Annual Press Conference of HAMBORNER REIT AG

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- Check against delivery –

Ladies and gentlemen,

We bid you a warm welcome to this year's analysts' press conference of HAMBORNER REIT AG: My colleague Mr. Schmitz and I will be presenting the key data of our annual financial statements and reporting on the key business events. In your documents you will find the charts, the speeches, our press release and an advance copy of our annual report.

2010 was an eventful and important year for our company in many respects. In addition to the transformation into a REIT at the beginning of the year, the successful capital increase in autumn was a further key moment. Overall, HAMBORNER

- continued its positive development of recent years
- established itself of the capital market as a REIT
- expanded its portfolio in line with its strategy, particularly in the south of Germany, thereby increasing its regional diversification and
- not to be forgotten, also achieved good operating results.

After establishing the requirements for transformation into a REIT in the previous years, REIT status has had a material effect on the company and its figures in the 2010 financial year. We are now exempt from corporation and trade tax at company level. Before tax exemption took effect, however, there was the exit taxation resulting in a cash outflow of €16.6 million. The effect on earnings was with €2.8 million much lower due to the simultaneous release of deferred taxes. In spite of this one-time, non-recurring effect, we significantly increased our net profit for the year.

We also increased net rental income and our key financial figure FFO. In addition, we still have an extremely strong equity base and are fully financed in the long term. We do not have any refinancing problems of any kinds. As a REIT, HAMBORNER is transparent, streamlined and has a solid business model. As it grows, the company will realize economies of scale, leading to further improvements in its cost and income structures.

We would now like to underline this positive view using the figures from our annual financial statements.

Chart 2 shows an overview of several key figures:

- Rental revenues climbed by 11.5% to €25.0 million.
- At €12.3 million, the operating result is up 18.3% year-on-year and the net profit for the year up 8.2% at €5.5 million.
- Our equity ratio, by REIT definition, is 75%. Our LTV is extremely low at 19.3%.
- FFO is €12.0 million in absolute terms, a rise of around 25% as against the previous year. Based on the 50% more shares as a result of the capital increase, this means an FFO per share of € 0.35.
- We will be proposing a dividend of €0.37 per share at the Annual General Meeting. Based on the share price at the end of the year, this corresponds to a dividend yield of 4.8%.
- The net asset value (NAV) as at 31 December 2010 was €8.80 per share. The

decline on the previous year is due to the exit tax and the capital increase.

I will now present a few details on these figures and the underlying activities:

Chart 3. Overall, we have continued the positive operating performance of the previous years. Rents rose by around 11.5% in absolute terms on account of the new acquisitions of recent years. On a like-for-like basis rents declined moderately by around 1.5%. This is on a low overall vacancy rate of 2.5%, which even fell to 1.5% including rent guarantees.

We were extremely successfully in acquisitions. In the 2010 financial year, six properties with an investment volume of around € 65 million were transferred into our ownership. Purchase agreements for six more properties with a volume of around €98 million had been notarised as at the end of the year and will be transferred at a later date.

We sold a small property in Hamm that was no longer consistent with our strategy. We have also taken a big step forward in the sale of our agricultural and forestry land. Overall, we sold land

with a total area of around 2.1 million m² generating revenues of approximately € 2.8 million in the process.

Again our portfolio was evaluated externally by Jones Lang LaSalle. According to this, our properties had a market value as at 31 December 2010 of around €376 million. This is the main foundation for the NAV of €8.80 per share calculated in line with the EPRA standard.

As in the previous years, we balance our properties conservatively at historical aquisistions and construction costs less normal, annual depreciation. Losses due to revaluation are therefore deducted from hidden reserves and do not necessarily affect earnings. However, there is also the potential for appreciations. This is the case for assets with extraordinary depreciations in the past. Thanks to the relatively stable value of our assets we therefore had 2010 appreciations of €2.1 million and extraordinary depreciations of only €0.3 million.

Chart 4 shows our profit and loss account according to IFRS. Net rental income amounted to €22.1 million and therefore again posted double-

digit growth of 11% due to the new acquisitions in the past two years.

The operating result was € 12.3 million after € 10.4 million in the previous year. The rise of 18.3% is essentially thanks to higher net rental income. Another positive factor was the fact that in spite of the company's growth, administrative and staff costs were nearly unchanged as against the previous year at € 3.6 million. Other operating expenses were even down significantly. This shows that we can realize economies of scale as we continue to grow and thereby increase our efficiency. We are also keeping a close eye on our cost structures as we keep on growing!

Depreciations increased by 9.6% to around €8.0 million as a result of the new aquisitions. As I mentioned we had also appreciations of €2.1 million which are reported in the other operating income.

EBIT amounted to €14.6 million after €10.9 million in the previous year. Gains on the disposal of properties accounted for €2.2 million of this, a significantly higher figure than in the previous year (€0.4 million).

The financial result amounted to €-6.3 million in 2010. Interest expenses on acquisition finance of €-6.6 million were offset by lower interest income than in the previous year of €0.3 million. Following the deduction from EBIT of net finance costs and taxes, the net profit for the year amounted to €5.5 million, up 8.2% on the previous year. As I have already mentioned, the high tax expenses were due to the exit tax.
The basis for our good results and stable operating performance is the rental income. Therefore the structure of rental income is very important. Around 63% relates to retail properties and 32% to offices. This breakdown shows a healthy risk mix.

Chart 5 lists our ten biggest tenants, with which we generate around half of our rental income. The Kaufland Group, EDEKA, Areva, OBI, the Federal Employment Agency and so on are tenants who give us a certain degree of security because of their creditworthiness.

The remaining term of rental agreements weighted by rental income over the entire portfolio is 6.5 years **(Chart 6)**. Broken down by asset class, this is 9.5 years for large-scale retail, 4.1 years for offices and 5.4 years for high street properties. Also, more

than 60% of the contractual rental income does not expire until 2015 or later.

The structure of our portfolio, the composition of our tenants and the terms of leasing agreements play a key role in keeping HAMBORNER's income development very stable, even under difficult economic situations.

This is also shown by the development of FFO, our key financial figure. (**Chart 7)** We calculate FFO conservatively without gains on disposal, which means that FFO is a good representation of long-term, operative earnings power. In 2010, FFO increased strongly by 25%.

At the end of 2010 again Jones Lang LaSalle had evaluated our portfolio as shown by **Chart 8**. Starting with a market value of around €308 million at the end of 2009, the value of the portfolio has increased to €376 million as the result of acquisitions. Overall, the value of our portfolio has proved highly stable. There were no losses on revaluation.

Based on the external portfolio valuation, NAV per share amounted to €8.80 as at 31 December 2010

(Chart 9). The drop to previous year (€ 10.37 per share) is due to the cash outflow because of the exit-tax and to the attractive conditions of the capital increase. With a share price at the end of the year of € 7.77 and NAV of € 8.80 per share, this represents a discount of around 12%.

Following these comments now some short remarks to the balance sheet, as shown on **Chart 10**. Investment properties had a book value of € 321.5 million after € 257.4 million in the previous year. Cash and cash equivalents amounted to €83.6 million due to the proceeds from the capital increase. However, our bank balances and cash in hand will normalize by the acquisitions with transfer of ownership in 2011.

On the equity and liabilities side, equity rose to around € 226 million as a result of the capital increase. The company thus has a book equity ratio of 55.5%.

Chart 11 shows our sound financial framework.

As at the end of 2010, HAMBORNER had financial liabilities of around €155 million. Taking into account cash and cash equivalents, the net

financial debt amounts to €71.4 million. The LTV (loan-to-value), i.e. the ratio of net debt to market value of the portfolio is 19.3%. The equity ratio based on fair value comes to a comfortable 74.9%. In addition, we have nearly no refinancing requirements in the coming years given the current liabilities structure.

Our financing is set up at fixed, long-term conditions. Our actual average interest rate on financial liabilities is 4.4 % over an average remaining term of 7.9 years. As these figures prove, HAMBORNER has an extremely solid financial framework.

Ladies and gentlemen,

Let me conclude with a brief summary and outlook for 2011 **(Chart 12)**:

1. 2010 was an all-round success for HAMBORNER, in terms of corporate strategy, the capital markets and operations as well. We have established ourselves as a REIT, continued our growth, successfully placed the capital increase and improved all key financial figures.

2. As for our outlook:

- We will continue to expand the portfolio in 2011. We have already added two properties and others will follow shortly.
- We are again forecasting double-digit growth in rental revenues of around 20% to over €30 million. We intend to increase FFO larger by around 25 - 30%.

Chart 13: Given the good business performance and the prospects for 2011, we will be proposing a dividend of 37 cents per share at the Annual General Meeting on 17 May. The dividend per share is therefore unchanged as against the previous year in spite of the 50% increase in the number of shares following the capital increase. Thus, we are continuing our long-standing practice of stable, from time to time rising dividends.

Thanks for listening!