FCR Immobilien

CONSOLIDATED INTERIM FINANCIAL REPORT 2022

FCR Immobilien AG, Pullach im Isartal

Updated version of October 24, 2022

FCR in figures

Important key performance indicators of FCR Immobilien AG (Group) as of June 30, 2022

in € million	January 1 – June 30, 2022	January 1 – June 30, 2021
Revenue	16.6	14.5
EBITDA	12.8	10.2
EBIT	12.4	10.0
EBT	8.8	6.7
Net profit for the year	7.6	5.5
Funds from Operations (FFO)	5.0	3.7
EPRA-Net Asset Value (NAV)	128.3	116.5

Important portfolio key performance indicators of FCR Immobilien AG (Group) as of June 30, 2022

Total portfolio	June 30, 2022	December 31, 2021
Number of properties	103	99
Leasable floor space (in thousand m²)	473	456

Asset portfolio	June 30, 2022	December 31, 2021
Number of properties	99	95
Leasable floor space (in thousand m²)	457	440
Portfolio actual net rent (annualized, in million euros)	30.1	29.1
Occupancy rate (in %)	93.1	92.9
WAULT (in years)	5.5	5.4

The portfolio includes all notarized properties in H1/2022

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Letter from the CEO

Dear Shareholders and Business Partners,

We were able to report our company figures on July 21, 2022 – just three weeks after the end of the first half of the year. At that time, we also updated you that FCR Immobilien AG had achieved a significant increase in earnings in H1/2022. I am extremely pleased about the fact that we were able to seamlessly continue the strong business development of previous years and that FCR has continued to develop steadily and profitably – truly, a remarkable success.

At this point, I would like to mention two key figures that clearly illustrate our sustainable growth. First, I want to draw your attention to our earnings before taxes (EBT). It improved by 31% to €8.8 million, compared to €6.7 million in the same period last year. Within just two years, we have doubled our EBT from €4.4 million to €8.8 million. Secondly, I want to point out our Funds from Operations (FFO). The FFO rose by 35% to €5.0 million, compared to €3.7 million in the same period last year. With the 2022 FFO half-year result of €5.0 million, we have thus already reached the same level as the FFO annual result in 2020.

The foundation for achieving these extremely positive key figures was the continued strong and solid operating performance of our core business, the portfolio management of German retail properties with a focus on shopping centers and specialist retail stores. This strategy allowed us to further expand our real estate portfolio, effectively showcase our active asset management, and make our value creation processes even more efficient through the use of our proprietary software.

In H1/2022, we acquired five fully leased properties with long remaining lease terms of between 5.0 and 11.6 years. This way, we were able to expand our real estate portfolio with highly attractive properties. Our real estate portfolio rose to over 100 properties for the first time in April 2022 and was further expanded to now 103 properties by June 30, 2022. The market value of these properties amounts to approximately €417 million. Our rental business is also running smoothly: Our rental income has grown by 32% to €16.2 million, compared to €12.2 million in the same period of the previous year.

However, this success is not only attributable to our outstanding transaction and asset management. In the end, the excellent performance of all FCR employees is the key factor that makes these successes possible time and again. Therefore, I would like to extend my sincere gratitude and great appreciation to all our employees.

We expect the positive business development to continue in the second half of 2022. We intend to continue exploiting our growth opportunities in the current market environment. I would be very pleased if you would continue to accompany us on this path. Thank you for your trust.

Sincerely yours,

Falk Raudies
CEO

Interim Group Management Report

Business and fundamental conditions

In its press release on July 29, 2022, the German Federal Statistical Office (Destatis) reported that, according to its calculations, the inflation-adjusted gross domestic product (GDP) in Germany was 1.5% higher year-on-year in Q2/2022 than in Q2/2021. The GDP indicates the total value of all goods, merchandise, and services for a given period and is the measure of economic growth. Looking at the first six months in 2022, it added that the GDP grew by 0.8% in Q1/2022, but then remained unchanged in Q2/2022 compared to Q1/2022. Destatis attributed this development primarily to the current global economic conditions (coronavirus pandemic, war in Ukraine, rising prices).

In its latest publication on March 30, 2022, the German Council of Economic Experts stated that it expected the GDP to grow by 1.8% in 2022, particularly due to the impact of the war in Ukraine. For 2023, the GDP growth is expected to be 3.6%. In 2021, the GDP was 2.9%.

According to a Destatis release dated August 10, 2022, the inflation rate in Germany in July 2022 was +7.5% in year-on-year comparison; thus it was also high, albeit with a slight slowdown (May 2022 +7.9%, June 2022 +7.6%). Compared to the previous month of June 2022, however, consumer prices rose by 0.9% in July 2022. This development is being driven by the effects of the ongoing war and crisis situation. The Council of Economic Experts' forecast in March 2022 for the inflation rate in 2022 was 6.1%, while an inflation rate of 3.4% is forecast for 2023. Experts agree that the current geopolitical situation creates greater uncertainty about further economic development prospects.

One of the world's leading real estate service providers, Jones Lang LaSalle (JLL), regularly publishes research on the investment market in Germany. In its Q2/2022 publication, JLL noted that the transaction momentum had slowed significantly due to the highly turbulent market conditions. Although the H1/2022 figure of €36.1 billion was still up 5% compared to H1/2021, it was cut in half to €12.3 billion in Q2/2022 compared to Q1/2022. JLL forecasts that the total volume for 2022 will be around €70 billion. This figure would then be approximately 37% below what was achieved in the previous year (2021). Looking at the transaction volume in H1/2022, JLL states that around half of the transaction volume (€18 billion) is attributable to the seven German real estate metropolises (in this order: Berlin, Frankfurt, Hamburg, Munich, Düsseldorf, Cologne, Stuttgart). The main types of use in terms of volume are office (40%), living (23%), and retail (15%). Furthermore, JLL notes that in the retail sector, investors continue to focus on supermarkets, discounters, or specialist retail stores operating in the food sector. JLL also observed that ESG is higher on the agenda as part of an overall evaluation of a potential investment in all sectors.

Business development

Once again, FCR Immobilien AG recorded an extremely positive business development in H1/2022. This positive, continuous, and sustainable development is based on the consolidated and future-oriented business model of FCR, which succeeds in all market phases. Therefore, the business focus is on portfolio management for German retail properties, above all shopping centers and specialist retail stores as well as local suppliers. They can be realized extremely efficiently and effectively, especially through the use of new technologies. The ongoing development of new digital solutions thus plays a major role at FCR. The combination of specialized portfolio holder and innovation leader is FCR's key attribute. This proper positioning is the reason why FCR succeeds in differentiating itself successfully in the market environment.

Based on a clear growth and innovation strategy, FCR further expanded its real estate portfolio in H1/2022. Five properties were acquired – four in the retail segment and one office property. For seven properties, the transfer of benefits and encumbrances took place in H1/2022, and for three other properties, it will take place in H2/2022. All acquired properties have an occupancy rate of 100% and remaining lease terms of between 5.0 and 11.6 years. One residential property in Weißenfels was successfully sold during the reporting period.

Taking into account all notarized properties, FCR has a total portfolio of 103 properties with a market value of approximately €417 million as of June 30, 2022. A look at the key figures of the existing portfolio is very positive: The total leasable area amounts to 457,000 m² (December 31, 2021: 440,000 m²), the annualized actual net rent was increased to €30.1 million (December 31, 2021: €29.1 million). The very good occupancy rate was further improved and stands at 93.1% at the end of H1/2022 (December 31, 2022: 92.9%). The weighted average unexpired lease term (WAULT) is stable at 5.5 years (December 31, 2022: 5.4 years).

FCR is active in the core market of Germany with properties in 13 German states. Based on net rents in the existing portfolio, Thuringia (21.7%), Saxony (20.9%), North Rhine-Westphalia (13.1%), Lower Saxony (12.1%) and Baden-Württemberg (10.9%) lead the list. FCR has successfully positioned itself as a clear retail property specialist. This is also substantiated by taking a closer look at the individual segments: For example, the core retail segment accounts for 89.3% of existing properties. Other segments that serve as a targeted addition to the portfolio are office (5.6%), logistics (4.7%), and residential (0.4%).

Due to the efficient expansion of its operating business, FCR was once again able to increase all earnings ratios in the first six months of 2022 compared to the same period last year. EBITDA increased from €10.2 million to €12.8 million, EBIT from €10.0 million to €12.4 million, and EBT by 31% from €6.7 million to €8.8 million. Net income increased from €5.5 million to €7.6 million. Funds from operations (FFO) increased by 35% from €3.7 million to €5.0 million.

The Executive Board considers the overall economic development of the company in H1/2022 to be very satisfactory.

Income, asset and financial position

The income, asset and financial position continues to be very solid and positive.

In H1/2022, FCR Immobilien AG generated revenues from rental and sale of real estate in the amount of €16.6 million (previous year: €14.5 million). In this context, rental income increased from €12.2 million to €16.2 million. This represents a growth of 32% and underpins the successful, continuous development of FCR Immobilien AG's core business. In addition, FCR is benefiting from indexed leases, which make up the bulk of FCR's leases. The strategic sale of a residential property generated revenues of €0.4 million for FCR (previous year: €2.3 million).

Despite expansion of the real estate portfolio and realization of numerous refurbishment and modernization measures with a focus on ESG, the cost of materials increased only slightly to €3.7 million (previous year: €3.4 million). The change in the value of investment properties amounted to €3.9 million (previous year: €2.8 million), which is partly attributable to the properties acquired on favorable terms in H1/2022. The level of other operating expenses remained virtually unchanged with €1.8 million in the reporting period (previous year: €1.9 million).

FCR achieved pre-tax earnings of €8.8 million (previous year: €6.7 million). After deduction of taxes, FCR can report a net profit of €7.6 million (previous year: €5.5 million).

As a result of the property acquisitions, non-current assets increased to €419.2 million (December 31, 2021: €358.9 million). Current assets amounted to €34.2 million (December 31, 2021: €43.3 million). FCR Immobilien AG's total assets thus amounted to €453.4 million as of June 30, 2022. Assets were thus €51.2 million higher as of June 30, 2022, than at the end of the past financial year (December 31, 2021: €402.2 million).

Equity improved to €112.2 million (December 31, 2021: €108.0 million). This corresponds to an equity ratio of 24.8% (December 31, 2021: 26.9%).

Non-current liabilities increased to €296.0 million (December 31, 2021: €276.9 million) as a result of the business activities defined as part of the strategy implementation, while current liabilities increased to €45.2 million (December 31, 2021: €17.2 million).

Employees

In the reporting period, the average number of employees in the FCR Group was 78 (previous year: 64). The employees are broken down into the following groups: Executive Board 1 (previous year: 1), Administration 26 (previous year: 25), Service 11 (previous year: 8), Hotel 40 (previous year: 30). There were no changes in the Executive Board of FCR Immobilien AG during the reporting period. Mr. Falk Raudies has been representing the company as CEO since its formation.

Report on opportunities and risks

As part of the Group Management Report for financial year 2021, FCR Immobilien AG described all opportunities and risks very comprehensively, including with regard to the ongoing COVID-19 pandemic, which may determine the business development of FCR. These explanations as well as a detailed description of our risk management system can be found in the 2021 Annual Report on pages 111 et seq. The estimations made here remain unchanged. The 2021 Annual Report, published in April 2022, is available on FCR Immobilien AG's website at https://fcr-immobilien.de/investor-relations/finanzberichte. Moreover, FCR is aware of the direct and indirect impact of the war in Ukraine, particularly in the form of increased inflation as well as higher interest rates and prices, especially in the energy sector. Taking all factors relevant for FCR into account, this risk is classified as low, mainly due to the robust and resilient business model of FCR as well as the operational business activities, which were already realized or are currently being implemented internally or outsourced to partners specifically for this purpose. Based on the proven risk management system, which stipulates a daily evaluation of the macro- and micro-environment, FCR assumes that it will also be able to cope well with this exceptional situation.

Outlook

As already stated in the Annual Report 2021, we are confident that we will be able to continuously implement and pursue our profitable growth course in financial year 2022. At this point, we would like to confirm this projection for the second half of 2022. Consequently, we expect the positive business development to continue. Our goal is to continue to profitably expand the real estate portfolio with attractive acquisitions, focusing on retail properties. We believe all internal and external conditions are in place for this strategy. For example, our acquisition pipeline remains well filled with properties that fully meet the acquisition criteria in terms of location, property quality and purchase price factors. Moreover, our alignment as a portfolio holder focused on shopping centers, specialist retail stores and local suppliers is also proving to be reliable in the current market environment. Accordingly, we intend to continue to exploit the attractive growth opportunities available to us. In summary, we continue to expect a moderate increase in earnings before taxes (EBT) in 2022 compared to EBT in financial year 2021.

FCR Immobilien

2022 IFRS Consolidated Financial Statements

Consolidated Statement of Financial Position

as of the balance sheet date June 30, 2022

ASSETS **in €**	**June 30, 2022**	**December 31, 2021**
A. Non-current assets		
Intangible assets	2,856,504	2,281,211
Properties held as financial investments	404,860,582	345,982,139
Property, plant and equipment	2,643,956	1,799,956
Investments	8,751,000	8,751,000
Long-term and other loans	70,114	115,114
Total non-current assets	**419,182,156**	**358,929,420**
B. Current assets		
Inventories	2,674,063	2,411,394
Financial instruments available for sale on short notice	5,558,304	3,871,991
Trade receivables	6,999,158	16,584,356
Other current assets	4,330,709	5,464,446
Current tax assets	384,093	95,777
Cash and cash equivalents	14,300,600	14,834,770
Total current assets	**34,246,927**	**43,262,734**
Total assets	**453,429,083**	**402,192,155**

FCR Immobilien

LIABILITIES AND EQUITY in €	June 30, 2022	December 31, 2021
A. Equity		
Subscribed capital	9,762,997	9,762,997
Capital reserve	11,497,869	11,497,869
Other reserves	278,915	278,915
Retained earnings	90,689,203	86,462,252
Total equity	**112,228,984**	**108,002,034**
B. Liabilities		
NON-CURRENT LIABILITIES		
Non-current deferred tax liabilities	18,323,836	17,424,904
Non-current bonds	54,475,320	78,190,945
Non-current promissory note loans	19,722,500	9,867,250
Non-current bank loans	203,105,604	171,050,392
Other non-current liabilities	385,974	443,554
Total non-current liabilities	**296,013,234**	**276,977,046**
CURRENT LIABILITIES		
Current provisions	246,157	444,387
Ongoing income tax liabilities	30,120	30,120
Current bonds	24,952,467	0
Current bank loans	16,073,344	11,848,027
Prepayments received	393,003	22,817
Trade liabilities	1,160,695	2,943,636
Other current liabilities	2,331,079	1,924,089
Total current liabilities	**45,186,865**	**17,213,075**
Total equity and liabilities	**453,429,083**	**402,192,155**

Consolidated Statement of Comprehensive Income

for the period from January 01 to June 30, 2022

€	January 01 – June 30, 2022	January 01 – June 30, 2021
Revenues	16,226,554	12,243,859
Revenues from the sale of properties held as financial investments	395,000	2,250,000
Portfolio movements	128,914	647,548
Own work capitalized	472,982	396,065
Other operational income	109,148	1,564,327
Total turnover and operating income	**17,332,598**	**17,101,799**
Cost of materials	-3,690,047	-3,438,719
Expenses for purchased services	-53,390	-37,468
Expenses from the disposal of properties held as financial investments	-395,000	-2,250.00
Personnel expenses	-2,479,739	-1,744,493
Change in the value of properties held as financial investments	3,907,761	2,787,124
Other operational expenses	-1,832,809	-1,852,076
Impairment of trade receivables and contractual assets	-2,733	-341,144
EBITDA	**12,786,641**	**10,225,022**
Amortization and impairment of other intangible assets and property, plant and equipment	-381,210	-210,440
Earnings before interest and tax (EBIT)	**12,405,431**	**10,014,582**
Earnings from financial activities	220,156	278,995
Expenses from financial activities	-3,836,066	-3,621,993
Earnings before tax (EBT)	**8,789,521**	**6,671,585**
Taxes on income and earnings	-1,145,521	-1,198,252
Consolidated earnings after taxes	**7,644,000**	**5,473,333**
Total earnings in the reporting period	**7,644,000**	**5,473,333**
Of which attributable to:		
Quota attributable to the shareholders of FCR Immobilien AG	**7,644,000**	**5,473,333**
Earnings per share (undiluted) based on	**7,644,000**	**5,473,333**
Shares issued (weighted for changes in capital)	9,762,997	9,660,232
Earnings per share (undiluted)	**0.78**	**0.57**

Consolidated Cash Flow Statement

for the period from January 01 to June 30, 2022

in € thousand	January 01 – June 30, 2022	January 01 – June 30, 2021
Consolidated earnings after taxes	**7,644**	**5,473**
Adjustments to the net profit/loss for the period for reconciliation with the operating cash flow:		
Taxes on income and earnings recognized through profit or loss	1,146	1,198
Financial expenses recognized through profit or loss	3,836	3,622
Financial income recognized through profit or loss	-220	-279
Earnings recognized through profit or loss	-473	0
Amortization and impairment of other intangible assets and property, plant and equipment	381	210
Change in the value of properties held as financial investments	-3,908	-2,787
Change in inventories, receivables and other assets not attributable to investment activities	851	-1,356
Change in liabilities not attributable to financing activities	201	701
Payments of taxes on profits and earnings	-240	-347
Cash flow from operating activities	**9,218**	**6,436**
Investments in other intangible assets, software and property, plant and equipment	-876	-593
Cash inflows from the sale of properties held as financial investments	10,000	5,750
Cash outflows for properties held as financial investments	-55,365	-27,093
Cash outflow for the acquisition of securities and current assets	-2,939	-5,400
Cash inflows from the disposal of securities and current assets	1,253	822
Cash inflows from the repayment of loans to companies	45	512
Interest received	220	279
Cash outflow from investment/divestment activities	**-47,662**	**-25,722**
Cash inflow from the issue of new shares	0	6,659
Issue of bonds	1,150	10,500
Promissory note loan issuance	10,000	0
New loans assumed	40,418	20,227
Loan principal repayments	-6,240	-8,404
Repayment of the lease liability	-58	0
Cash outflow for dividends paid to shareholders	-3,417	-2,929
Interest paid	-3,944	-3,248
Cash inflow from financing activities	**37,910**	**22,805**
Net change in cash and cash equivalents	**-534**	**3,519**
Cash and cash equivalents as of January 1	**14,835**	**5,605**
Cash and cash equivalents as of June 30	**14,301**	**9,124**
Financial instruments available for sale on short notice	**5,558**	**6,194**
Cash and cash equivalents including financial instruments available for current disposal	**19,859**	**15,319**

The company had unlimited power to dispose over the cash and cash equivalents.

FCR Immobilien

Consolidated Statement of Changes in Equity

for the period from January 01 to June 30, 2022

€, except for the number of shares	Number of shares in circulation	Subscribed capital	Capital reserve	Other reserves	Retained earnings	Equity
As of December 31, 2020	**9,146,404**	**9,146,404**	**5,763,920**	**278,915**	**77,243,139**	**92,432,378**
Result for the period					12,148,013	12,148,013
Capital increase	616,593	616,593	6,042,611			6,659,204
Costs related to the capital increase			-308,662			-308,662
Dividend payment					-2,928,899	-2,928,899
Balance as of December 31, 2021	**9,762,997**	**9,762,997**	**11,497,869**	**278,915**	**86,462,252**	**108,002,034**
Result for the period					7,644,000	7,644,000
Dividend payment					-3,417,050	-3,417,050
As of June 30, 2022	**9,762,997**	**9,762,997**	**11,497,869**	**278,915**	**90,689,203**	**112,228,984**

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, 2022

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 registered office of the company is in 82049 Pullach im Isartal, Germany (Munich Local Court, HRB 210430). After a segment upgrade, the shares of FCR Immobilien AG have been listed on the regulated market, General Standard, of the Frankfurt Stock Exchange since October 30, 2020. As of the interim balance sheet date, the company is listed in the regulated market, General Standard, of the Frankfurt Stock Exchange under identification number ISIN DE000A1YC913 and securities identification number A1YC91.

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

FCR Immobilien AG prepares the consolidated interim statement for the largest and smallest group of companies.

The present Interim Financial Report was created by FCR Immobilien AG as the parent company as of June 30, 2022. It was 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 (1) of the German Commercial Code (HGB) 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 2022 (“H1”). Comparative figures can be found in the Statement of Financial Position as of December 31, 2021, and the Statement of Comprehensive Income for the period from January 1 to June 30, 2021.

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, 2021.

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, 2021. The Interim Consolidated Financial Statements were prepared under the assumption of a continuation of the company (“going concern”).

1.1 Auditor’s review

The condensed Interim Consolidated Financial Statements as of June 30, 2022, and the Interim Group Management Report have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

1.2 New accounting standards to be applied in future financial years

The accounting policies applied in the preparation of the interim report are consistent with the accounting policies applied in the preparation of the Consolidated Financial Statements for financial year 2021. An exception is the application of new standards effective from January 1, 2022. FCR has not prematurely adopted any standard, interpretation or amendment.

The amendments and interpretations to be applied from financial year 2022 onward have no impact on the interim reporting.

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. 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, 2022, was based on the same principles as the measurement as of December 31, 2021. The measurement of the initial recognition amount is based on the acquisition or production costs together with the transaction costs. Since no new appraisal valuation was performed as of June 30, a presentation of sensitivities of the fair value calculation has been omitted and reference is hereby made to the consolidated financial statements as of December 31, 2021. The sensitivities to the fair value measurement (Level 3) for the investment property added in H1/2022 are presented in the consolidated financial statements as of December 31, 2022.

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

In the period from January 1 to June 30, 2022, purchases of seven properties with a volume of €61,954,000 (previous year: €21,663,000) settled and title transferred to the company. Advance payments of €4,413,000 for the seven new acquisitions were already recognized in the previous period.

The following overview shows the development of the investment properties:

in € thousand	June 30, 2022	December 31, 2021
Holdings as of January 1	**345,983**	**314,538**
Additions and subsequent capitalization[1]	55,365	46,448
Deposits paid on additions in the subsequent year	0	2,353
Carrying amount reduction from property sales	-395	-22,140
Unrealized valuation result from fair value measurement (change in market value)	3,908	4,784
Total	404,861	345,983

[1] *Acquisition costs and subsequent acquisition costs*

The item "properties held as financial investments" includes shops and rental apartments in an amount of €373,984,000 (as of December 31, 2021: €312,057,000), hotels in an amount of €27,728,000 (as of December 31, 2021: €27,728,000) and properties under development in an amount of €3,149,000 (as of December 31, 2021: €3,130,000). As of June 30, 2022, there are no deposit payments on properties whose ownership will not be transferred until after the balance sheet date but which will be recognized as investment property in the future.

In addition, an investment property with a carrying amount of €395,000 was sold in H1/2022.

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

As of the balance sheet date, there were a total of 101 investment properties (as of December 31, 2021: 95).

2.2 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 €5,558,000 (as of December 31, 2021: €3,872,000) in short-term near-money market financial investments. They are reported in a separate item in the Statement of Financial Position.

2.3 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 total sum composed of the cash funds and the financial instruments available for sale on short notice amounts to €19,859,000 as of the reporting date (as of December 31, 2021: €18,707,000).

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

2.4 Equity

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

Furthermore, a dividend payment of €0.35 per share totaling €3,417,000 (previous year: €2,929,000) was made from retained earnings in the first half of the year.

2.5 Bonds, promissory note loans and bank loans

Bonds include subscribed bonds. Bonds are recognized at amortized cost and were 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. In H1/2022, additional bonds with a volume of €1,150,000 were issued. A bond of €25,000,000 is due in February 2023, which is why a current bond liability is reported for this.

Bank loans and promissory note loans are recognized at amortized acquisition costs. Any incurred transaction costs are spread out over the term of the loans using the effective interest method. Bank loans amounting to €40,418,000 were taken out in H1/2022. Furthermore, a promissory note loan in the amount of €10,000,000 was issued.

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.

3 Selected explanations to the Consolidated Statement of Comprehensive Income

3.1 Revenues

In accordance with the business model, revenues are generated from the sale of real estate, its management and administration and the performance of all associated transactions. In addition, the hotels generate revenues from hotel operations, such as revenues from overnight stays, food & beverage and the associated hotel and golf resort in Italy.

The revenues are comprised as follows:

in € thousand	**H1/2022**	H1/2021
Rental income from investment properties	15,263	11,665
Income from the sale of properties held as financial investments	395	2,250
Revenues from hotel business/golf resort	964	568
Other sales revenues	-	11
Total	**16,622**	**14,494**

No other revenue was generated in H1/2022.

4 Other disclosures

4.1 Disclosures regarding operating segments

Geographically, sales and non-current assets are divided into domestic (Germany) and other EU countries.

in € thousand	Germany		EU countries outside of Germany	
	H1/2022	H1/2021	H1/2022	H1/2021
Revenues	15,601	13,926	1,021	568
Non-current assets	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**
Intangible assets	2,857	2,281	0	0
Items held as financial investments Properties	374,136	315,257	30,725	30,725
Property, plant and equipment	920	910	1,723	890
Investments	8,751	8,751	0	0
Other non-current assets	70	115	0	0
Non-current assets	**386,734**	**327,314**	**32,448**	**31,615**

4.2 Disclosures regarding financial instruments

The following table shows the reconciliation between the balance sheet items and the categories under IFRS 9, broken down by category.

		June 30, 2022		December 31, 2021	
in € thousand	**IFRS 9 measurement category**	**Carrying amount**	**Recognized fair value**	**Carrying amount**	**Recognized fair value**
Assets					
Investments	Fair value through adjustment in the income statement	8,751	8,751	8,751	8,751
Long-term and other loans	Measured at amortized acquisition costs	70	70	115	115
Financial instruments available for sale on short notice	Fair value through adjustment in the income statement	5,558	5,558	3,872	3,872
Trade receivables	For amortized acquisition costs	6,999	6,999	16,584	16,584
Cash and cash equivalents	For amortized acquisition costs	14,301	14,301	14,835	14,835
Liabilities					
Non-current bonds	For amortized acquisition costs	54,475	53,198	78,191	77,280
Non-current promissory note loans	For amortized acquisition costs	19,723	19,723	9,867	9,867
Non-current bank loans	For amortized acquisition costs	203,106	193,889	171,050	163,138
Current bonds	For amortized acquisition costs	24,952	24,525	0	0
Current bank loans	For amortized acquisition costs	16,073	16,073	11,848	11,581
Trade liabilities	Other financial liabilities	1,161	1,161	2,944	2,944
Other financial liabilities	Other financial liabilities	938	938	929	929

The attributable fair value of the investment in Immoware24 GmbH is based on the fair value measurement, which was performed by an external appraiser. The valuation is based on unobservable market data and is determined on the basis of expected future cash flows discounted at a current market interest rate (level 3).

For measurement at amortized cost under IFRS 9, it is assumed that the fair values correspond to the carrying amount. The same assumption applies to the trade liabilities and other current financial liabilities allocated to the “Other financial liabilities” category.

For current liabilities to banks, it can be assumed that the attributable fair value corresponds to the carrying amount due to the short remaining term. The attributable fair value of current bond liabilities and non-current financial liabilities measured at amortized cost is either based on market prices quoted on the balance sheet date (level 1), or it is determined on the basis of expected future cash flows discounted at a current market interest rate (level 2). Variable interest rates are assumed to correspond to the market interest rate.

4.3 Business transactions with related companies and persons

Business relations between fully consolidated group companies and non-consolidated group companies are conducted at arm's length.

4.4 Related parties in key positions

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

Members of the Executive Board of the parent company

There were no changes with effect on the Executive Board of FCR Immobilien AG during the reporting period. Mr. Falk Raudies has been representing the company as CEO since its formation.

Members of the Supervisory Board of the parent company

The members of the Supervisory Board are:

- Dr. Franz-Joseph Busse (Chairman), University Professor
- Hanjo Schneider, (Vice Chairman), business owner
- Ludwig A. Fuchs, Managing Director

4.5 Contingent liabilities and contingent receivables

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

4.6 Other significant matters

The war in Ukraine has permanently changed the economic world order, and high inflation threatens to become a long-term problem. As the group does not operate in the Russian or Ukrainian markets, it does not expect any material impact on its consolidated financial statements. Due to the volatile situation, the group regularly monitors the impact of the war between Russia and Ukraine on the economic situation.

4.7 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 half-year.

FCR Immobilien

Declaration of responsibility from the

legal representatives of FCR Immobilien AG (Group)

I hereby warrant that, in accordance with the applicable accounting principles for half-yearly financial reporting, the Consolidated Interim Financial Statements for the half-year ending on June 30, 2022, portray, to the best of my knowledge, a true and accurate picture of the Group's net asset, financial and earnings position; I further warrant that the Interim Group Management Report 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.

Pullach im Isartal, October 24, 2022,
FCR Immobilien AG

Falk Raudies	Christoph Schillmaier
CEO	CFO

Financial calendar

34th MKK Munich Capital Market Conference
November 15, 2022

German Equity Forum, Frankfurt
November 28–30, 2022

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Legal notice

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