

**Annual Accounts Press
Conference
of HAMBORNER REIT AG**

Hans Richard Schmitz

29 March 2011

- Check against delivery –

Ladies and gentlemen,

Allow me to also welcome you to this year's accounts and analysts' press conference. My colleague Dr. Mrotzek has provided you with details of the figures that we find to be very gratifying. I would now like to talk about a few strategic aspects, the development of our portfolio and our positioning on the capital market.

Chart 14 The motto for HAMBORNER REIT's strategy is "value-adding growth through the ongoing expansion of the portfolio". Here, we are pursuing two primary strategic objectives. Firstly, there is the expansion of our current commercial property portfolio with a view to increasing returns by buying larger properties and selling smaller ones. As the management of larger properties incurs proportionately lower costs relative to rental income, this will allow us to improve our cost-income structures significantly and thereby generate the economies of scale already alluded to. We have made good progress in this regard in 2010. The average value of the properties in our portfolio was around €5.4 million at the end of 2009. In 2010 the average volume of our acquisitions was €13.5 million. In terms of disposals, we not only

sold a small property in Hamm, but we are also not allowing ourselves to be pressured. We are not willing to accept offers that are significantly below the fair value, especially if the properties are fully let.

Secondly, we are targeting regional diversification in the high-growth areas of Germany, which are mainly in the south and southwest. Here, we are focusing on towns outside major cities where we are still finding attractive levels of return. We were also successful in pursuing this goal in 2010. We acquired properties in Bavaria and Baden-Württemberg for more than €115 million.

Chart 15 While our portfolio featured only one property in the south/southwest at the end of 2006, this figure will rise to eleven following the addition of all the notarised acquisitions. Overall, at the end of 2010, our portfolio consisted of 62 properties at 45 locations in Germany, which contributed roughly equally to rental income based on our three asset classes. This is a composition that we hope to retain going forward.

The undeveloped land of around 2.4 million m² left over from our mining days will be reduced only gradually. I do not anticipate that we will again see

as large a sale as we did in 2010 when we sold 1.9 million m² to Landesbetrieb Wald und Holz NRW.

Chart 16 I presented the properties added to the portfolio at the start of 2010 in Erlangen und Hilden at last year's press conference.

Chart 17 This also goes for our small high street property in Kamp-Lintfort. A new addition in mid-2010 was a shopping centre in Stuttgart-Zuffenhausen. In terms of large-scale retail, Stuttgart is well below the national average. This location, between a commercial area that is home to Porsche and the residential district of Zuffenhausen, was therefore correspondingly hard fought for. We proudly see this purchase as a flagship acquisition for 2010 as it is a fine example of what we are looking for. The property is new and will therefore require little maintenance in the coming years. The lease is long-term – 18 years when we took it over and with a return of over 7%. These three factors will contribute significantly to HAMBORNER's success.

Chart 18 The office property in Ingolstadt also has a highly attractive gross initial yield of 7.8%. The building is located in the northeast of Ingolstadt on a main

road not far from the A9 autobahn. The centre of Ingolstadt is just five minutes' drive away. The property is set back slightly from the road but is highly noticeable next to new EDEKA and Aldi buildings. Overall, the location can be seen as a good office site with growth prospects that will profit from the excellent infrastructure and its own identity. The main tenant here is the European headquarters of Kaspersky Lab, a renowned manufacturer of security software. The lease has a remaining term of over nine years.

In Lemgo, we acquired a prime location in a former Hertie building. The property has been thoroughly renovated and is now home to two clothing chains, C&A and H&M. It is located in the best part of the relatively long pedestrian zone Mittelstrasse, which is primarily characterised by smaller, half-timbered buildings. Other nearby stores include Gerry Weber, Street One, dm and Bonita. There is ample public parking in the surrounding area and the path to the main parking garage for the city centre is right next to the property. The building is practically the only large-scale retail space in the city centre. The leases run for another ten years and have an initial gross yield of 7%.

Chart 19 At the start of January of this year, the headquarters of SFC Energy AG were added to our portfolio. SFC is the world market leader for transportable fuel cells. The property is located in a commercial area near the famous Brunnthal merging point near Munich. The lease still has more than nine years to run with a gross initial yield of 7.6%.

We have acquired a property consisting of office and retail space in the pedestrian zone of Bad Homburg. It is at a prime location diagonally opposite the Kurhaus. The main tenants are Nassauische Sparkasse, Hussel and a chemists. The leases have a relatively short remaining term of around just four years, though we feel there is potential here. The property was added to the portfolio at the start of March and has a gross initial yield of 6.3%.

Chart 20 The Regensburg specialist medical centre will join our portfolio the day after tomorrow. It is in the direct vicinity of a Caritas hospital, which is also the teaching hospital of Regensburg University and specialises in oncology. There are a number of synergies between the hospital and the medical

centre. For example, some doctors work in the hospital and have their practices in our building. We have had very good experiences with doctors in the past as they usually stay in their premises for a very long time on account of the high costs of moving. The leases have a remaining term of more than seven years with a gross initial yield of around 6.8%.

We will also pay the purchase price of around €12 million for the OBI DIY store in Leipzig the day after tomorrow. The property is in the city centre on a main access road, directly next to the main train station with the ECE centre. The Nikolai-/Petersstrasse pedestrian zone is around five minutes' walk away. More than 100,000 people live in the direct vicinity. Compared to the competition, the property's location is the best. The previous OBI in the Paunsdorf centre was closed when this new property was opened. The lease still has almost 14 years to run with a gross initial yield of 7.6%.

Chart 21 In the third quarter of 2011, we are anticipating the completion and subsequent addition of our largest property to date with a purchase price of around €28 million. Campus Rötelpark is the centre of a new district in Erlangen built on a former barracks area. The main tenants for the office and retail

space are Konsum, dm and Pfrimmer. The leases have an average term of ten years with a gross initial yield of 6.9%.

By the start of 2012 at the latest, a further retail centre in Freiburg will also join our portfolio. A new building will be built here to replace an out-of-date Edeka store. As in Stuttgart, the lease will run for 18 years on handover. The gross initial yield will be 7.5%.

Chart 22 My colleague Dr. Mrotzek has already told you our outlook for the current year. Please allow me to back this up with a few figures. The investments of around €86 million that we will perform this year will result in annual rental income of more than €6 million and an FFO contribution of around €3.6 million. This clearly shows that we can leverage economies of scale even while maintaining strict cost control.

Chart 23 Even though the figures we have just presented may make it seem as if the 2011 financial year was already over, we will not be resting on our laurels – we will be continuing to invest the funds generated by the capital increase. Our pipeline currently consists of five properties with an investment

volume of €76 million. Of these, the three high street properties could be added to the portfolio before the end of this year, while the retail properties are still in the construction and planning phases. They will realistically be handed over in 2012.

Chart 24 2010 saw us operating not just on the transaction market but also on the capital market for the first time since the company was founded in 1953. In October we performed a capital increase, fully utilising our authorised capital and generating net proceeds of around €76 million to finance our further growth. In February of this year, our former major shareholder, HSH Real Estate AG, distributed its shares broadly among institutional investors in an accelerated book-building process. Overall, therefore, we placed HAMBORNER shares with a volume of around €170 million on the capital market in just a very short time.

These transactions also allowed us to make up for a significant disadvantage suffered by our shares, the lack of liquidity in trading. While we have long since satisfied the market capitalisation criterion for inclusion in the SDAX, this is now also true of our

stock market activity. We are delighted to have been an SDAX member since 21 March 2011.

Chart 25 Our shareholder structure has also changed significantly. We presently have no controlling shareholder. More than 70% of our shares are in free float. Our largest single shareholder is Professor Siegert, who has held these shares for some time. In addition, the transactions have garnered us international investors such as Ruffer and Asset Value Investors from London and LRI Invest from Luxembourg. We even have a major shareholder in distant Tokyo in Sumitomo Trust & Banking.

Chart 26 As anticipated, the capital increase performed at attractive conditions and the payment of the exit tax, which resulted in a reduction of net asset value, have caused a certain volatility in our share price. A matter of much more importance to us is the encouraging rise in volume since the capital increase, which has now brought us to the SDAX.

We will also be doing intensive investor relations work in the current year. We have already had our first roadshows and the next ones are already

mapped out, true to the motto “do good things and talk about it”.

Thank you all for listening!