



hamborner  
**REIT**



ZUKUNFT BRAUCHT SUBSTANZ

## Roadshow Presentation

Dr. Rüdiger Mrotzek

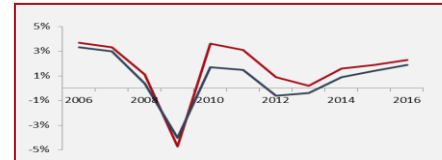
Hans Richard Schmitz

May 2015

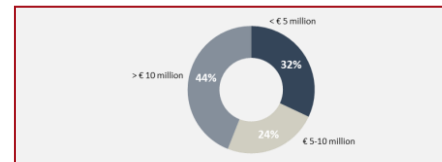
# Creating sustainable shareholder value

## Key investment highlights

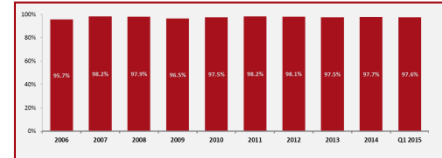
→ Capturing German momentum



→ Increasing portfolio quality



→ Strong asset and portfolio management



→ Robust financial position



→ Enhancing efficiency, increasing cash flow and dividend per share



→ Capital markets track record



## Agenda

- 1** Capturing German momentum
- 2 Increasing portfolio quality
- 3 Strong asset and portfolio management
- 4 Robust financial position
- 5 Enhancing efficiency, increasing cash flow and dividend per share
- 6 Capital markets track record
- 7 Appendix

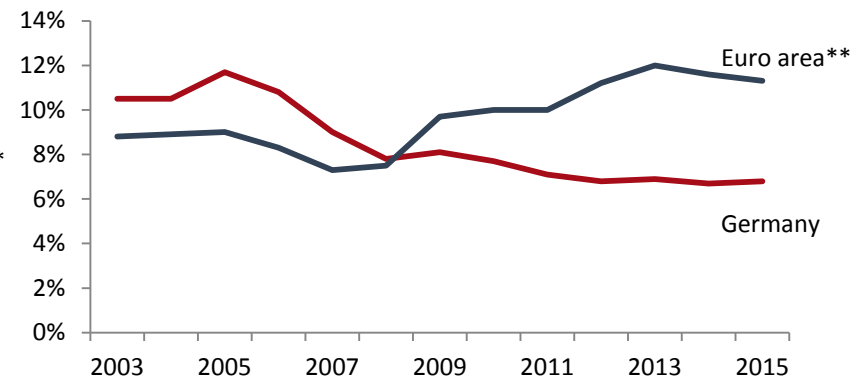
## Capturing German momentum

# Well positioned to capture German momentum

**GDP growth rate (%)\***



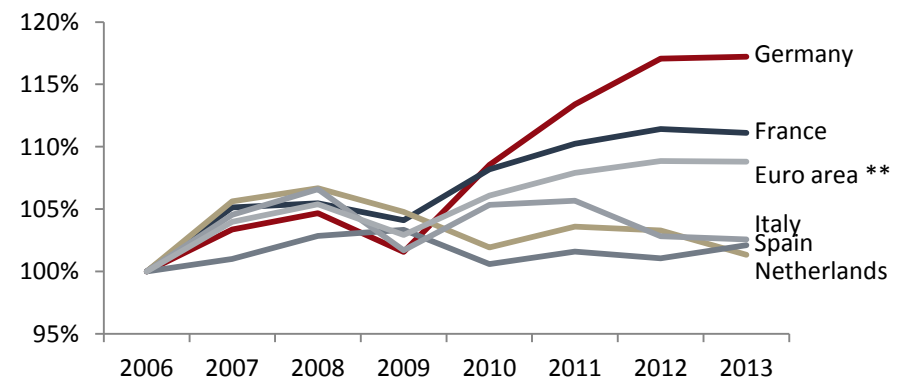
**Unemployment rate (%)**



**Attractive refinancing rate (%)**



**Growth of disposable income per capita (%)**



\* Year-on-year change

\*\* Euro area comprises 17 Euro countries

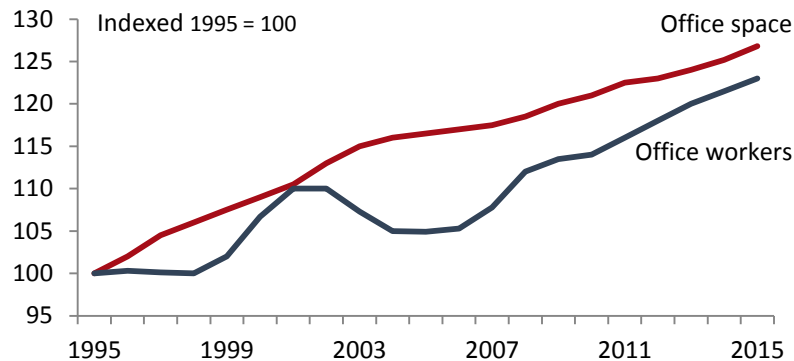
Source: Destatis; Bundesbank; Eurostat; Bloomberg

## Capturing German momentum

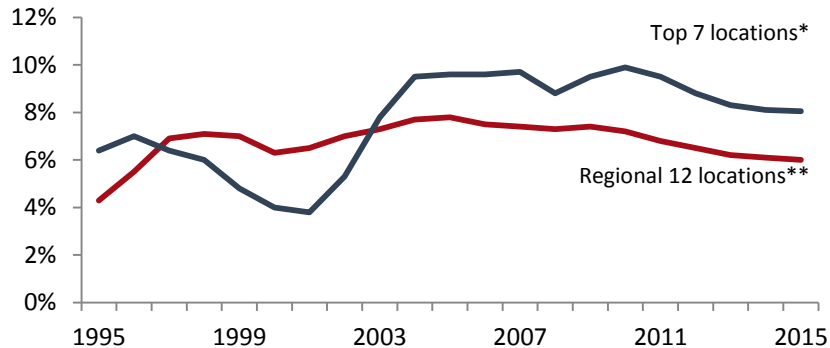
# Positive development of commercial real estate market in Germany

### Demand for office and retail space

#### Ratio of office space to office employment\*

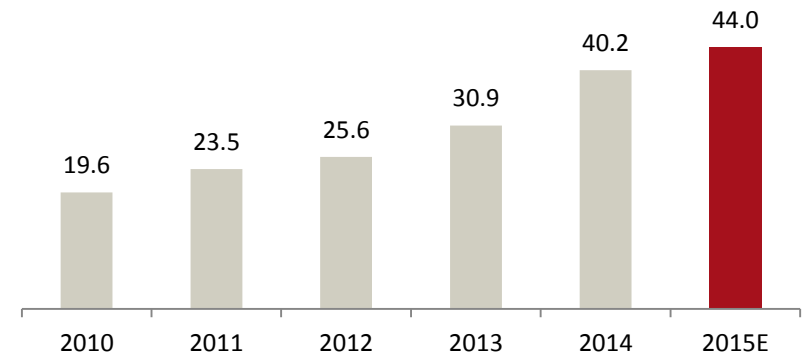


#### Office vacancy rates in % of supply space

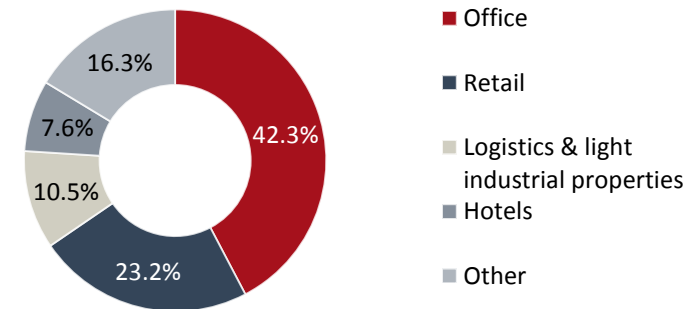


### Commercial real estate investment market

#### Transaction volume development (in € billion)



#### Transaction volume by category in 2014 (%)



\* Top 7: Berlin, Munich, Hamburg, Frankfurt, Dusseldorf, Stuttgart and Cologne;

\*\* Regional 12: Augsburg, Bremen, Darmstadt, Dresden, Essen, Hannover, Karlsruhe, Leipzig, Mainz, Mannheim, Muenster, Nuremberg

Source: DG HYP; Colliers International; BNP Real-Estate Paribas

<b>1</b>	<b>Capturing German momentum</b>
<b>2</b>	<b>Increasing portfolio quality</b>
<b>3</b>	<b>Strong asset and portfolio management</b>
<b>4</b>	<b>Robust financial position</b>
<b>5</b>	<b>Enhancing efficiency, increasing cash flow and dividend per share</b>
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<b>7</b>	<b>Appendix</b>

## Increasing portfolio quality

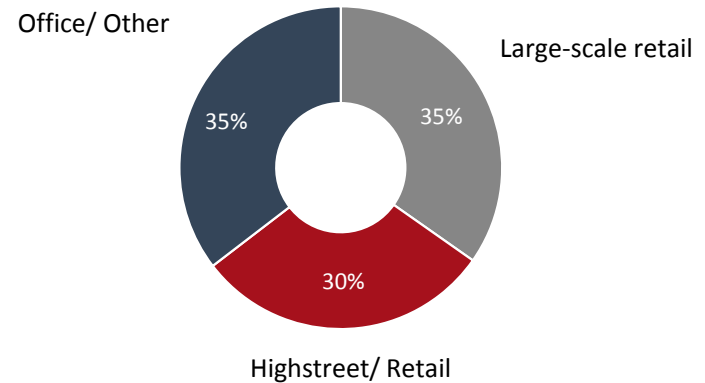
# Balanced portfolio with 100% German focus

### Geographical portfolio spread

### Diversification of asset types

- 70 properties in 54 cities in Germany\*
- Focus on West und South
- approx. € 780 million portfolio value\*\*

### Annualised rental income (100% = € 52.7 million)



\* As per 31 March 2015, including Celle property

\*\* Valuation as of 31 December 2014, including property Celle and Aachen, which were valued as per 30 April 2015

## Well defined acquisition strategy

### Acquisition strategy

- Regional diversification in high-growth regions in West and South-West Germany
- Focus on towns and cities outside the main metropolises
- Focus on acquisitions of € 10 million – € 70 million
- Improving cost/yield structures through acquisition of larger properties and disposal of smaller properties
- Off market deals

### Asset focus

- Focus on quality properties, location and property strategy determined by asset type:
  - Commercial buildings used for retail trade (highstreet retail) in A1 sites (pedestrian zones), nationally at locations with > 60,000 inhabitants
  - Large scale retailing in town centre sites or highly frequented edge-of-town sites, nationally at locations with > 60,000 inhabitants
  - Modern office buildings built or redeveloped from the year 2000 onwards in town centre sites of cities with > 100,000 inhabitants

- **Diversified commercial real estate portfolio structure with clear yield-orientation**
- **Creating value through continuous expansion of portfolio**
- **Acquisition strategy and asset focus result in limited competition from other potential buyers**



## Increasing portfolio quality

# Development of the HAMBORNER portfolio value (in € million)

## Development of the portfolio value



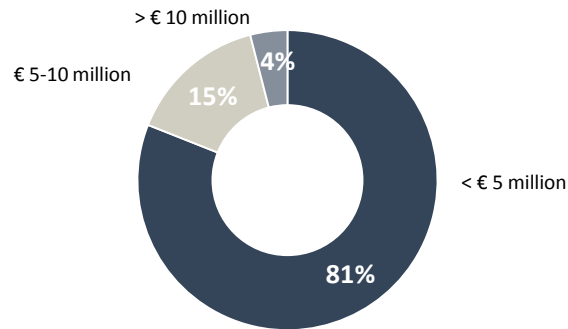
\* Including Celle property

## Increasing portfolio quality

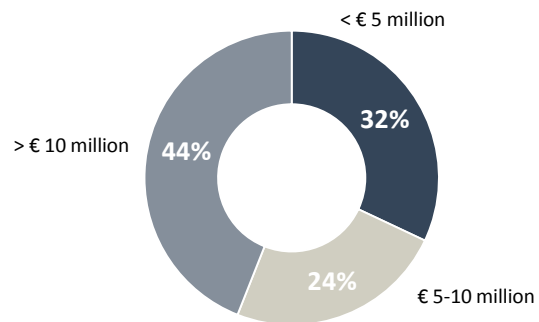
# Improving value per asset through acquiring larger assets

### Portfolio split by property value

2006 (100% = 54 properties)

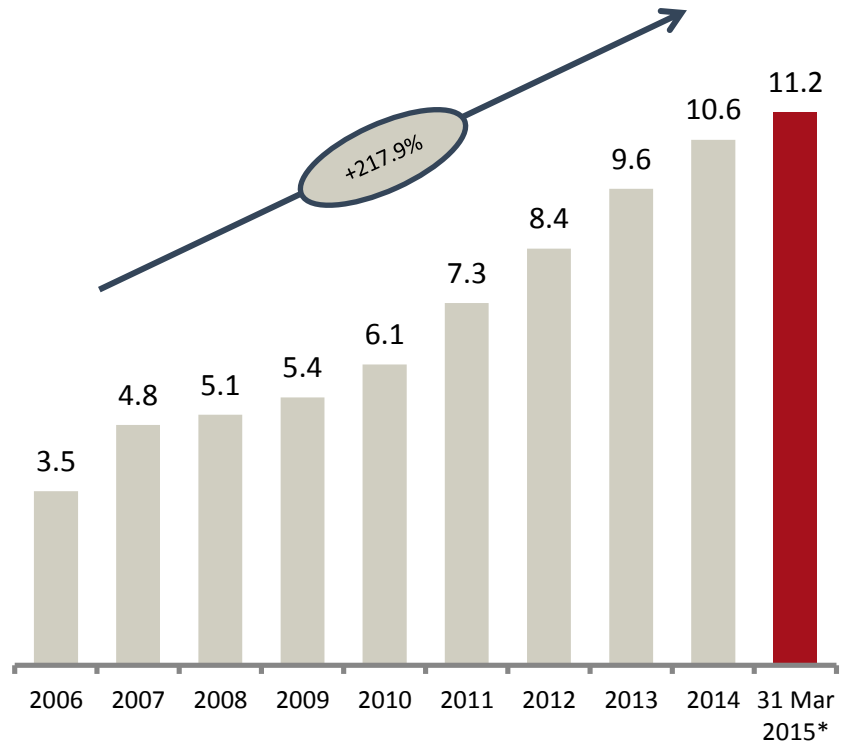


2015 (100% = 70 properties)\*\*



### Average value per asset 2006-2015 (in € million)

2015 (Number of properties = 70)\*



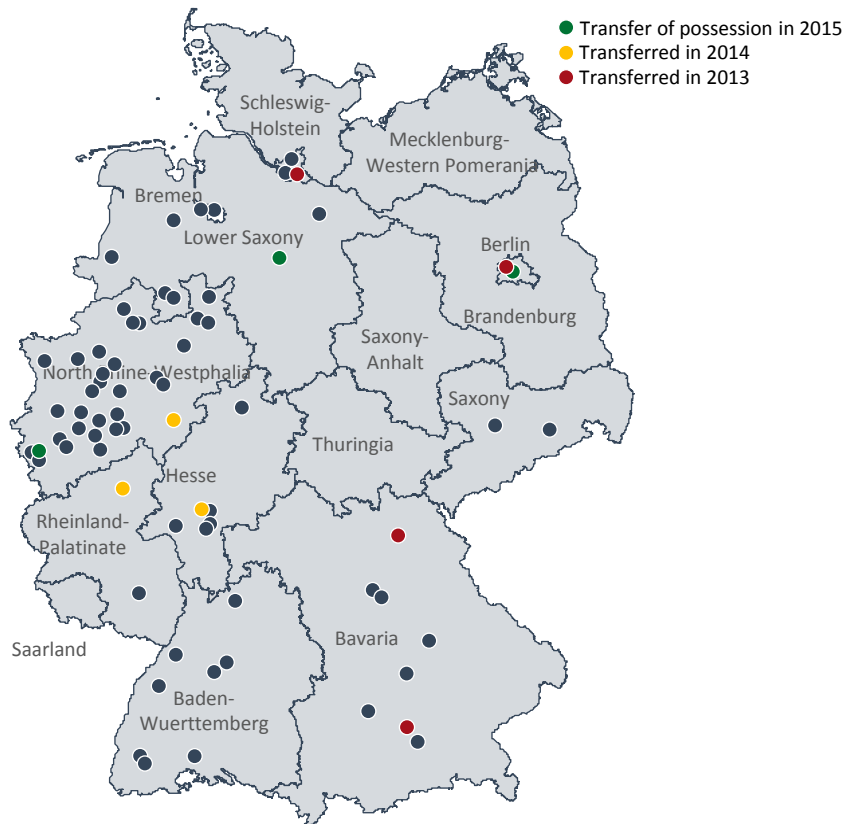
\* As of 31 Mar 2015, including Celle property

\*\* Fair Value according to Fair Value Appraisal as of 31 December 2014 including properties in Aachen and Celle valued as of 30 April 2015

## Increasing portfolio quality

# Increasing regional diversification

## Geographical portfolio spread



## Transfer of possessions in 2014 and 2015\*

→ 6 new properties comprising a total purchase price of € 112 million

2014	2015
→ Bad Homburg (€ 8 million) (Hessen)	→ Berlin (€ 18 million)** (Berlin)
→ Koblenz (€ 11 million) (Rheinland Palatinate)	→ Aachen (€ 27 million) (North Rhine-Westphalia)
→ Siegen (€ 13 million) (North Rhine-Westphalia)	→ Celle (€ 35 million)*** (Lower Saxony)

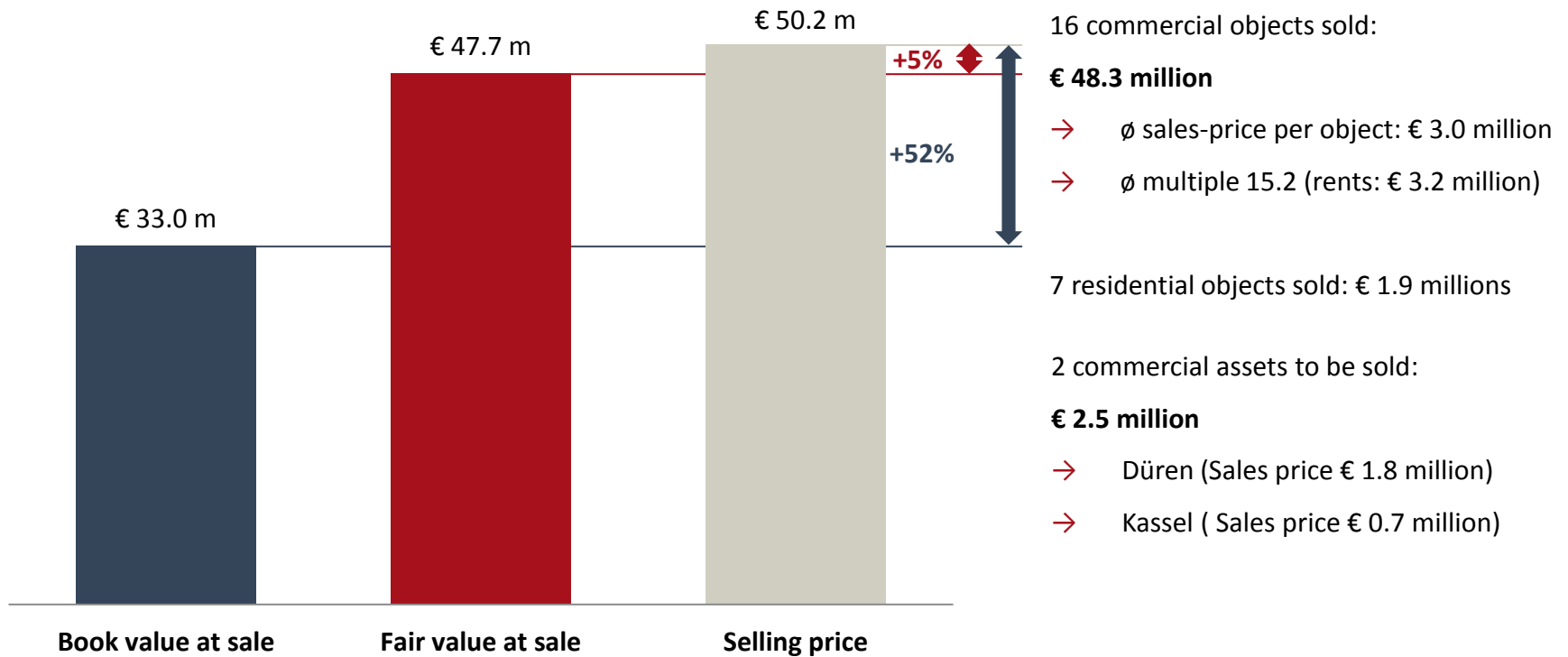
\* Purchase prices excluding incidental costs of acquisition

\*\* Transfer of possession expected end of 2015, expected purchase price is dependent on lease situation at date of transfer of possession

\*\*\* Transfer of possession in April 2015

## Increasing portfolio quality

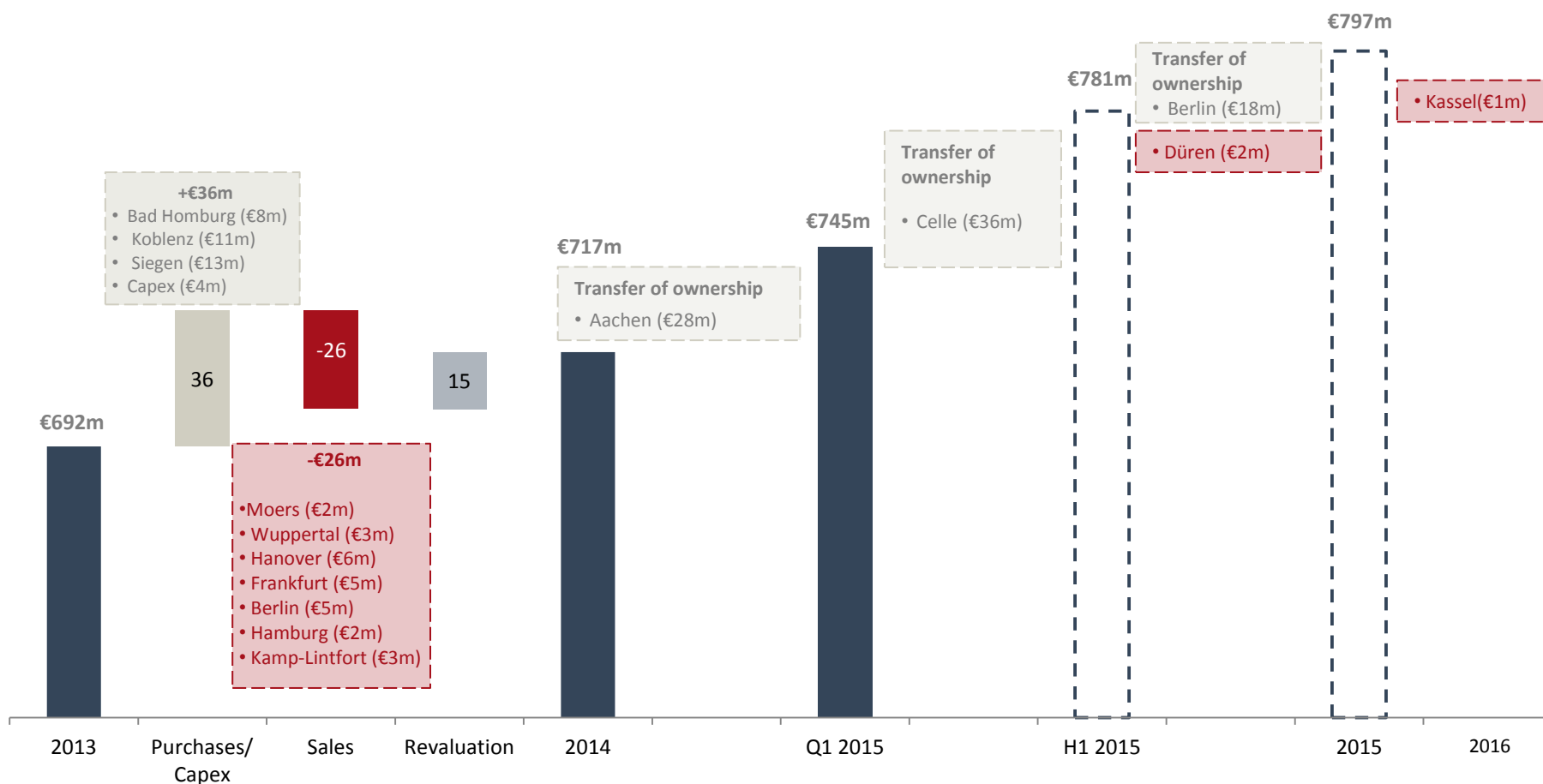
## Sales strategy since 2007



## Increasing portfolio quality

# 2015: Expansion of portfolio by € 80 million

## Development of the portfolio value

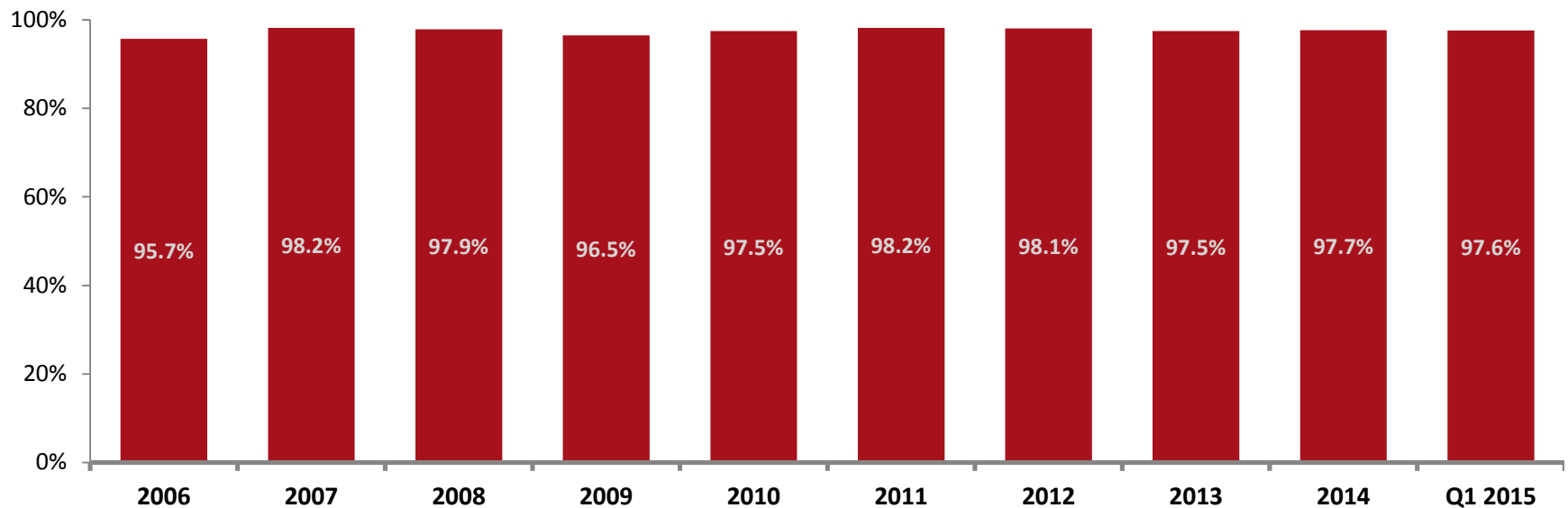


<b>1</b>	Capturing German momentum
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<b>3</b>	<b>Strong asset and portfolio management</b>
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<b>6</b>	Capital markets track record
<b>7</b>	Appendix

## Strong asset and portfolio management

# High and stable occupancy

## Occupancy rates

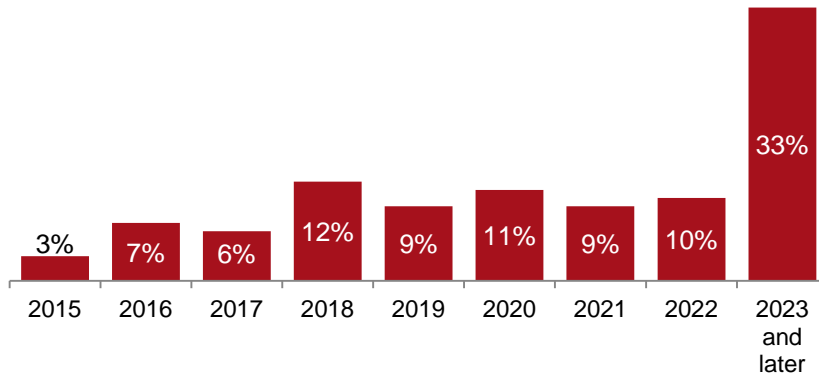


- Vacancy rate as at 31 Mar 2015 incl. rent guarantees: 2.4 %
- Vacancy rate as at 31 Mar 2015: 2.5 %

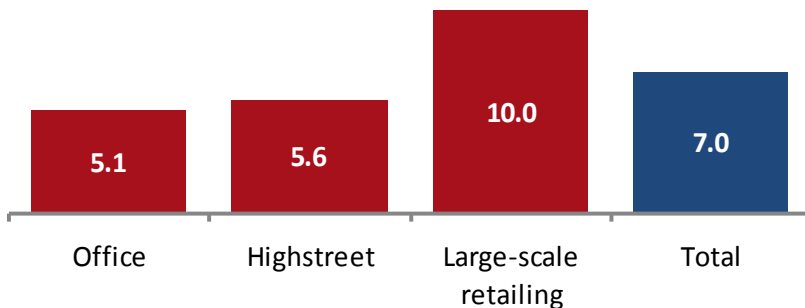
## Strong asset and portfolio management

# Long-term leases with strong tenants

### Split of lease contract expiry by year \*\*



### Weighted average lease expiry by type (In years)\*\*



### Top 10 tenants (% of annual rent)\*\*

Tenant	Sector	% of Annual Rent
EDEKA	Discount food retail	13.6%
Kaufland Group	Discount food retail	9.2%
OBI	Retail (DIY)	7.9%
Bundesagentur für Arbeit / Jobcenter	Agency of Unemployment	5.1%
real,-	Food retail	3.1%
C&A	Textile retail	2.2%
H&M	Textile retail	2.1%
AREVA***	Power & utilities	1.9%
SFC Energy	Industrials/Energy	1.8%
Estee Lauder	Luxury consumer goods	1.8%
<b>Total</b>		<b>48.7%</b>

\* Including rent guarantees

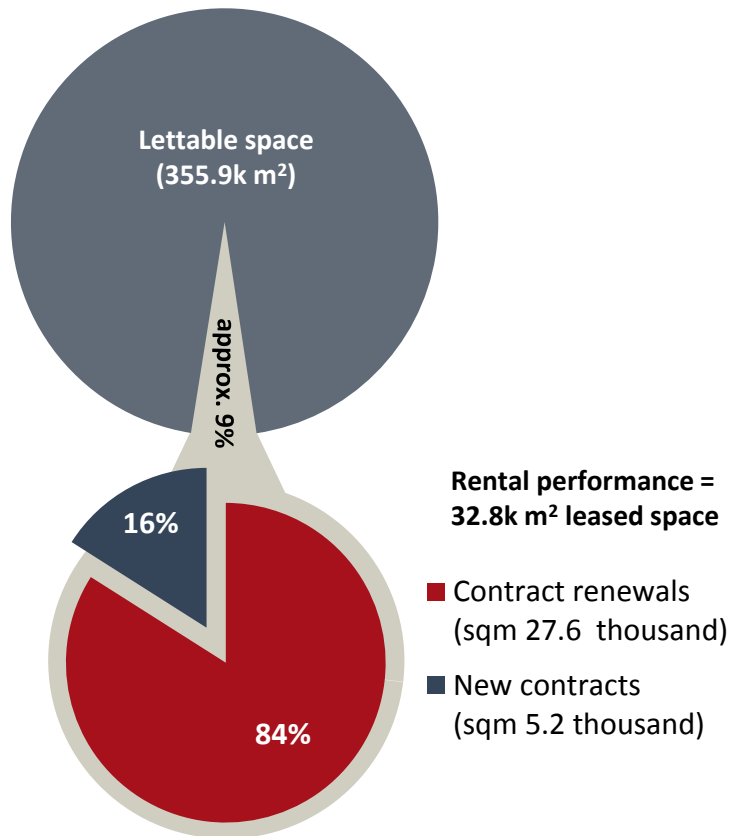
\*\* As per 31 Mar 2015, Including the property in Celle

\*\*\*The rental agreement with Areva in Erlangen is expiring in early 2016

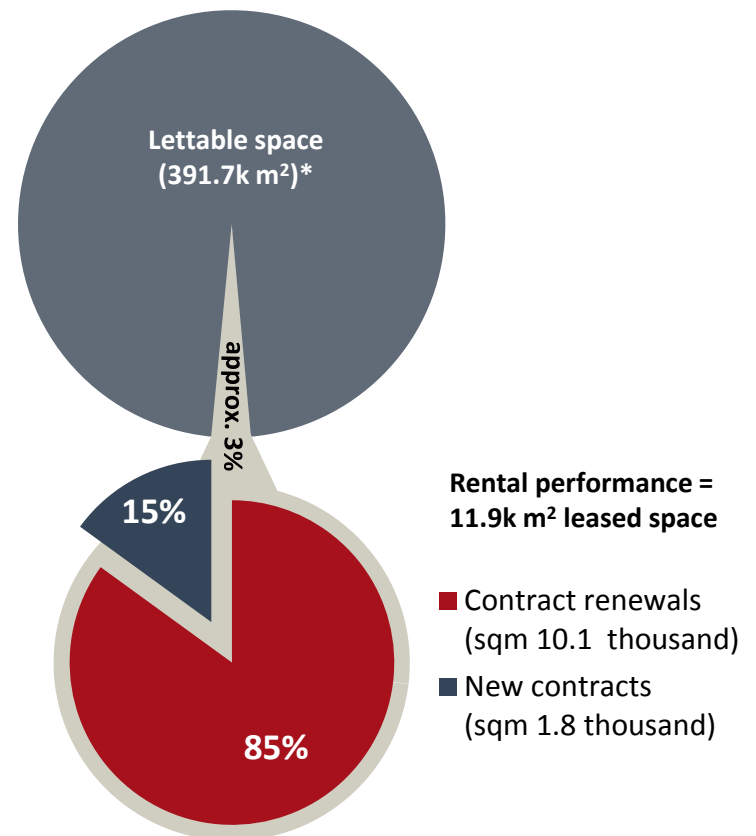


## Strong asset and portfolio management

### Rental performance (per 31 Dec 2014)



### Rental performance (per 31 Mar 2015)



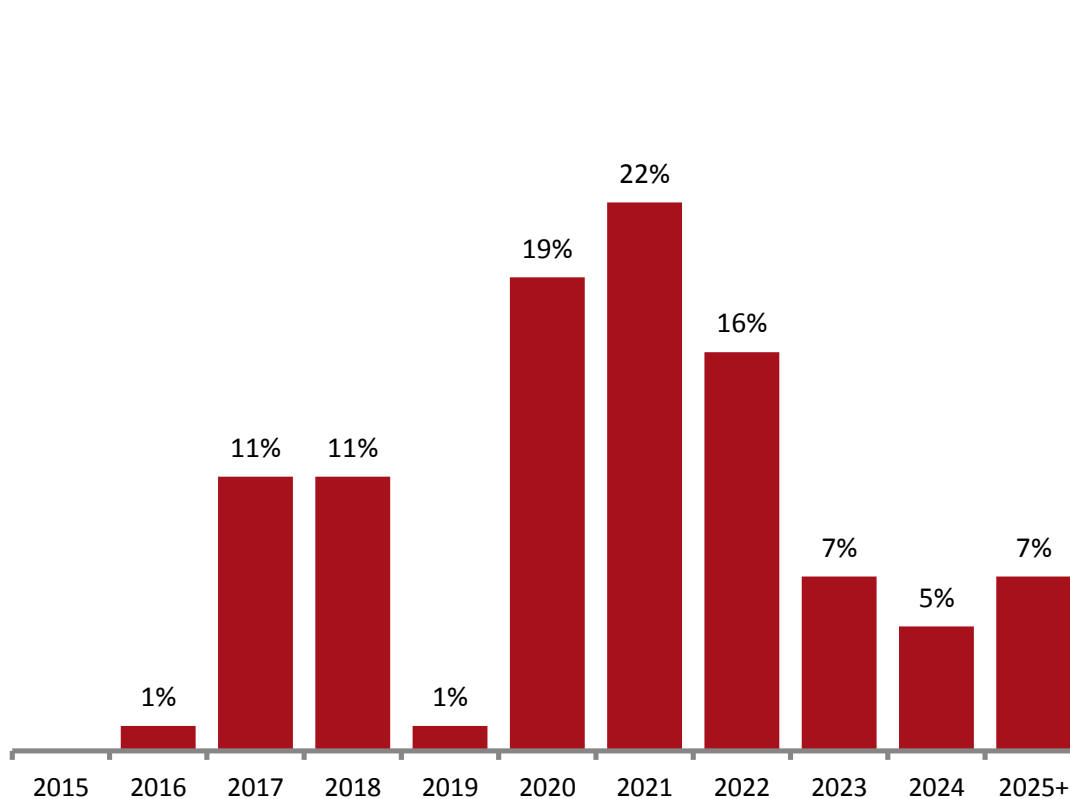
\* Including the property in Celle

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## Robust financial position

# Stable and predicable cost of debt

Expiration of fixed interest rates (per 31 Mar 2015, as % of total financial debt)

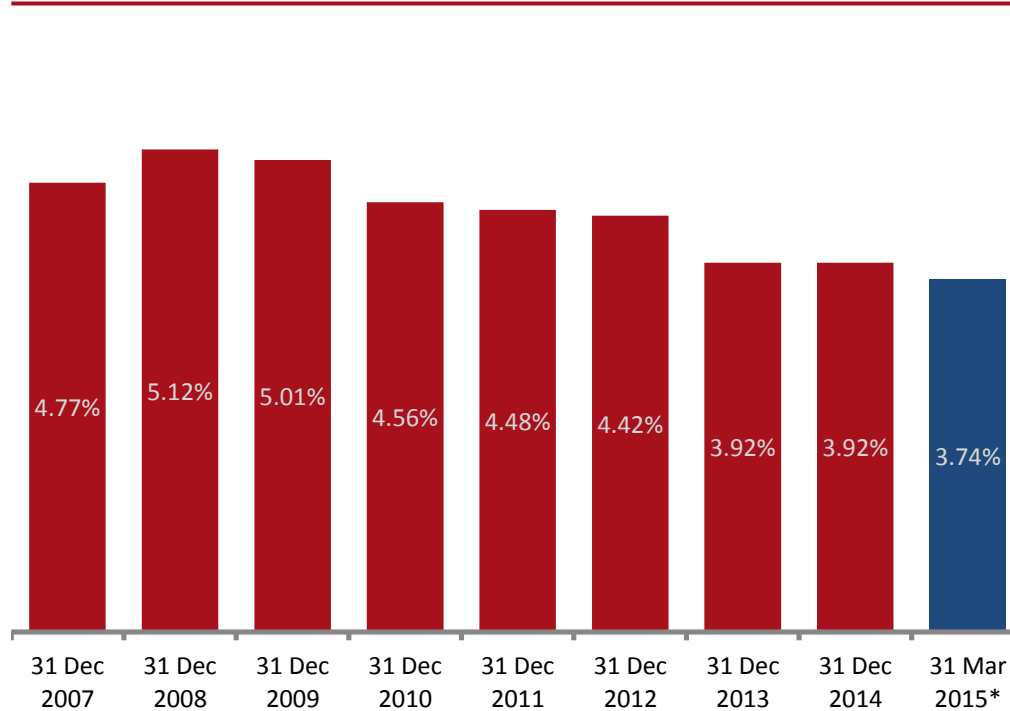


- Financial debt: € 319.7 million
- Liquid funds: € 27.9 million
- LTV: 39.0%
- Average maturity of financial debt: 6.0 years
- Average cost of debt: 3.7%
- Banks:
  - Institutional banks
  - Cooperative banks
  - Saving banks
  - Insurance companies

## Robust financial position

# Lower marginal funding costs

### Average cost of debt



### Examples of recent debt financing

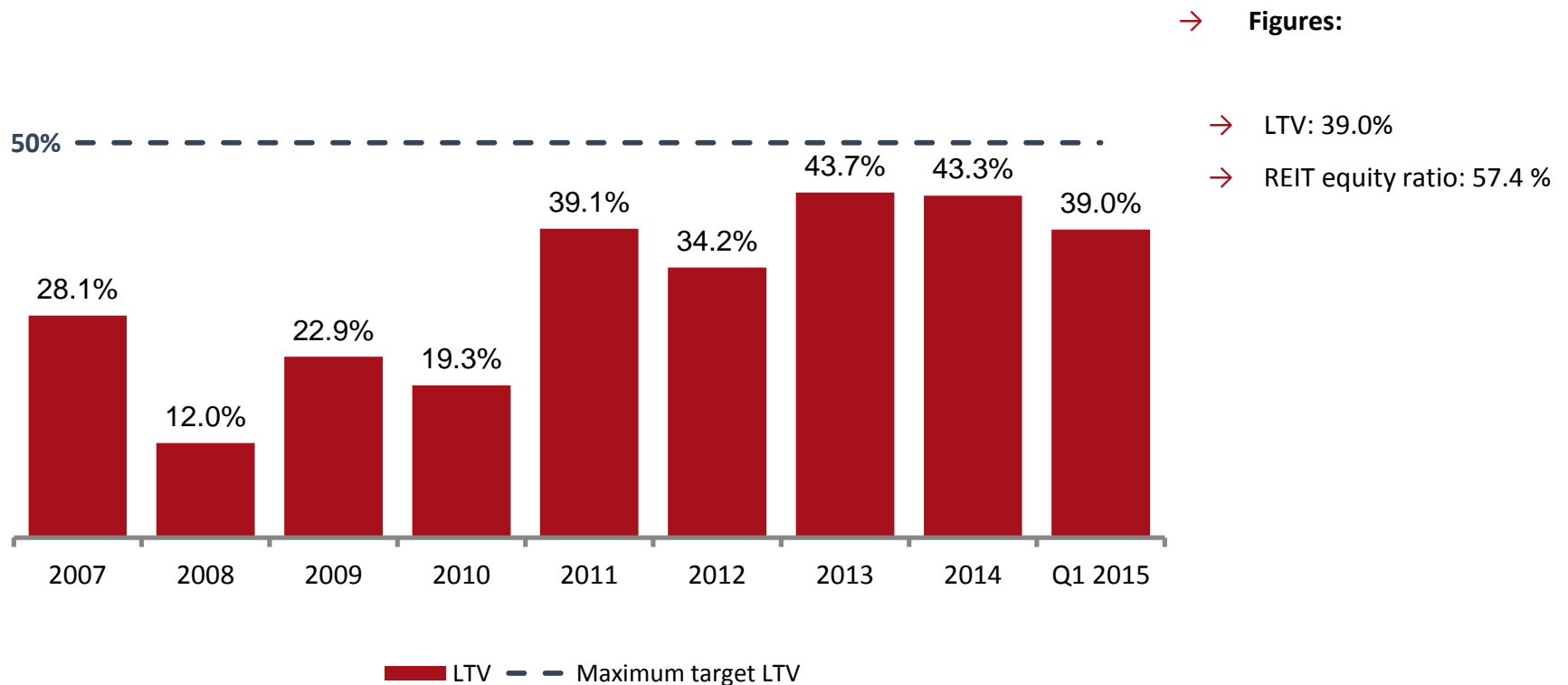
- 3 loans at a total of € 32.9 million for three acquisitions:
  - € 17.5 million expiring in 2024 at 2.23%
  - € 8.3 million expiring in 2025 at 1.82%
  - € 7.1 million expiring in 2025 at 1.82%

\* Including called loan in April 2015 of €32.9m

## Robust financial position

# Low LTV equity ratio well within REIT criteria

## Loan-to-value (%)

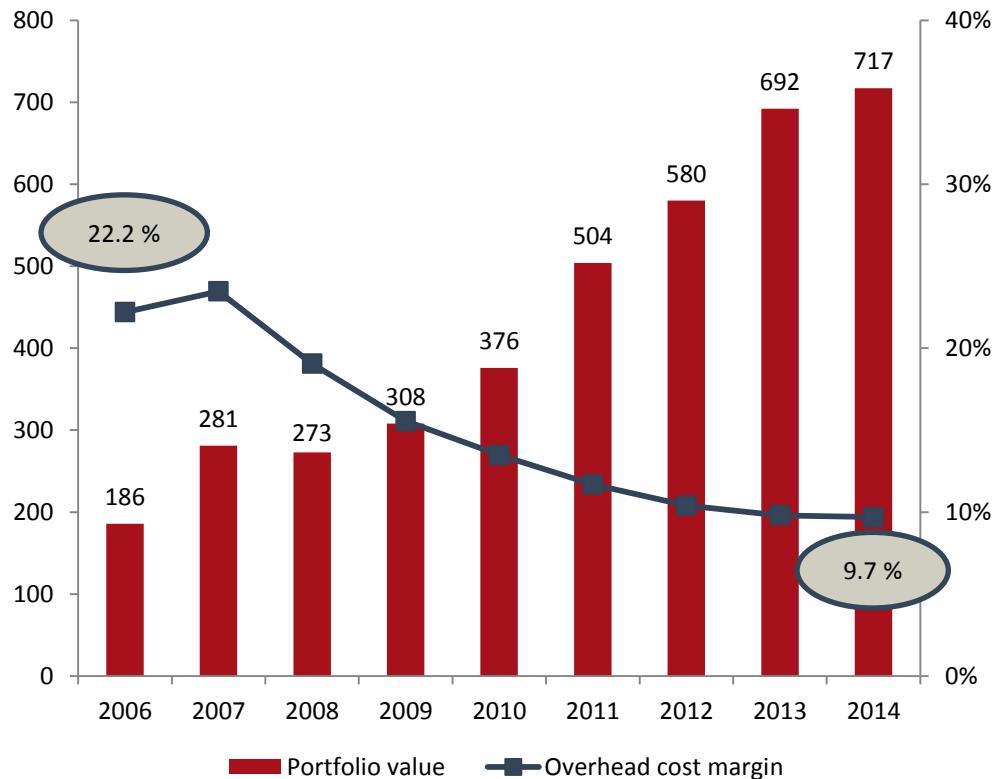


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## Enhancing efficiency, increasing cash flow and dividend per share

# Benefitting from economies of scale

### Portfolio value (in € million) and overhead cost margin\*



### Potential for growth

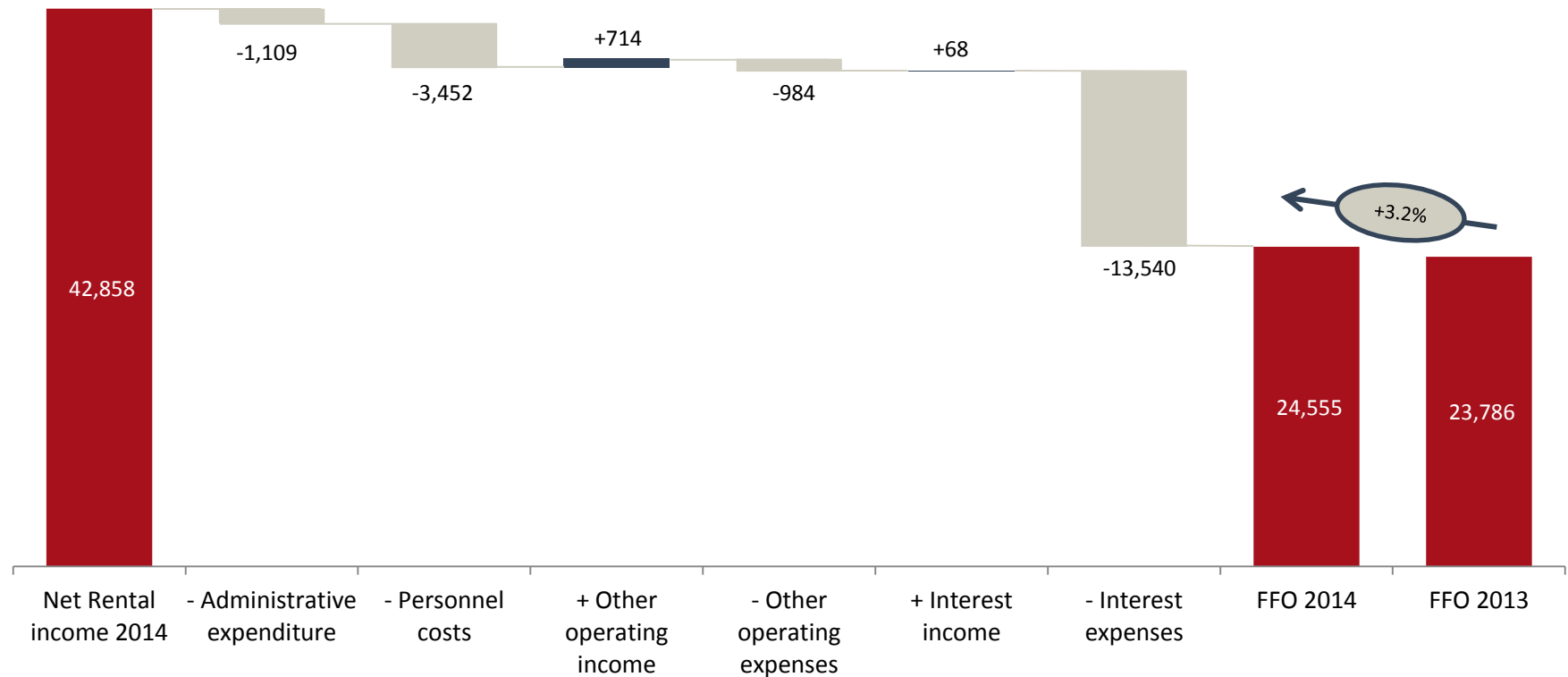
- Efficient organisation
  - Internal management
    - 2 board members
    - 28 employees\*\*
  - Outsourcing of infrastructural building services only
  
- Potential to substantially grow the portfolio with limited marginal personnel and administrative costs

\* Personnel and administrative costs divided by income from rents and leases. Personnel costs are adjusted downward for one-off costs

\*\* Per 31 March 2015

## Enhancing efficiency, increasing cash flow and dividend per share

### FFO Development in 2014

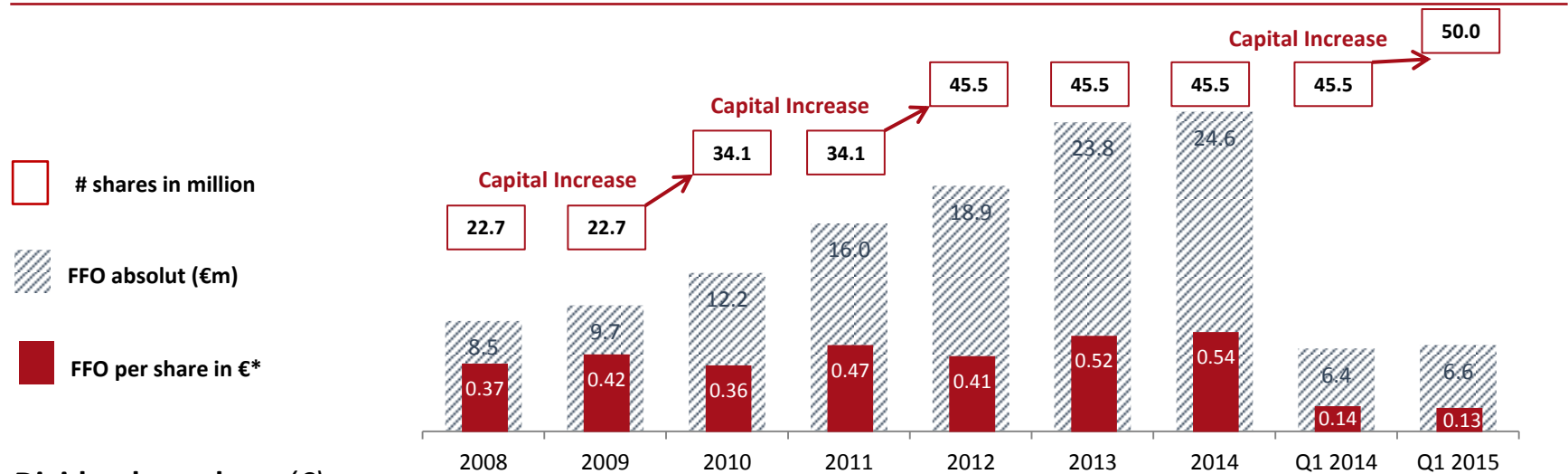




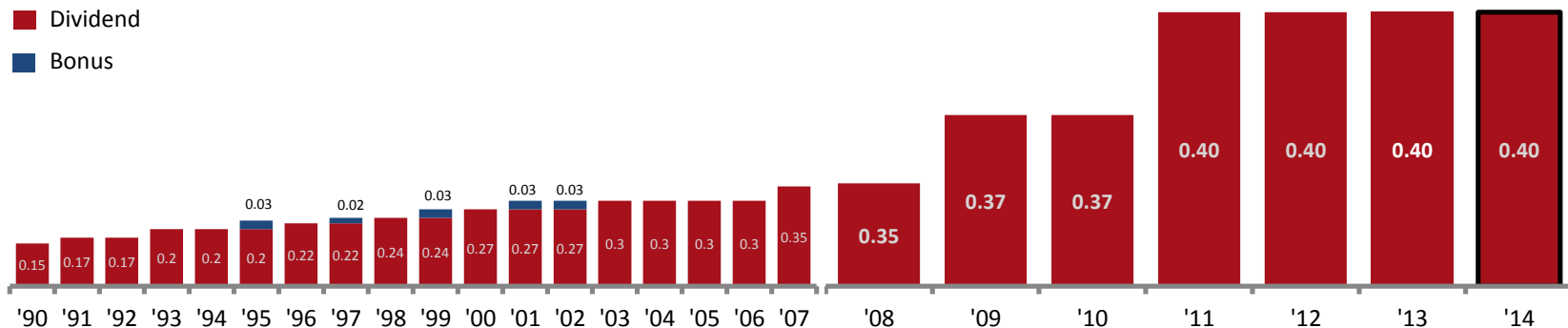
## Enhancing efficiency, increasing cash flow and dividend per share

# Increasing FFO and dividend per share

### Funds From Operations (FFO) per share (in €)



### Dividend per share (€)



\* Calculation of FFO per share with outstanding shares at the respective time

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- 4** Robust financial position
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- 6** Capital markets track record
- 7** Appendix

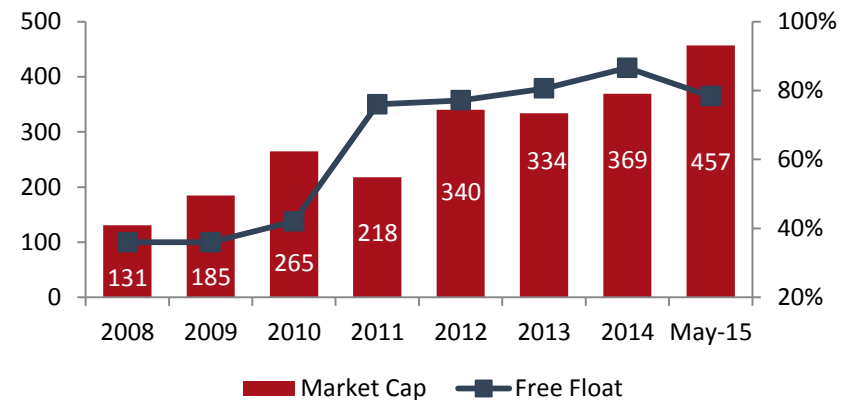
## Capital markets track record

# Growing market capitalisation and increasing free float...

### Overview events

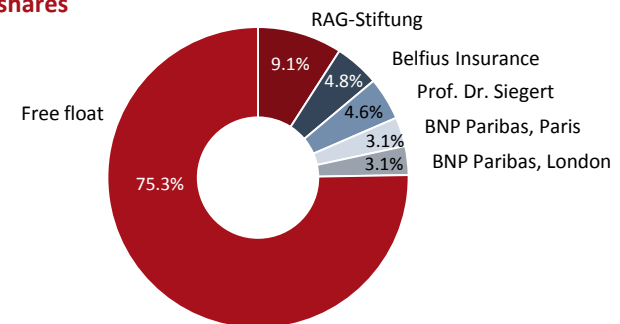
- **2007:** Start of new strategy
- **2010:** Achievement of G-REIT status and change of company name to HAMBORNER REIT AG
- **October 2010:** Successful Capital Increase – net proceeds of approx. € 76 million
- **February 2011:** Secondary placement of approx. € 89 million HSH stake
- **March 2011:** SDAX index inclusion
- **March 2012:** EPRA index inclusion
- **July 2012:** Successful Capital Increase – 11,373,333 new shares, share price € 6.50, full dividend rights, net proceeds of approx. € 71.4 million
- **May 2013:** Creation of new Authorised Capital and Authorisation to issue contingent capital and convertible bonds
- **February 2015:** Successful Capital Increase – 4,549,332 new shares, net proceeds of approx. € 40,9 million – RAG Stiftung new shareholder

### Historic market cap (in € million)



### Shareholder structure

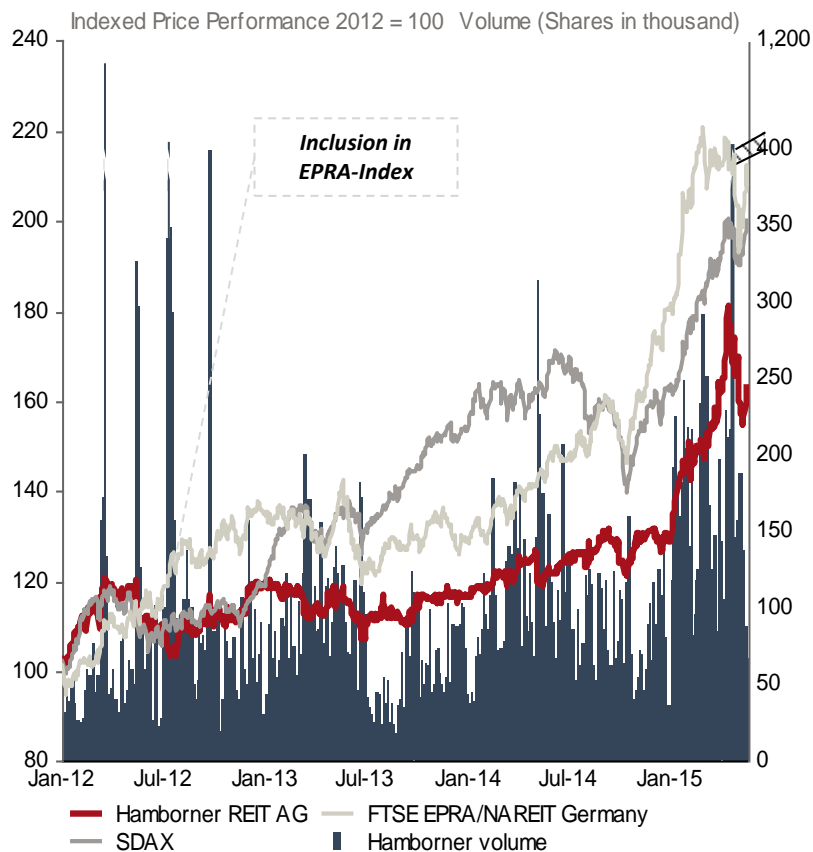
50,042,665 shares



## Capital markets track record

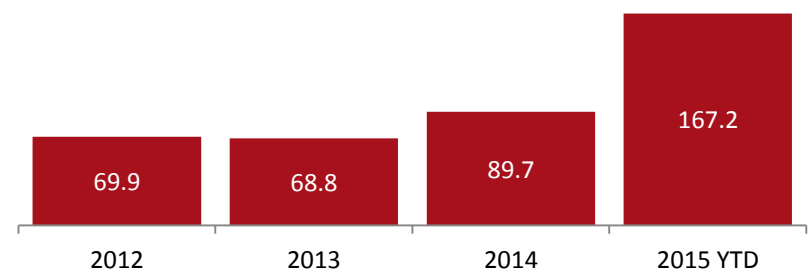
### ...resulting in increased liquidity

#### Total return since 2012

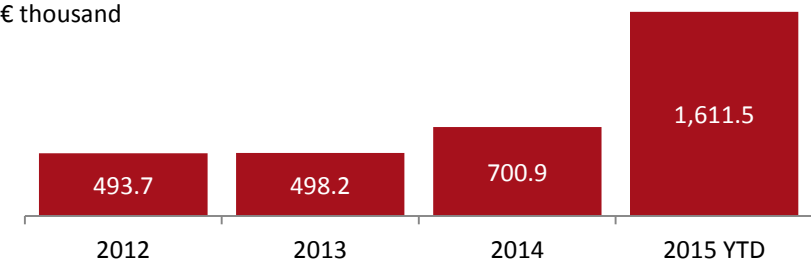


#### Average turnover per day since 2012

# of shares in thousand



€ thousand



#### Remarks

- YTD share price performance\*:
  - Hamborner: 22.3%
  - FTSE EPRA Germany: 6.9%
  - FTSE EPRA Europe: 10.7%
  - SDAX: 16.9%

\* Until 20 May 2015

Source: Bloomberg

<b>1</b>	<b>Capturing German momentum</b>
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## Appendix

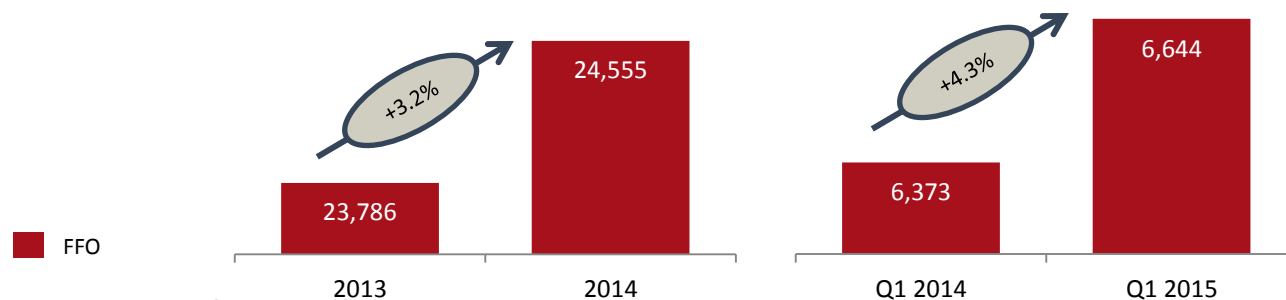
### Income statement (IFRS)

in € thousand	2013	2014	Q1 2014	Q1 2015
<b>Net rental income</b>	<b>40,933</b>	<b>42,858</b>	<b>10,894</b>	<b>11,061</b>
Administrative expenses	-1,131	-1,109	-283	-294
Personnel expenses	-3,311	-3,452	-816	-1,023
Depreciation	-16,379	-17,841	-4,450	-4,247
Other operating income	1,334	714	187	421
Other operating expenses	-1,030	-1,277	-312	-315
<b>Operating result</b>	<b>20,416</b>	<b>19,893</b>	<b>5,220</b>	<b>5,603</b>
Result from the sale of investment properties	354	10,688	4,409	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>20,770</b>	<b>30,581</b>	<b>9,629</b>	<b>5,603</b>
Financial result	-12,249	-13,472	-3,297	-3,206
<b>Net profit for the period</b>	<b>8,521</b>	<b>17,109</b>	<b>6,332</b>	<b>2,397</b>

## Appendix

### Funds from operations

in € thousand	2013	2014	Q1 2014	Q1 2015
<b>Net rental income</b>	<b>40,933</b>	<b>42,858</b>	<b>10,894</b>	<b>11,061</b>
- Administrative expenses	-1,131	-1,109	-283	-294
- Personnel expenses	-3,311	-3,452	-816	-1,023
+ Other operating income	334	714**	187	421
- Other operating expenses	-790*	-984*	-312	-315
+ Interest income	42	68	28	5
- Interest expenses	-12,291	-13,540	-3,325	-3,211
<b>FFO</b>	<b>23,786</b>	<b>24,555</b>	<b>6,373</b>	<b>6,644</b>
- CAPEX	-1,029	-4,006	-1,238	-73
<b>AFFO</b>	<b>22,757</b>	<b>20,549</b>	<b>5,135</b>	<b>6,571</b>
<b>FFO per share</b>	<b>0.52</b>	<b>0.54</b>	<b>0.14</b>	<b>0.13</b>
<b>AFFO per share</b>	<b>0.50</b>	<b>0.45</b>	<b>0.11</b>	<b>0.13</b>



\* Adjusted for non-recurring effects in the re-measurement of provisions for mining damages

\*\* Adjusted for the extraordinary effect of early contact termination by a tenant

## Appendix

### Balance sheet (IFRS)

in € million	31-Dec-13	31-Dec-14	31-Mar-15
<i>ASSETS</i>			
<b>Non-current assets</b>	<b>596.3</b>	<b>607.8</b>	<b>632.0</b>
Investment Properties	595.4	606.8	630.8
Other	0.9	1.0	1.2
<b>Current assets</b>	<b>35.4</b>	<b>13.5</b>	<b>31.9</b>
Trade receivables and other assets	0.8	1.3	1.5
Cash and cash equivalents	28.2	10.4	27.9
Non current assets held for sale	6.4	1.8	2.5
<b>Total assets</b>	<b>631.7</b>	<b>621.3</b>	<b>663.9</b>
<i>EQUITY &amp; LIABILITIES</i>			
Equity	271.7	270.2	313.9
Financial liabilities and derivative financial instruments	342.4	333.2	330.2
Other liabilities and provisions	17.6	17.9	19.8
<b>Total equity capital and liabilities</b>	<b>631.7</b>	<b>621.3</b>	<b>663.9</b>

Equity ratio 47.3%

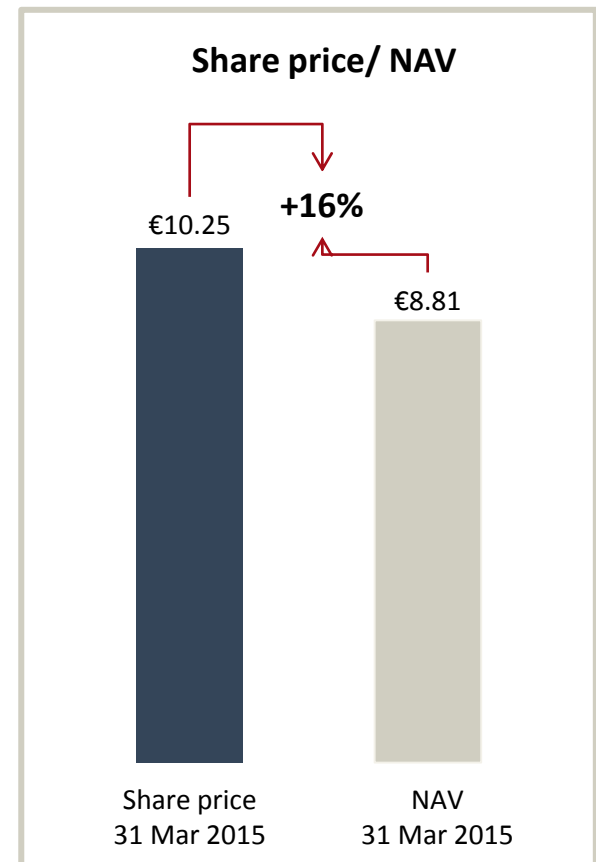


## Appendix

### Premium of the XETRA-closing price to NAV of 16% (per 31 March 2015)

#### Net asset value (in accordance with EPRA)

in € million	31-Dec-13	31-Dec-14	31-Mar-15
Balance sheet long-term assets	596	608	632
+ Balance sheet short-term assets	36	13	32
- Non-current liabilities and provisions	-333	-324	-321
- Current liabilities	-16	-16	-18
<b>Balance sheet NAV</b>	<b>283</b>	<b>281</b>	<b>325</b>
+ Hidden reserves long-term assets	92	114	116
<b>NAV</b>	<b>375</b>	<b>395</b>	<b>441</b>
<b>NAV per share in €</b>	<b>8.25</b>	<b>8.67</b>	<b>8.81</b>



## Appendix

### Transfer of possession in 2014 / 2015

City	Address	Asset-Class	Space in m <sup>2</sup>	Rent p. year in € thousand	Purchase price in € million	Gross initial yield	Transfer of possession	Main tenants
Bad Homburg	Louisenstraße 66	High Street	3,240	464	7.9	5.9%	January 2014	Commerzbank, Derpart
Siegen	Bahnhofstraße 8	High Street	7,112	931	13.0	7.2%	October 2014	C&A
Koblenz	Löhrstraße 40	High Street	3,377	683	11.0	6.2%	October 2014	H&M
Aachen	Krefelder Straße 216	Office	10,000	1,709	26.8	6.4%	March 2014	Jobcenter Aachen
Celle	An der Hasenbahn 3	Large Scale	24,500	2,324	35.2	6.6%	April 2014	real,-, Fressnapf, Aldi
			<b>48,229</b>	<b>6,293</b>	<b>93.9</b>			

### Signed, transfer of possession expected in 2015

City	Address	Asset-Class	Space in m <sup>2</sup>	Rent p. year in € thousand	Purchase price in € million	Gross initial yield	Transfer of possession	Main tenants
Berlin	Tempelhofer Damm	High Street	5,900	1,153	18.3	6.3%	End of 2015	Kaisers, Aldi, Rossmann

## Transfer of possession in 2014

### Bad Homburg, Louisenstraße 66

<b>Built</b>	1970
<b>Main-Tenant</b>	Commerzbank
<b>Leased area</b>	3,240 m <sup>2</sup>
<b>Annual rental income</b>	€ 0.46 million
<b>Remaining term</b>	5.3 years
<b>Gross initial yield</b>	5.4 %
<b>Purchase price</b>	€ 7.9 million



### Siegen, Bahnhofstraße 8

<b>Built</b>	1968
<b>Main-Tenant</b>	C&A
<b>Leased area</b>	7,112 m <sup>2</sup>
<b>Annual rental income</b>	€ 0.9 million
<b>Remaining term</b>	9.75 years
<b>Gross initial yield</b>	7.2 %
<b>Purchase price</b>	€ 13.0 million



## Transfer of possession in 2014

### Koblenz, Löhrrstraße 40

<b>Built</b>	2002 modernized
<b>Main-Tenant</b>	H&M, Württembergische Versicherung
<b>Leased area</b>	3,377 m <sup>2</sup>
<b>Annual rental income</b>	€ 0.68 million
<b>Remaining term</b>	5.3 years
<b>Gross initial yield</b>	6.2 %
<b>Purchase price</b>	€ 11.0 million



## Transfer of possession in 2015

### Aachen, Krefelder Straße 216

Built	2014
Main-Tenant	Jobcenter Aachen
Leased area	approx. 10,000 m <sup>2</sup>
Annual rental income	€ 1.7 million
Remaining term	14.75 years
Gross initial yield	6.4 %
Purchase price	€ 26.8 million



### Celle, An der Hasenbahn 3

Built	1975, modernized 2014
Main-Tenant	real,-, Fressnapf, Aldi,...
Leased area	approx. 24,500 m <sup>2</sup>
Annual rental income	approx. € 2.32 million
Remaining term	12.25 years
Gross initial yield	6.6 %
Purchase price	approx. € 35.2 million



## Signed, transfer of possession expected end of 2015

<b>Berlin, Tempelhofer Damm</b>	
<b>Built</b>	<i>(under construction)</i>
<b>Main-Tenant</b>	Kaisers, Aldi, Rossmann,...
<b>Leased area</b>	approx. 5,900 m <sup>2</sup>
<b>Expected annual rental income</b>	€ 1.15 million
<b>Remaining term</b>	12 years
<b>Expected gross initial yield</b>	6.3 %
<b>Expected purchase price</b>	€ 18.3 million





## Appendix

# Disposals 2014 (1/2)

January 2014



Moers

Price € 2.4m

February 2014



Hanover

Price € 5.7m

April 2014



Frankfurt

Price € 5.3m

July 2014



Berlin

Price € 4.9m



Wuppertal

Price € 2.8m

September 2014



Hamburg

Price € 1.9m

December 2014



Kamp-Lintfort

Price € 3.4m

## Appendix

### Disposals still to be transferred (2/2)

December 2015



Düren

Price € 1.8m

January 2016



Kassel

Price € 0.7m

Rental income per year for the sold objects:  
Rental contracts

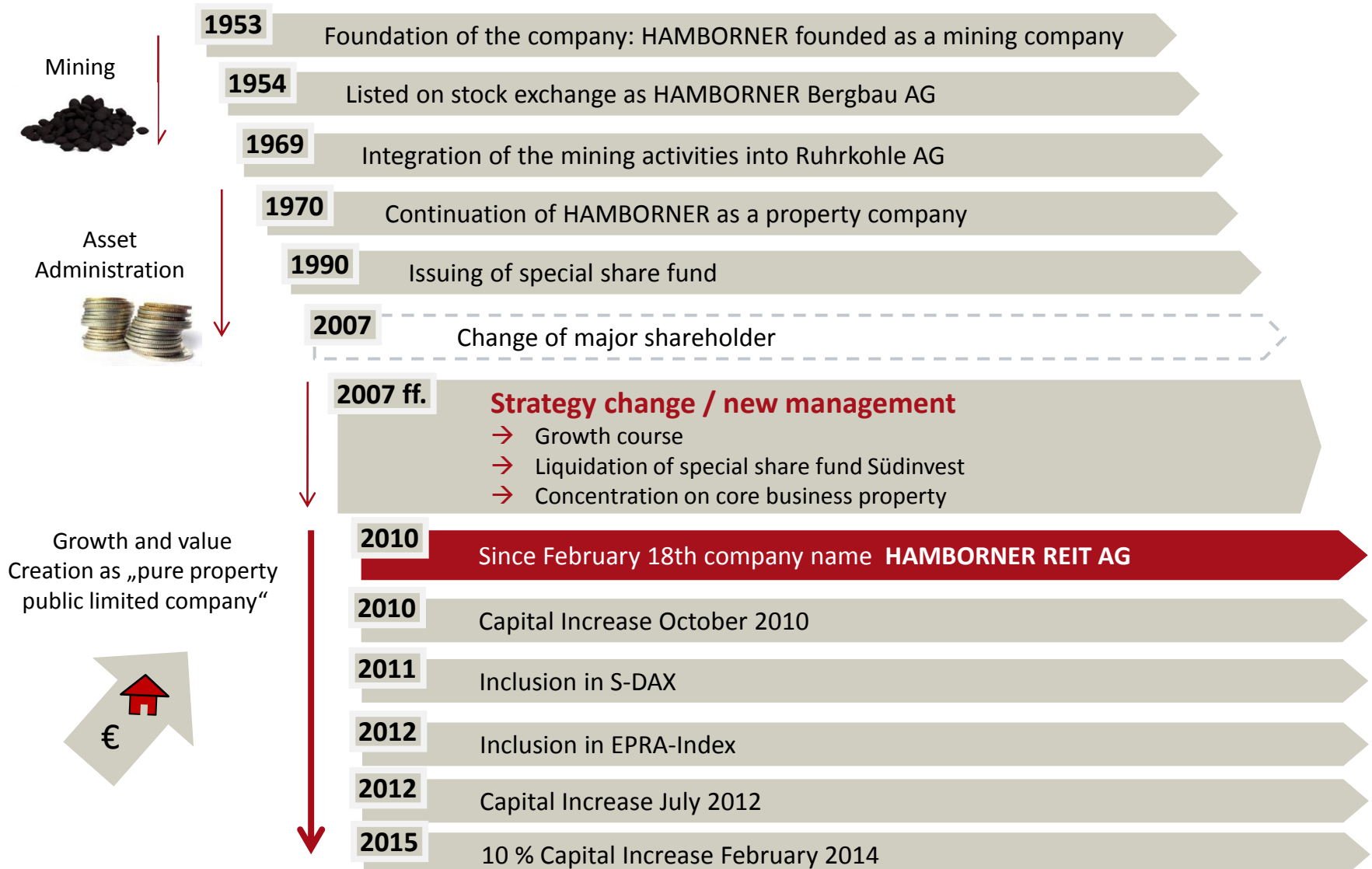
Selling price  
Total # of properties

approx. € 2.1 million  
28 residential contracts  
22 commercial contracts  
approx. € 28.8 million  
9 properties



## Appendix

# Historical development of the company



## [R]eal [E]state [I]nvestment [T]rust – REIT: Requirement for G-REIT's

- Listing on the regulated market
- at least 45 % equity-ratio
- > 15% free float
- > 75% of assets must be real estate assets
- > 75% of revenues must stem from real estate assets
- > 90% of net profit\* has to be paid as dividends each year

## Financial Calendar

<b>HAMBORNER REIT AG</b>	
Interim Report for 1 half 2015	12 August 2015
Interim Report for 3rd quarter 2015	10 November 2015
Annual report 2015	22 March 2016
Annual General Meeting 2016	27 April 2016

## Contact

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