Annual Accounts 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' and accounts 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 our charts, speeches and press release as well as an advance copy of our annual report.

From a macroeconomic perspective, 2012 was again a difficult year. The all-pervasive theme – carrying on from last year – was the sovereign debt crisis. Against the background of the euro debt crisis and a global recession, the German economy enjoyed only slight growth. As in previous years, however, the business performance of our company has proved largely impervious to these fluctuations in the economy. HAMBORNER can look back on another very successful year.

In 2012, our company has

- created conditions for further profitable growth thanks to the capital increase in July,
- invested EUR 78 million and expanded the portfolio in line with our strategy with three properties in Aachen, Tübingen and Karlsruhe,
- concluded further purchase agreements and thus fully and swiftly implemented the investment projects highlighted in advance of the capital increase,
- significantly improved the operating results against the background of a lower vacancy rate and thus
- retained its fundamentally solid financing position.

We would now like to back up this positive view with the figures from our annual financial statements.

Chart 2 shows an overview of several key figures, which I will come back to later in more detail:

- rental and leasing income climbed by 15% to EUR 37.0 million;
- at EUR 17.5 million, the operating result is up 17.6% year-on-year, while the net profit for the year remains the same as the previous year at EUR 7.7 million.
- Our equity ratio, by REIT definition, is 60.3%. We have a low LTV ratio of 34.2%.
- FFO is EUR 18.9 million in absolute terms, a rise of around 17.8% set against the previous year. This corresponds to an FFO per share of EUR 0.41.
- We will be proposing a dividend of EUR 0.40 per share at the Annual General Meeting. Based on the share price at the end of the year, this means a dividend yield of 5.3%.
- The net asset value (NAV) at 31 December 2012 was EUR 8.17 per share.

I will now present a few details on these figures and the activities that have led to them.

We have here **chart 3**. Overall, we have continued the positive operating performance of the previous years. Rents rose by around 15% in absolute terms in particular on account of the new acquisitions made in the past few years. On a like-for-like basis they rose 0.7%. This is against the background of an extremely low overall vacancy rate of 1.9%.

We were also successful in our purchases. In the 2012 financial year, three properties were transferred to our ownership at a total purchase price of around EUR 75 million.

Purchase agreements for three more properties with a volume of around EUR 90 million were notarised at the end of the year. Ownership is expected to be transferred in 2013.

We sold three smaller properties in Erfurt for a price of EUR 5.6 million because they were no longer consistent with our strategy. Moreover, we made further progress selling our agricultural and forest space and generated a book profit of around EUR 0.9 million from this in 2012.

We have again had our portfolio appraised externally. According to this, our properties had a market value of around EUR 580 million as at 31 December 2012. This is the main foundation for the NAV of EUR 8.17 per share calculated in line with the EPRA standard.

As in previous years, we carry our properties conservatively at cost 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 past impairment losses to be reversed if fair values remain constant or appreciate. Thanks to the stable performance of our portfolio, we therefore recognised reversals of impairment losses of EUR 0.3 million in the reporting year. No impairment losses were incurred.

Chart 4 shows our statement of comprehensive income based on net rental income. This amounted to EUR 33.2 million and therefore again showed significant double-digit growth at 17.6%. In particular, this was as a result of new acquisitions in the past two years.

The operating result was EUR 17.5 million, following on from EUR 14.9 million in the previous year. The rise of 17.6% 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 virtually unchanged at EUR 3.86 million as against the previous year of EUR 3.76 million. At 8.5%, the other operating expenses also rose more slowly than rental income. As we continue to grow, we can leverage economies of scale and thereby increase our efficiency. This is illustrated in **Chart 5**: Since 2006, we have increased the fair value of our portfolio from EUR 186 million to EUR 580 million. In the same period, the operating costs ratio, i.e. the relationship of administrative and personnel

costs to rental income, fell from over 20% to 10.4% in the 2012 financial year.

Depreciation and amortisation increased by 16.8% year-on-year to around EUR 12.3 million as a result of the new additions. We recognise our properties at depreciated cost and therefore report depreciation in the year under review. Depreciation was also offset by reversals of impairment losses of EUR 0.3 million, which are reported in other operating income.

EBIT amounted to EUR 18.4 million, following EUR 17.1 million in the previous year. The result from the sale of investment property of EUR 0.9 million is included in this.

Net finance costs amounted to EUR -10.6 million in 2012. Interest expenses on acquisition finance of EUR -11.0 million were offset by interest income of EUR 0.35 million.

After deducting the net financing costs and taxes from EBIT, the net profit for the year amounts to

EUR 7.7 million, which is at the same level as the previous year.

The basis for our good results and upward-trending operating performance is our rental income. Of particular importance here is its structure. Around 72% comes from retail properties and 28% from offices.

Chart 6 lists our ten biggest tenants, with which we generate around 50% of our rental income. EDEKA, the Kaufland Group, OBI, Areva, REWE and the German Federal Employment Agency are tenants of good credit standing. But this is also true of our smaller tenants. Thus in the 2012 financial year, all uncollectable receivables combined amounted to only 0.1% of total annual rent income. Our rental agreements are predominantly of a long-term nature. This also contributes to the stability of the rental cash flow.

The remaining term of rental agreements weighted by rental income over the entire portfolio is 7.2 years (**Chart 7**). Broken down by asset class, this is 10.7 years for large-scale retail, 3.9 years for offices and 8.2 years for high-street properties. More than 72% of the contractual rental income does not expire until 2017 or later.

The structure of our portfolio, the composition of our tenants and the terms of agreements play a key role in keeping HAMBORNER's income performance very stable, even during economic fluctuations.

This is also shown by the development of FFO, a highly important financial performance indicator for us. **Chart 8** here shows this. The FFO describes the cash flows generated before write-downs. We also calculate it conservatively without gains on disposal, which means that FFO is a good representation of long-term, operating earnings power.

In 2012, FFO increased very strongly in proportion to rental income by around 18%.

We have reported an ‘adjusted’ FFO for the first time. This also takes into account the capitalised maintenance expenditure not contained in the IFRS income statement. This amounted to EUR 1.3 million in the reporting year and related primarily to the modernisation of an office building in Dortmund. Together with the expenditure of EUR 2.1 million shown in the income statement, the repair expenditure thus amounted to around EUR 3.4 million in total in 2012. This corresponds to a value of approximately EUR 11 per m^2 of usable space.

We again had our portfolio appraised externally by JLL at the end of 2012. Please see **Chart 9** for this.

Starting with a market value of around EUR 504 million at the end of 2011, the value of the portfolio has increased to EUR 580 million as a result of acquisitions and the remeasurement. Overall, our

portfolio proved highly stable with appreciation of EUR 0.7 million.

Based on the external portfolio valuation, NAV per share amounted to EUR 8.17 at 31 December 2012 (**Chart 10**).

With a share price at the end of the year of EUR 7.48 and NAV of EUR 8.17 per share, this represents a discount of around 8.4%.

Following these comments on the statement of comprehensive income, the FFO and NAV, we now have some details on the statement of financial position, as shown in **Chart 11**. Investment property has a carrying amount of EUR 510.8 million set against EUR 435.2 million in the previous year. Cash and cash equivalents amounted to EUR 29.3 at the end of the year and thus increased by EUR 10.6 million over cash levels at the end of 2011 on account of the cash inflows from the capital increase.

On the equity and liabilities side, equity amounted to EUR 277 million. The company therefore has an equity ratio of 51.1%.

As we recognise assets and liabilities at cost, this does not include any hidden reserves due to higher market values.

Chart 12 shows the key financial data based on fair values, as demanded by REIT statutes.

As at 31 December 2012, HAMBORNER reported financial liabilities of around EUR 231 million. Taking into account cash and cash equivalents, the net financial debt amounts to EUR 201.4 million. The LTV (loan-to-value), i.e. the ratio of net debt to market value of the portfolio, is 34.2%. The equity ratio based on fair value comes to a comfortable 60.3%.

In addition, we are anticipating practically no refinancing requirements in the next four years given the current liabilities structure. Our fixed interest agreements do not begin to expire until

2017, and are then staggered well over multiple years.

Our financing is set up on fixed, long-term conditions. At the end of 2012, the average interest rate on our financial liabilities was around 4.4% over an average remaining term of 7.9 years.

Our debt financing costs are currently much lower than our average interest on debt capital. Thus at the end of the reporting period on 31 December, we had as yet uncalled loans of EUR 63.1 million. We have concluded further loan agreements for over EUR 33.3 million in the first two months of 2013. The average interest rate of these loans is 2.99%.

As these figures prove, HAMBORNER has an extremely solid financial framework that is geared to the long term.

Before I turn to our outlook, let me add one more brief comment on our growth. Growth for us is not an end in itself. I have already pointed out the reduced operating cost ratio. Ultimately, however,

the key performance indicator for us is FFO, and more precisely FFO per share.

Chart 13: Over the past few years, we have not only increased the rents and the FFO in absolute terms as a result of our new acquisitions, but have also exerted a sustainably positive influence on FFO per share. In 2012, FFO was EUR 0.41 per share and is thus higher than the EUR 0.37 in 2008, despite the doubling of the number of shares. As a result of property additions in 2012 and in the current year, FFO will increase further and is expected to exceed the EUR 0.47 per share from 2011.

Ladies and gentlemen

Let me conclude with a brief summary and outlook for 2013 **(Chart 14)**:

1. 2012 was another good year all round for HAMBORNER. Thanks to the capital increase in the summer, we have laid the foundations for further growth and further expanded our portfolio

with three high-yield properties. Thanks to the conclusion of more purchase agreements, we have promptly invested the proceeds from the capital increase in a way that enhances the cash flow and is above all profitable.

2. Our activities are not just geared towards short-term success, but also form the foundation for our sustainable development. And so to the **outlook**:

   The properties acquired in 2011 will contribute to rents and FFO throughout the whole of 2013. To this is added the rental income from our office properties in Munich and Berlin. The NuOffice in Munich was transferred on 1 January 2013 already, the EUREF building in Berlin just recently at the beginning of March. We are therefore assuming for 2013 an increase in rents of 20% and are aiming at similar growth of around 20% for FFO.

Chart 15: In the light of the business trend, we will propose to the Annual General Meeting on 7 May a

dividend of EUR 0.40 per share. This corresponds to a dividend yield of 5.3% based on the year-end share price.

To supplement our dividend proposal for the past year, we would today like to give you for the first time a **dividend outlook** for the following years. We want to distribute a dividend of at least EUR 0.40 per share in the next three years as well and, as the management, stand by this statement. We thus offer our shareholders planning security and are committed to continuing our business policy that focuses on the dividend.

Thank you all for listening!