# Company Presentation

## HAMBORNER REIT AG

Preliminary figures fiscal year 2013 - February 2014

hamborner REIT

ZUKUNFT BRAUCHT SUBSTANZ

# Agenda

| | |
|---|---|
| 1 | **History / Capital markets track record** |
| 2 | Organisation / Portfolio / Investments 2013 |
| 3 | Asset Management |
| 4 | Financial Position / Preliminary figures 2013 |

# Historical development of the company

## From mining to real estate

**Mining**

- **1953** Foundation of company: HAMBORNER founded as a mining company
- **1954** Listed on stock exchange as HAMBORNER Bergbau AG
- **1969** Integration of the mining activities into Ruhrkohle AG

**Asset administration**

- **1970** Continuation of HAMBORNER AG as a property company
- **1990** Issuing of special share fund
- **2007** Change of major shareholder
- **2007 ff.** **Strategy change / new management:**
  - → Growth course
  - → Liquidation of special share fund Südinvest
  - → Concentration on core business property

**Growth and value creation as "pure property public limited company"**

- **2010** **Since February 18th company name HAMBORNER REIT AG**
- **2010** Capital Increase October 2010
- **2011** Inclusion in S-DAX
- **2012** Inclusion in EPRA
- **2012** Capital Increase July 2012

# Requirement for G-REIT´s

- Listing on the regulated market
- > 15% free float
- > 75% assets must be real estate assets
- > 75% of revenues must stem from real estate assets
- > 90% of net income has o be paid as dividends each year
- > 45% equity ratio
- < 10% direct holding in shares

# Corporate structure

## Lean structure – no holding/parent companies

**HAMBORNER REIT AG**

**2 board members** **25 employees**

- Directly owned property
- German-wide portfolio
- Market value of properties: € 692 million (31.12.2013)

- Internal management of REIT
- Only infrastructural building services externally contracted out

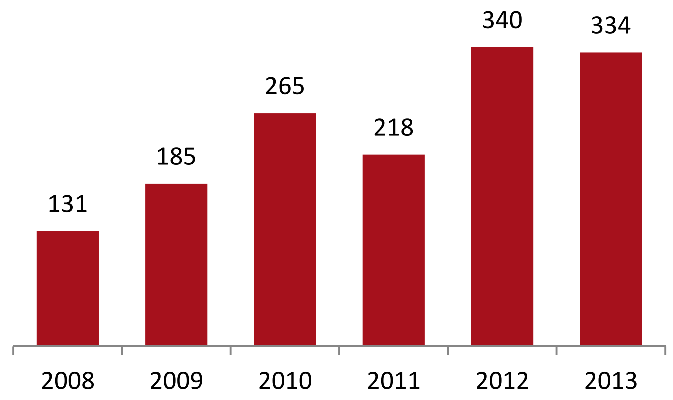
**Large-scale retailing** | **High street** | **Office**

# Growing market capitalization and increasing free float…

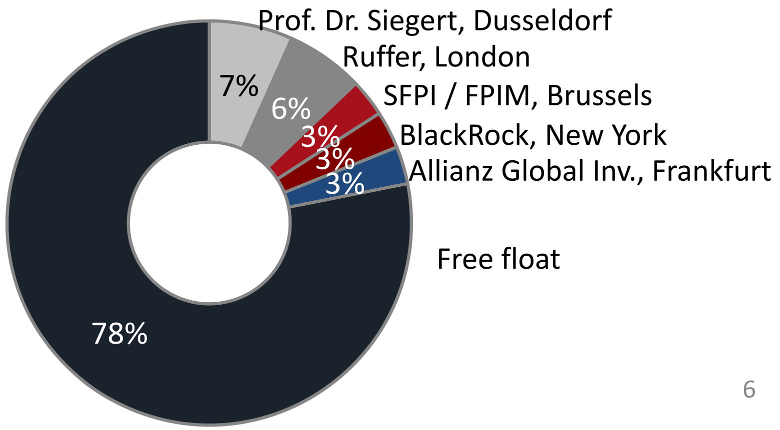
## Overview events

- **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 option and convertible bonds

## Historic market cap *(€ million)*

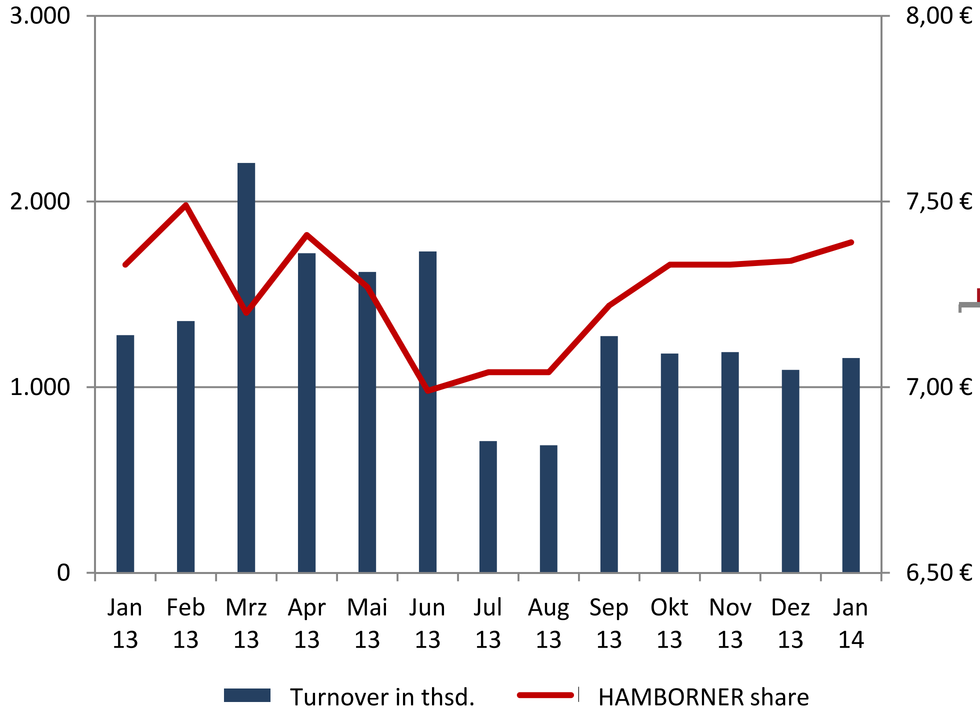



## Shareholder structure

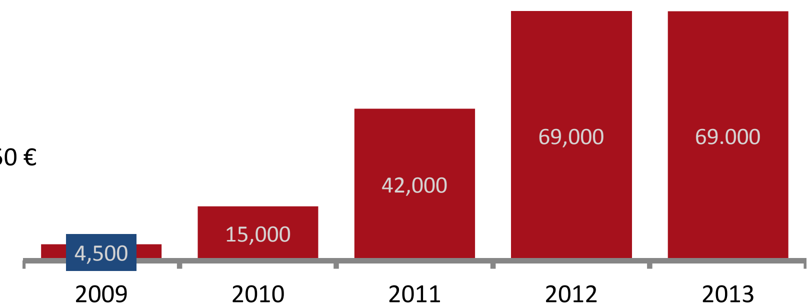


# … resulting in increased liquidity

## Share price development




## Average turnover per day since 2009 *(# shares)*



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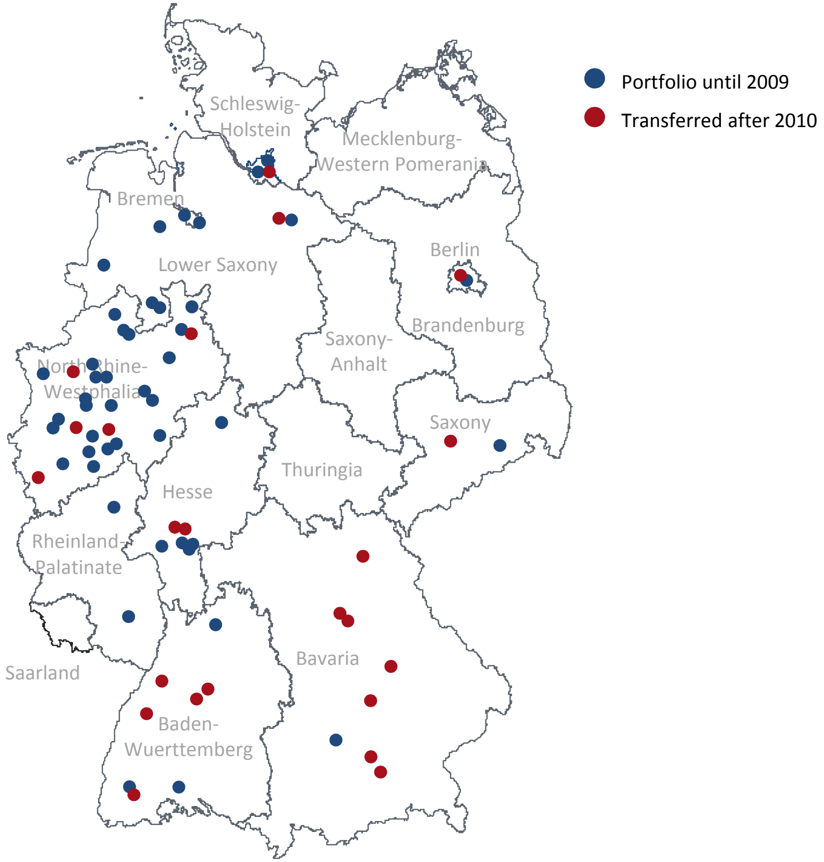
# Balanced portfolio with 100% German focus

## Geographical portfolio spread (February 2014)

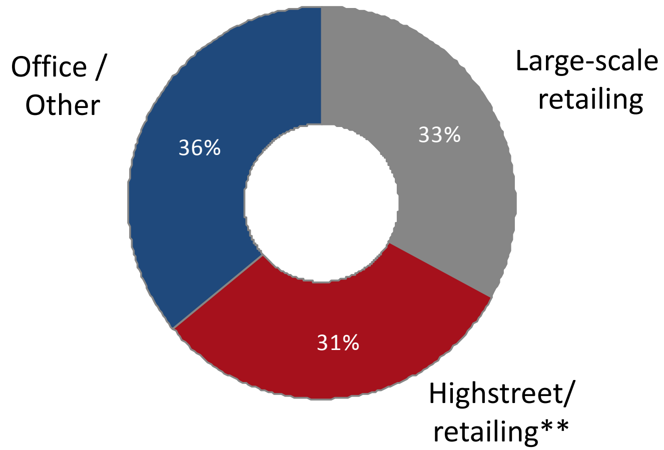



## Diversification of asset types (31.12.2013)

→ 72 properties in 55 cities in Germany, focus on West and South

→ Total portfolio value of € 691,8 million

**Annualised rental income** *(100% = € 48.1 million)**




* Based on rent roll December 2013
** Predominantly retail properties, small proportion of office space and residential units

# Well defined acquisition strategy

## Acquisition strategy

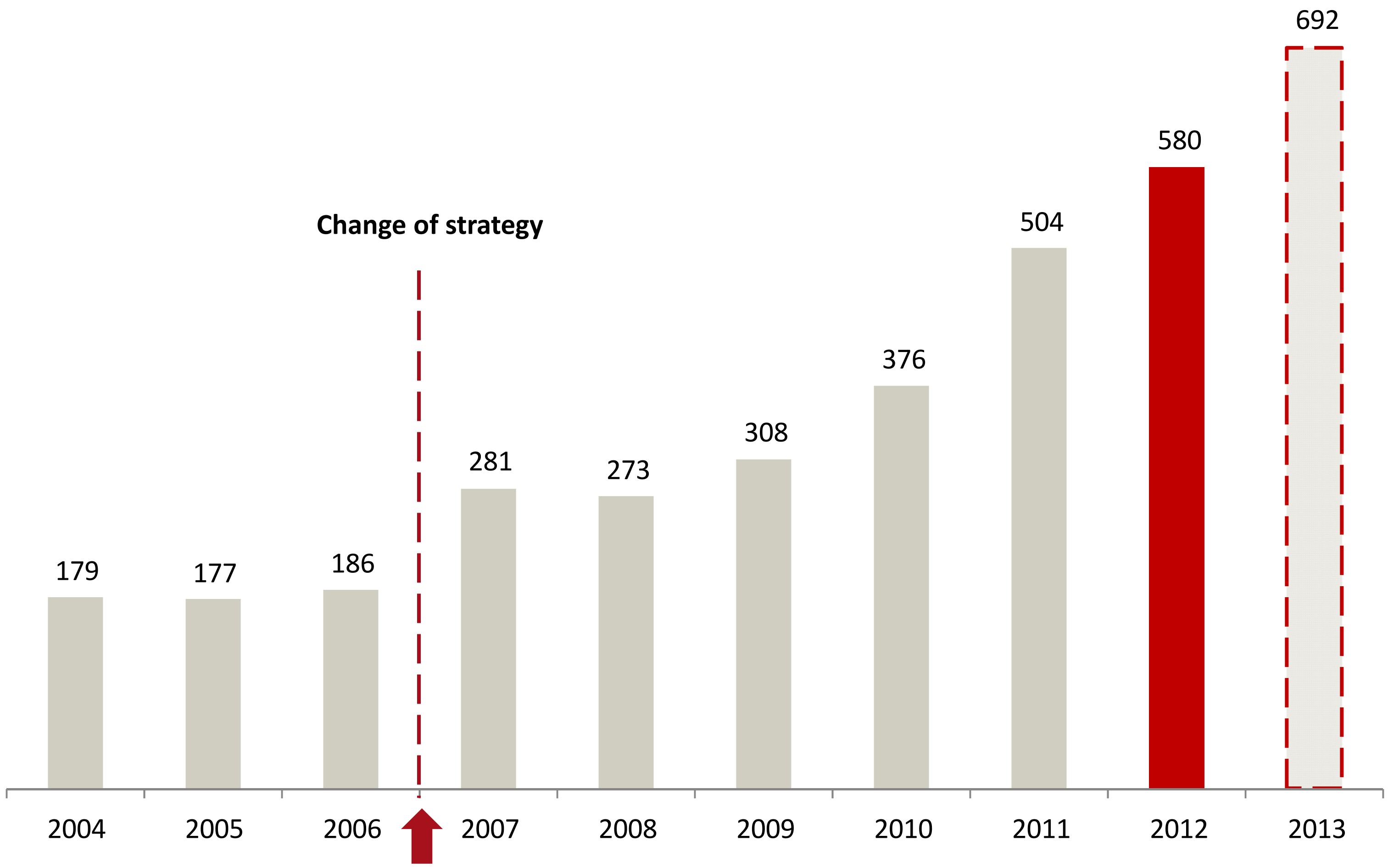
- Regional diversification in high growth regions in Southern and South-West Germany
- Focus on towns and cities outside the main metropolises
- Focus on acquisitions of € 10 million – € 60 million
- Improving cost/yield structures through acquisition of larger properties and disposal of smaller properties
- Off market deals

## Asset focus

- Focus on quality properties, location and property strategy determined by asset type:
  - Commercial buildings (€10m-60m) used for retail trade (highstreet retail) in A1 sites (pedestrian zones), nationally at locations with > 60,000 inhabitants
  - Self-service markets and self-service department stores (€10m-60m) in town centre sites or highly frequented edge-of-town sites, nationally at locations with > 60,000 inhabitants
  - Modern office buildings (€10m-60m)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**

# Development of the HAMBORNER portfolio value in million €



# Investments 2013


| | Munich,<br>NuOffice | Berlin, EUREF –<br>Torgauer Straße |
|---|---|---|
| **Built** | 2012 | 2012/2013 |
| **Main Tenant** | Esteé Lauder, McLaren, Armani, Milon… | Schneider Electric GmbH, Arcadis,... |
| **Leased Area** | approx. 12,000 sqm | approx. 12,700 sqm |
| **Annual Rental income** | approx. € 2.4 million | approx. € 2.2 million |
| **Remaining term** | 8.0 years | 7,0 years |
| **Gross initial yield** | 5.9 % | 6.7 % |
| **Purchase price** | € 40 million | € 33 million |
| **Transfer of possession** | January 2013 | March 2013 |

# Investments 2013

| | Bayreuth, Spinnereistraße | Hamburg, OBI Sander Damm | Bad Homburg Louisenstraße |
|---|---|---|---|
| **Built** | 2009 | 2013 | 1970 |
| **Main Tenant** | Jobcenter Bayreuth, Synlab Weiden, Schuhcenter Siemes, Deutsche Apotheker- und Ärztebank | OBI | Commerzbank |
| **Leased Area** | approx. 9,000 sqm | approx. 10,400 sqm | approx. 3,250 sqm |
| **Annual Rental income** | approx. € 1.4 million | € 1.25 million | € 0.4 million |
| **Remaining term** | 5.6 years | 15 years | 2 years |
| **Gross initial yield** | 7.3 % | 7.3 % | 5.4 % |
| **Purchase price** | approx. € 18.5 million | approx. € 17.2 million | approx. € 7.9 million |
| **Transfer of possession** | June 2013 | December 2013 | January 2014 |

# Sale of non strategic assets

Oberhausen, selling price: € 0,9m

**Transfer of possession: 01.11.2013**

Moers, selling price: € 2,4m

**Transfer of possession: 01.01.2014**

Wuppertal, selling price: € 2,8m

**Transfer of possession: 01.01.2014**

- annual rental income: 0.6 million
- 11 commercial contracts
- 29 residential contracts

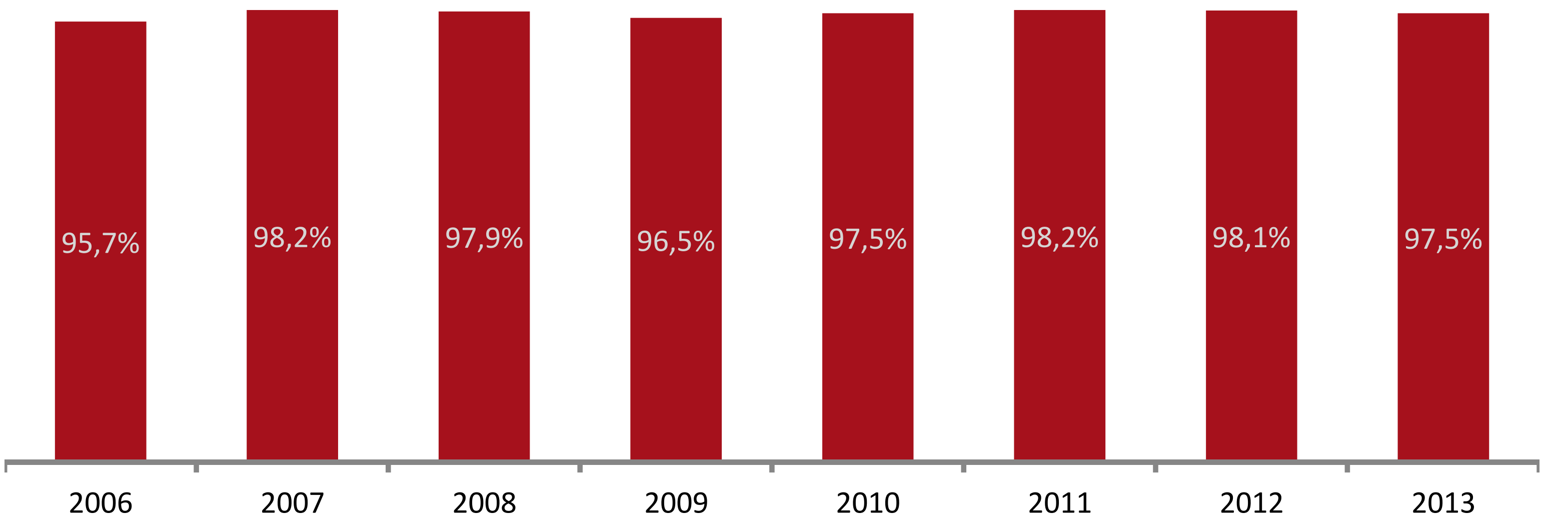
# Further divestments


| | Divestment<br>Hannover<br>Karmarschstraße | Divestment<br>non strategic / undeveloped land<br>in Dinslaken |
|---|---|---|
| **Built**<br>**Main Tenant** | 1949 / 2001<br>Nordsee | **Sqm:** 5,300<br><br>**Book profit:** 350 T€ |
| **Leased Area** | approx. 830 sqm | |
| **Annual Rental income** | approx. € 257.000 | |
| **DCF 31.12.2012** | € 4.85 million | |
| **Purchase price** | € 5.66 million | |
| **Transfer of possession** | February 2014 | 2013 |

# Agenda

# High and stable occupancy

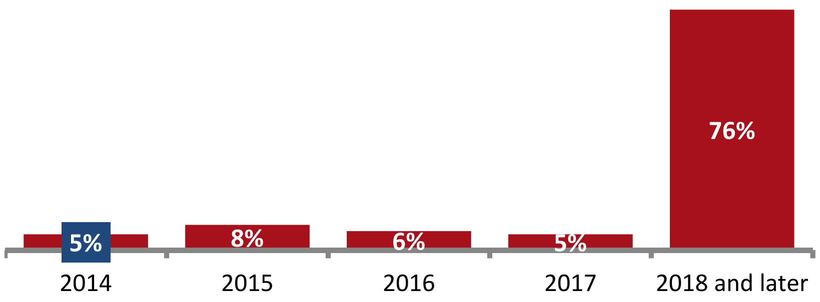
## Occupancy rates



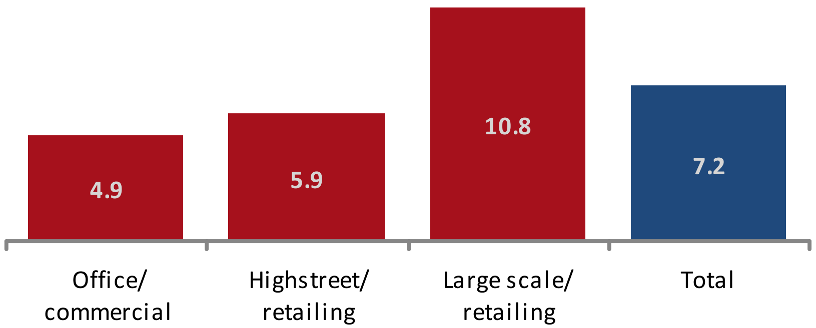

**Vacancy rate at as 31.12.2013:** 2,5% (including rent guarantees)

# Long-term leases

**Split of lease contract expiry by year** *(31 December 2013)*




**Weighted average lease expiry by type**
*(31 December 2013, in years)*



# Strong tenants

**Top 10 tenants** *(31 December 2013, % of annual rent*)*

| | ***Tenant*** | ***Sector*** | |
|---|---|---|---|
| | EDEKA | Discount food retail | 14.4% |
| | Kaufland Group | Discount food retail | 10.4% |
| | OBI | Retail (DIY) | 8.4% |
| | AREVA | Power & Utilities | 2.0% |
| | SFC Energy | Industrials/Energy | 2.0% |
| | Estée Lauder | Luxury consumer goods | 1.9% |
| | Schneider Electric | Energy Management | 1.8% |
| | Telefonica O2 | Telecommunication | 1.7% |
| | REWE | Food retail | 1.6% |
| | Kaspersky lab | Software | 1.5% |
| | | **Total** | **45.7%** |

* Including rent guarantees

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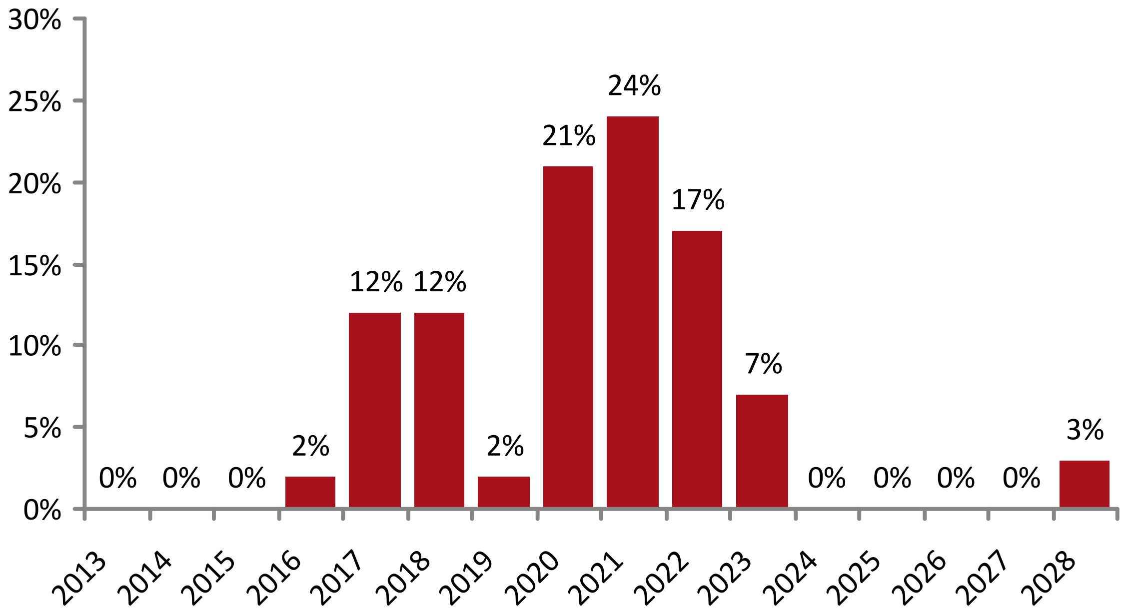
# Stable and predictable cost of debt

**Expiration of fixed interest rates** *(per 30 September 2013)*

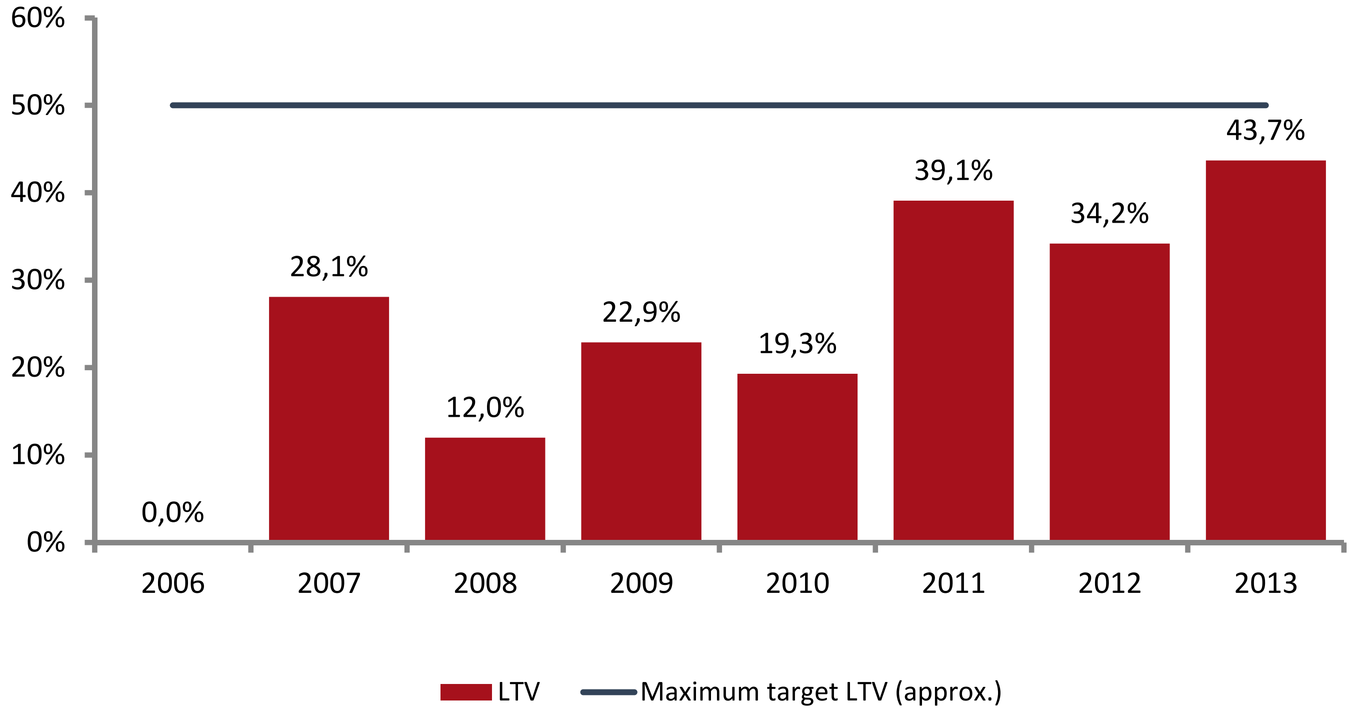



- Financial debt: € 310.7 million
- Liquid funds: € 19.6 million
- LTV: 43.2 %
- REIT equity ratio: 52.9%

- Average maturity of fixed interest rates: 7.5 years
- Average cost of debt: 3.9%
- Banks
  - Institutional banks
  - Cooperative banks
  - Saving banks
  - Insurance companies

## Low LTV, equity ratio well within REIT criteria

**Loan-to-value** *(%)**




* Cash exceeds debt in 2006

# Preliminary key figures for 2013

| Key figures | 2013 preliminary | 2012 | Change |
|---|---|---|---|
| Rental revenues | € 45.2 million | € 37.0 million | + 22 % |
| Operating result | € 20.4 million | € 17.5 million | + 17 % |
| EBIT | € 20.8 million | € 18.4 million | + 13 % |
| Profit for the period | € 8.5 million | € 7.7 million | + 10 % |
| Funds from Operations | € 23.8 million | € 18.9 million | + 26 % |
| Funds from Operations (FFO) per share | € 0.52 | € 0.41 | + 26 % |
| REIT equity ratio | 52.5 % | 60.3 % | - 7.8 %-points. |
| Loan to Value (LTV) | 43.7 % | 34.2 % | + 9.5 %-points. |
| Net Asset Value (NAV) | € 375.3 million | € 371.8 million | + 1 % |
| Net Asset Value (NAV) per share | € 8.25 million | € 8.17 | + 1 % |

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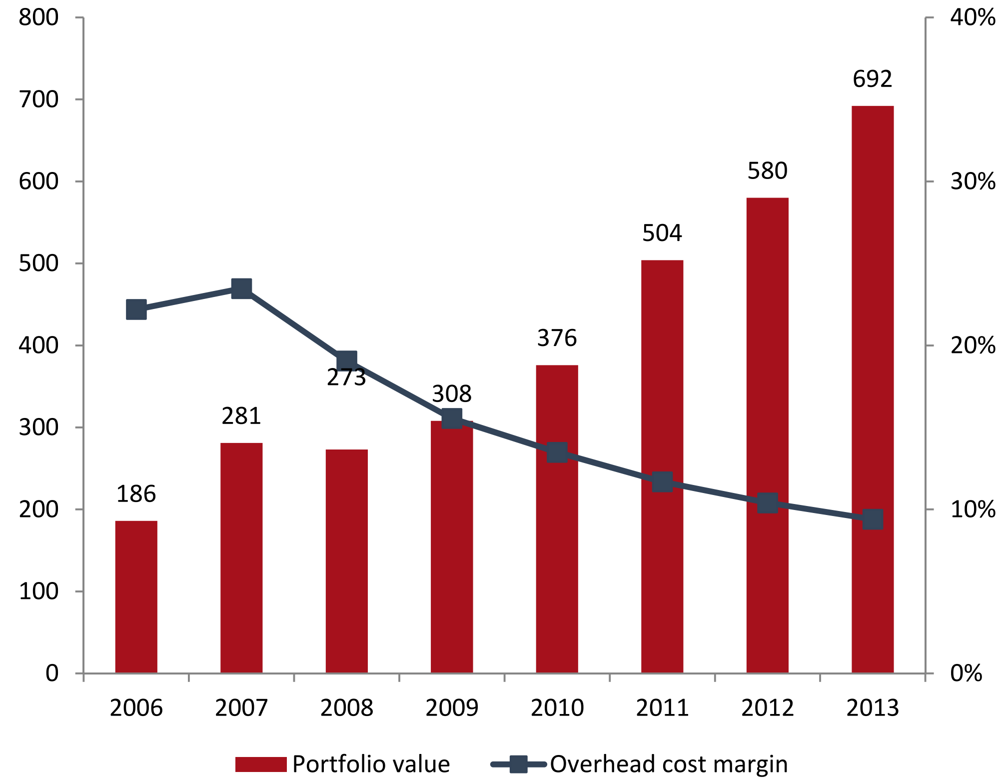
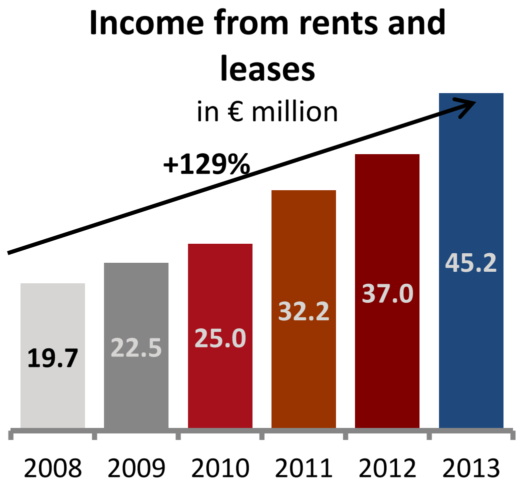
# Benefitting from economies of scale

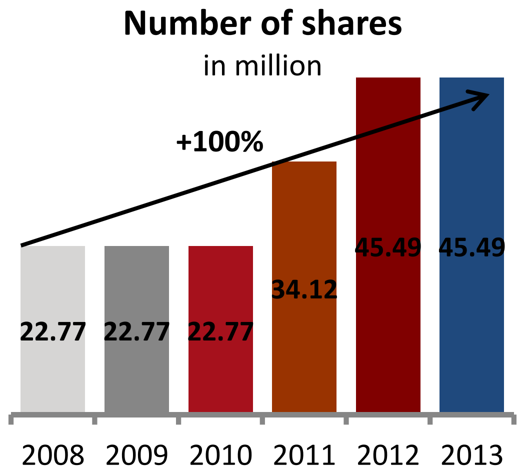
**Portfolio value** ***(€ million)*** **and overhead cost margin***

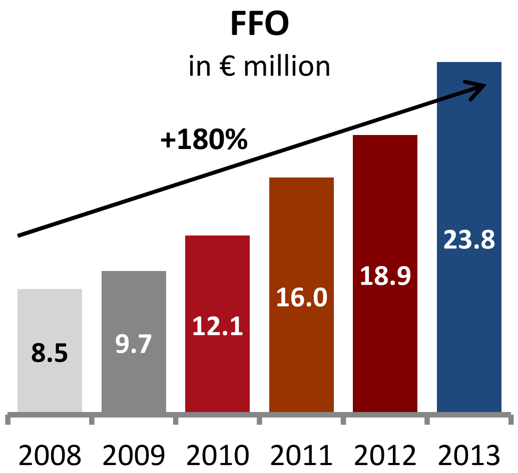


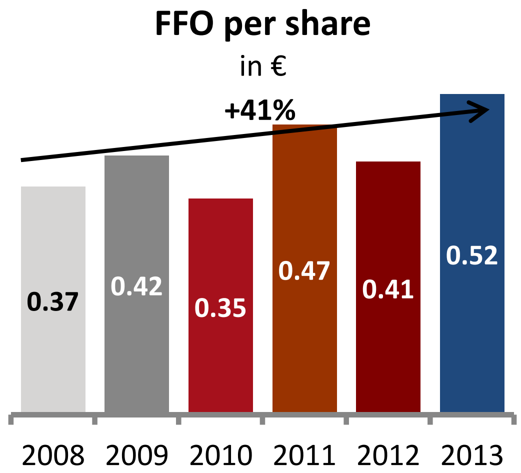

* Personnel and administrative costs divided by income from rents and leases. Personnel costs are adjusted downward for one-off costs

# FFO per share as key component for controlling



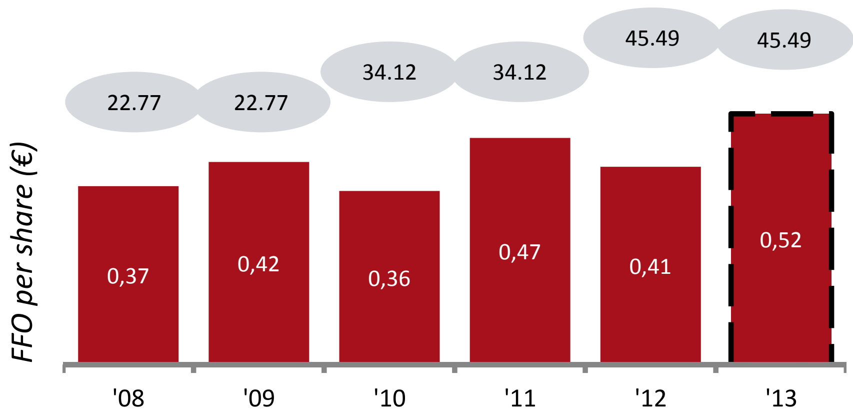



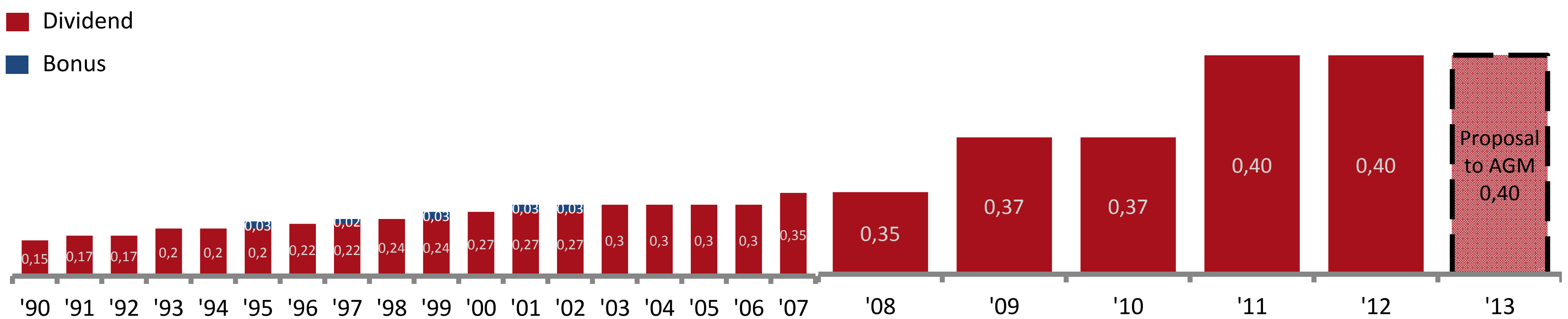
# Increasing Funds From Operations and dividend per share

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




## **Dividend per share** *(€)*

→ HAMBORNERs dividend proposal € 0.40 for FY 2013



# HAMBORNER REIT AG - key investment highlights

## Creating sustainable shareholder value

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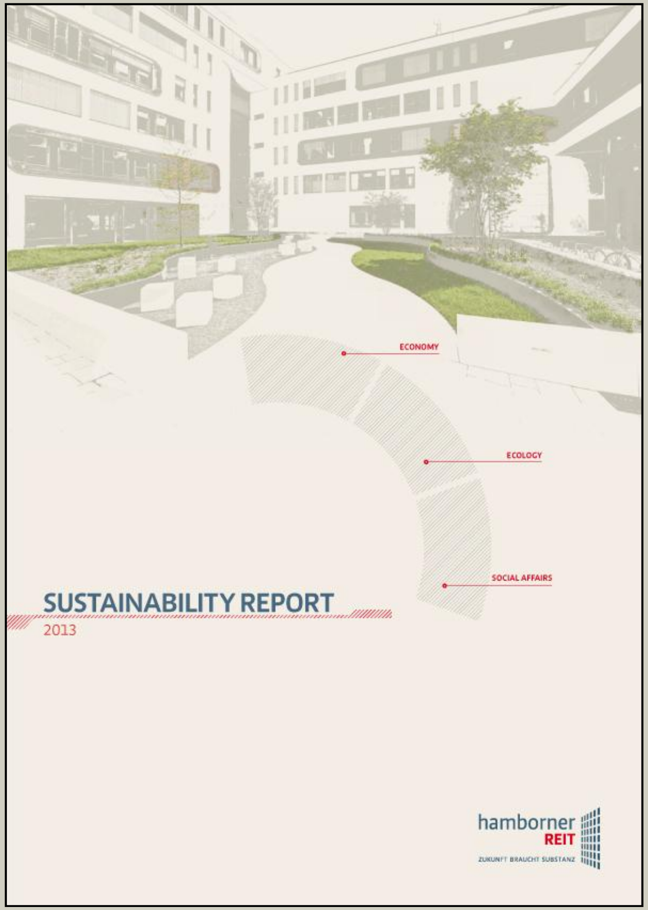
- → **Strong asset- and portfolio management**
- → **Increasing portfolio quality**
- → **Robust financial position**
- → **Enhancing efficiency, increasing cash flow and dividend per share**
- → **Capital markets track record**

# Appendix

(Q3 figures)

Annual report for fiscal 2013 will be published on 26 March 2014.

# First Sustainability Report




We are delighted to present you our **first sustainability report.**

It is intended as a first step in bringing you closer to our understanding of the interconnectedness of the economic, ecological and social dimensions of sustainable corporate governance.

Sustainability is more than just a synonym for environmentally friendly measures.

The responsible handling of the interests of all stakeholders - shareholders, backers, tenants and employees - is a crucial factor for HAMBORNER REIT AG.

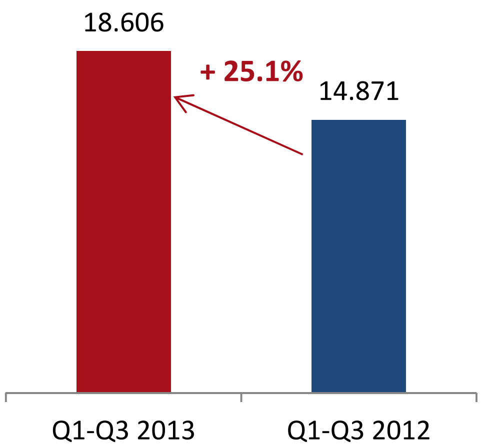
Download: http://www.hamborner.de/Nachhaltigkeit.250.0.html?&L=1

# Profit and loss account according to IFRS

| in T € | Q1-Q3 2013 | Q1-Q3 2012 |
|---|---|---|
| **Net rental income** | **31,007** | **25,321** |
| Administrative expenses | -828 | -706 |
| Personnel costs | -2,334 | -2,032 |
| Depreciations | -12,303 | -9,066 |
| Other operating income | 1,129 | 328 |
| Other operating expenses | -443 | -405 |
| **Operating result** | **16,228** | **13,440** |
| Result from the sale of investment properties | 350 | 17 |
| **Earnings before interest and taxes (EBIT)** | **16,578** | **13,457** |
| Financial result | -8,925 | -7,635 |
| Taxes | 0 | -7 |
| **Net profit for the period** | **7,653** | **5,815** |

# FFO

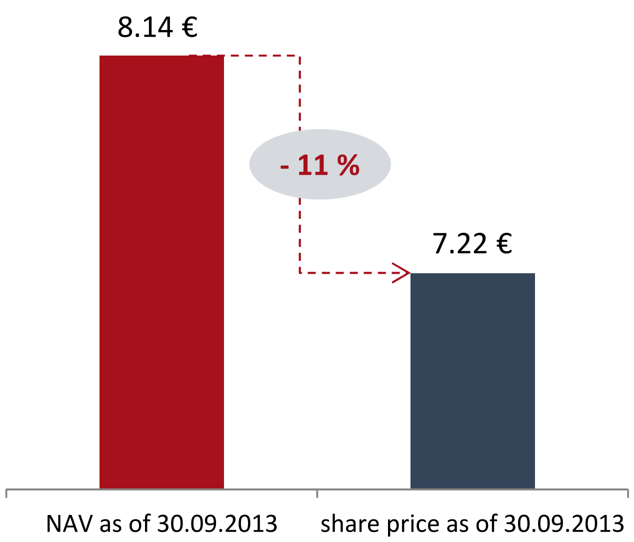
| in € thousand | 30.09.2013 | 30.09.2012 |
|---|---|---|
| **Income from rents and leases** | **33,669** | **27,320** |
| Income from passed-on incidential costs to tenants | 3,630 | 2,523 |
| Real estate operating expenses | -5,094 | -3,525 |
| Property and building maintenance | -1,198 | -997 |
| **Net rental income** | **31,007** | **25,321** |
| - Administrative expenses | -828 | -706 |
| - Personnel costs | -2,334 | -2,032 |
| + Other operating income* | 129 | 328 |
| - Other operating expenses | -443 | -405 |
| + Interest income | 31 | 233 |
| - Interest expenses | -8,956 | -7,868 |
| **FFO before taxes** | **18,606** | **14,871** |
| **FFO per share** | **0.41** | **0.33** |




* adjusted for one-time effect (payment tenant Konsum)

# Net asset value (NAV) in accordance with EPRA

## Discount of the XETRA-closing price to the NAV = 11 % (30.09.2013)




| NAV calculation (in accordance with EPRA) | 30.09.2013 in € million | 31.12.2012 in € million |
|---|---|---|
| Balance sheet long-term assets | 586 | 511 |
| + Balance sheet short-term assets | 23 | 30 |
| - Non-current liabilities and provisions | -314 | -235 |
| - Current liabilities and provisions | -14 | -14 |
| **Balance sheet NAV** | **281** | **292** |
| + Hidden reserves long-term assets | 89 | 80 |
| **NAV** | **370** | **372** |
| **NAV per share in €** | **8.14** | **8.17** |

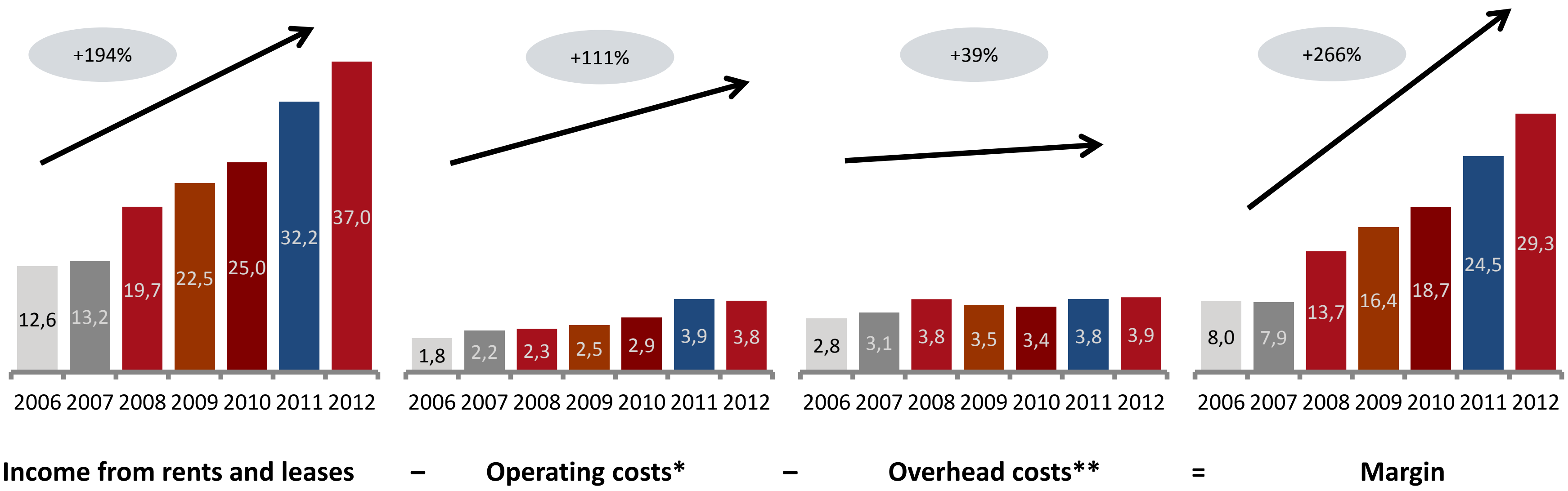
# Balance sheet in accordance with IFRS

| in € million | 30.09.2013 | 31.12.2012 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | **586.2** | **511.3** |
| Investment Properties | 585.8 | 510.8 |
| Other | 0.4 | 0.5 |
| | | |
| **Current assets** | **23.0** | **30.1** |
| Trade receivables and other assets | 3.4 | 0.8 |
| Bank deposits and cash balances | 19.6 | 29.3 |
| **Total assets** | **609.3** | **541.4** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| Equity | 270.0 | 276.8 |
| Financial liabilities and derivative financial instruments | 322.1 | 245.9 |
| Other liabilities and provisions | 17.2 | 18.7 |
| **Total equity and liabilities** | **609.3** | **541.4** |

Equity ratio 44.3%

# Increasing efficiency resulting in higher margins

**Development of rental income, overhead costs, and margin** *(€ million)*




* Operating costs include income from passing on incidental costs to tenants, current operating expenses and land and building maintenance

** Overhead costs include personnel and administrative costs . Personnel costs are adjusted downward for one-off costs

# Financial Calendar 2013/2014

| HAMBORNER REIT AG | |
|---|---|
| Preliminary figures 2013 | 06 February 2014 |
| Annual report 2013 | 26 March 2014 |
| Interim report for 1st quarter 2014 | 5 May 2014 |
| Annual general meeting 2014 | 6 May 2014 |
| Interim report for 1st half year 2014 | 12 August 2014 |
| Interim report for 3rd quarter year 2014 | 11 November 2014 |

Many thanks for your attention!

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