

hamborner
REIT

ZUKUNFT BRAUCHT SUBSTANZ



Roadshow Presentation

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January 2016

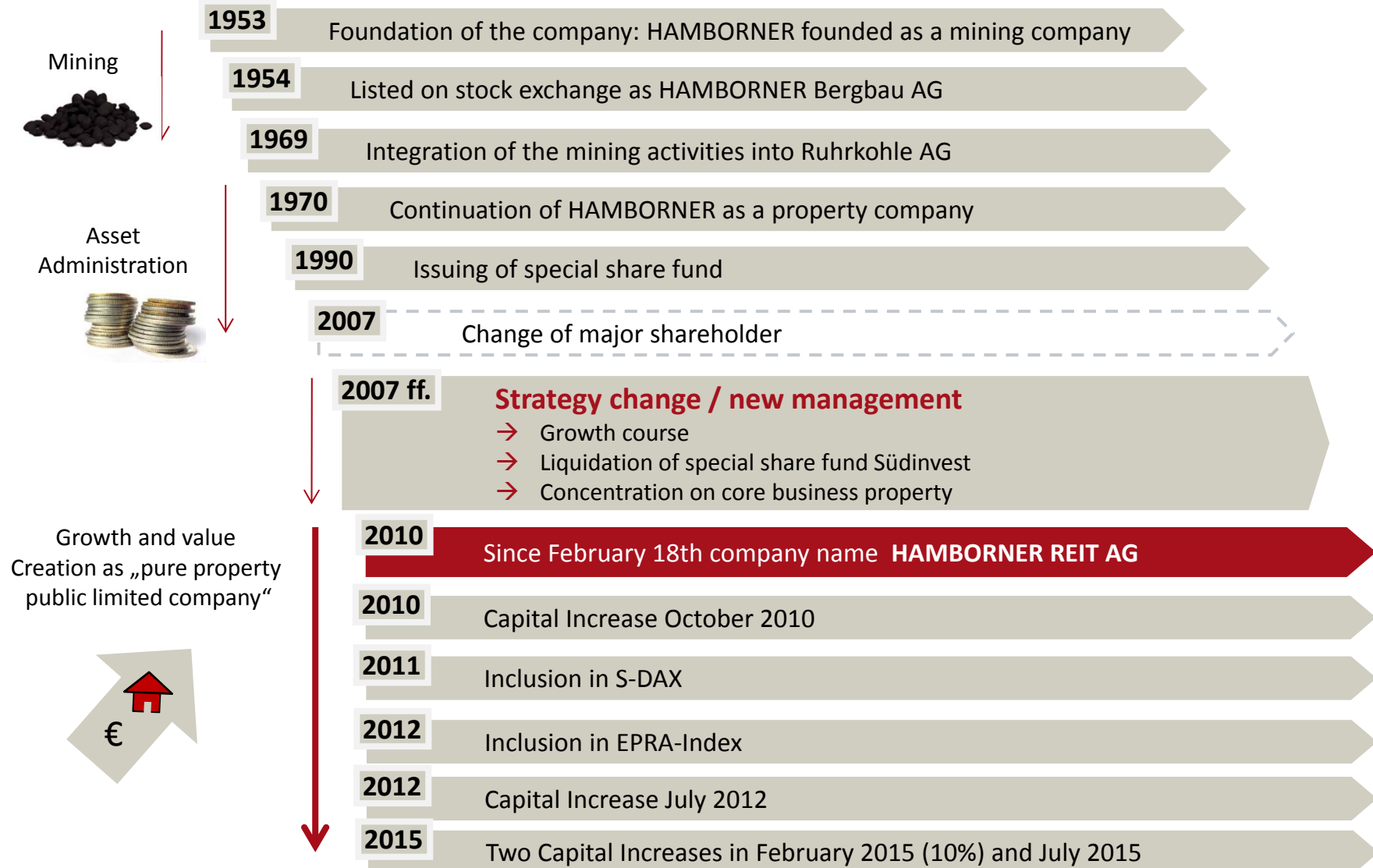
Creating sustainable shareholder value

Key investment highlights



History

Historical development of the company



Increasing portfolio quality

Balanced portfolio with 100% German focus

(as at 31. Dec. 2015)

Geographical portfolio spread

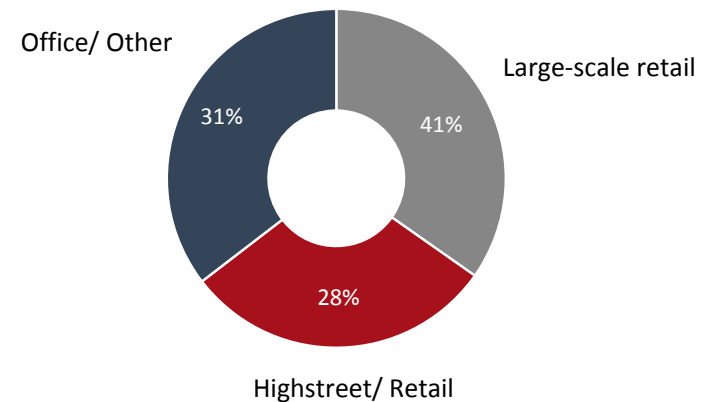


○ Portfolio until 2006 ● Portfolio from 2007 ● Purchase contract signed

Diversification of asset types

- 69 properties in 55 cities in Germany
- Focus on West and South-West
- approx. € 870 million portfolio value

Annualised rental income (100% = € 57.9 million)



Increasing portfolio quality

Regional diversification

(as at 31. Dec 2015)

<u>Federal State</u>	<u>Number of objects</u>	<u>Share in the market value of total portfolio</u>
North Rhine-Westphalia	26	26%
Bavaria	9	22%
Baden-Wuerttemberg	8	14%
Hesse	8	11%
Lower Saxony	6	8%
Berlin	2	7%
Hamburg	3	3%
Rhineland-Palatinate	3	3%
Bremen	2	3%
Saxony	2	3%
Total	69	

Increasing portfolio quality

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/benefit from scale-effects**

Increasing portfolio quality

Investments in 2015



**Aachen,
Krefelder Straße 216**



**Celle,
An der Hasenbahn 3**



**Fürth, (Hornschuch-Center)
Gabelsberger-Str. 1**

Built	2014	1975, modernized 2014	Build 1990 / modernized 2014/15
Main tenant	Jobcenter Aachen	real,-, Fressnapf, Aldi	EDEKA, Schuh Mücke, Rossmann...
Leased area	approx. 10,000 m ²	approx. 24,500 m ²	approx. 11,500 m ²
Annual rental income	€ 1.7 million	approx. € 2.32 million	€ 1.8 million
Remaining term	14.5 years	12.0 years	12.5 years
Gross initial yield	6.4 %	6.6 %	6.1 %
Purchase price	€ 26.8 million	€ 35.2 million	approx.€ 30 million
Transfer of possession	March 2015	May 2015	09/2015

Increasing portfolio quality

Investments in 2015



**Gießen, (Westoria Gießen)
Gottlieb Daimler Str. 27**



**Berlin,
Tempelhofer Damm**



**Neu Isenburg,
Schleussnerstraße 100-102**

Built	Build 1983 / modernized 2008	2014/15	2015
Main tenant	real,-, Saturn, McDonalds	Kaisers, Aldi, Rossmann	REWE, dm
Leased area	approx. 18,000 m ²	approx. 6,200 m ²	approx. 4,300 sqm
Annual rental income	approx. € 2.3 million	€ 1.27 million	approx. € 0.8 million
Remaining term	6.9 years	approx. 12 years	approx. 15.3 years
Gross initial yield	7.3 %	6.3 %	6.3 %
Purchase price	approx. € 31 million	approx. € 20.2 million	approx. € 12.8 million
Transfer of possession	08/2015	12/2015	30/12/2015

Increasing portfolio quality

Contract signed, transfer of possession expected 2016



**Lübeck, Haerder-Center,
Sandstraße**



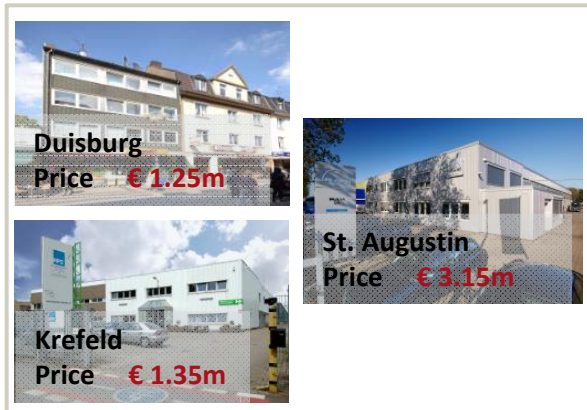
**Ditzingen,
Dieselstraße**

Built	2008	(under construction), opening 03/2016
Main tenant	H&M, New Yorker, REWE, mytoys	hagebaumarkt
Leased area	approx. 13,200 sqm	approx. 9,400 sqm
Annual rental income	approx. € 3.25 million	approx. € 0.8 - € 0.9 million (steprent)
Remaining term	3.4 years	20 years
Gross initial yield	6.5 %	7.0 %
Purchase price	approx. € 50.0 million	approx. € 12.7 million
Transfer of possession	Q1 2016e	Q2 2016e

Increasing portfolio quality

Disposals 2015/2016

November 2015



December 2015



January 2016e



Q1/2016e



Rental income per year for the sold objects:

Rental contracts

Selling price

Total # of properties

approx. € 1.6 million

44 residential contracts

22 commercial contracts

approx. € 16.0 million

8 properties

Undeveloped land sold

Selling price

approx. 263,000 sqm undeveloped land

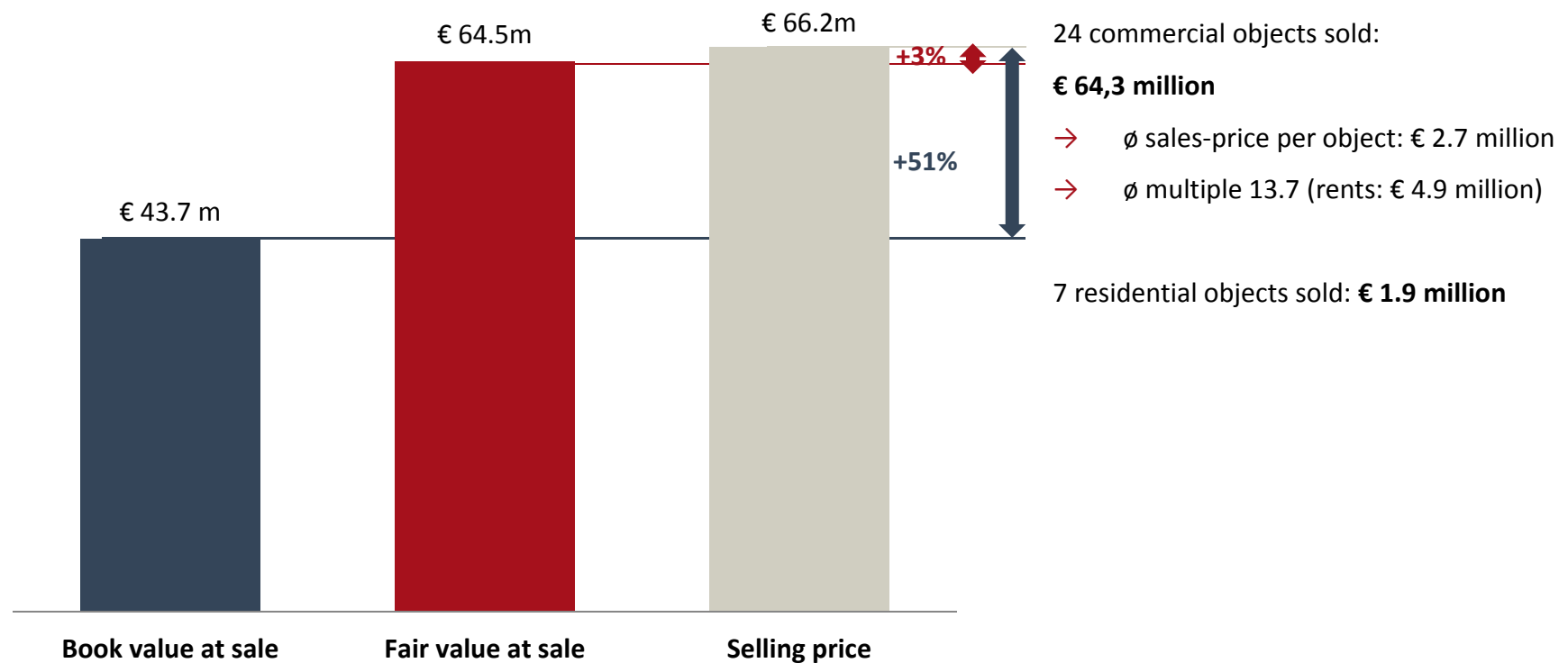
(forest- and agricultural plots);

approx. € 749,000 (book value € 120,000).



Increasing portfolio quality

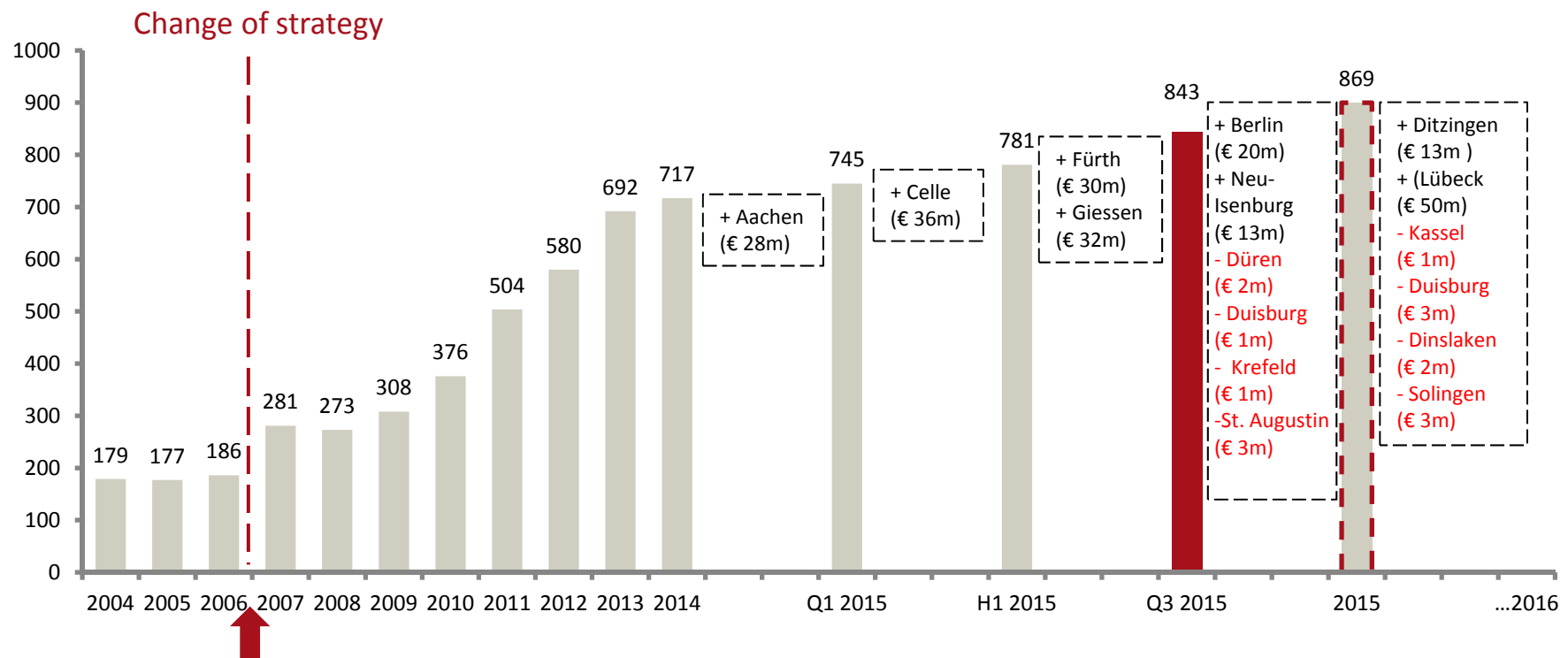
Sales since strategy change 2007



Increasing portfolio quality

Development of the HAMBORNER portfolio value (in € million)

Development of the portfolio value (before year-end evaluation)

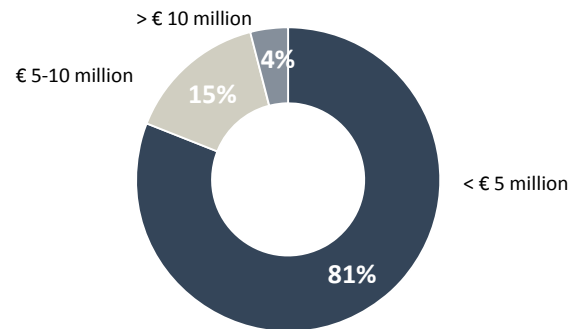


Increasing portfolio quality

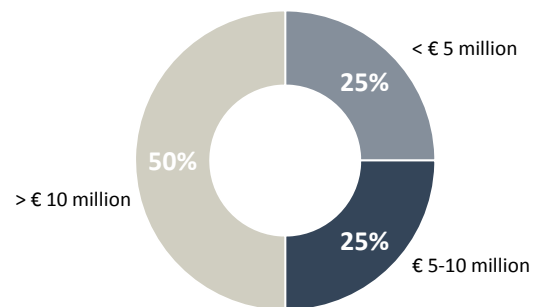
Increasing value per asset through acquiring larger assets

Portfolio split by property value

2006 (100% = 54 properties)

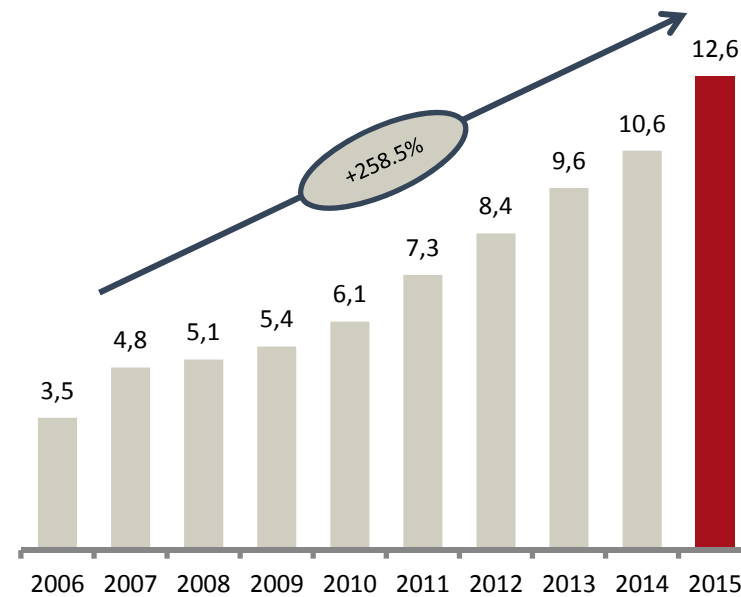


2015 (100% = 69 properties)



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

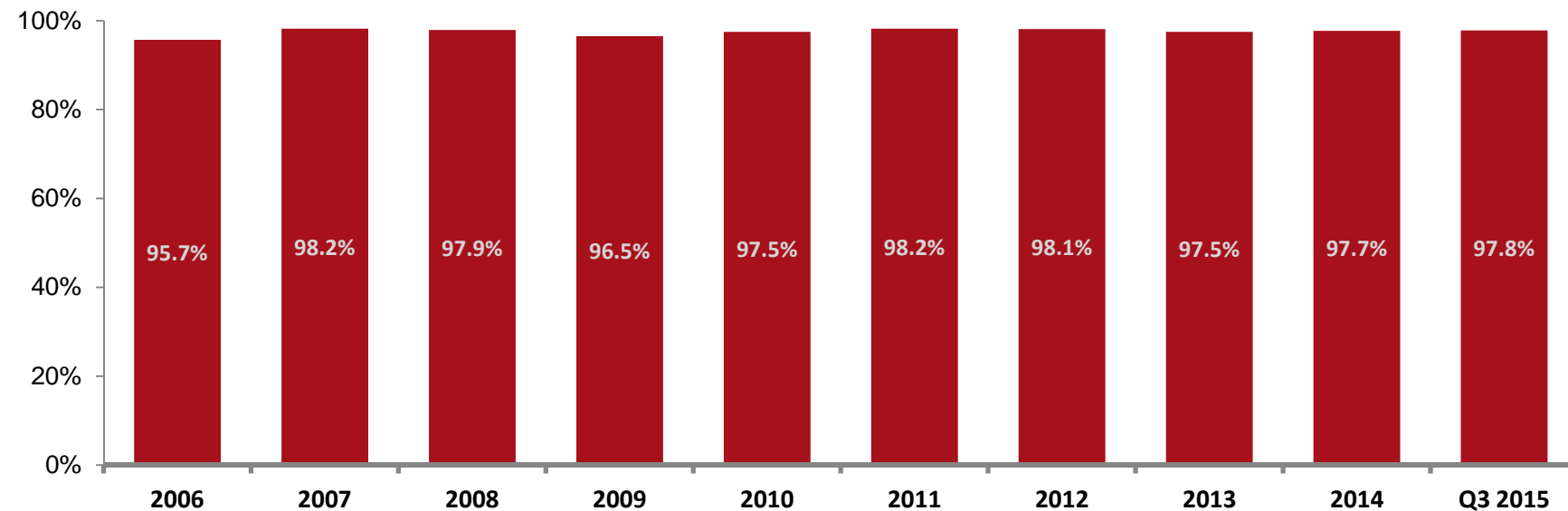
31.12.2015 (Number of properties = 69)



Strong asset and portfolio management

High and stable occupancy

Occupancy rates













- Vacancy rate as at 30 September 2015 incl. rent guarantees: 2.2 %
- Vacancy rate as at 30 September 2015: 2.3 %

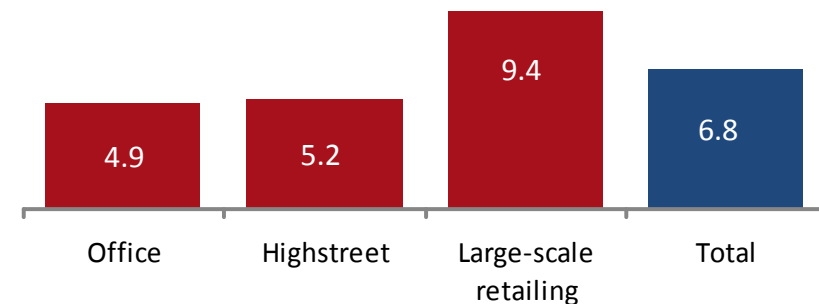
Strong asset and portfolio management

Long-term leases with strong tenants

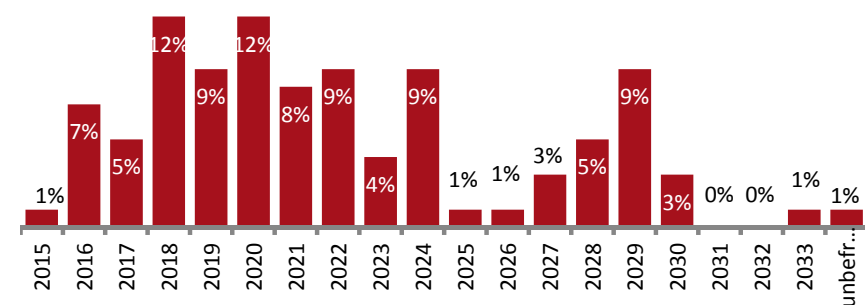
Top 10 tenants (30/09/2015, % of annual rent *)

	<u>Tenant</u>	<u>Sector</u>	
	EDEKA	Discount food retail	13.9%
	Kaufland Gruppe	Discount food retail	9.2%
	OBI	Retail (DIY)	7.3%
	real,-	Discount food retail	5.5%
	Jobcenter	Agency of Unemployment	4.7%
	C&A	Textile retail	2.1%
	H&M	Textile retail	1.9%
	AREVA	Power & Utilities	1.7%
	SFC Energy	Industrials/Energy	1.7%
	Estée Lauder	Luxury consumer goods	1.6%
	Total		49.6%

Weighted average lease expiry by type (in years)



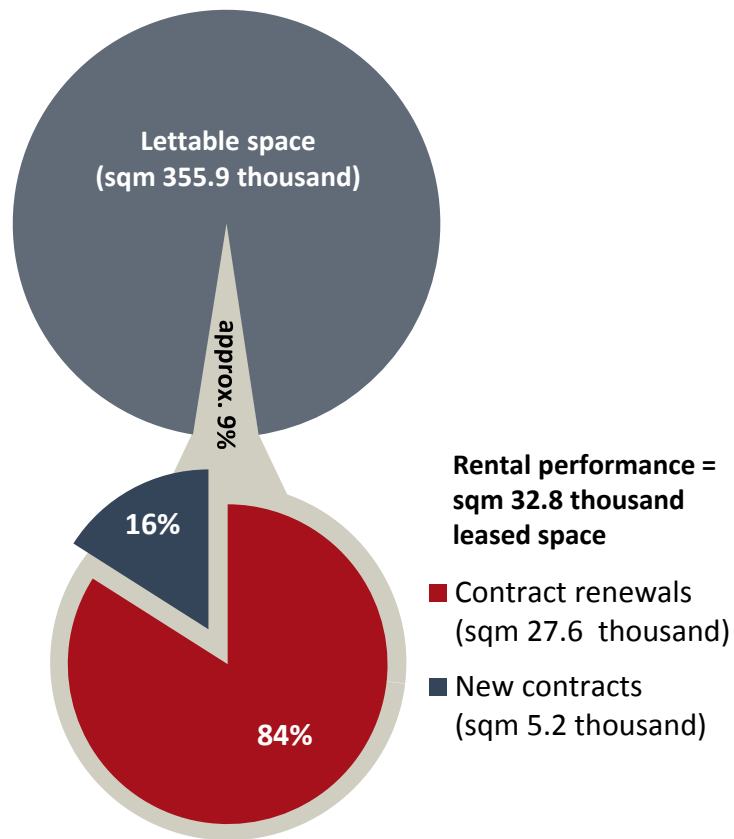
Split of lease contracts expiring by year (30/09/2015)



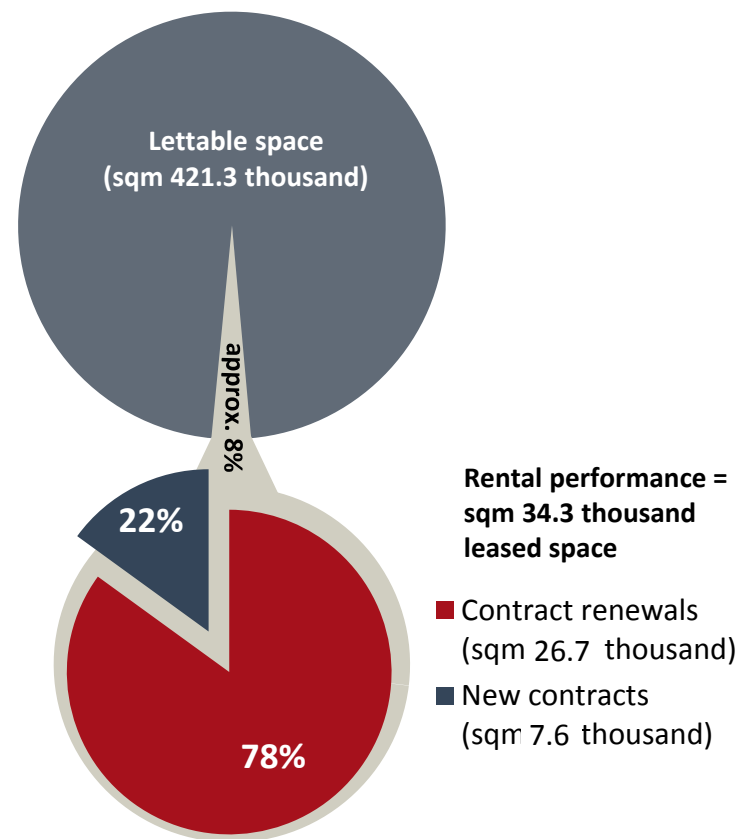
* incl. rent guarantees

Strong asset and portfolio management

Rental performance (per 31 Dec 2014)



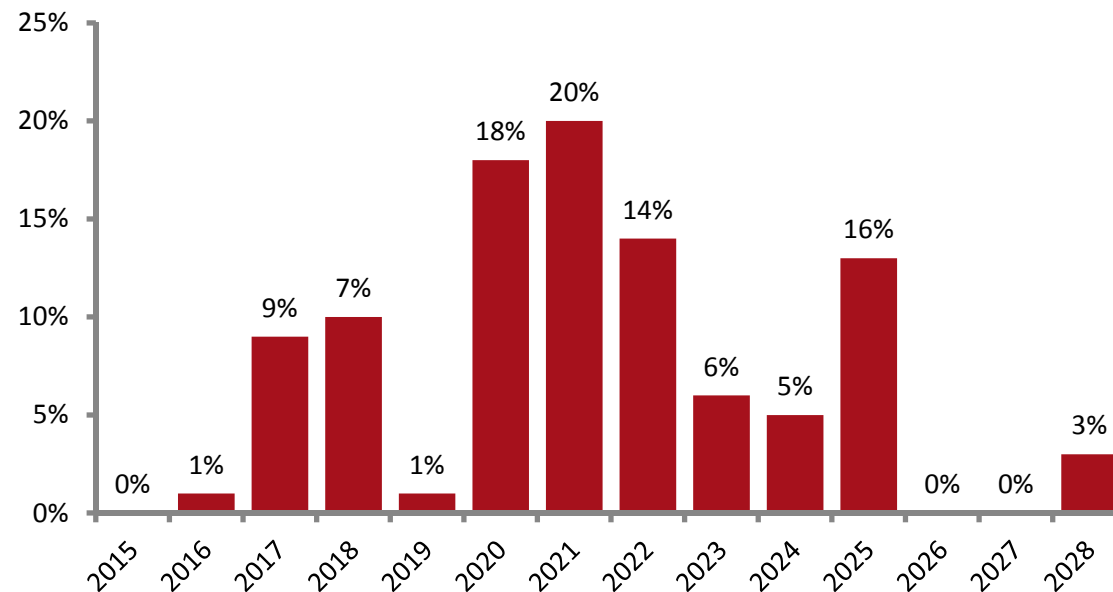
Rental performance (per 30 September 2015)



Robust financial position

Stable and predictable cost of debt

Expiration of fixed interest rates (per 30 September 2015, as % of total financial debt)

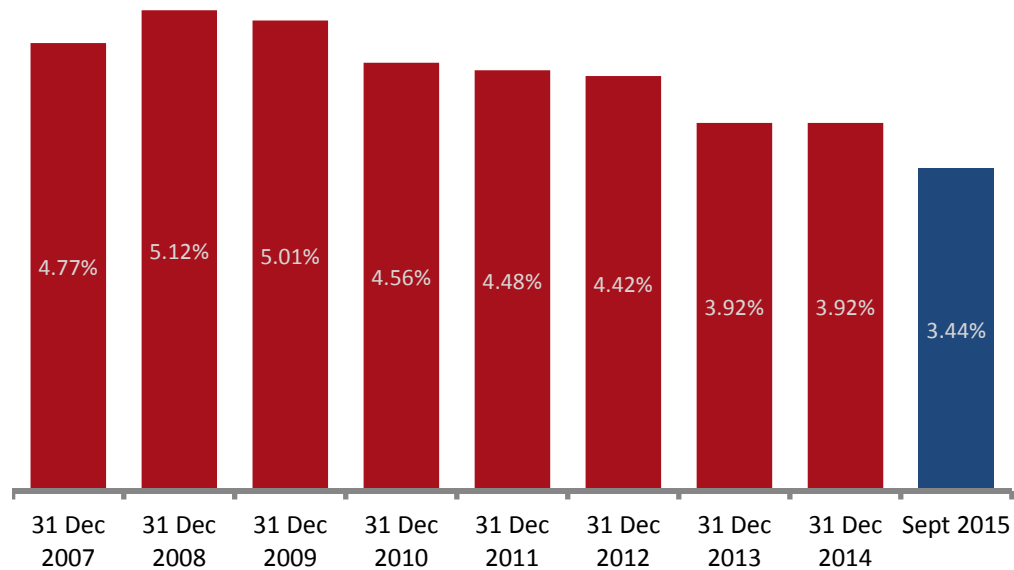


- Financial debt: € 347.6 million
- Liquid funds: € 49.6 million
- LTV: 35.2 %
- REIT equity ratio: 61.4 %
- Average maturity of fixed interest rates: 6.3 years
- Average cost of debt: 3.4%
- Banks
 - Institutional banks
 - Cooperative banks
 - Saving banks
 - Insurance companies

Robust financial position

Lower marginal funding costs

Average cost of debt



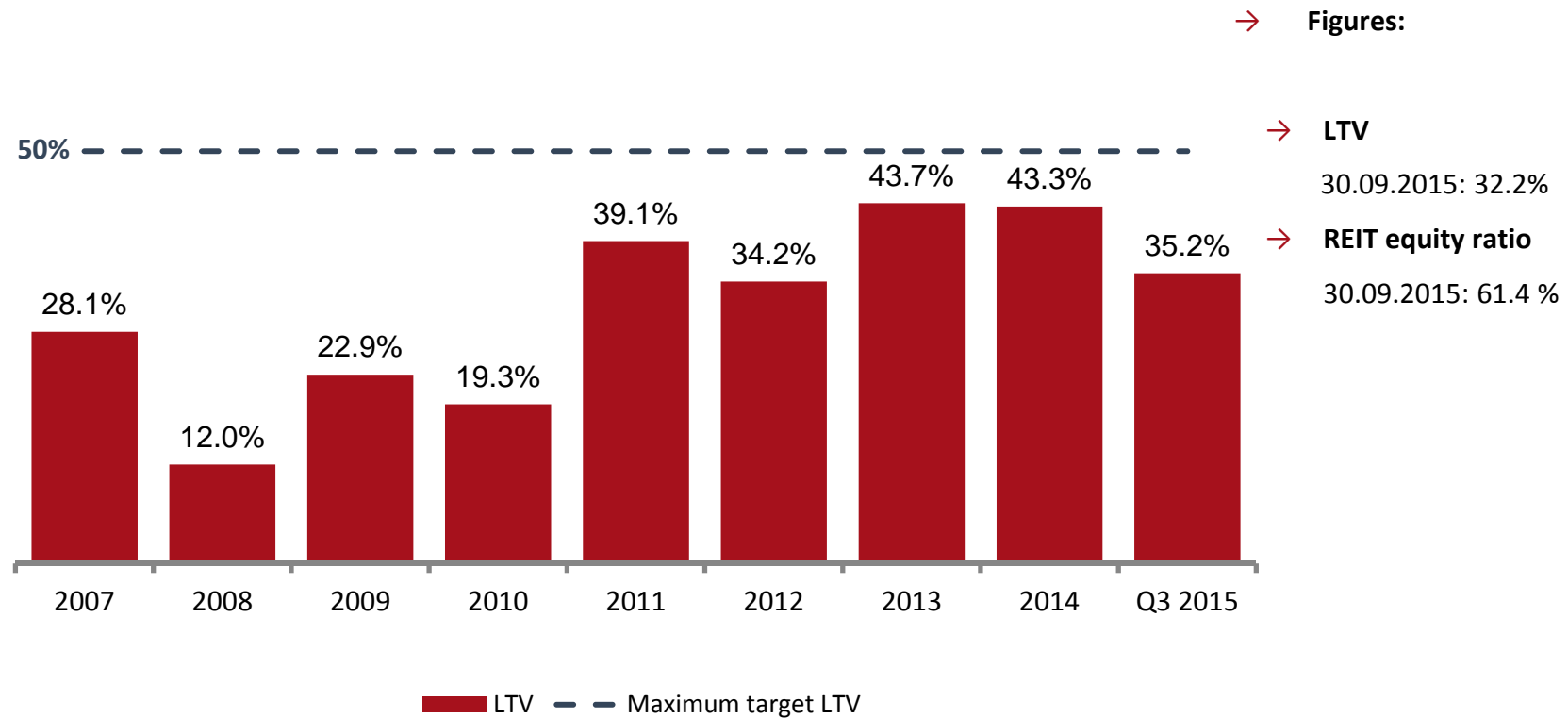
Examples of recent debt financing

- May 2015: 1.58% expiring 2025
- September 2015: 1.65% expiring 2025

Robust financial position

Low LTV equity ratio well within REIT criteria

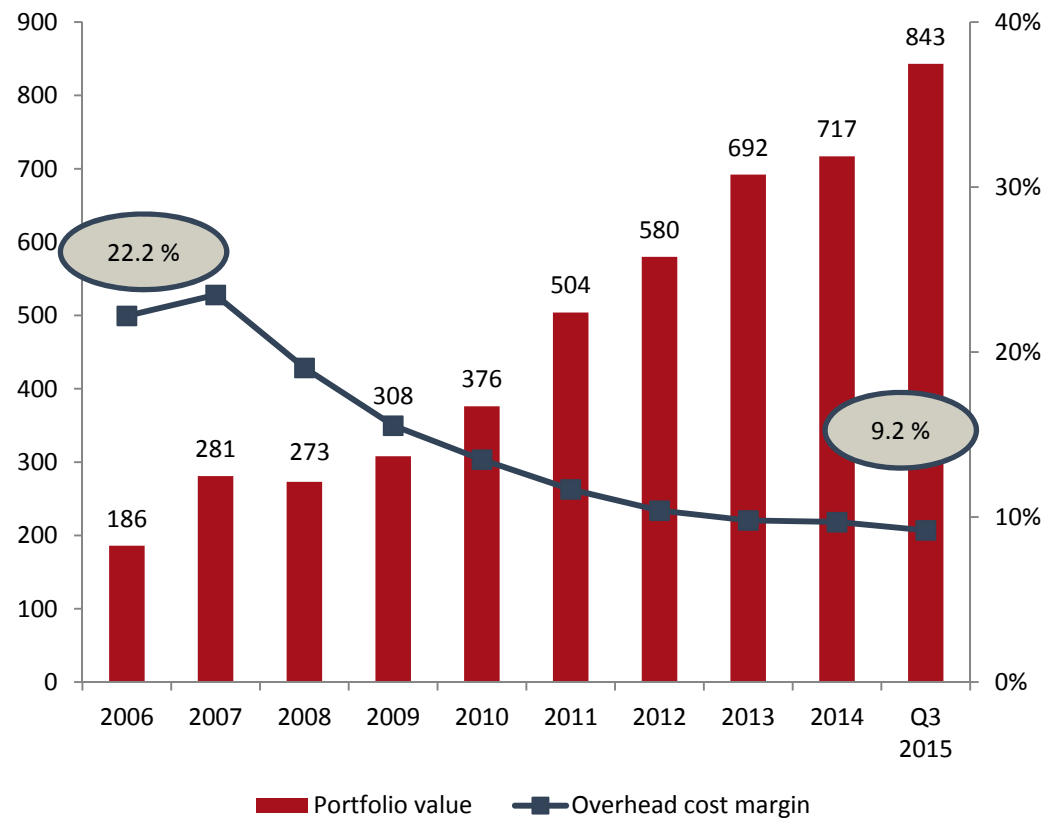
Loan-to-value (%)



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

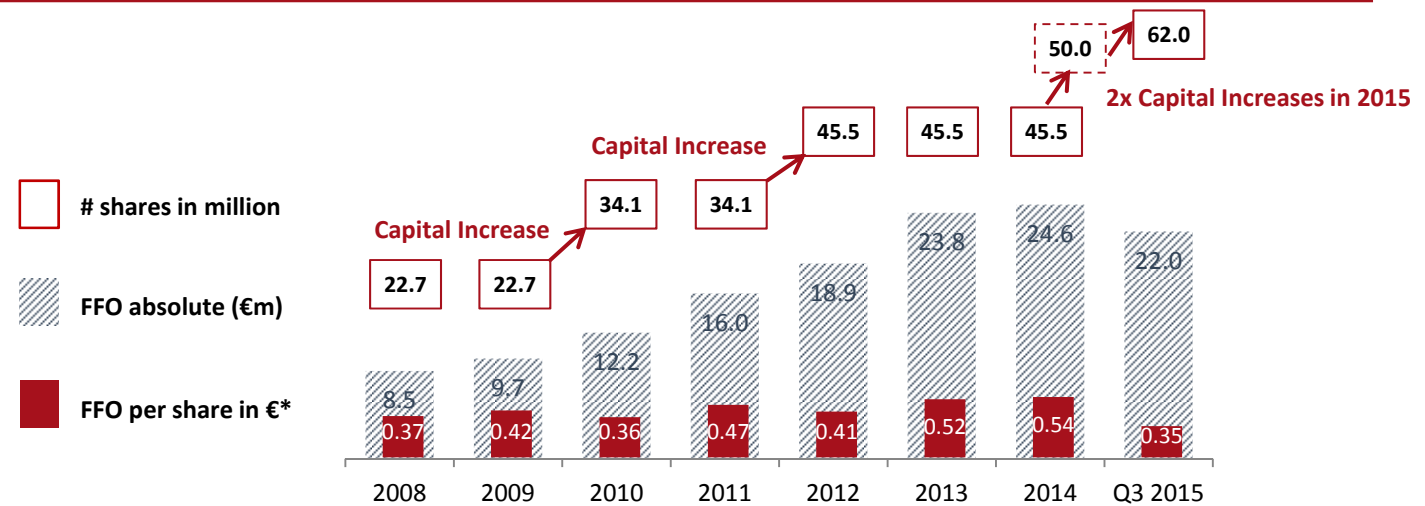
- Efficient organisation
 - Internal management
 - 2 board members
 - 31 employees
 - Outsourcing of infrastructural building services only

- Potential to substantially grow the portfolio with limited marginal personnel and administrative costs

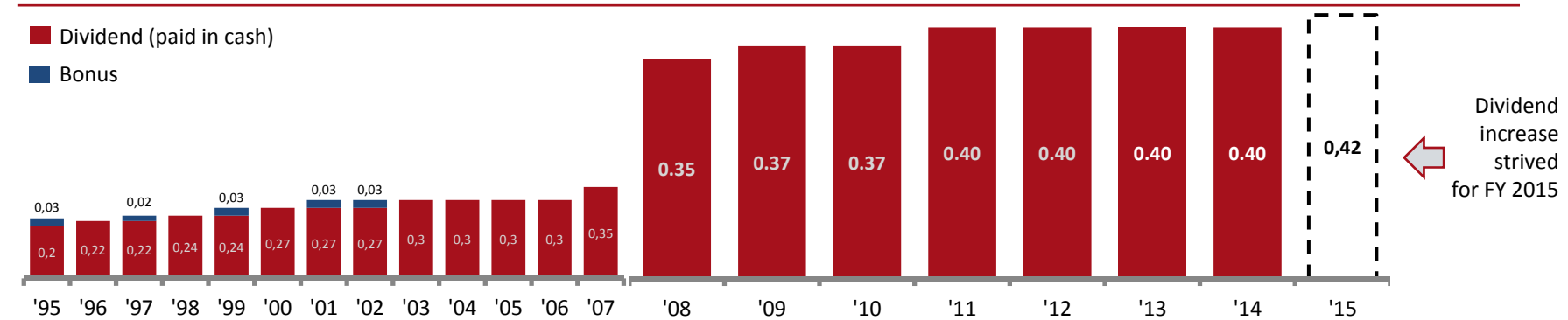
Enhancing efficiency, increasing cash flow and dividend per share

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

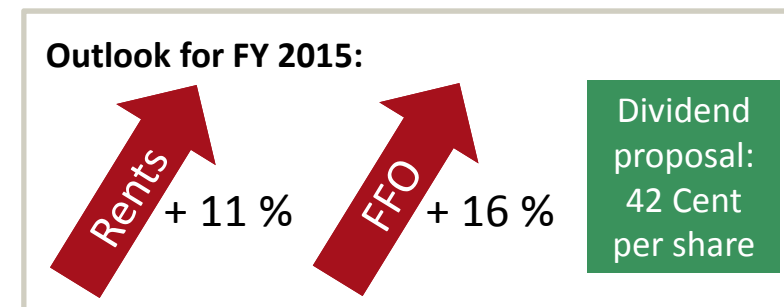
Conclusion/Outlook for 2015

1. Conclusion

- Successful fiscal year 2015
- Positive development of operational business
- Capital Increase in February : 4,549,332 new shares, net proceeds of approx. € 40.9 million – RAG Stiftung new shareholder
- Capital Increase in July 2015: 11,959,948 new shares / net proceeds amount to approximately EUR 98.6 million
- Transfer of ownership of Jobcenter Aachen and of the properties in Celle, Gießen, Fürth, Berlin, Neu-Isenburg
- Further purchase contracts signed for assets in Ditzingen and Lübeck
- Further portfolio optimization: Smaller, non strategic objects sold

2. Outlook as at 30/09/2015

- Growth of income from rents and leases: around + 11%
- Growth of FFO absolute: around +16%
- FFO per share: approx. 0.46 €
- Dividend increase strived (42 Cent per share)



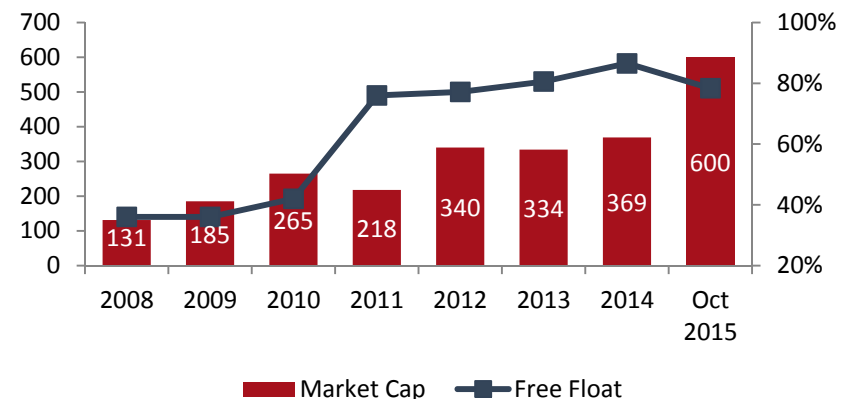
Capital markets track record

Growing market capitalisation and increasing free float...

Overview events

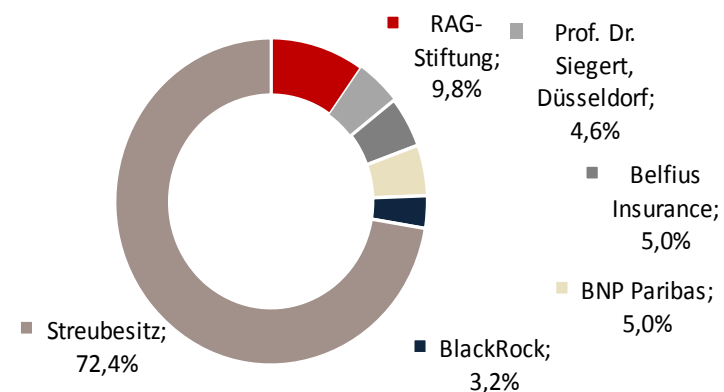
- **2007:** Start of new strategy
- **2010:** Achievement of G-REIT status and change of company name to HAMBORNER REIT AG
- **October 2010:** Successful Capital Increase – net proceeds of approx. € 76 million
- **February 2011:** Secondary placement of approx. € 89 million HSH stake
- **March 2011:** 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
- **July 2015:** Successful Capital Increase – 11,959,948 new shares, net proceeds of approx. € 101.7 million

Historic market cap (in € million)



Shareholder structure

62,003,613 shares



Capital markets track record

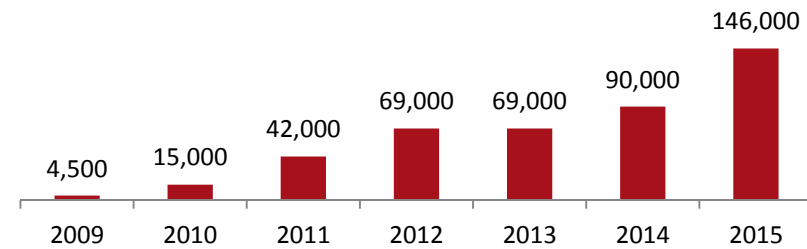
...resulting in increased liquidity

Share price development last 5 years



Average turnover per day since 2009

of shares



Appendix

Appendix

Income statement (IFRS)

in € thousand	2013	2014	Q3 2015
Net rental income	40,933	42,858	35,103
Administrative expenses	-1,131	-1,109	-873
Personnel expenses	-3,311	-3,452	-2,648
Depreciation	-16,379	-17,841	-13,773
Other operating income	1,334	714	813
Other operating expenses	-1,030	-1,277	-553
Operating result	20,416	19,893	18,069
Result from the sale of investment properties	354	10,688	458
Earnings before interest and taxes (EBIT)	20,770	30,581	18,527
Financial result	-12,249	-13,472	-9,895
Net profit for the period	8,521	17,109	8,632

Appendix

Funds from operations

in € thousand	2013	2014	Q3 2015	Q3 2014
Net rental income	40,933	42,858	35,103	31,977
- Administrative expenditure	-1,131	-1,109	-873	-753
- Personnel costs	-3,311	-3,452	-2,648	-2,477
+ Other operating income	334	714	813	439
- Other operating expenses	-790	-984	-553	-571
+ Interest income	42	68	12	64
- Interest expenses	-12,291	-13,540	-9,907	-9,961
FFO	23,786	24,555	21,947	18,718
- CAPEX	-1,029	-4,006	-1,429	-3,157
AFFO	22,757	20,549	20,518	15,561
Number of shares	45.49	45.49	62.00	45.49
FFO per share	0.52	0.54	0.35	0.41
AFFO per share	0.50	0.45	0.33	0.34

* 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

Balance sheet (IFRS)

in € million	31. Dez 13	31. Dez 14	30. Sept 15
<i>ASSETS</i>			
Non-current assets	595.4	607.8	724.3
Investment Properties	595.4	606.8	722.1
Other		1	2.2
Current assets	35.4	13.5	56.7
Trade receivables and other assets	0.8	1.3	1.7
Bank deposits and cash balances	28.2	10.4	49.6
Non current assets held for sale	6.4	1.8	5.4
Total assets	630.8	621.3	781.0
<i>EQUITY & LIABILITIES</i>			
Equity	271.7	270.2	400.5
Financial liabilities and derivative financial instruments	342.4	333.2	356.5
Other liabilities and provisions	17.6	17.9	24.0
Total equity capital, liabilities and provisions	631.7	621.3	781.0

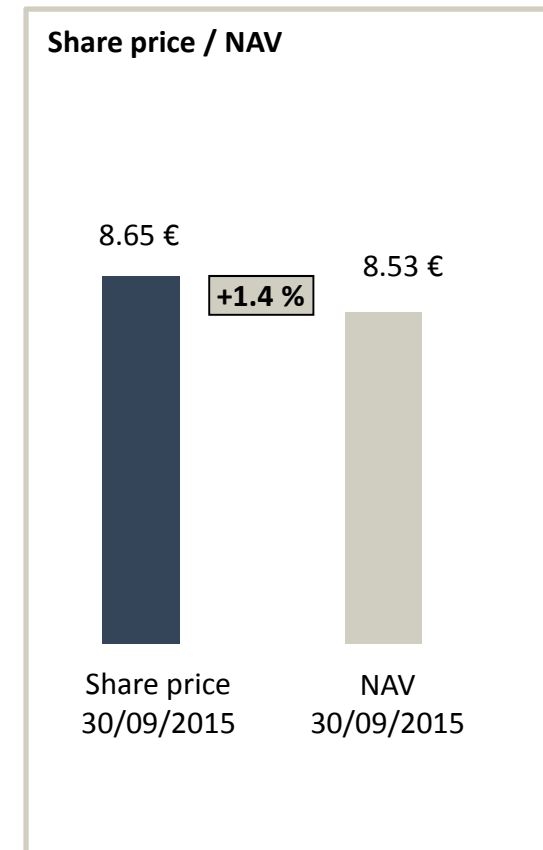
Equity ratio 51.3%

Appendix

Premium of the XETRA-closing price to NAV of +1.4% (per 30 Sept 2015)

Net asset value (in accordance with EPRA)

in € million	31. Dez 13	31. Dez 14	30. Sept 15
Balance sheet long-term assets	596	608	724
+ Balance sheet short-term assets	36	13	57
- Non-current liabilities and provisions	-333	-324	-349
- Current liabilities	-16	-16	-23
Balance sheet NAV	283	281	409
+ Hidden reserves long-term assets	92	113	120
NAV	375	394	529
Number of shares	45.49	45.49	62.00
NAV per share in €	8.24	8.66	8.53



Financial Calendar

HAMBORNER REIT AG	
Annual report 2015	22 March 2016
Interim Report for 1st quarter 2015	27 April 2016
Annual General Meeting 2016	28 April 2016

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