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Lindner Group KG, Arnstorf

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Company

information

Description

Lindner Group KG

Arnstorf

Consolidated financial statements Lindner Group KG 2019

Group management report for the 2019 financial year

of the Lindner Group KG

1. FUNDAMENTALS OF THE GROUP

The overall structure of the group of companies with the umbrella company Lindner Group KG is divided into four business areas. The construction business segment, with the business segments of interior design, building envelope, insulation technology and installation and service, accounts for the majority of the group's total sales. In addition, all development and real estate projects in Germany and abroad are combined in the real estate and project development business area. Furthermore, the Lindner Group operates restaurants, breweries and several hotels in Germany and one in London in the hotel and catering business segment. The fourth operational business area, agriculture and forestry, rounds off the range of services offered by the Lindner Group.

Business field construction

Business segment expansion

The core business of the Lindner Group is the entire business area of interior fittings. This portfolio includes the development and manufacture of our own products (ceilings, floors, lights, walls, doors), the delivery and project business of our own products as well as the processing of complete fittings and is Represented domestically by Lindner AG. In addition, Lindner AG implements object-specific system solutions. These include specially developed fit-out systems (clean room technology, space-shaping and ship fit-out, technical building equipment, development & planning) in addition to classic office fit-outs. The international interior design project business is handled in 23 foreign subsidiaries and sub-subsidiaries.

Building envelope business segment

The service portfolio of the building envelope business segment extends to the three business areas of special facade construction, glass-steel building envelopes and roof construction. The main business area of special facades includes the design, manufacture as well as project management and assembly of high-quality A-facades. Sales and project management in Europe, excluding the UK, is carried out by Lindner Fassaden GmbH. Lindner Facades Ltd. in London forms the counterpart in this respect in the English market and Lindner Contracting in Dubai in the Arabic region. The second business area is the Steel & Glass area, which specializes in the construction and processing of highly complex self-supporting glass-steel constructions. The distribution of this business area operates from the branch in Dettelbach as well as via the companies Lindner Facades Ltd. in the USA and via Lindner Facades Asia Ltd. In the Asian region. The Prater Ltd. based in London represents the third central building block of the building envelope business segment. The company, which focuses on complex roof structures in Great Britain, completes the range of services in the business segment. based in London represents the third central building block of the building envelope business segment. The company, which focuses on complex roof structures in Great Britain, completes the range of services in the business segment. based in London represents the third central building block of the building envelope business segment. The company, which focuses on complex roof structures in Great Britain, completes the range of services in the business segment.

Insulation technology business segment

The central business areas of the Insulation Technology business segment of the Lindner Group are industrial insulation, building services insulation, structural fire protection, pollutant remediation, scaffolding and GFRC. In the industrial insulation business area, the sub-area is focused on power plant, maintenance and special insulation. The subsidiary Lindner Gerüstbau GmbH completes the business activity with its focus on special scaffolding.

Assembly and service business segment

The assembly and service segment with its subsidiaries in Germany and abroad provides assembly services in the core business area exclusively for the companies of the Lindner Group in the areas of interior work, insulation technology and building shells. Furthermore, the companies in the Service division provide facility management, construction management, technical services and energy management services exclusively for the companies in the Lindner Group.

Real estate and project development business area

In the real estate and project development business area, real estate projects are actively being developed, such as the major projects currently being managed in Tirana Business Park (Albania), Residential Park Sofia (Bulgaria) and Residential Park Lozen (Bulgaria), as well as various properties in Germany and other properties in other European countries and operated.

Hotel and catering business

The activities in the gastronomy business segment extend to the operation of the Schlossbräu Mariakirchen, the company gastronomy of the Lindner Group as well as the mk|hotel chain and the 4 * Schlossparkhotel in Mariakirchen. After successive openings in recent years, the mk|hotel chain comprises hotels in Munich (2), Stuttgart, Eschborn, Frankfurt, Berlin, London, Remscheid, Rüsselsheim and an apartment building in Nin (Croatia) as of December 31, 2019.

Agriculture and forestry business area

In addition to arable farming, which includes the cultivation of around 3,000 ha of agricultural arable land in Romania (mainly conventional arable farming, 299 ha of which is organic and some areas are being converted to organic farming), the business area of agriculture and forestry also includes organic farming with breeding and processing of pigs, chickens, sheep and cattle in free-range farming in Lower Bavaria and in Romania.

corporate visions

The Lindner values and corporate principles have always been the basis of action and cooperation within the Lindner Group. From this strong basis, the visions emerged in 2019, to which the entire group of companies intends to align itself from now on. In 2019, the shareholder family jointly developed visions that should apply to the entire group of companies, across all business areas - construction, project development, hotel.Gastro, agriculture and foundation.

Lindner is THE reliable community of competent, open, innovative and down-to-earth people who enjoy working and being successful.

Lindner brings added value - today and for a world worth living in in the long term.

Lindner impresses with performance and is always one step ahead.

Lindner is different - in the most positive sense.

Based on this, the Managing Directors have developed the visions for the core business area of construction, which contribute to these company visions and show where the group of companies should develop further in the business area of construction.

Lindner focuses on the environment, people and health.

Lindner is the best employer with the best employees.

Lindner is the innovation leader in construction.

Lindner is a leader in interior design, building envelopes and building services.

Lindner designs, plans, produces, delivers and builds holistically.

Lindner is a leader in digital solutions for the construction industry.

Lindner stands for agility, efficiency and reliability.

Lindner lives by its values.

The Managing Directors will also develop visions for the other business areas in the course of 2020. These visions represent an excellent and clear model for the common path into the future.

2. Economic report

2.1 Overall economic development

Global economic growth slowed noticeably in 2019. The weakness of the industry in particular is contributing to this. At the same time, there was a decline in the volume of world trade. The increased uncertainty, not least triggered by the trade conflicts, is dampening investment growth. Gross domestic product (GDP) growth has also slowed in the euro area. For 2019, the German Council of Economic Experts expects GDP growth rates of 1.2% in the euro area and 0.5% in Germany. Investments and exports in particular developed weaker. This shows a heterogeneous development in the member states. Germany is affected by the global slowdown in growth, particularly in industry, particularly affected. Economic growth has slowed significantly compared to previous years and is below the potential rate. This reveals an economic dichotomy: while industry is in recession, the service sectors have so far proven to be robust.

The order intake of the construction industry in Germany rose again significantly in November 2019. Companies with more than 20 employees reported a nominal increase in orders of 10.3% in November compared to the previous year. For the period from January to November 2019, there was a nominal increase of 9.1%, which should have increased to over 10% by the end of the year.

Based on the good order situation, sales in the construction industry in Germany continued to develop very positively until November 2019. At the end of 2019, the Association of the Construction Industry forecasts a nominal increase in sales of 8.5% compared to the previous year and confirms the continued growth path of the industry. The commercial construction segment expects a nominal growth rate of 6.5% in sales in commercial construction for 2019.

Sources:

Main Association of the German Construction Industry, www.bauindustrie.de

scroll ↔

- Press release 01/24/2020
- Construction situation 2019 from August 2019

Expert annual report 2019/2020

2.2 Development of the group Development in the construction segment

Business segment expansion

In 2019, the Products business segment of the Finishing business segment was once again more positive than in the previous year. In particular, the trading business GFT, which is based there, was able to significantly increase performance and earnings through a sales refocusing on industrial customers. The ceiling business area was also able to increase the performance volume of the previous year with heating and cooling ceilings. In 2019, the Wall division was able to confirm the performance increases of previous years, but was slightly below the planned level. The further development of the central market management for comprehensive sales control further accelerated the positive development of all business areas and again made a significant contribution to the overall increase in performance. The high level of demand in all sub-areas of production, as in the previous year, once again led to a very high level of capacity utilization and occasional capacity bottlenecks.

The regional business areas of the expansion continued the positive trend of previous years in 2019. Stable incoming orders and stable project processing units characterize the development of these business areas in the long term and also delivered above-average contributions to earnings in 2019. Due to active opportunity risk management in the order initiation phase, large national projects with an order volume of more than EUR 25 million are still only offered to a very limited extent.

The business areas of object-specific system solutions continued the positive development of the previous years in 2019. In 2019, too, the specific system solutions in the business areas of clean room technology, interior design and ship interiors, as well as development and planning, provided the basis for a total of sustainable, stable growth in performance and above-average earnings development. The challenges of the increasing internationalization of these business areas also shaped the 2019 reporting year. The building technology division again showed a positive development in 2019, especially on the earnings side.

The international project and delivery business operated in the foreign subsidiaries was not able to confirm the increase in output of the previous year in 2019, fell short of plans on the output side with stagnating results.

Building envelope business segment

After the completion of the large-scale project in Saint Petersburg and the associated high sales in 2017 and 2018, the domestic special facade construction division of the building shell business segment was unable to continue the business development of previous years in the reporting year, so that the operating performance in 2019 resulted exclusively from a smaller domestic project. This project also developed extremely problematically, mainly due to a defective delivery from a supplier, and led to valuation discounts and losses in the reporting year. Newly acquired orders were immensely delayed until 2020, so that losses from underutilization were added to the considerable project losses. The English subsidiary Lindner Facades Ltd. developed stably in terms of performance, was able to far exceed the planned performance and also made positive contributions to earnings.

The Steel & Glass division fell short of sales expectations in the 2019 financial year, as several projects were again delayed. Nevertheless, a stable, positive performance and earnings development was achieved in the year under review. In particular, the new sales units in the Middle East, in the USA and in Singapore developed positively and were able to record an increase in incoming orders.

The business area of roof constructions and C-facades (system house facades) within the subsidiary Prater Ltd. was difficult in 2019, both in terms of performance and earnings as well as in terms of incoming orders. The record sales of previous years placed great demands on organization and processes, so that the strategic target sales for 2020 and the following years were also significantly reduced due to the muted performance expectations due to Brexit and the cost structure was adjusted accordingly. Nevertheless, a good positive result was again achieved in 2019.

Insulation technology business segment

In 2019, the business development in the insulation technology and industrial service division continued the stable development of the previous years based on a large number of sustainable framework agreements and again delivered a positive level of earnings in the reporting year. The business area of structural fire protection also developed in line with the targeted growth course in the reporting year and represents the central growth and earnings area of the business segment in the long term. Organic growth was also promoted inorganically in the reporting year through the takeover of a competitor. The business area of pollutant remediation grew slightly in the year under review with a positive result. The scaffolding division continued to make positive contributions to earnings. The business area of glass fiber reinforced concrete panels (GFRC), which was newly established from a project in 2018, is developing very positively and is a new growth area in the business segment, e.g. in facade and tunnel construction.

Assembly and service business segment

The performance of the assembly services division was again above plan due to the high order backlog. The earnings situation in Germany improved significantly in 2019 compared to the previous year. In the focus market of Switzerland, there was still high demand for assembly personnel, although the share of earnings declined due to increasing cost pressure and a number of difficult large-scale projects. The business area of technical services developed in 2019 through the continuous expansion of the real estate portfolio of the companies in the Lindner Group, as well as the ongoing upgrading of the existing buildings, both in terms of output and income.

Development in the field of real estate and project development

In the real estate business segment, the rental situation across the entire portfolio continued to be very positive in 2019. In the project development business segment, the Tirana Business Park project continued to be the central project in the reporting year. Fortunately, the letting of the first building was completed at the end of the year. Construction work for a 5*-Hotel launched in April 2019 and progressed as planned throughout the year. In the second major development project, Residential Park Sofia, 2019 was very successful, as in the previous year, and was characterized by high demand for the high-quality residential units on offer. With the Residential Park Lozen, a second large-scale project comparable to the Residential Park Sofia was started in a charming location on the outskirts of Sofia. The groundbreaking ceremony took place in June and construction work began. The advance sale of the first construction phase was also very pleasing and gives reason to hope for a positive course of the project.

Development in the hotel and catering business

Occupancy and RevPar (revenue per available room) increased again in almost all hotels in the hotel business segment in 2019. In the reporting year, the focus was on the planning and construction of the new mk|hotel in Tirana. The expansion of the room capacities will contribute to a further increase in turnover in the mk|hotels division in the medium term. Business development in the gastronomy division was more positive again in the reporting year after the switch to exclusively organic products in 2018 and is evidence of the sustainability course that has been taken.

Development in the field of agriculture and forestry

In September 2019, Lindner Agriculture and Forestry received the extended organic certification. This now also includes the business area of gastronomy in addition to agriculture and the butcher's shop. The supply of the meat and sausage needs of the Lindner Group could be served in the course of the year under review to a large extent from our own production. Since July 2019, external sales of the products have been intensified and expanded via market wagons with locations in Arnstorf, Freimann, Starnberg and Passau. An online shop was set up, which has been online since the beginning of 2020. The establishment and commissioning of the distillery in Romania at the end of 2019 is a further step in order to be able to use the orchards even more economically in the future. As of December 31, 2019, livestock farming in the region around the Arnstorf headquarters had a

livestock population of 581 pigs (Schwäbisch-Hällische), 34 sheep (Braunes Bergschaf), 170 chickens (Lohmann Brown) and 83 cattle (Murnau-Werdenfelser, Original Braunvieh). register.

2.3 Development of the internal key performance indicators Order intake and order backlog at a high level

The group is controlled primarily via the performance indicators orders, order backlog and operational performance and internal operating result. The reconciliation of the internal operating performance at VKP to the balance sheet total performance, as well as the internal operating result at VKP to the balance sheet result before tax, results exclusively from the anticipation or the realization of partial sales and partial profits for projects that have not been completed, similar to the internationally customary procedure the percentage of completion method (POC).

In the reporting period, orders totaling EUR 1,361.4 million were booked in the core business area of construction. The previous year's figure of EUR 1076.4 million was thus exceeded by EUR 285.0 million (26.4%) in the previous year.

The order backlog in the core business area of construction as of December 31, 2019 was EUR 1,209.0 million, around EUR 340.7 million or 39.2% above the previous year's figure of EUR 868.3 million. This corresponds to an order range of around 14 months and is thus well above the rolling planning corridor of six to nine months for the entire group.

The consolidated operating performance at retail prices of the Lindner Group according to internal reporting was around EUR 1,100.2 million or 1.4% in 2019 above the business volume in 2018 and above the planned output of EUR 1,079.4 million for 2019. The consolidated internal operating result at retail price of the Lindner Group in 2019 was EUR 48.6 million, above the target value of EUR 71.2 million fixed for 2019.

2.4 Employees Number of employees further increased

The number of employees in the Lindner Group increased in the reporting period, both at home and abroad. As of the balance sheet date, the Lindner Group employed 7,266 people. The previous year's figure of 6,884 employees was thus exceeded by 382 employees or 5.5%. The increase is mainly due to the build-up of the assembly team for the construction sites and project management in the foreign companies. The Lindner Group is sticking to the fact that most of its projects are staffed by its own employees and peaks are covered by subcontractors.

A total of 4,806 (previous year: 4,547) people were employed in Germany and 2,460 (previous year: 2,337) employees abroad. The proportion of employees employed in Germany in relation to the total number of employees was therefore 66.1%, while employees employed abroad accounted for 33.9% of the total number of employees.

Similar to the previous year, 261 young people were offered an apprenticeship position in the Lindner Group in the reporting period (previous year: 255 apprentices). The training rate is thus still well above the industry average at a very high level and underscores the company's principle of recruiting young people from within its own ranks.

2.5 RESULTS OF OPERATIONS

The consolidated sales of the Lindner Group increased from EUR 1,005.89 million in the previous year by EUR 54.04 million or 5.4% to EUR 1,059.93 million. The inventory of finished goods and work in progress increased by EUR 59.2 million in the reporting period. (previous year: inventory increase EUR 59.2 million).

At EUR 1,087.5 million (previous year: EUR 1,074.4 million), the Group's total output was higher than in the previous year. Of this, EUR 657.2 million (previous year: EUR 694.0 million) was attributable to expansion, including project development and real estate, EUR 221.5 million to facade construction (previous year: EUR 197.5 million), insulation technology 90, EUR 5 million (previous year EUR 80.8 million) and trade/services including hotel and gastronomy EUR 118.3 million (previous year EUR 102.0 million). Outside Germany, the consolidated operating performance increased from EUR 495.2 million in the previous year to EUR 537.2 million in the 2019 financial year. The domestic share of the total output thus amounted to EUR 550.3 million or 50.6% (previous year EUR 579.2 million or 53.9%). Accordingly, the international share of the total output was 49.4% (previous year: 46.1%).

Other operating income increased in the year under review by EUR 59.68 million to EUR 87.02 million (previous year: EUR 146.7 million).

The cost of materials fell by EUR 21.1 million or 3.4% from EUR 613.8 million in the previous year to EUR 592.7 million.

Personnel expenses increased by EUR 21.2 million to EUR 323.5 million compared to the previous year (EUR 302.3 million).

Other operating expenses fell from EUR 155.6 million to EUR 137.3 million. While administrative expenses increased compared to the previous year, operating expenses fell slightly and special operating expenses significantly. In the case of special operating expenses, the decrease is due to the reduced formation of individual value adjustments.

In the 2019 financial year, Lindner AG transferred its entire annual result of EUR 45.4 million to Lindner Beteiligungs GmbH and J. Lindner GmbH on the basis of the profit and loss transfer agreement. This results in a consolidated profit for the year after taxes of EUR 32.4 million (previous year: consolidated profit for the year EUR 44.8 million). The decrease in income tax expenses in the reporting period by EUR 1.5 million compared to the previous period to EUR 3.4 million also results from the profit transfer. Other taxes were incurred in the amount of EUR 2.3 million (previous year: EUR 2.1 million).

2.6 FINANCIAL POSITION

Investments remain at a high level

In the reporting period, investments in property, plant and equipment and intangible assets totaled EUR 62.3 million (previous year: EUR 63.1 million). The focus of investment activity was on the purchase of land and real estate as well as on the vehicle fleet, machines and mechanical systems.

No financial investments were made in 2019 (previous year EUR 1.7 million).

The funds for financing the investment activities could be taken from the ongoing business operations or the available liquid funds.

The cash and cash equivalents of the Lindner Group increased by EUR 29.4 million from EUR 62.1 million to EUR 91.5 million. Furthermore, as of December 31, 2019, a total of EUR 289.9 million (previous year: EUR 223.7 million) was invested in near-cash securities.

Securities and bank balances increased by EUR 95.6 million compared to the previous year.

The Lindner Group had credit lines of sufficient amount, about 63% of which had been used for guarantees as of the balance sheet date.

The Lindner Group is therefore still excellently equipped financially. Essentially, only contingent liabilities have been incurred, which in turn are offset by high liquid and near-liquid funds, so that the Lindner Group can easily meet its financial obligations in the long term.

2.7 FINANCIAL POSITION

Balance sheet ratios remain stable

The consolidated balance sheet total increased by EUR 148.5 million to EUR 1,043.4 million in the 2019 financial year and is therefore 14.2% above the previous year's level.

Fixed assets include goodwill with acquisition costs of EUR 29.5 million (previous year: EUR 28.3 million), which will be amortized over five years.

Non-current assets increased by EUR 19.5 million or 4.6% from EUR 428.5 million in the previous year to EUR 448.0 million in the 2019 financial year.

Current assets increased by EUR 128.9 million to EUR 595.4 million compared to the previous year's figure of EUR 466.5 million.

The Group's liabilities (provisions, liabilities, prepaid expenses and deferred tax liabilities) increased by EUR 143 million to EUR 493.4 million compared to the previous year (EUR 350.4 million).

After 60.7% in the previous year, the Lindner Group reported an equity ratio of 52.6% as of the balance sheet date. Group equity increased by EUR 5.6 million to EUR 548.7 million in the reporting period. With these values, the equity base of the Lindner Group is still well above the industry average.

In summary, the asset, financial and earnings situation of the Lindner Group as a whole continues to be above average. Based on a sustainable, extremely stable financing structure and a high level of available liquidity, the group is well prepared for further growth based on a core business with stable earnings.

3. Risk Report

3.1 Risk management of the Lindner Group

The corporate principles of the Lindner Group are based on striving for healthy growth with active management and the avoidance of inappropriate risks. The aim here is a high level of transparency and a pronounced understanding of risk for all employees involved in the processes. The policy authority holder responsible for the process is operationally supported by the process owner and process officer. The business plans introduced with the implementation of the revision of DIN EN ISO 9001:2015 and DIN EN ISO 14001:2015 in the strategic business units of the domestic companies have become established in many areas and serve as a systematic instrument for opportunities and risks. With this experience, the new business plans are now to be applied successively in the foreign companies of the Lindner Group. The newly introduced process reviews were successfully implemented and now provide a regular basis for the risk assessment by the guideline authority holder. In 2019, internal and external audits were again carried out by the Lindner Group KG as a comprehensive service unit in the construction sector. This is based on international standards for quality, occupational safety, the environment and energy. Based on the results, measures were scheduled, tracked and implemented with those responsible. Furthermore, the certificate with a safety management system according to OHSAS 18001 was converted to the new international standard ISO 45001. The so-called HLS structure of the new standard means that the opportunity and risk assessment is even more systematic in the area of occupational safety. The risk early warning system that has been set up is able to identify developments that could endanger the continued existence of the Lindner Group at an early stage. In addition, internal auditing, as a process-independent entity, checks and assesses compliance with compliance requirements and the effectiveness of the implemented systems and processes. The test program is supplemented by unscheduled special tests and projects.

3.2 Project Risks

Project and contract risks essentially arise from the classic construction business and represent the central business risk. Controlling and monitoring project risks in a structured and stable manner represents one of the core competencies of the Lindner Group. Calculation risks are inherent in all projects. There are risks, particularly in the planning and implementation of major projects, which can have a significant negative impact on the result. In order to control these risks, various risk-minimizing mechanisms and regular communication circles have been installed. These support the executing unit in handling the risks. Prior to project execution, all major domestic and foreign contracts are subjected to a careful technical, commercial and legal review. In the area of operative risk management for projects, an opportunity and risk analysis is carried out before the decision to calculate above a specified threshold. During the calculation phase, risks are documented, measures are defined and pursued and, if necessary, taken into account in calculations. The projects are classified into risk classes using an evaluation system. Each risk class requires the release of calculations by different company hierarchies. Once the project has been approved, a monthly project meeting is held for a specified order value. Here, the opportunities and risks defined in advance are considered in a structured manner during the project and actively controlled. In addition, the central controlling department supports the units

responsible for the respective project. As part of the so-called monthly meeting, a continuous evaluation of the database of conspicuous or essential projects is carried out. Current economic developments and organizational issues that can negatively influence the project results are also addressed.

3.3 Risks of internationally oriented business activities

The international orientation of the Lindner Group harbors further risks in the organizational area. The Managing Director Department of Organizational Development is primarily responsible for supporting subsidiaries and integrating them into existing systems. The commercial regional managers are also involved in this area. They form a central interface function in the commercial and process-related connection of the subsidiaries to the parent company. You play a central role in the ongoing risk-oriented monitoring and optimization of processes in the foreign companies. Based on corporate processes that are uniformly defined for the head office and all subsidiaries, specific process specifications are defined with the help of so-called guidelines and communicated to the subsidiaries and sub-subsidiaries. As far as this makes sense, a uniform organization should be supported, interfaces to the head office should be clearly defined, risks should be minimized and synergy effects should be achieved.

This system was also expanded in 2019 by expanding the process structure to other subsidiaries and sub-companies and defining international process specifications in other processes.

Brexit could have significant consequences for the Lindner Group. A significant slowdown in the business volume of the local subsidiaries or any customs duties as a result of Brexit could have a noticeable impact on the earnings development of the Lindner Group due to the UK companies' significant share of group sales of around 17%.

3.4 Financial risks and risks from the use of financial instruments

In the reporting period, the focus when considering financial risks was on currency risks, liquidity risks and credit risks (for clients). The interest rate risk is negligible due to the low interest-bearing positions of the Lindner Group. Changes in the price of raw materials were usually borne by the suppliers. Currency risks are generally hedged on a project basis. An appropriate exchange rate is already used in the calculation, taking into account hedging costs and risks of change, or the offer is provided with a price escalation clause. Hedging through financial derivatives only takes place after the conclusion of the contract. After the hedging transactions are generally concluded corresponding to the underlying transactions being hedged (so-called micro-hedge), the hedging relationship is fully effective. Open risk positions from the use of derivative financial instruments therefore do not exist or only to a small extent. The derivatives are concluded within the Lindner Group by all subsidiaries with Lindner Finanz GmbH, which acts as the in-house bank of the Lindner Group, which carries out a corresponding offsetting transaction on the external market. Open risk positions from the use of derivative financial instruments therefore do not exist or only to a small extent. The derivatives are concluded within the Lindner Group by all subsidiaries with Lindner Finanz GmbH, which acts as the in-house bank of the Lindner Group, which carries out a corresponding offsetting transaction on the external market. Open risk positions from the use of derivative financial instruments therefore do not exist or only to a small extent. The derivatives are concluded within the Lindner Group by all subsidiaries with Lindner Finanz GmbH, which acts as the in-house bank of the Lindner Group, which carries out a corresponding offsetting transaction on the external market.

The liquidity risk is taken into account by monthly cash flow planning. Short- to medium-term bottlenecks can be compensated for by overdrafts in the cash pool and financial investments that can be liquidated quickly with or at Lindner Finanz GmbH. In addition, the entire securities portfolio can be liquidated at short notice.

The credit and non-payment risk of customer receivables is actively controlled via internal credit management controlling. Depending on the risk class, either an internal credit rating is carried out by external service providers for small to medium volumes without risk transfer, or reinsurance is taken out with a credit insurance company in the case of major risks.

The group-wide system for controlling financial risks is constantly being further developed and professionalized and makes an important contribution to the risk management of the Lindner Group.

3.5 Personnel Risks

The central risks in the human resources area continue to result from the increasing shortage of skilled workers, which is particularly evident in the areas of heating, ventilation, plumbing, electrical engineering, metal construction, information technology and in various training occupations such as drywall fitters, industrial insulators and metal workers. With targeted school and university marketing, it is important to counteract this development at an early stage and to proactively communicate the attractiveness of the employer brand in a generally positive manner.

In addition, it is important to offer both applicants and colleagues more and more flexibility with regard to the organization of working hours and the place of work, since applicants and colleagues are increasingly focusing on this. In the competition for the best colleagues, this is an increasingly decisive criterion for employer attractiveness. The optimal design of this growing flexibility with regard to maintaining process stability and its effectiveness and efficiency represents a major challenge.

In addition to increasing the employer's attractiveness, the shortage of skilled workers must also be counteracted by designing "healthy" jobs in order to be able to bind existing employees to the company as long, effectively and happily as possible. Especially in the production area, where multi-shift operation in particular leads to a high workload, it is important to create opportunities within the framework of systemically implemented company health management to make the workplace "healthy" even for employees who are already of an advanced age, in order to enable the longest possible working hours.

Another central challenge is the continuous further development of the further training program to meet the new skills requirements in relation to digitization. The central focus is to accompany employees in the digital and increasingly accelerating world of work and to provide them with the best possible support through effective and targeted learning media of personnel development and forms the basis for the change process required by digitization in the coming years.

3.6 Privacy Risks

The Lindner Group regularly checks the collection, processing and use of personal data in the individual company processes in order to identify data protection risks and counteract them proactively. If new processes or systems are planned, data protection is involved from the start as an advisory body. Furthermore, the sensitization of all employees with regard to data protection is a priority. The Lindner Group works with an external data protection officer and has set up a central department for data protection coordination, which is supported by decentralized data protection contacts in the specialist and company departments.

3.7 Information Security Risks

The availability, integrity and confidentiality of all information worth protecting as well as the information network of the Lindner Group represents the central challenge in the age of digitization. The Lindner Group is always aware of the increasing priority of information security and the resulting opportunities and risks. The information security officer gradually establishes the process for increasing the level of protection. In addition to organizational measures, this also includes targeted awareness-raising measures. Compliance with legal requirements and internal company guidelines, which are regularly adjusted to the extent necessary, continuously contributes to minimizing risks. In addition to recurring external safety audits, the Lindner Group also cooperates with external partners. Unauthorized access is prevented through the use of modern hardware and software technologies, access controls and encryption techniques.

3.8 Relevant Individual Risks

The facade project "KAFFD" in Riyadh, Saudi Arabia, by Lindner Facades Ltd. continues to be critical. Due to the risk provision made as of December 31, 2018, the project was operationally expanded to the worst case level. In 2019, an agreement was reached with the end customer about resuming work and completing the building by the third quarter of 2020. The expected proceeds from this should reduce the level of losses. At the same time, a lawsuit was filed against the general contractor. The reaction of the general contractor and the outcome of the procedure is open.

The corona virus (Covid-19) is a major risk with an expected significant financial impact. The disruption of supply chains could result in production downtime. In addition, quarantine, curfews or closures of construction sites or factories could result in significant hindrances or delays in project execution. The statement by the Federal Building Ministry of March 23, 2020, which subsumes the current situation and its immediate implications under the facts of force majeure, noticeably relaxed the relationship and cooperation between the contracting parties with regard to the representation of disruptions to the construction process.

In perspective, the looming recession after the crisis could lead to a significant drop in sales. The resulting financial effects are rated as significant in the short and medium term.

Finally, it should be noted that there are no individual risks that alone or in their entirety endanger the continued existence of the Lindner Group.

4. Forecast and Opportunity Report

4.1 Anticipated development in the current financial year

Economic momentum is likely to remain subdued in the forecast period. For the current year 2020, only a slow recovery of the economy was expected at the beginning of the year. For 2020, the German Council of Economic Experts expected GDP growth rates of 1.2% in the euro area and 0.9% in Germany. In view of pessimistic business expectations, a difficult order situation and a high degree of uncertainty, investments in equipment in particular should hardly grow at all. No impetus was to be expected from foreign trade either. On the other hand, consumption should develop positively. Last but not least, the positive wage dynamics should come into play here. In 2020, the output gap should be closed. The risks for further development included a renewed escalation of the trade conflicts. Good political agreements, on the other hand, offer the chance of higher growth. However, there were already first signs of a slowdown in the labor market. The strong increase in employment over the past few years should come to an end for the time being. However, a broad macroeconomic recession was not to be expected at the beginning of the year. The strong increase in employment over the past few years should come to an end for the time being. However, a broad macroeconomic recession was not to be expected at the beginning of the year. The strong increase in employment over the past few years should come to an end for the time being. However, a broad macroeconomic recession was not to be expected at the beginning of the year.

In Great Britain, our second core market, economic growth will weaken noticeably in 2020. Its further development depends largely on the design of a trade agreement with the EU, which is expected to be concluded by the end of 2020.

For 2020, the associations have forecast a further increase in sales in the main construction trades in Germany of 5.5% to 145 billion euros. The growth forecast for the commercial construction segment in 2020 was between 5 and 6%, analogous to the entire industry. The dynamics of the price development for construction services weakened in the course of 2019 from just under +6% to +4.5%. This trend should also continue in 2020, so that sales in 2020 should grow by 1% in real terms. The need for skilled workers in construction companies remains high, so that by the end of 2020 an annual average of 870,000 employees (+1.5%) was forecast.

The actual effects of the spread of the corona virus on the economy of individual countries or worldwide cannot currently be assessed or have not been taken into account in previous economic forecasts. Depending on the course and duration of the crisis, these will therefore no longer be feasible or will very likely even result in a national or global recession.

Sources:

Main Association of the German Construction Industry, www.bauindustrie.de

scroll ↔



— Construction situation 2019 from August 2019

Association of the German Construction Industry, www.zdb.de

scroll ↔



— Construction industry/ economic forecast

Expert annual report 2019/2020

4.2 Operational Outlook of the Business Units

Business field construction

Business segment expansion

In 2020, the market position of the products divisions must be further expanded to become the market leader as a whole, and the European markets in particular must be developed in a targeted manner. The expansion of the international delivery business continues to play a central role. This takes place under the control of the market management teams, which develop market strategies centrally and promote them in terms of sales. It is important to further increase product sales through an increasingly market-oriented product and price strategy. Conceptually and product-related, the megatrend environment and health is the focus of the strategic orientation of sales in the coming years. Forward-looking office concepts as part of the "More.Value", "My Future Office" and "Gesünder Bauen" programs continue to form the core of the sales strategy. The own, newly built office building at the Arnstorf headquarters serves as a clear reference object.

In addition, the lean programs that have been practiced in production for several years will continue to be pushed in the years to come in order to continuously optimize the manufacturing processes. The holistic orientation and reorganization of production to a product-independent and strictly value-stream-optimized production represents the central pillar of the Lindner factory vision, the realization of which will be accompanied by considerable investments in the years to come. The second pillar of the Lindner factory vision represents the goal of waste-free and Co2-neutral production and will be consistently pursued in the same way as in previous years.

Lean construction management and digitization are at the center of the future development of the expansion business areas. In domestic markets that continue to be stable and moderately growing, it is important to design project management across a large number of partner companies, both digitally and procedurally, as efficiently as possible. The broad and very high order backlog ensures that these business areas will be able to meet their planned performance for 2020 right from the start of the year.

The business areas of object-specific system solutions will continue to follow the course of growth of the previous years in a controlled but consistent manner. Increasing internationalization and the risk-minimized development of new markets represent the central challenges of these business areas.

Building envelope business segment

The business areas of special façade construction in Europe and the UK optimized and streamlined their structures together with production in 2019 in order to counter the cooling construction boom in England and the high level of competition in both markets. The core of production will continue to be in Germany in 2020, but due to increasing foreign competition, individual projects or sub-projects will be produced by Eastern European partner companies in order to further increase cost efficiency. Production is currently not fully utilized. The expected sales for 2020 and 2021 are conservatively at the previous year's level. An increase is only aimed for in 2022.

The Steel & Glass division expects a strong increase in output in 2020 and has secured the planned output for 2020 and 2021 thanks to the high order backlog. The focus is on the processing of orders in Abu Dhabi, Riyadh and Oman as well as the further expansion of the locations in Singapore and the USA.

The outlook for the roofing business in the UK predicts a rather weak first half of 2020 and a shift in the main performance of the current order backlog to the second half of 2020. The market in the UK is also cooling off in this market segment and the environment, especially for general contractor customers, is becoming increasingly tough.

Insulation technology business segment

The business area of insulation technology and industrial services will continue to transform in the years to come. Long-term framework agreements or business relationships, however, form these very continuously. New products such as GFRC and international focus markets such as Poland are becoming more and more important. The business area of pollutant remediation will gain in importance again in the following years due to a remediation backlog, especially in large German cities. Stable positive results are expected in scaffolding due to stable processes and a sustained positive order backlog.

Assembly and service business segment

In the assembly services division, the focus in 2020 will once again be on securing earnings and covering the high demand for skilled workers. The path of project management that has already been started as a mixed order partner for the operating units of the Lindner Group is to be expanded in order to minimize the potential for losses in dry construction projects and to generate synergies from an increasingly cooperative working relationship. The focus is on retaining and developing the approximately 1,500 assembly workers in the company in order to be able to continue to handle high-quality projects for customers at home and abroad in the future. This can only be achieved through continuous employee development, more flexible working models and the creation of material and immaterial incentives. In the technical services division, the focus in 2020 will be on the continuous expansion of renewable energy generation and the expansion of the operational high-voltage network for the forthcoming production expansion.

The project processing of all business segments of the expansion, the building envelope, the insulation technology as well as the assembly and service will have to suffer from noticeable disruptions to the construction process due to curfews, travel restrictions, delivery bottlenecks and tightened work and hygiene regulations on the construction sites due to the Corona crisis. In addition, there is a risk of construction projects being delayed in their completion or being entirely postponed or canceled as a result of an imminent recession. The scope and extent of the consequences of the Corona crisis largely depends on the duration of the measures imposed and can therefore not be estimated from today's perspective.

As a result of the Corona crisis, production downtimes due to problems in the supply chain could result in production, depending on the duration of the restrictions, despite the current good level of employment. The extent of this depends largely on the duration of the Corona crisis.

Real estate and project development business area

In the project development business segment, the focus in 2020 in Residential Park Sofia is on the completion of construction work on construction phase 3B and the start of work on the last project phase 3C. In terms of sales, the aim is to largely complete the sale of the remaining units. In the new Residential Park Lozen project, the construction work of the first construction phase continues. The positive sales trend is to be continued with the last units and a first project expansion. In the Tirana Business Park project, the focus in 2020 is on the completion and leasing of the second building. The 5*-Hotel will be completed towards the end of the second quarter of 2020 and is scheduled to open in the third quarter and bring with it a further revitalization of the business park, which in turn should increase the attractiveness of the park for potential tenants. The strategy of the real estate business segment of developing suitable properties in Germany and abroad or acquiring real estate in attractive locations and converting them according to the needs of the Lindner Group will be further promoted in 2020.

Hotel and catering business

In 2020, the path of operational stabilization and consolidation must be further accelerated and the renewal of the existing hotels, which began in 2018 and continued in 2019, must be pushed forward. An example here is the mk|hotel in Berlin, which will continue to increase the number of rooms by renting additional space in the building. In 2019 the construction of the mk|hotel in the Business Park Tirana in Albania started. The planned opening of the first 5*-Hotels of the mk|hotel group with 81 rooms in autumn 2020 represent the next expansion step of the mk|hotel group. Due to the state-ordered closure of all hotel and catering establishments as a result of the corona virus, the planned occupancy as well as the planned turnover and the planned result can hardly be reached. The extent of the losses depends largely on the duration of the government order, which cannot be estimated at this time, and on any changes in people's travel behavior after the Corona crisis.

Agriculture and forestry business area

The business field of agriculture and forestry plans to cover the complete meat supply of the Lindner hotel and gastronomy in the medium term. In addition, the external market is to be developed via an online shop launched in January 2020 and new gastronomy customers are to be won. In general, sales activities are to be strengthened. The packaging is put into operation as an "extended workbench" for the butcher's shop in order to increase the added value in processing. In forestry, there should be a switch to alternative processing in order to achieve a continuous value chain from a sawmill to the pallet or crate manufacturer.

overall view

The operative consolidated planned performance at VKP according to internal reporting was planned for 2020 at around EUR 1,179.7 million, around 9% above the actual performance volume of EUR 1,079.4 million in 2019. At around EUR 77.5 million, the planned consolidated operating result at retail price for 2020 is also well above the actual level (EUR 71.2 million) of the reporting year.

Despite the good start to the 2020 financial year, the planned operating performance and the planned operating result may not be achievable due to the Corona crisis. From today's perspective, it is not realistically possible to estimate the extent of the shortfall in performance and earnings and depends largely on the duration and extent of the government measures taken in 2020.

Arnstorf, April 28, 2020

Lindner Group SE

Managing general partner

represented by

Hans Lindner, Managing Personally Liable Partner

Veronika Lindner, Managing General Partner

Consolidated balance sheet as of December 31, 2019

active side

	EUR	EUR	previ EUR t
.. FIXED ASSETS			
Intangible assets			
. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	3,119,719.33		
. Goodwill	1,444,612.92		
. Advance payments made	273,449.38	4,837,781.63	
. Tangible assets			
. Land, land rights and buildings, including buildings on third-party land	316,726,837.52		
. Technical installations and machines	32,737,746.03		
. Other investments. operating and office equipment	66,766,596.04		
. Payments on account and assets under construction	23,132,671.30	439,363,850.89	
I. financial investments			
. Investments in associated companies	1,243,909.92		
. Loans to subs. m. Bet. relationship	2,578,925.37		
. Other Loans	4,228.18	3,827,063.47	
		448,028,695.99	
.. CURRENT ASSETS			
Inventories			
. Raw. Raw materials and supplies	18,347,695.18		
. Work in progress, work in progress	814,078,381.45		
. Finished Goods and Merchandise	15,116,562.25		
. Advance payments made	8,128,247.45		
. Deposits Received on Orders	-855,670,886.33	0.00	
. Claims and others			
Assets			
. Trade accounts receivable	146,979,756.82		
. Receivables from companies in which a participation is held	1,436,131.08		
. Other Assets	58,255,195.68	206,671,083.58	
I. securities			
Other securities		289,870,430.93	
. Cash on hand. credit at credit institutions and cheques		91,490,907.32	
.. PREPAID EXPENSES		7,347,750.28	
		1,043,408,868.10	
LIABILITIES			
	EUR	EUR	previ EUR t
.. EQUITY			
Equity Interests			
. Capital shares of the general partners	0.00		
. Capital shares of the limited partners	17,444,422.00	17,444,422.00	
. Reserves			
. Reserves of the general partners	0.00		
. Reserves of the limited partners	200,723,764.19		
. Group Reserves	184,051,697.36	384,775,461.55	
I. Adjustment items from currency translation		9,590,050.07	

	EUR	EUR	previ EUR 1
/ Balance sheet profit		23,020,495.80	
! Profit Participation Capital		5,358,419.01	
! Non-Controlling Interests		108,574,662.44	
		548,763,510.87	
: DIFFERENCES FROM CAPITAL CONSOLIDATION		1,192,445.43	
: PROVISIONS			
. Provisions for pensions and similar obligations	23,701,556.82		
. Tax Provisions	3,034,022.73		
. Other Provisions	129,169,506.52	155,905,086.07	
: LIABILITIES			
. Liabilities to banks	11,746.62		
. Deposits Received on Orders	228,445,899.14		
. Trade Accounts Payable	58,151,268.14		
. Liabilities to companies in which an investment relationship exists	2,114,316.07		
. Other Liabilities	43,320,996.11	332,044,226.08	
f which from taxes € 22,554,878.28 (previous year € 19,971k)			
f which in the context of social security € 2,599,068.94 (previous year € ,954k)			
. DEFERRED INCOME		100,201.09	
. DEFERRED TAX LIABILITIES		5,403,398.56	
		1,043,408,868.10	

Consolidated income statement for the 2019 financial year

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	EUR	12/31/2019 EUR	pre EUF
1. Revenue		1,059,930,931.27	
2. Increase in inventories of finished goods and work in progress		24,697,209.20	
3. Other own work capitalized		2,882,354.32	
		1,087,510,494.79	
4. Other operating income		87,022,779.16	
		1,174,533,273.95	
5. Cost of Materials			
a) Expenses for raw materials and supplies and for purchased goods	274,682,975.45		
b) Expenses for purchased services	318,134,701.53	592,717,676.98	
		581,815,596.97	
6. Personnel expenses			
a) Wages and salaries	261,502,688.25		
b) Social security contributions and expenses for pensions and for assistance	61,980,291.63	323,482,979.88	
of which for pensions € 5,284,327.31 (previous year: € 2,536k)			
7. Depreciation			
a) on intangible assets and property, plant and equipment		36,613,008.64	
b) to current assets		6,875.04	
B. Other Operating Expenses		137,277,971.85	

	EUR	12/31/2019 EUR	pre EUF
		84,434,761.56	
9. Result from associated companies		-31,537.30	
10. Income from other securities and loans classified as financial assets		8,464.89	
11. Other Interest and Similar Income		2,354,743.61	
12. Depreciation of financial assets and marketable securities		0.00	
13. Interest and Similar Expenses		2,125,539.30	
14. Compensation for participation certificate capital		1,141,993.51	
15. Income Taxes		3,440,376.12	
16. Earnings after taxes		80,058,623.83	
17. Other Taxes		2,263,380.12	
18. Profits transferred under profit and loss transfer agreements		45,378,444.53	
19th Annual Results		32,416,699.18	

Notes to the consolidated financial statements for the 2019 financial year

Effective November 11, 2010, Lindner Holding KGaA was incorporated by way of a change of legal form in accordance with §§ 190ff., 228ff. UmwG converted into a limited partnership.

The Lindner Group KG has its registered office in Arnstorf and is entered in the commercial register A of the district court of Landshut with the number 10182.

The group accounting obligation results from § 11 PubLG.

The present consolidated financial statements of the Lindner Group KG have been prepared in accordance with German commercial law (§ 13 II PubLG in conjunction with §§ 294 to 314 HGB) while retaining the classification and valuation principles used for the previous year's financial statements. The classification principles in equity correspond to the requirements of a limited partnership.

The profit and loss account is prepared according to the nature of expense method in accordance with Section 275 (2) HGB.

1. Consolidated Companies

a) scope of consolidation

The parent company and the following domestic and foreign subsidiaries are included in the consolidated financial statements. The participation quotas reflect the capital shares held directly by the parent company. Subscribed capital is stated at historical rates.

parent company

Lindner Group KG, Arnstorf

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	Participation %	Subscrip EUF
Subsidiary of the Lindner Group KG, Arnstorf		
Lindner Aktiengesellschaft ceiling, floor, partition wall systems, Arnstorf	75.14	
Lindner Isolating Technology & Industry Service GmbH, Arnstorf	100.0	
Lindner Montage + Service GmbH, Berlin	100.0	
Lindner Real Estate Verwaltungs GmbH, Arnstorf	75.2	
Lindner asset investment and management company mbH, Arnstorf	100.0	
Lindner Group Immobilien GmbH & Co. KG, Arnstorf	100.0	
Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf	94.28	
Lindner Agriculture and Forestry GmbH & Co. KG, Arnstorf	94.0	
Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf	94.0	
Lindner L+F Verwaltungs GmbH, Arnstorf	99.0	
Lindner facades GmbH	100.0	
Subsidiary of Lindner AG, Arnstorf		

	Participation %	Subscrip EU F
Lindner Finanz GmbH, Arnstorf	100.0	
Enderes GmbH, Arnstorf	100.0	
Lex Fittings and Building Supplies Trading GmbH, Arnstorf	100.0	
Lindner GmbH, Baden/Austria	100.0	
Lindner Building New Solutions Co. Ltd., Taicang/China	100.0	
Lindner USA, Inc., Tucker/Georgia/USA	100.0	
Lindner LLC, Baku/Azerbaijan	100.0	
Shanghai Lindner Innovative Interiors Co., Ltd., Shanghai/China	100.0	
Lindner Norit GmbH & Co. KG, Dettelbach	100.0	
Lindner Mobilier sro, Madunice/Slovak Republic	100.0	
Lindner Interiors Ltd., London/Great Britain	100.0	
Tatranwood sro, Hlinik nad Hronom/Slovak Republic *)	100.0	
Subsidiary of Lindner GmbH, Baden/Austria Lindner Bulgaria EOOD, Sofia/Bulgaria	100.0	
Lindner Welsy Sprl, Heverlee/Belgium	100.0	
Lindner Luxembourg S.á.rl, Holzem/Luxembourg	100.0	
Lindner France SASU, Chambly/France	100.0	
Lindner doo Beograd, Belgrade/Serbia	100.0	
Lindner ooo, Moscow/Russia	100.0	
Lindner doo Tivat, Tivat/Montenegro	100.0	
Lindner doors - facades sro, Ostrov/Czech Republic	100.0	
Lindner Isoliertechnik & Industrieservice GmbH, Baden/Austria	100.0	
Lindner Banja Luka doo, Banja Luka/Bosnia-Herzegovina	100.0	
Lindner Scandinavia AB Västra Frölunda, Gothenburg/Sweden *)	100.0	
Lindner India Construction Private Limited, Chennai/India *)	100.0	
Lindner Iberia SL, Madrid/Spain *)	100.0	
Lindner Building Envelope Engineering EOOD, Russia/Bulgaria *)	100.0	
Subsidiary of Lindner Fassaden GmbH, Arnstorf		
Lindner Facades Ltd., London/Great Britain	100.0	
Lindner Exteriors Holding Ltd., London/Great Britain	100.0	
Lindner İnşaat Limited Şirketi, Istanbul/Turkey	100.0	
Lindner Facades Inc., Tucker/Georgia/USA	100.0	
Subsidiary of Lindner Exteriors Holding Ltd, London/England		
Prater Ltd., London/Great Britain	100.0	
Subsidiaries of Lindner Facades Ltd., London/Great Britain and Prater Ltd., London/Great Britain		
Lindner Facades Asia Pte. ltd Singapore	100.0	
Subsidiary of Lindner Isoliertechnik & Industrieservice GmbH, Arnstorf		
Lindner Gerüstbau GmbH, Kolkwitz-Krieschow	100.0	
Beta Brandschutztechnik GmbH, Abensberg *)	100.0	
Lindner Saudi Arabia Ltd., Riyadh/Saudi Arabia	95.0	
Lindner doo, Zagreb/Croatia	100.0	
Lindner Contracting LLC, Abu Dhabi/UAE	100.0	
Lindner OCM Limited Sirketi, Allaga, Izmir/Turkey	100.0	
Subsidiary of Lindner doo Zagreb/Croatia		
Samoborski Perivoj doo, Zagreb/Croatia	100.0	
Subsidiary of Lindner Montage + Service GmbH, Arnstorf		
Lindner Klimaservice GmbH, Leipzig	100.0	
Lindner Project Danmark ApS, Copenhagen/Denmark	100.0	

	Participation %	Subscrip EUF
Lindner Montage + Service GmbH, Baden/Austria	100.0	
Subsidiaries of Lindner Montage + Service GmbH, Arnstorf and Lindner GmbH, Baden/Austria		
Lindner Polska Sp. z oo, Warsaw/Poland	100.0	
Subsidiary of Lindner Real Estate Verwaltungs GmbH, Arnstorf		
Lindner Vermögensverwaltungs GmbH, Arnstorf	100.0	
Subsidiary of Lindner L+F Verwaltungs GmbH, Arnstorf		
Lindner SRL, Satu Mare/Romania	100.0	
Subsidiary of Lindner Vermögensverwaltungs GmbH, Arnstorf		
Lindner Projektentwicklungs GmbH, Baden/Austria	100.0	
Subsidiary of Lindner Projektentwicklungs GmbH, Baden/Austria		
Residential Park Sofia EOOD, Sofia/Bulgaria	100.0	
Residential Park Lozen EOOD, Sofia/Bulgaria	100.0	
Lindner Immobilien Management EOOD, Sofia/Bulgaria	100.0	
Spisska Sobota sro, Bratislava/Slovakia	100.0	
Lindner Immo Slovakia sro, Bratislava/Slovakia	100.0	
Vel'ka Lomnica sro, Bratislava/Slovakia	100.0	
Galvaniho 3 sro, Bratislava/Slovakia	100.0	
Lindner Haasrode BVBA, Heverlee/Belgium	100.0	
Lindner Real Estate UK Ltd., London/England	100.0	
Lindner Sutivan doo, Zagreb/Croatia	100.0	
Lindner Nekretnine doo, Zagreb/Croatia	100.0	
Tirana Business Park Sh.pk, Tirana/Albania	100.0	
Lindner Real Estate BG, Russia/Bulgaria *)	100.0	
Subsidiary of Tirana Business Park Sh.pk, Tirana/Albania		
Tirana Business Park RSA Sh.pk, Tirana/Albania	100.0	
Subsidiary of Residential Park Sofia EOOD, Sofia/Bulgaria		
Residential Park Sofia Facility Management AD, Sofia/Bulgaria	62.2	
Subsidiary of Lindner SRL, Satu Mare/Romania		
TOPAGRAR SRL, Craidorolt/Romania	89.99	
Subsidiary of the Lindner Group Immobilien GmbH & Co. KG, Arnstorf		
Lindner Opfikon AG, Opfikon/Switzerland	100.0	
Subsidiary of Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf		
Einsteinstrasse 34 GmbH & Co. KG, Munich	94.0	
Subsidiary of Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf		
Lindner MK Hotels Ltd., London/England	100.0	

*) included as part of first-time consolidation

b) Other consolidated companies

Outside of the scope of consolidation, the following joint ventures were included as part of proportionate consolidation:

	Participation %	Subscrip EUF
Lindner RIDO Facade Technology GmbH, Berlin	50.0	
Lindner-Depa Interiors LLC Dubai/ UAE	49.0	
Lindner Middle East LLC, Dubai/ UAE	49.0	
Schwabenhof L&L srl, Ciumesti/Romania	50.0	

	Participation %	Subscrip EUF
SUAS - Lindner sro, Vresova/Czech Republic	50.0	

Due to a contractual agreement, Lindner Depa Interiors LLC, Lindner Middle East LLC and SUAS - Lindner sro are managed jointly with another company.

Lindner RIDO Fassadentechnologie GmbH and Schwabenhof L&L srl are managed jointly with natural persons as shareholders.

c) Associated companies and subsidiaries not included

At Hans Lindner Regionalförderung AG & Co. KG, Arnstorf (participation 39.91%), as well as at SGL Lindner GmbH & Co. KG, Arnstorf, (participation 49.0%), pursuant to § 311 Para the inclusion as an associated company according to the equity method was waived. The balance sheet total as well as the income and expenses of Hans Lindner Regionalförderung AG & Co. KG and SGL Lindner GmbH & Co. KG are of secondary importance for conveying a true and fair view of the group's net assets, financial position and results of operations.

d) Other changes in the scope of consolidation

In the financial year, Lindner Slovakia sro, Bratislava was merged with Lindner Mobilier sro, Madunice. In Germany, Beta Brandschutz GmbH, Abensberg, was founded and included in the scope of consolidation. A number of new companies followed abroad, such as Lindner Scandinavia AB Västra Frölunda, Gothenburg/Scandinavia, Lindner India Construction Private Limited, Chemnai/India, Lindner Iberia SL, Madrid/Spain, Lindner Building Envelope Engineering EOOD and Lindner Real Estate BG, both in Russia/Bulgaria. Tatranwood sro, Hlinik nad Hronom/Slovak Republic was acquired in the reporting year. Lindner Australia Pty Ltd., Mt. Eliza/Australia has been closed.

2. Reporting date of the consolidated financial statements

The consolidated financial statements were prepared as of the reporting date of the Lindner Group KG annual financial statements on December 31, 2019. The financial year of the Lindner Group KG covers the period from January 1st to December 31st, 2019. All subsidiaries as well as all significant downstream group companies report as of December 31st, 2019 and are included in the consolidated financial statements for the full financial year.

3. Consolidation Methods

The German commercial law provisions on full consolidation, proportionate consolidation and the inclusion of associated companies were applied.

The capital consolidations up to December 31, 2009, which were carried out before the BilMoG came into effect, were carried out using the book value method (§ 301 Para. 1 Sentence 2 No. 1 HGB old version). Any goodwill or negative differences arising from offsetting were offset against the reserves. As of January 1, 2010, the capital consolidations are carried out according to the revaluation method in accordance with the BilMoG.

In the case of non-cash contributions from shares in subsidiaries that were undervalued in the annual financial statements of the parent company, the resulting negative difference, which has a predominantly equity character, is offset directly against the group reserves in equity.

The increase in holdings in companies that are already fully consolidated is shown within equity without affecting income. Pursuant to Section 307 (1) HGB, shares in subsidiaries included in the consolidated financial statements that do not belong to the parent company are shown separately for the shares of the other shareholders in the amount of their share in the equity. When applying proportionate consolidation, the regulations for full consolidation were observed to the extent relevant (§ 310 Para. 2 HGB).

Investments in associated companies are recognized at cost at the time they are founded or acquired.

Expenses and income as well as receivables and liabilities between the consolidated companies are eliminated. Intermediate results are generally eliminated unless they are of minor importance. Intercompany losses are generally only eliminated if this does not result in a need for depreciation to the lower fair value of the unfinished buildings and services on the balance sheet date.

4. General information on accounting and valuation methods and principles of currency conversion

The accounting and valuation principles correspond to the provisions of German commercial law. Financial statements of consolidated subsidiaries that are prepared according to different principles have been adjusted, taking into account the principle of materiality.

Financial statements in foreign currencies are converted in accordance with the provisions of Section 308a HGB. Equity was converted at historical rates. The balance sheet items were translated at the respective mean spot exchange rates. The items in the income statement were translated at the respective annual average exchange rates. Any differences that arise are reported within group equity under the item "Adjustments from currency translation".

Intangible assets and items of property, plant and equipment were valued at their acquisition or production costs. Acquisition costs and acquisition cost reduction are taken into account. Depreciation on depreciable fixed assets was carried out on a straight-line basis or, where permitted, on a declining balance basis, based on the depreciation tables published by the tax authorities. Additions from the 2010 financial year are only depreciated on a straight-line basis. In the year under review, depreciation is calculated pro rata temporis from the date of addition.

Intangible assets are stated at acquisition cost less scheduled depreciation. Intangible assets are amortized over a period of 3 years. Goodwill of EUR 1,644k will be amortized over a period of 15 years. Goodwill from capital consolidation processes in the amount of EUR 27,876k will be amortized over a period of 5 years.

For reasons of simplification, low-value assets with acquisition or production costs of up to EUR 800.00 were written off in full in the year of acquisition.

Financial assets are valued at acquisition cost. If the reduction in value is expected to be permanent, they are written down to the lower fair value.

Inventories of raw materials, consumables and supplies are valued at the moving average of their acquisition costs, taking into account the lower of cost or market principle. In the 2019 financial year, some companies were valued using the moving average of their acquisition costs using a sales-oriented approach. Work in progress was valued at the direct material and production costs, including reasonable material and production overheads. General administration and selling expenses were not included in the cost of sales. Existing usability risks were taken into account through depreciation.

Orders are accounted for using the completed contract method. Advance payments received for inventories were deducted from the inventories item. The amount of EUR 855,671 thousand (previous year: EUR 804,469 thousand) deducted from inventories relates to payments on account by the customer for work in progress, which do not represent real advance payments and therefore have no liability character. The remaining advance payments received were reported on the liabilities side.

Receivables and other assets are always stated at their nominal value. In the case of trade receivables, recognizable risks are taken into account through individual value adjustments. Appropriate account is taken of the general credit risk by creating a general allowance.

The other securities reported under current assets are valued at the lower of cost or fair value on the balance sheet date.

Cash and cash equivalents are stated at their nominal value.

The active prepaid expenses relate to expenses before the balance sheet date that represent expenses for a certain period of time after this date. The deferred income relates to income before the balance sheet date that relates to income for a certain period after the balance sheet date.

Deferred taxes are determined for temporary differences between the commercial balance sheet and tax valuations of assets, debts and prepaid expenses, taking account of loss carryforwards that can be taken into account, insofar as offsetting against taxable income is guaranteed within the five-year period specified by law.

Deferred taxes are determined on the basis of the company-specific tax rates that will apply at the time the difference is reduced. Tax rates of 9% to 40% have been applied. Deferred taxes were calculated at an average tax rate of 30% for consolidation processes such as the elimination of intercompany profits and debt consolidation differences.

Deferred tax liabilities essentially result from different recognized depreciation and valuation approaches on fixed assets as well as valuation differences in trade payables and receivables from companies in which an investment is held. Deferred tax liabilities result from consolidation measures due to differences between the tax and commercial law values in the balance sheet item receivables from affiliated companies.

Deferred tax assets result primarily from value adjustments on receivables that are not recognized for tax purposes and recognition or their lower reporting of provisions in the tax balance sheet.

Resulting deferred tax assets and liabilities, without taking into account the resulting deferred taxes from consolidation measures, are offset in accordance with Section 274 (1) HGB. A total tax burden, without taking into account the resulting deferred taxes from consolidation measures, is recognized in the balance sheet as a deferred tax liability. In the case of an overall tax relief, without taking into account the resulting deferred taxes from consolidation measures, the corresponding capitalization option is not used.

Assets and liabilities denominated in foreign currencies are converted into euros at the transaction rate and are valued at the mean spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

Provisions for pensions are valued at the settlement amount that is necessary based on prudent business judgment and subject to the relevant average market interest rate over the past 10 years. They are discounted at a flat rate with an average market interest rate corresponding to a remaining term of 15 years.

The tax accruals and other accruals cover all identifiable risks and uncertain liabilities and are valued at the settlement amount that is necessary based on prudent business judgement. Provisions with a remaining term of more than one year are discounted at the average market interest rate for the past seven financial years that corresponds to their remaining term.

Liabilities are stated at their settlement amount.

If use was made of the option to form valuation units, this was taken into account in accordance with section 254 HGB.

5. Notes to the Balance Sheet and Profit and Loss Account

a) Group fixed assets of the Lindner Group KG

Notes to the consolidated balance sheet. Consolidated income statement of the Lindner Group KG

Group fixed assets of the Lindner Group KG

The development of the fixed assets results from the following investment schedule:

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Acquisition or production costs

	Status	Acquisitions from production costs	Exchange	departures	Re
	01.01.2019	Additions	first-time consolidation	rate effects	€
	Status	Acquisitions from production costs	Exchange	departures	Re
	01.01.2019	Additions	first-time consolidation	rate effects	€
	€	€	€	€	€
I. Intangible assets					
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	8,235,302.62	2,858,614.39	0.00	26,038.12	85,757.86
2. Goodwill	28,270,075.49	1,249,793.94	0.00	-1.45	0.00
3. Advance payments made	443,111.14	418,800.24	0.00	0.00	0.00
	36,948,489.25	4,527,208.57	0.00	26,036.67	85,757.86
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	413,088,509.69	13,069,067.25	946,104.12	1,451,358.58	3,236,824.12
2. Technical installations and machines	101,164,786.06	3,644,033.77	397,028.90	-59,129.44	3,025,796.51
3. Other investments. operating and office equipment	129,136,798.85	28,816,064.55	57,980.79	294,847.27	15,120,120.03
4. Payments on account and assets under construction	16,943,562.46	12,223,041.56	0.00	85,079.37	46,340.90
	660,333,657.06	57,752,207.13	1,401,113.81	1,772,155.78	21,429,081.56
III. financial investments					
1. Investments in associated companies	1,782,101.58	0.00	0.00	0.00	178,537.30
2. Loan. to UU, md a bet verh. Best.	2,580,019.84	904.77	0.00	-1,999.24	0.00
3. Investment securities	5,046.60	0.00	0.00	0.00	5,046.60
4. Other Loans	11,809.63	0.00	0.00	0.00	7,581.45
	4,378,977.65	904.77	0.00	-1,999.24	191,165.35
	701,661,123.96	62,280,320.47	1,401,113.81	1,796,193.21	21,706,004.77

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	Acquisition or production costs	Accumulated dep
	As of 12/31/2019	Status
	€	01.01.2019
	€	€
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	11,632,025.72	6,601,796.42
2. Goodwill	29,519,867.98	27,911,082.11
3. Advance payments made	273,449.38	8,750.00
	41,425,343.08	34,521,628.53
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	426,846,787.84	100,614,476.09
2. Technical installations and machines	106,283,528.88	69,466,940.71
3. Other investments. operating and office equipment	143,557,697.75	68,211,559.95
4. Payments on account and assets under construction	23,132,671.30	0.00
	699,820,685.77	238,292,976.75
III. financial investments		
1. Investments in associated companies	1,603,564.28	386,653.36
2. Loan. to UU, md a bet verh. Best.	2,578,925.37	0.00
3. Investment securities	0.00	5,046.60

	Acquisition or production costs	Accumulated dep
	As of 12/31/2019 €	Status 01.01.2019 €
4. Other Loans	4,228.18	0.00
	4,186,717.83	391,699.96
	745,432,746.68	273,206,305.24

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	Accumulated depreciation	
	Additions from first-time consolidation €	Exchange rate effects €
I. Intangible assets		
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	0.00	22,736.12
2. Goodwill	0.00	-1.45
3. Advance payments made	0.00	0.00
	0.00	22,734.67
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	530,037.61	221,072.35
2. Technical installations and machines	308,939.13	23,537.98
3. Other investments. operating and office equipment	36,828.75	222,701.47
4. Payments on account and assets under construction	0.00	0.00
	875,805.49	467,311.80
III. financial investments		
1. Investments in associated companies	0.00	0.00
2. Loan. to UU, md a bet verh. Best.	0.00	0.00
3. Investment securities	0.00	0.00
4. Other Loans	0.00	0.00
	0.00	0.00
	875,805.49	490,046.47

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	Accumulated depreciation		book values	
	As of 12/31/2019 €	As of 12/31/2019	As of 12/31/2019	As of 12/31/2019
I. Intangible assets				
1. Concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	8,512,306.39	3,119,719.33	1,666,666.67	1,666,666.67
2. Goodwill	280,752,550.06	1,444,612.92	3,333,333.33	3,333,333.33
3. Advance payments made	0.00	273,449.38	4,444,444.44	4,444,444.44
	36,587,561.45	4,837,781.63	2,444,444.44	2,444,444.44
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	110,119,950.32	316,726,837.52	312,444,444.44	312,444,444.44
2. Technical installations and machines	73,545,782.85	32,737,746.03	31,111,111.11	31,111,111.11

	Accumulated	book values	
	depreciation	As of 12/31/2019	As of 12/31/2019
	As of 12/31/2019	As of 12/31/2019	As of 12/31/2019
	€	€	€
3. Other investments. operating and office equipment	76,791,101.71	66,766,596.04	60,9
4. Payments on account and assets under construction	0.00	23,132,671.30	16,9
	260,456,834.88	439,363,850.89	422,0
III. financial investments			
1. Investments in associated companies	359,654.36	1,243,909.92	1,3
2. Loan. to UU, md a bet verh. Best.	0.00	2,578,925.37	2,5
3. Investment securities	0.00	0.00	
4. Other Loans	0.00	4,228.18	
	359,654.36	3,827,063.47	3,9
	297,404,050.69	448,028,695.99	428,4

As of December 31, 2019, fixed assets amounted to EUR 448,029 thousand (previous year: EUR 428,455 thousand). Fixed assets include goodwill with acquisition costs of EUR 29,520k (prior year: EUR 28,270k).

b) Receivables and other assets

The receivables and other assets reported have a remaining term of more than one year in the amount of:

	12/31/2019	pre
	EUR thousand	EUR
Claims tax office	0	
Other assets	154	
	154	

c) Equity

In the group, the capital shares, the reserves and the balance sheet profit correspond to the items of the Lindner Group KG.

I. Equity Interests

The capital shares of the general partners amount to EUR 0 (previous year: EUR 0 thousand), those of the limited partners to EUR 17,444,422.00 (previous year: EUR 17,444 thousand).

II. Reserves

The reserves of the general partners amount to EUR 0 (previous year: EUR 0 thousand), those of the limited partners to EUR 200,723,764.19 (previous year: EUR 197,447 thousand).

The group reserves amount to EUR 184,051,697.36 (previous year: EUR 173,950k) and consist of retained earnings, annual results for 2019 and retained earnings of the subsidiaries as well as differences from capital consolidation processes.

Differences (goodwill or negative differences) from the initial capital consolidation in the first group financial year 1990/1991 were offset against the group reserves, as were the differences resulting from the inclusion in subsequent years. Passive differences, which mainly have the character of equity, were also offset directly in equity.

III. retained profit

The proportionate balance sheet results of the subsidiaries were offset against the group reserves, so that the group balance sheet profit corresponds to the balance sheet profit of the parent company.

The balance sheet profit developed as follows:

	2019	pre
	EUR	EUR
1. Consolidated annual result	32,416,699.18	
2. Presentation of results	30,879,346.45	

	2019	pre
	EUR	EUR
3. Distribution to shareholders	0.00	
4. Credit to reserve accounts	-30,879,346.45	
5. Result attributable to minority shareholders	696,740.54	
6. Distribution to non-group shareholders	-31,848.76	
7. Reclassification of Group reserves	-10,061,095.16	
Balance sheet profit Lindner Group KG	23,020,495.80	

IV. Profit Participation Capital

In the 2019 financial year, the 12 profit participation certificates including interest increase equity to a total value of EUR 5,358,419.01. Interest is paid either as a guaranteed interest rate of 0.5% pa or as variable interest rate of 0.1% of the earnings before interest and taxes of Lindner AG of the respective nominal amount. The holders of the participation certificates receive variable interest if this is higher than the guaranteed interest; this is compensated with the variable interest.

V. Balancing item for shares of other shareholders

The adjustment item for shares of other shareholders includes the shares of non-group third parties in the equity and in the annual result of the subsidiaries included.

Shares in profits of EUR 2,677 thousand and shares in losses of EUR 1,980 thousand are attributable to non-group shareholders.

d) Differences from capital consolidation

In the case of contributions in kind from shares in subsidiaries, the resulting negative difference was reported under the item differences from capital consolidation in the amount of EUR 1,192 thousand (previous year: EUR 1,303 thousand), as this difference has no equity character. The difference from capital consolidation is released to income over a period of 20 years.

e) Provisions

The provision for pensions and similar obligations was formed using the actuarial going concern method. The following assumptions were taken into account for the calculation:

average market interest rate of 2.71% for a term of 15 years, which was announced by the Deutsche Bundesbank

The entitlement trend was taken into account at 0% for non-salary-related capital commitments.

Mortality tables according to Dr. Klaus Heubeck "2018 G mortality table"

When recognizing the provisions based on the corresponding average market interest rate from the past seven financial years, there is a value as of December 31, 2019 i. hv EUR 23,817,049.00. The difference to the recognition of the provisions based on the corresponding average market interest rate from the past ten financial years is therefore EUR 1,457,162.00 as of December 31, 2019. This difference is subject to a distribution block, ie profits may only be distributed if the freely available reserves plus any profit carried forward and less a loss carried forward less any loss carried forward are at least equal to this difference.

The tax provisions relate to final payments not yet paid for previous years and the 2019 assessment period.

f) Liabilities

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group	of which with a remaining term of up to one year		thereof with a remaining term of between one and five years		thereof with a remaini more than five years	
	12/31/2019 EUR thousand	previous year EUR thousand	12/31/2019 EUR thousand	previous year EUR thousand	12/31/2019 EUR thousand	pre EUR
Liabilities to credit institutions	12	759	0	0	0	
Advance payments received on orders	228,446	85,637	0	0	0	
liabilities from goods and services	58.151	54,469	0	0	0	
Liabilities to companies in which an investment is held	2.114	2,076	0	0	0	
Other liabilities	42,450	37,774	0	263	871	
	331.173	180,715	0	263	871	

Other liabilities include liabilities to shareholders in the amount of EUR 24,297.12.

g) Deferred tax liabilities

Provisions for deferred tax liabilities of EUR 5,403 thousand (previous year: EUR 5,900 thousand) were formed in the consolidated financial statements.

6. Notes to the Profit and Loss Account**a) Revenue**

The total operating performance is distributed across the Group according to the following product areas:

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	2019		Previous year
	kEUR	%	kEUR
expansion	657,234	60.4	694,033
facade construction	221,460	20.4	197,541
environmental protection technology	90,471	8.3	80,857
trade/services	118,345	10.9	102,001
	1,087,510	100.0	1,074,432
from that			
inland	550,345	50.6	579,188
abroad	537,166	49.4	495,244
	1,087,510	100.0	1,074,432

In the Group, sales are distributed according to the following product areas:

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	2019		Previous year
	kEUR	%	kEUR
expansion	604,193	57.0	648,240
facade construction	254,616	24.0	166,308
environmental protection technology	82,777	7.8	89,346
trade/services	118,345	11.2	102,001
	1,059,931	100.0	1,005,895
from that			
inland	489,177	46.2	537,039
abroad	570,754	53.8	468,856
	1,059,931	100.0	1,005,895

The Lindner Group's sales abroad were mainly generated in Europe.

b) Other operating income

In the Group, this item mainly includes rental income, car usage fees, reimbursement of third-party personnel costs, tools and construction site materials passed on, and book profits from the disposal of assets.

Also included are income relating to other periods, such as reversals of provisions of EUR 18,371k (prior year: EUR 33,277k).

Other operating income includes EUR 7,978k (prior year: EUR 10,602k) in income from currency translation.

c) Depreciation of intangible and tangible assets

Scheduled depreciation was carried out in accordance with the statutory provisions.

d) Other operating expenses

The other operating expenses mainly include building and property expenses, rent, tool costs, warranties, office supplies, travel, postal and advertising costs as well as the formation of value adjustments and additions to provisions for risk provision.

Other operating expenses include EUR 11,297k (prior year: EUR 10,644k) in expenses from currency translation.

e) Other interest and similar income/interest and similar expenses

Other interest and similar income includes EUR 273 thousand (previous year: EUR 548 thousand) in income from discounting. Interest and similar expenses include expenses from discounting of EUR 1,771 thousand (previous year: EUR 4,684 thousand).

f) Extraordinary depreciation

The unscheduled depreciation of current assets is EUR 0.00 thousand (previous year: EUR 0 thousand), the unscheduled depreciation of fixed assets is EUR 0 thousand (previous year: EUR 0 thousand).

g) Income of exceptional magnitude

An income subsidy of EUR 45,304,819.53 (previous year: EUR 64,000k) was posted, which was given to the Lindner Group KG by Lindner Beteiligungs GmbH, Arnstorf. Lindner Beteiligungs GmbH, Arnstorf, holds 78.18% of the Lindner Group KG as a limited partner.

h) Income taxes

Due to the profit and loss transfer agreement between Lindner AG, Arnstorf, and Lindner Beteiligungs GmbH, Arnstorf, the tax expense is transferred to Lindner Beteiligungs GmbH, Arnstorf.

7. Other information

a) Units and investment shares in domestic investment funds

As of December 31, 2019, the Group held more than 10% of the shares in the public fund LINVEST (ISIN DE000A0NA4F9) in current assets. It is an accumulating equity fund. With value date February 12, 2009, 12,000 shares were acquired at a price of EUR 1,005.83 per share (book value EUR 12,070 thousand). As of value date June 1, 2010, a further 13,450 shares were acquired at a price of EUR 1,114.35 per share certificate (book value EUR 14,988 thousand). Further shares were acquired in 2011: 1,020 shares on March 21, 2011 at a price of EUR 1,147.80 per share certificate (book value EUR 1,171 thousand) and 9,080 shares on December 20, 2011 at a price of EUR 1,111.96 per share certificate (book value EUR 10,097 thousand). At the same time 20. On December 31, 2011, 11,000 of the existing 12,000 shares in the LINVEST mutual fund held in financial assets were sold, which were acquired on May 30, 2008 at a price of EUR 1,000.00 per share certificate. On July 24, 2012, 289 shares were purchased at a price of EUR 1,147.59 per share certificate (book value EUR 332 thousand). On September 13, 2012, 1,000 shares were sold at a price of 1,157.76 per share (these 1,000 shares were recorded in fixed assets with a historical price of kEUR 1,000 per share). On September 20, 2013, 101 shares were sold at a price of 1,182.75 per share (these 101 shares were recorded in fixed assets with a historical price of kEUR 1,000 per share). On September 23, 2013, 45 shares were acquired at a price of 1,186.38 per share certificate (book value EUR 53 thousand). On November 27, 2013, a further 8,300 shares were purchased at a price of 1,209.97 per share certificate (book value EUR 10,043 thousand). On March 20, 2014, 8,290 shares were acquired at a price of 1,210.02 per share certificate (book value EUR 10,031k). On June 25, 2014, 4,000 shares were purchased at a price of 1,242.49 per share certificate (book value EUR 4,970 thousand). On August 21, 2014, a further 11,938 shares were acquired at a price of 1,256.45 per share certificate (book value EUR 15,000 thousand). On August 10, 2015, 3,000 shares were acquired at a price of 1,347.38 per share certificate (book value EUR 4,042 thousand). On August 24, 2015, a further 420 shares were sold at a price of 1,315 each, 90 per share certificate (book value EUR 553 thousand). On January 11, 2018, a further 10,100 shares were acquired at a price of 1,518.09 per share certificate (book value EUR 15,333 thousand). On February 8, 2018, a further 4,690 shares were acquired at a price of 1,444.63 per share certificate (book value EUR 6,775k). On August 24, 2018, a further 2,950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491 thousand). On March 8, 2019, a further 13,327 shares were acquired at a price of 1,503.12 per share certificate (book value EUR 20,032 thousand). On May 16, 2019, a further 22,660 shares were acquired at a price of 1,547.22 per share certificate (book value EUR 35,060 thousand). 518.09 per share certificate (book value EUR 15,333 thousand). On February 8, 2018, a further 4,690 shares were acquired at a price of 1,444.63 per share certificate (book value EUR 6,775k). On August 24, 2018, a further 2,950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491 thousand). On March 8, 2019, a further 13,327 shares were acquired at a price of 1,503.12 per share certificate (book value EUR 20,032 thousand). On May 16, 2019, a further 22,660 shares were acquired at a price of 1,547.22 per share certificate (book value EUR 35,060 thousand). 518.09 per share certificate (book value EUR 15,333 thousand). On February 8, 2018, a further 4,690 shares were acquired at a price of 1,444.63 per share certificate (book value EUR 6,775k). On August 24, 2018, a further 2,950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491 thousand). On March 8, 2019, a further 13,327 shares were acquired at a price of 1,503.12 per share certificate (book value EUR 20,032k). On May 16, 2019, a further 22,660 shares were acquired at a price of 1,547.22 per share certificate (book value EUR 35,060 thousand). 950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491k). On March 8, 2019, a further 13,327 shares were acquired at a price of 1,503.12 per share certificate (book value EUR 20,032k). On May 16, 2019, a further 22,660 shares were acquired at a price of 1,547.22 per share certificate (book value EUR 35,060 thousand). 950 shares were acquired at a price of 1,522.23 per share certificate (book value EUR 4,491k). On March 8, 2019, a further 13,327 shares were acquired at a price of 1,503.12 per share certificate (book value EUR 20,032k). On May 16, 2019, a further 22,660 shares were acquired at a price of 1,547.22 per share certificate (book value EUR 35,060 thousand).

The market value of the securities account on the balance sheet date was EUR 1,662.14 per share. With a total of 125,559.40 shares in the portfolio, this resulted in a fair value of EUR 208,652k as of December 31, 2019. The difference between market value (fair value) and book value was EUR 52,851 thousand. With the exception of the assets for partial retirement and working hours (8,854 shares), which are invested separately in accordance with the regulations on insolvency protection, the fund shares can be sold at any time with a two-day value date.

The Group also holds more than 10% of the LIND I special fund as current assets. It is a pension fund. The owner of the shares decides annually on the distribution or reinvestment of the ordinary income from the fund. The special fund was set up in 1998

and the funds were increased at irregular intervals. Of the 1,349,510 shares as of December 31, 2010 with a book value of EUR 74,938k (EUR 55.53 per share) and a fair value of EUR 82,064k, 168,663 shares were sold in the 2011 financial year at a price of EUR 59.29. On October 16, 2015, 69,832 shares were acquired at a price of 71.60 per share (book value EUR 5,000 thousand). January 29, 2018 turned 69. 500 shares at a price of 71.82 per share certificate (book value EUR 4,992 thousand). On August 28, 2018, 77,128 shares were acquired at a price of 71.31 per share certificate (book value EUR 5,500 thousand). On March 12, 2019, 203,737 shares were acquired at a price of 71.17 per share (book value EUR 14,499 thousand).

The book value of the deposit as of the balance sheet date of December 31, 2019 was EUR 95,351 thousand. The market value of the deposit as of the balance sheet date December 31, 2019 was EUR 73.66 per share and there were 1,601,044 shares in the deposit (fair value as of December 31, 2019: EUR 117,932k). The difference between market value and book value is EUR 22,581 thousand. The fund units can be sold at any time with a two-day value date.

The group also holds more than 10% of the Lind2 special fund as current assets. It is a money market-like fund for medium-term investments that invests primarily in bonds, with a maximum of 10% in equities.

In 2016, shares in the LIND 2 securities fund were also purchased:

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– 11/02/2016: 50,000 pieces; Price per share certificate: EUR 100.00
– 11/10/2016: 23,004 pieces; Price per share certificate: EUR 99.98
– 11/15/2016: 19,134 pieces; Price per share certificate: EUR 100.70
– December 15, 2016: 29,821 pieces; Price per share certificate: EUR 100.60
– 12/22/2016: 29,623 pieces; Price per share certificate: EUR 101.27

In 2017 further shares were bought:

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– 01/12/2017: 49,382 pieces; Price per share certificate: EUR 101.25
– 01/19/2017: 19,760 pieces; Price per share certificate: EUR 101.21

The following shares were acquired in 2018:

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– 01/16/2018: 97,200 pieces; Price per share certificate: EUR 102.88
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The following shares were acquired in 2019:

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– 2019-03-08: 157,140; Price per share certificate: EUR 101.82
– The following shares were sold in 2019:
– 2019-12-13: 125,957; Price per share: 103.21
– 12/20/2019: 69,721; Price per share: 103.27

The book value as of December 31, 2019 is EUR 28,361,882.08. The price per share certificate on the balance sheet date is EUR 103.27, the current value of the deposit is therefore EUR 28,852,192.19.

b) Other financial obligations

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group	due 2020 KEUR	due 2021 to 2024 EUR thousand	due after EUF
Obligations from rental and lease agreements	3,624	4,172	
Service Contract Obligations	143	102	
Obligations from maintenance contracts	2	0	

group	due 2020 kEUR	due 2021 to 2024 EUR thousand	due after EUR
Obligations from leasing contracts	0	0	
Obligations from supply contracts	6,513	0	
Commitments from investment projects started	3,397	0	
	13,681	4,274	

c) Contingent Liabilities

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	kEUR	Pre
Assumption of liability / guarantees	151,441	
Contingent liabilities from independent guarantees	39,665	
Contingent liabilities from bills of exchange and check guarantees	0	

The construction projects of the Lindner Group are processed in accordance with the contract and defects are rectified promptly after completion. In this respect, the risk from the use of sureties and guarantees is considered to be low. Furthermore, there are guarantees from Lindner AG for financial transactions (over-the-counter derivatives). Utilization is classified as low.

In a letter of support to Shanghai Lindner Innovative Interiors Co., Ltd., Lindner AG undertakes to provide this company with the necessary financial resources in such a way that business operations can be maintained and that it is able to meet its due liabilities at any time to settle.

There are memberships in working groups where there is joint and several liability. A guarantee was issued for a construction project for a subsidiary not included in the consolidated financial statements. One undertakes to assume any subsequent improvements, costs and defects in the construction project that may arise from this. There are currently no indications that a claim could be made, as no notification of defects has been received to date.

d) Valuation Units

The company uses derivative financial instruments to hedge against foreign currency risks resulting from cash flows in existing or planned construction projects of Group companies. The transactions are concluded by the in-house bank on the one hand with the relevant company and on the other hand an offsetting transaction is concluded with an external bank. The underlying transactions are hedged exclusively using micro-hedges, so that there is an underlying underlying transaction for each hedging transaction that is congruent with the hedging transaction in terms of currency, the expected cash flows and the volume as well as the term.

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	currency	Volume hedging net position in fc	Amount
assets	AED	-6,493,326.74	
	GBP	-2,000,000.00	
	PLN	1,000,000.00	
	USD	7,098,517.79	
pending deals	AED	986,497.91	
	OMR	3,487,500.00	
	PLN	2,519,318.67	

The fair value of the forward exchange transactions concluded to hedge foreign currency exchange rates is calculated as the difference between the cash values of the cash flows based on the contractually agreed forward rate and the forward rate on the balance sheet date. As in the previous year, no provisions were made for impending losses from pending transactions for forward exchange transactions with a negative fair value, since the level of hedging was almost 100%. The countervailing changes in value or cash flows are offset in the following 6 years 7 months, depending on the remaining term of the underlying transaction and the associated hedging transaction.

The effectiveness of the valuation unit is determined using the critical term match method. The determination of effectiveness is measured prospectively for the most part as of the reporting date. The measurement can only be carried out retrospectively in a few cases, when the underlying transaction has already been realised. Accounting is based on the freezing method.

e) Appropriation of profits of the Lindner Group KG

The annual surplus of the Lindner Group KG in the 2019 financial year in the amount of EUR 23,020,495.80 will be distributed according to the resolution of the shareholders' meeting.

f) Exemption regulations according to Section 264 (3) and (4) HGB and Section 264b HGB

The following subsidiaries make use of the exemption provisions under Section 264 (3) and (4) HGB and Section 264b HGB.

1. Lindner AG, Arnstorf
2. Lindner Finanz GmbH, Arnstorf
3. Lindner Facades GmbH, Arnstorf
4. Enderes GmbH, Arnstorf
5. Lex Fittings and Building Supplies Trading GmbH, Arnstorf
6. Lindner Real Estate Verwaltungs GmbH, Arnstorf
7. Lindner Isolating Technology & Industry Service GmbH, Arnstorf
8. Lindner Montage + Service GmbH, Berlin
9. Lindner Klimaservice GmbH, Leipzig
10. Lindner Vermögensverwaltungs GmbH, Arnstorf
11. Lindner asset investment and management company mbH, Arnstorf
12. Lindner Immobilienverwaltung GmbH & Co. KG, Arnstorf
13. Lindner Agriculture and Forestry GmbH & Co. KG, Arnstorf
14. Schlossbräu Mariakirchen GmbH & Co. KG, Arnstorf
15. Einsteinstrasse 34 GmbH & Co. KG, Munich
16. Lindner Scaffolding GmbH, Kolkwitz
17. Lindner Group Immobilien GmbH & Co. KG, Arnstorf
18. Lindner Norit GmbH & Co. KG, Dettelbach
19. Lindner L+F Verwaltungs GmbH, Arnstorf
20. Beta Brandschutztechnik GmbH, Abensberg

g) Supplementary report

The coronavirus (Covid-19), which has been spreading rapidly since the beginning of 2020, is expected to have an impact on overall economic development in Europe and worldwide.

Although the extent of the overall impact cannot be reliably quantified at this point in time, negative impacts on the assets, financial and earnings position of the Lindner Group are considered possible. Additional burdens on earnings would be the consequence.

i) Employees (annual average)

	2019 Group previous year
Wage earners	3,594
employee	3.411
trainee	7,005
	261
	7,266

This includes 44 employees (previous year: 51) from proportionally consolidated companies.

i) Remuneration of board members

According to § 286 Para. 4 HGB, the total remuneration is not stated.

j) Auditor's fee

The total fee charged by the auditor of the consolidated financial statements in the 2019 financial year relates to the following services:

- a) Final examination performance
- b) Other Confirmation Services
- c) tax advisory services
- d) Other services

Arnstorf, April 28th. 2020

Lindner Group limited partnership
Hans Lindner, Managing Personally Liable Partner
Veronika Lindner, Managing General Partner

Lindner Group SE, Baden near Vienna/Austria
Managing general partner
represented by
Veronika Lindner, Chairwoman of the Board of Directors
Stephanie Lindner, Member of the Board of Directors

Independent Auditor's Report

To the Lindner Group KG, Arnstorf

audit opinions

We have the consolidated financial statements of Lindner Group KG, Arnstorf, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of December 31, 2019 and the consolidated income statement for the financial year from January 01, 2019 to December 31, 2019 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Lindner Group KG, Arnstorf, for the financial year from January 1, 2019 to December 31, 2019.

According to our assessment based on the knowledge gained during the audit

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the attached consolidated financial statements comply in all material respects with the applicable German commercial law provisions pursuant to Section 13 PubLG and, in compliance with German generally accepted accounting principles, convey a true and fair view of the assets and financial position of the Group as of December 31, 2019 and its earnings position for the financial year from January 1 to December 31, 2019 and

the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, the group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.

Basis for the test results

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and group management report" section of our auditor's report. We are independent of the group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply in all material respects with the applicable German commercial law provisions pursuant to § 13 PubLG, and for the fact that the consolidated financial statements, in compliance with German generally accepted accounting principles, give a true and fair view of the assets, Group's financial and earnings situation. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements,

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the executive directors are responsible for preparing the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions,

Auditor's responsibility for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, with the consolidated financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the consolidated financial statements and on the group management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

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We identify and assess the risks of material - intentional or unintentional - misstatements in the consolidated financial statements and the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than that arising from error, as fraud involves collusion, forgery, intentional omissions, misrepresentations or

We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the group management report in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of providing an audit opinion on the effectiveness of these to deliver systems.

We evaluate the appropriateness of the accounting methods used by the legal representatives and the justifiability of the estimates presented by the legal representatives and the related disclosures.

We conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to this in the consolidated financial statements and group management report in the auditor's report, or if this information is inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the assets, financial and results of operations of the group.

We obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.

We assess the consistency of the group management report with the consolidated financial statements, its compliance with the applicable German legal provisions and the view of the group's position that it gives.

We perform audit procedures on the future-oriented information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a significant unavoidable risk

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

Munich, April 28, 2020

Warth & Klein Grant Thornton AG
auditing company
Stephan Mauermeier, auditor

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