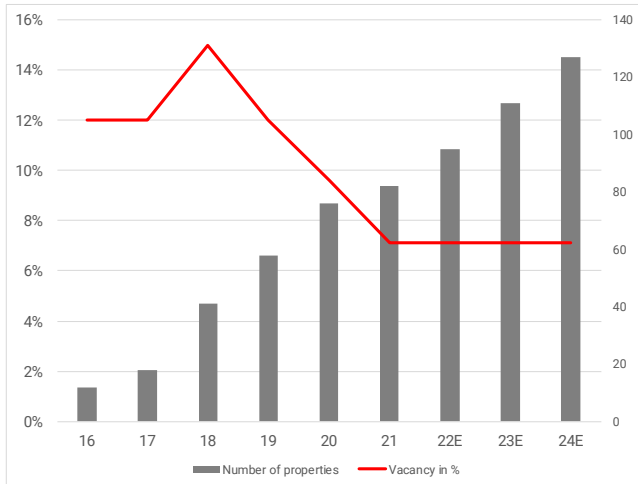
## Major tenants

Food retail / grocery	Specialty retail

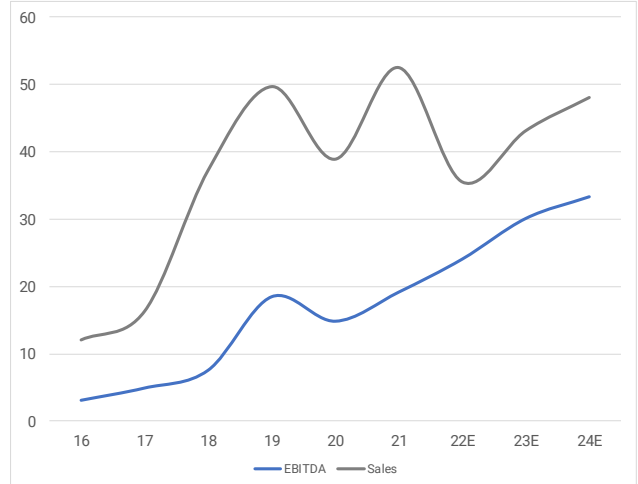
## Rental Space and actual net rental income



## 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

# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 22.39 per share**:

**Top-line growth:** We expect FCR Immobilien AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 11.0% p.a. The long-term growth rate is set at 2.0%.

**WACC.** The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.1%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	16.2	20.6	24.1	27.5	30.2	33.7	37.8	42.2	
Depreciation & amortization	0.5	0.5	0.3	0.0	0.0	0.0	0.0	0.0	
Change in working capital	9.2	0.2	1.0	-0.2	-0.2	-0.2	-0.2	-0.2	
Chg. in long-term provisions	-3.2	-3.6	-3.0	-3.2	-3.3	-4.1	-3.5	-3.5	
Capex	-86.0	-73.1	-79.9	-32.8	-24.8	-25.3	-9.3	-2.8	
Cash flow	-63.4	-55.3	-57.5	-8.7	1.9	4.1	24.8	35.7	598.3
Present value	-61.3	-49.5	-47.7	-6.7	1.3	2.7	15.1	20.1	335.5
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	209.6
Mid-year adj. total present value	217.8
Net debt / cash at start of year	271.9
Financial assets	354.8
Provisions and off b/s debt	na
Equity value	300.8
No. of shares outstanding	13.4
<b>Discounted cash flow / share upside/(downside)</b>	<b>22.39 / 27.2%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	11.0%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	13.7%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.00
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

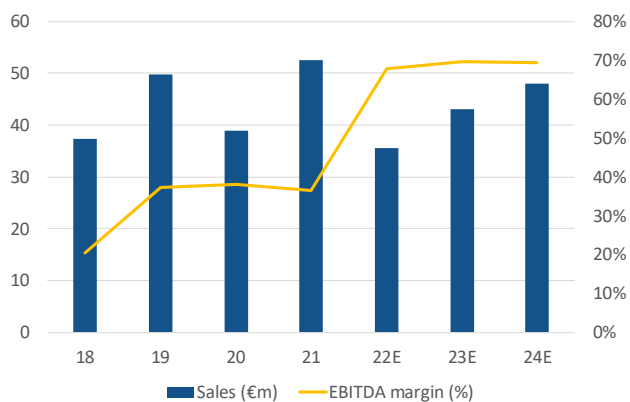
<b>Share price</b>	<b>17.60</b>
--------------------	--------------

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		11.5	12.4	13.5	14.7	16.1	2021E - 2024E	-78.8%
1.0%		14.5	15.8	17.3	19.0	21.0	2025E - 2028E	18.7%
0.0%		18.5	20.3	22.4	24.8	27.8	terminal value	160.1%
-1.0%		23.9	26.5	29.6	33.4	38.2		
-2.0%		31.6	35.6	40.6	47.0	55.5		

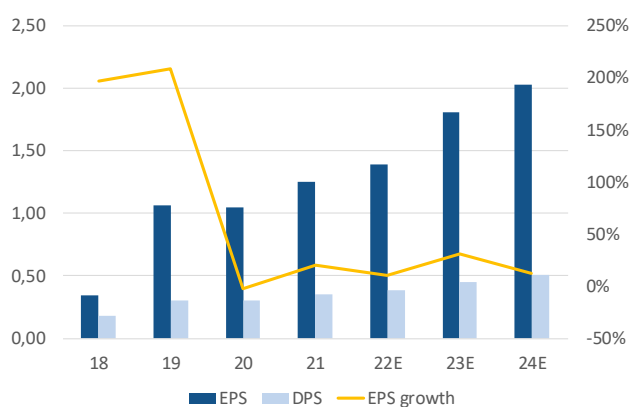
Source: AlsterResearch

# Financials in six charts

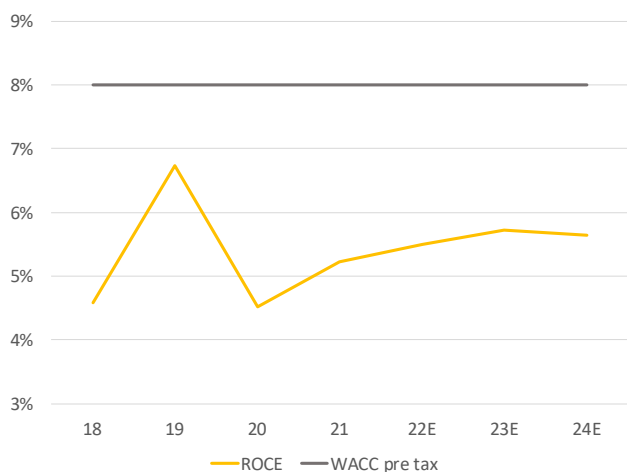
**Sales vs. EBITDA margin development**



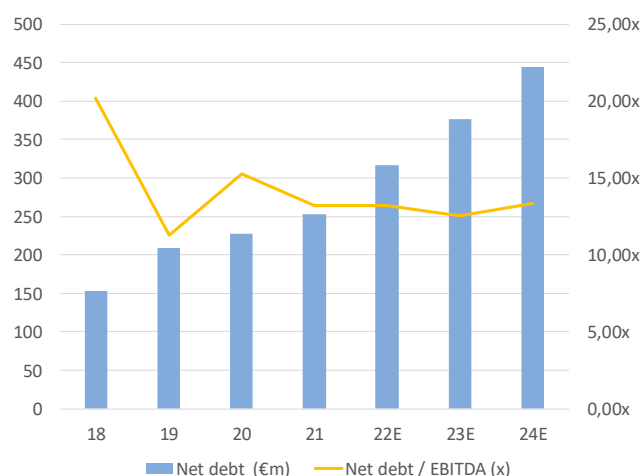
**EPS, DPS in EUR & yoy EPS growth**



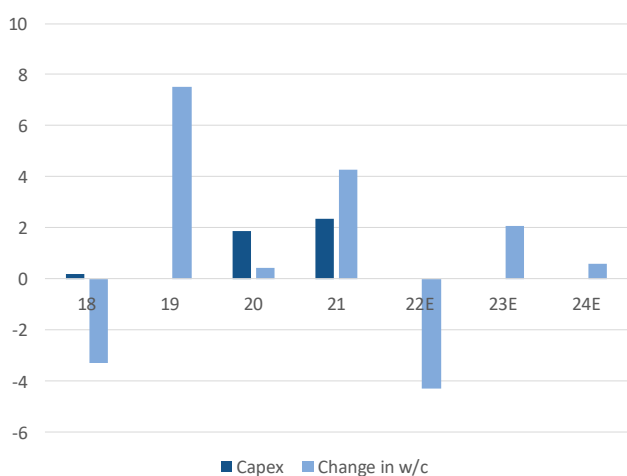
**ROCE vs. WACC (pre tax)**



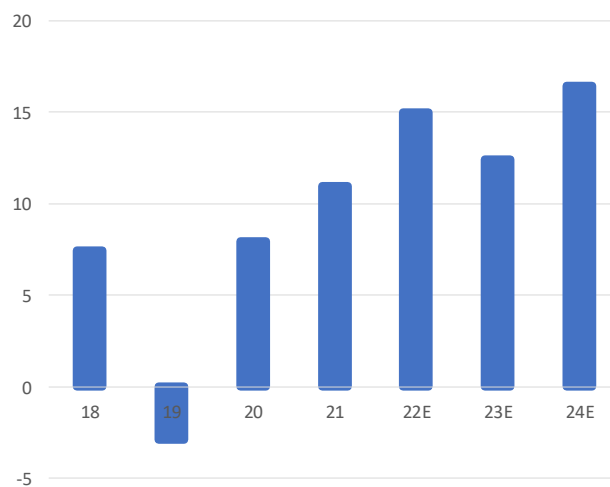
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



## Financials

Profit and loss (EUR m)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>49.7</b>	<b>38.9</b>	<b>52.5</b>	<b>35.5</b>	<b>43.1</b>	<b>48.1</b>
Sales growth	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
Change in finished goods and work-in-process	0.5	3.2	2.6	0.4	0.2	0.0
<b>Total sales</b>	<b>50.1</b>	<b>42.1</b>	<b>55.1</b>	<b>35.9</b>	<b>43.3</b>	<b>48.1</b>
Change in the value of investment property	13.7	0.8	4.8	3.1	3.6	3.0
Expenses from financial investments held real estate	27.9	10.9	24.4	0.0	0.0	0.0
Personnel expenses	10.9	12.5	11.9	10.0	11.6	12.2
Material expenses and other opex	10.9	12.5	11.9	10.0	11.6	12.2
Total operating expenses	31.7	27.3	35.9	11.8	13.3	14.8
<b>EBITDA</b>	<b>18.5</b>	<b>14.8</b>	<b>19.2</b>	<b>24.1</b>	<b>30.1</b>	<b>33.3</b>
Depreciation	0.4	0.4	0.6	0.5	0.5	0.3
EBITA	18.1	14.4	18.5	23.6	29.6	33.0
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>18.1</b>	<b>14.4</b>	<b>18.5</b>	<b>23.6</b>	<b>29.6</b>	<b>33.0</b>
Financial result	-6.2	-6.7	-6.6	-7.2	-8.2	-9.0
Recurring pretax income from continuing operations	11.9	7.7	11.9	16.4	21.4	24.0
Extraordinary income/loss	0.0	3.8	3.0	0.0	0.0	0.0
Earnings before taxes	11.9	11.5	14.9	16.4	21.4	24.0
Taxes	2.2	1.9	2.7	2.9	3.8	4.3
Net income from continuing operations	9.7	9.6	12.1	13.4	17.5	19.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>9.7</b>	<b>9.6</b>	<b>12.1</b>	<b>13.4</b>	<b>17.5</b>	<b>19.7</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	9.7	9.6	12.1	13.4	17.5	19.7
Average number of shares	9.15	9.15	9.69	9.76	9.76	9.76
<b>EPS reported</b>	<b>1.07</b>	<b>1.05</b>	<b>1.25</b>	<b>1.38</b>	<b>1.80</b>	<b>2.02</b>

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
<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	1%	8%	5%	1%	1%	0%
<b>Total sales</b>	<b>101%</b>	<b>108%</b>	<b>105%</b>	<b>101%</b>	<b>101%</b>	<b>100%</b>
Change in the value of investment property	28%	2%	9%	9%	8%	6%
Expenses from financial investments held real estate	56%	28%	46%	0%	0%	0%
Personnel expenses	22%	32%	23%	28%	27%	25%
Material expenses and other opex	22%	32%	23%	28%	27%	25%
Total operating expenses	64%	70%	68%	33%	31%	31%
<b>EBITDA</b>	<b>37%</b>	<b>38%</b>	<b>36%</b>	<b>68%</b>	<b>70%</b>	<b>69%</b>
Depreciation	1%	1%	1%	1%	1%	1%
EBITA	36%	37%	35%	66%	69%	69%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>36%</b>	<b>37%</b>	<b>35%</b>	<b>66%</b>	<b>69%</b>	<b>69%</b>
Financial result	-12%	-17%	-13%	-20%	-19%	-19%
Recurring pretax income from continuing operations	24%	20%	23%	46%	50%	50%
Extraordinary income/loss	0%	10%	6%	0%	0%	0%
Earnings before taxes	24%	30%	28%	46%	50%	50%
Taxes	4%	5%	5%	8%	9%	9%
Net income from continuing operations	20%	25%	23%	38%	41%	41%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>20%</b>	<b>25%</b>	<b>23%</b>	<b>38%</b>	<b>41%</b>	<b>41%</b>
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	<b>20%</b>	<b>25%</b>	<b>23%</b>	<b>38%</b>	<b>41%</b>	<b>41%</b>

Source: Company data; AlsterResearch



Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0.2	1.5	2.3	2.3	2.3	2.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	0.8	1.8	1.3	0.8	0.5
Financial assets	299.2	320.5	354.8	444.0	520.7	603.6
<b>FIXED ASSETS</b>	<b>300.2</b>	<b>322.8</b>	<b>358.9</b>	<b>447.6</b>	<b>523.8</b>	<b>606.4</b>
Inventories	1.9	4.2	2.4	2.2	2.5	2.7
Accounts receivable	9.7	5.2	16.6	4.9	4.7	3.7
Other current assets	4.8	7.6	5.5	5.5	5.5	5.5
Liquid assets	10.1	8.7	18.7	37.7	40.6	14.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.1	0.1	0.1	0.1	0.1
<b>CURRENT ASSETS</b>	<b>26.8</b>	<b>25.8</b>	<b>43.3</b>	<b>50.3</b>	<b>53.4</b>	<b>26.2</b>
<b>TOTAL ASSETS</b>	<b>327.0</b>	<b>348.7</b>	<b>402.2</b>	<b>497.9</b>	<b>577.2</b>	<b>632.6</b>
<b>SHAREHOLDERS EQUITY</b>	<b>85.6</b>	<b>92.4</b>	<b>108.0</b>	<b>128.0</b>	<b>146.8</b>	<b>162.1</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	211.5	211.1	259.6	350.0	410.0	450.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	3.3	1.4	0.5	0.4	0.4	0.5
<b>Non-current liabilities</b>	<b>214.8</b>	<b>212.6</b>	<b>260.0</b>	<b>350.4</b>	<b>410.4</b>	<b>450.5</b>
short-term liabilities to banks	7.4	24.5	11.8	0.0	0.0	0.0
Accounts payable	2.2	1.5	2.9	0.9	1.0	1.0
Advance payments received on orders	0.2	0.1	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	2.3	2.0	1.9	1.2	1.5	1.6
Deferred taxes	14.4	15.6	17.4	17.4	17.4	17.4
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>26.5</b>	<b>43.7</b>	<b>34.2</b>	<b>19.5</b>	<b>19.9</b>	<b>20.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>327.0</b>	<b>348.7</b>	<b>402.2</b>	<b>497.9</b>	<b>577.2</b>	<b>632.6</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0%	0%	1%	0%	0%	0%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	91%	92%	88%	89%	90%	95%
<b>FIXED ASSETS</b>	<b>92%</b>	<b>93%</b>	<b>89%</b>	<b>90%</b>	<b>91%</b>	<b>96%</b>
Inventories	1%	1%	1%	0%	0%	0%
Accounts receivable	3%	1%	4%	1%	1%	1%
Other current assets	1%	2%	1%	1%	1%	1%
Liquid assets	3%	3%	5%	8%	7%	2%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>8%</b>	<b>7%</b>	<b>11%</b>	<b>10%</b>	<b>9%</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>26%</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>25%</b>	<b>26%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	65%	61%	65%	70%	71%	71%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	0%	0%	0%	0%	0%
<b>Non-current liabilities</b>	<b>66%</b>	<b>61%</b>	<b>65%</b>	<b>70%</b>	<b>71%</b>	<b>71%</b>
short-term liabilities to banks	2%	7%	3%	0%	0%	0%
Accounts payable	1%	0%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	0%	0%	0%	0%
Deferred taxes	4%	4%	4%	3%	3%	3%
Deferred income	0%	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>8%</b>	<b>13%</b>	<b>8%</b>	<b>4%</b>	<b>3%</b>	<b>3%</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)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	9.8	9.6	12.1	13.4	17.5	19.7
Depreciation of fixed assets (incl. leases)	0.4	0.4	0.6	0.5	0.5	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	-5.5	0.3	4.8	-3.2	-3.6	-3.0
Cash flow from operations before changes in w/c	4.6	10.3	17.6	10.7	14.5	17.0
Increase/decrease in inventory	0.0	-2.4	1.8	0.3	-0.4	-0.1
Increase/decrease in accounts receivable	0.0	4.5	-11.4	11.7	0.1	1.0
Increase/decrease in accounts payable	0.0	-0.7	1.5	-2.1	0.1	0.0
Increase/decrease in other w/c positions	-7.5	-1.9	3.9	-0.7	0.2	0.1
Increase/decrease in working capital	-7.5	-0.4	-4.3	9.2	0.2	1.0
<b>Cash flow from operating activities</b>	<b>-2.9</b>	<b>9.8</b>	<b>13.3</b>	<b>19.9</b>	<b>14.6</b>	<b>18.0</b>
CAPEX	0.0	-1.9	-2.3	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-56.0	-17.6	-39.9	-86.0	-73.1	-79.9
Income from asset disposals	0.0	-1.4	1.0	10.0	5.0	0.0
<b>Cash flow from investing activities</b>	<b>-56.0</b>	<b>-20.9</b>	<b>-41.3</b>	<b>-76.0</b>	<b>-68.1</b>	<b>-79.9</b>
Cash flow before financing	-58.9	-11.0	-28.0	-56.2	-53.4	-61.9
Increase/decrease in debt position	64.6	16.7	35.8	78.6	60.0	40.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	6.4	0.0	6.7	0.0	0.0	0.0
Dividends paid	-1.5	-2.7	-2.9	-3.4	-3.8	-4.4
Others	-3.7	-6.0	-2.3	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>65.7</b>	<b>7.9</b>	<b>37.2</b>	<b>75.2</b>	<b>56.2</b>	<b>35.6</b>
Increase/decrease in liquid assets	6.9	-3.1	9.2	19.0	2.8	-26.3
<b>Liquid assets at end of period</b>	<b>9.1</b>	<b>5.6</b>	<b>14.8</b>	<b>33.9</b>	<b>36.7</b>	<b>10.4</b>

Source: Company data; AlsterResearch

Real estate ratios in EURm	2019	2020	2021	2022E	2023E	2024E
Number of properties	76	83	95	111	127	143
Rental space	327,000	342,000	400,000	477,300	571,500	643,500
Actual net rents	19.1	22.7	24.1	31.5	39.1	44.0
FFO	-3.7	4.9	7.1	12.8	15.8	18.0
FFO margin	-19.5%	21.6%	29.4%	40.7%	40.4%	40.9%
FFOPS	-0.41	0.54	0.73	1.31	1.62	1.84
Potential net rents	22.2	21.7	29.1	29.7	na	na
Letting quota	88.0%	90.4%	92.9%	92.9%	92.9%	92.9%
Market value	299.0	314.5	346.0	444.0	520.7	600.6
ACTUAL net rental returns	6.4%	7.2%	7.0%	7.1%	7.5%	7.3%
WAULT	4.4	5.1	5.4	5.5	5.6	5.6
NAV	10.9	11.7	12.5	14.9	16.8	18.4
LTV	66.4%	69.7%	71.5%	69.1%	69.9%	71.6%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
<b>Per share data</b>						
Earnings per share reported	1.07	1.05	1.25	1.38	1.80	2.02
Cash flow per share	-0.35	1.03	1.31	1.98	1.45	1.81
Book value per share	9.36	10.11	11.14	13.12	15.04	16.61
Dividend per share	0.30	0.30	0.35	0.39	0.45	0.50
<b>Valuation</b>						
P/E	16.5x	16.8x	14.0x	12.8x	9.8x	8.7x
P/CF	-49.7x	17.1x	13.5x	8.9x	12.2x	9.7x
P/BV	1.9x	1.7x	1.6x	1.3x	1.2x	1.1x
Dividend yield (%)	1.7%	1.7%	2.0%	2.2%	2.6%	2.9%
FCF yield (%)	-2.0%	5.9%	7.4%	11.3%	8.2%	10.3%
EV/Sales	7.7x	10.2x	8.1x	13.6x	12.5x	12.6x
EV/EBITDA	20.6x	26.9x	22.2x	20.1x	18.0x	18.2x
EV/EBIT	21.0x	27.6x	22.9x	20.5x	18.3x	18.4x
<b>Income statement (EURm)</b>						
Sales	49.7	38.9	52.5	35.5	43.1	48.1
yoy chg in %	33.2%	-21.7%	34.9%	-32.3%	21.3%	11.4%
Gross profit	27.9	10.9	24.4	0.0	0.0	0.0
Gross margin in %	56.1%	28.0%	46.5%	0.0%	0.0%	0.0%
EBITDA	18.5	14.8	19.2	24.1	30.1	33.3
EBITDA margin in %	37.2%	38.1%	36.5%	67.7%	69.8%	69.3%
EBIT	18.1	14.4	18.5	23.6	29.6	33.0
EBIT margin in %	36.5%	37.1%	35.3%	66.3%	68.6%	68.7%
Net profit	9.7	9.6	12.1	13.4	17.5	19.7
<b>Cash flow statement (EURm)</b>						
CF from operations	-2.9	9.8	13.3	19.9	14.6	18.0
Capex	0.0	-1.9	-2.3	0.0	0.0	0.0
Maintenance Capex	0.4	0.4	0.6	0.5	0.5	0.3
Free cash flow	-2.9	8.0	10.9	19.9	14.6	18.0
<b>Balance sheet (EURm)</b>						
Intangible assets	0.2	1.5	2.3	2.3	2.3	2.3
Tangible assets	0.8	0.8	1.8	1.3	0.8	0.5
Shareholders' equity	85.6	92.4	108.0	128.0	146.8	162.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	222.3	237.1	271.9	350.4	410.4	450.5
Net financial debt	208.8	226.9	252.7	312.3	369.4	435.7
w/c requirements	9.2	7.8	16.0	6.2	6.3	5.3
<b>Ratios</b>						
ROE	11.4%	10.3%	11.2%	10.5%	11.9%	12.1%
ROCE	5.9%	4.4%	4.9%	4.9%	5.3%	5.4%
Net gearing	243.9%	245.5%	234.0%	243.9%	251.6%	268.8%
Net debt / EBITDA	11.3x	15.3x	13.2x	13.0x	12.3x	13.1x

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. 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**  
22-Jul-22 09:37:11

## 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  
E-Mail: [info@alsterresearch.com](mailto:info@alsterresearch.com)

### Sales

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

### Team Assistant

**HANNAH GABERT**  
Team Assistant  
Tel: +49 40 309 293-53  
E-Mail: [h.gabert@alsterresearch.com](mailto:h.gabert@alsterresearch.com)

**mwb fairtrade Wertpapierhandelsbank AG**  
Rottenbucher 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

**HARALD HOF**  
Senior Analyst  
Tel: +49 40 309 293-52  
E-Mail: [h.hof@alsterresearch.com](mailto:h.hof@alsterresearch.com)

**PRATIKSHA PATIL**  
Analyst  
Tel: +49 40 309 293-53  
E-Mail: [p.patil@alsterresearch.com](mailto:p.patil@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, CFA**  
Senior Analyst  
Tel: +49 40 309 293-55  
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)

### 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)

**RESEARCH HUB** [www.research-hub.de](http://www.research-hub.de)

**BLOOMBERG** [www.bloomberg.com](http://www.bloomberg.com)

**FACTSET** [www.factset.com](http://www.factset.com)

**THOMSON REUTERS / REFINITIV** [www.refinitiv.com](http://www.refinitiv.com)

**CAPITALIQ** [www.capitaliq.com](http://www.capitaliq.com)