

hamborner  
**REIT**

ZUKUNFT BRAUCHT SUBSTANZ



## Company Presentation

Dr. Rüdiger Mrotzek  
Hans Richard Schmitz

March 2015

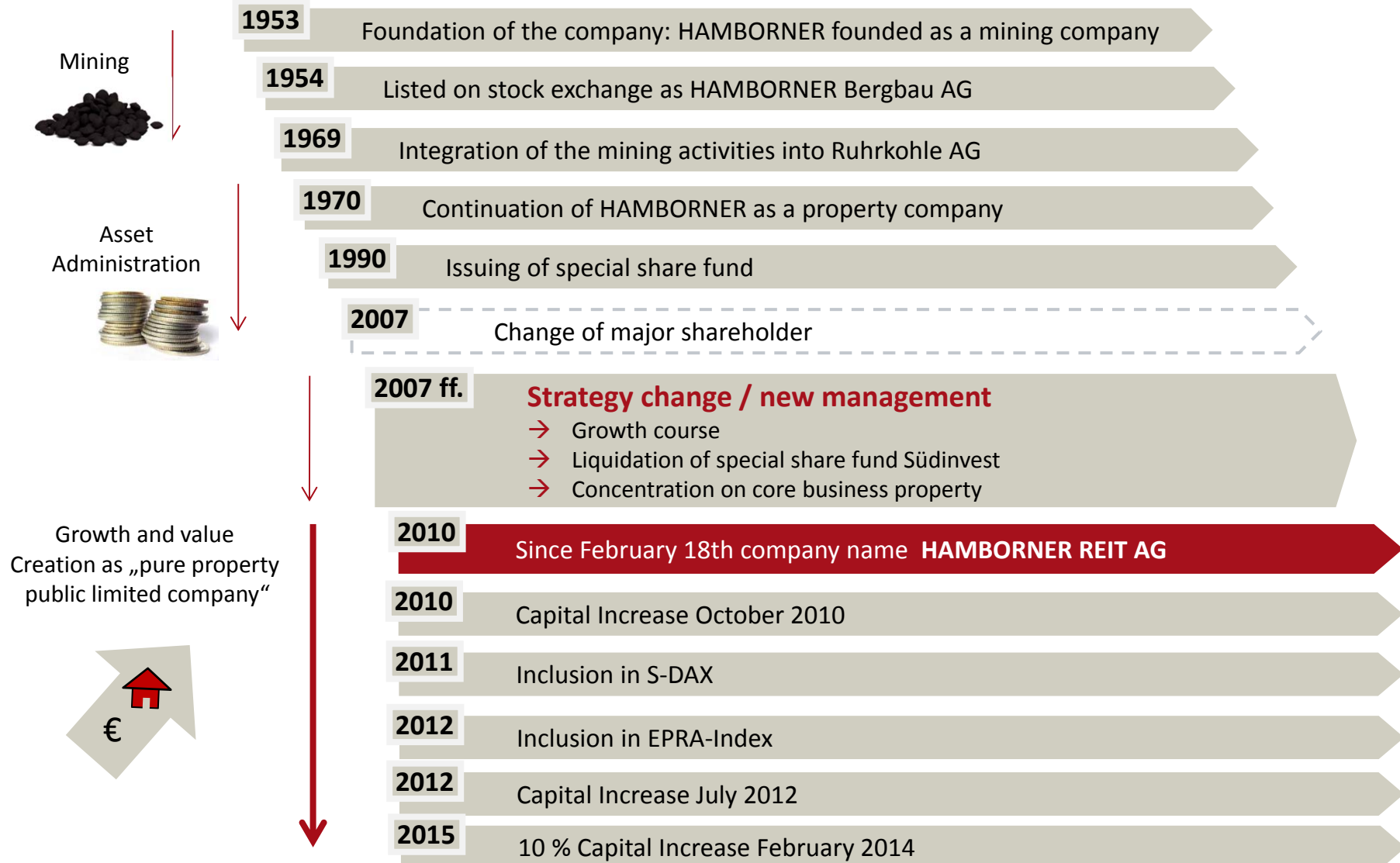
# Agenda

---

|          |   |
|----------|---|
| <b>1</b> | <b>History / Capital markets track record</b> |
| <b>2</b> | <b>Portfolio / Investments</b>                |
| <b>3</b> | <b>Asset-Management</b>                       |
| <b>4</b> | <b>Financial Figures / Financial Position</b> |

# Historical development of the company

## From mining to real estate



# [R]eal [E]state [I]nvestment [T]rust - REIT

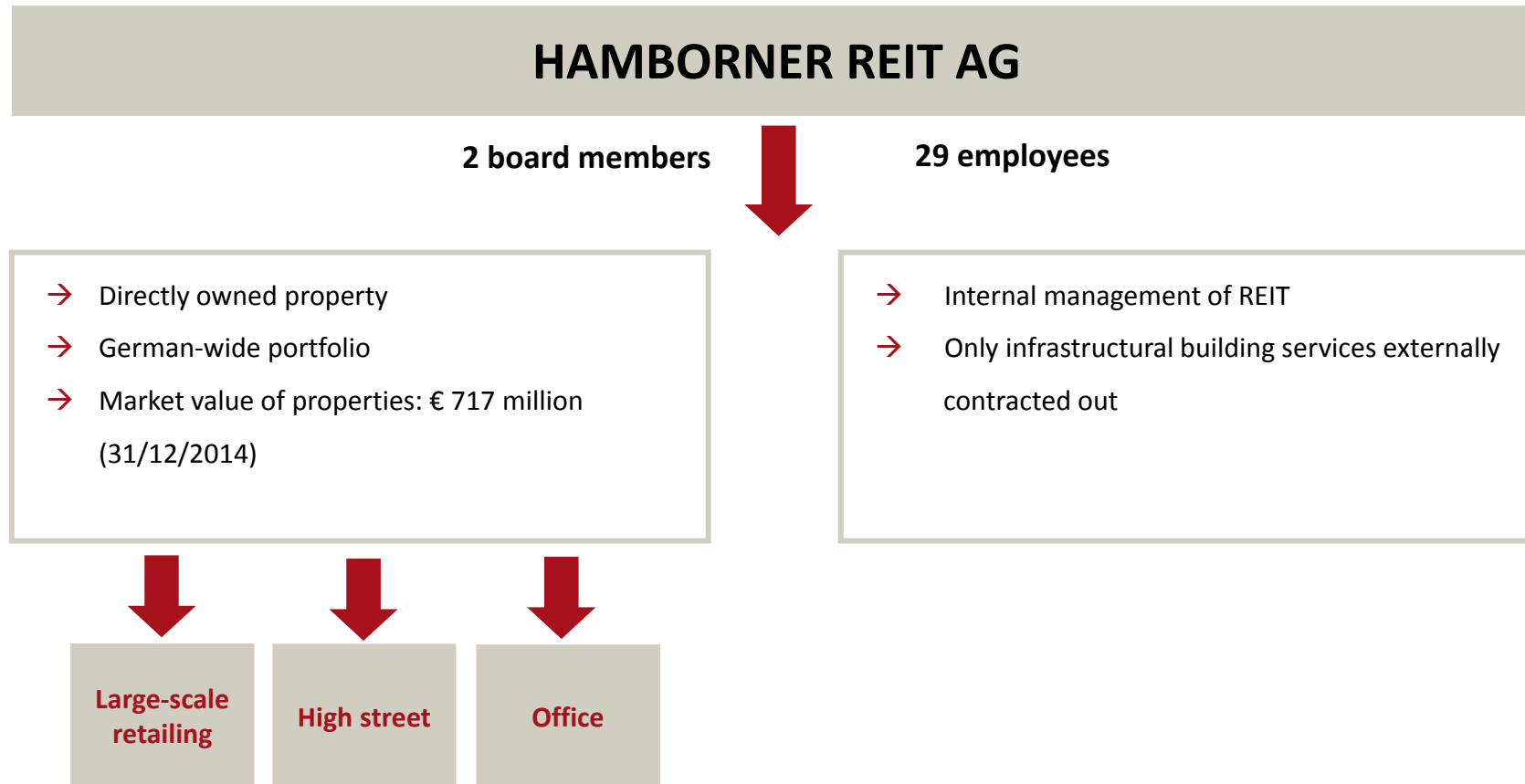
---

## Requirement for G-REIT's

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

# Corporate structure

Lean structure – no holding/parent companies



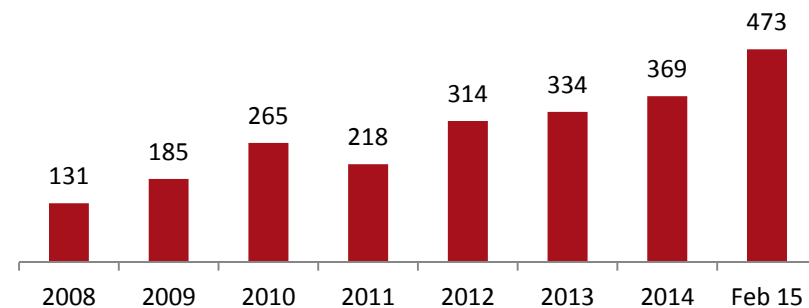
# HAMBORNER REIT AG share (1/2)

## Growing market capitalization and increasing free float

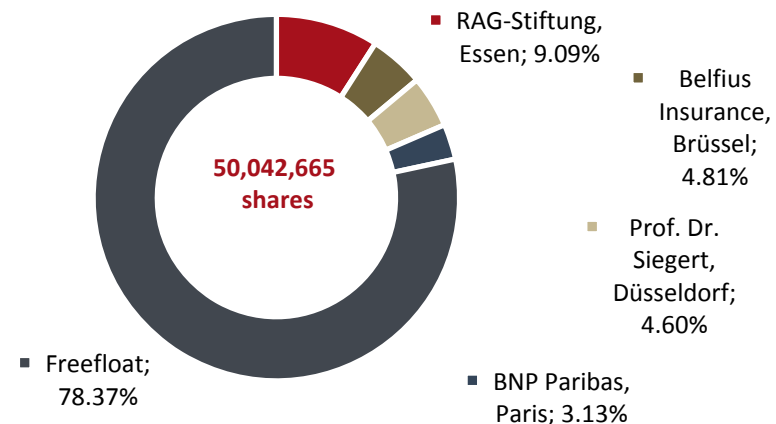
### Overview events

- **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
- **Feb 2015:** Successful Capital Increase – 4,549,332 new shares, net proceeds of approx. € 40,9 million – RAG Stiftung new shareholder

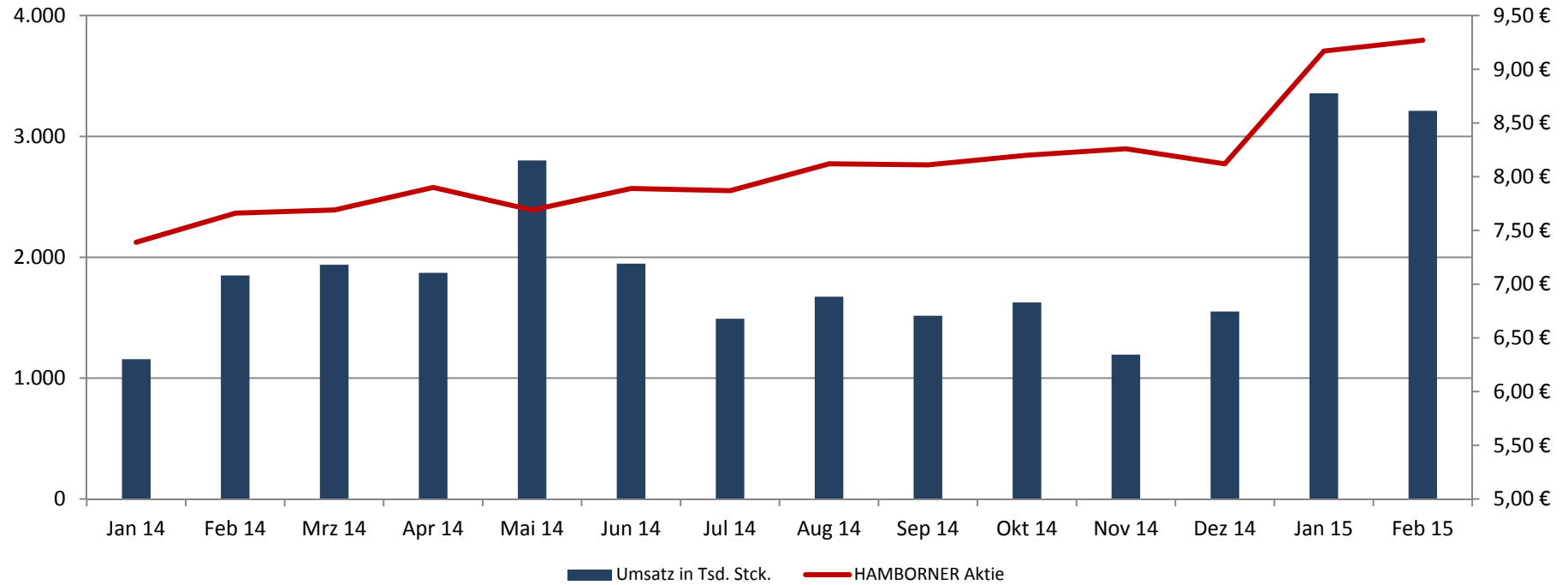
### Historic market cap (€ million)



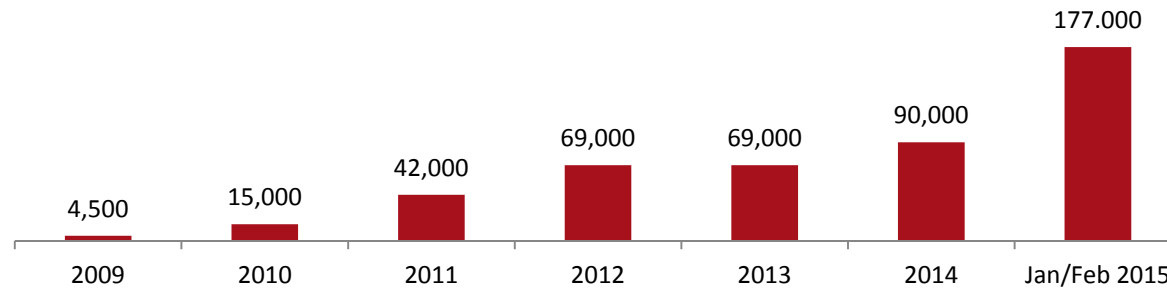
### Shareholders



# HAMBORNER REIT AG share (2/2)



Average turnover per day since 2009 (# shares)



# Agenda

---

|          |   |
|----------|---|
| <b>1</b> | <b>History / Capital markets track record</b> |
| <b>2</b> | <b>Portfolio / Investments</b>                |
| <b>3</b> | <b>Asset-Management</b>                       |
| <b>4</b> | <b>Financial Figures / Financial Position</b> |



# Balanced Portfolio

## 100% German focus

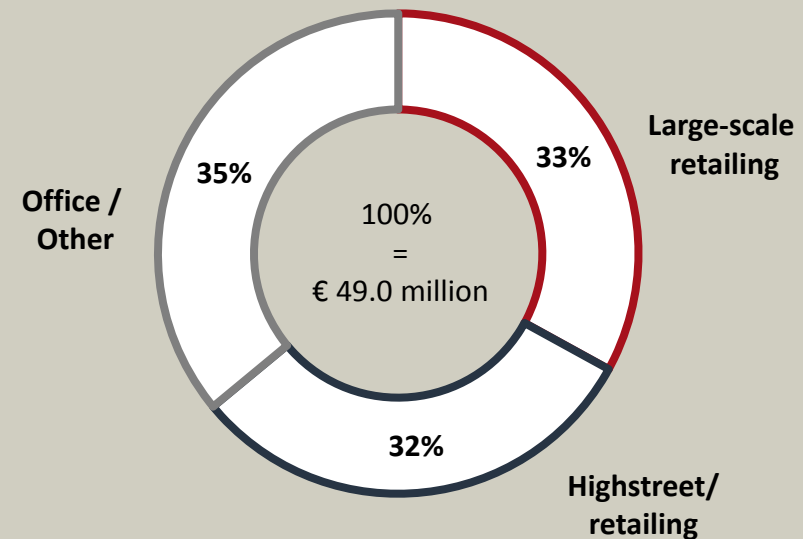
### Geographical portfolio spread (31/12/2014)



### Diversification of asset types (31/12/2014)

- 68 propertyts in 55 citys in Germany, Focus on West und South
- approx. € 717 million portfolio value

#### Asset classes splitted by annualised rental income



# 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 – € 50 million
- Improving cost/yield structures through acquisition of larger properties and disposal of smaller properties
- Off market deals

## Asset focus

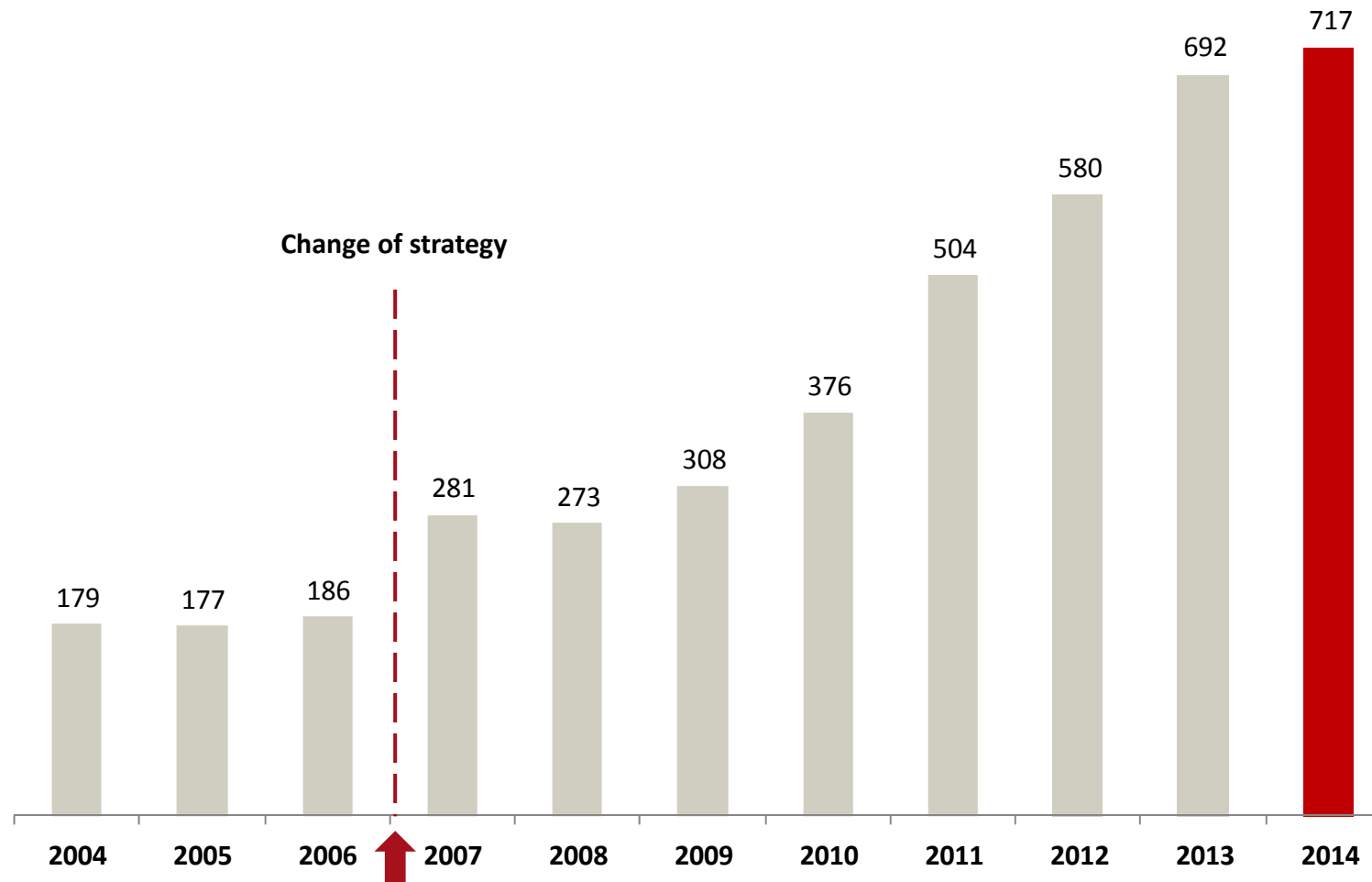
---

- 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**

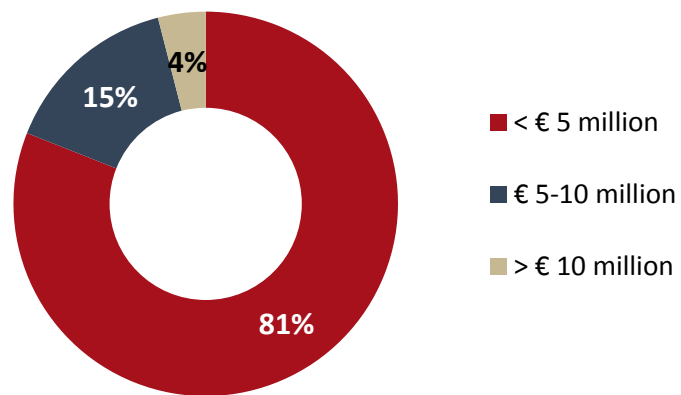
# Development of the HAMBORNER portfolio value

in € million



# Portfolio by size of properties

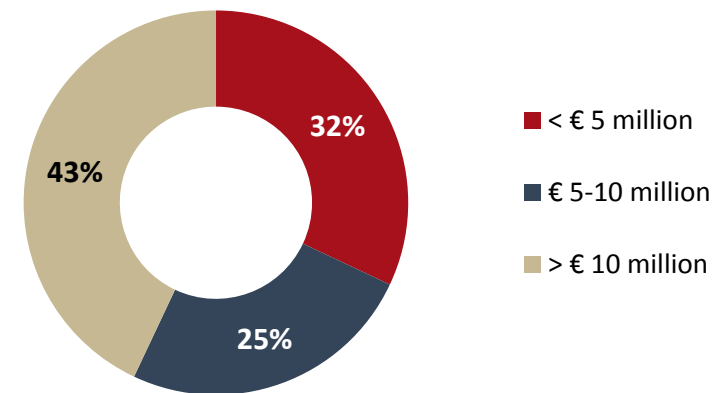
### Portfolio by size of property 2006



Portfolio value end of 2006: approx. € 186 million, 54 properties

**Ø Volume € 3.4 million / object**

### Portfolio by size of property 2014



Portfolio value end of 2014: approx. € 717 million, 68 properties

**Ø Volume € 10.6 million / object**

# Investments (1/3)

## Transfer of possession 2014



**Bad Homburg  
Louisenstraße**



**Siegen,  
Bahnhofstraße**



**Koblenz,  
Löhrstraße**

|                               |                       |                        |                                    |
|-------------------------------|-----------------------|------------------------|------------------------------------|
| <b>Built</b>                  | 1970                  | 1968                   | 2002 modernized                    |
| <b>Main tenant</b>            | Commerzbank           | C&A                    | H&M, Württembergische Versicherung |
| <b>Leased area</b>            | approx. 3,250 sqm     | approx. 7,100 sqm      | approx. 3,300 sqm                  |
| <b>Annual rental income</b>   | € 0.4 million         | € 0.9 million          | € 0.63 million                     |
| <b>Remaining term</b>         | 5.6 years             | 10.0 years             | 5.6 years                          |
| <b>Gross initial yield</b>    | 5.4 %                 | 7.2 %                  | 5.8 %                              |
| <b>Purchase price</b>         | approx. € 7.9 million | approx. € 13.0 million | approx. € 11.0 million             |
| <b>Transfer of possession</b> | January 2014          | October 2014           | October 2014                       |

## Investments (2/3)

### Transfer of possession 2015



**Berlin, T-Damm Center**



**Aachen, Jobcenter**

|                               |                             |                      |
|-------------------------------|-----------------------------|----------------------|
| <b>Built</b>                  | 2014/2015                   | 2014                 |
| <b>Main tenant</b>            | Kaisers, Aldi, Rossmann,... | Jobcenter Aachen     |
| <b>Leased area</b>            | approx. 5,900 sqm           | approx. 10,000 sqm   |
| <b>Annual rental income</b>   | € 1.15 million              | € 1.7 million        |
| <b>Remaining term</b>         | 12 years                    | approx. 14 years     |
| <b>Gross initial yield</b>    | 6.3 %                       | 6.33 %               |
| <b>Purchase price</b>         | approx. € 18.3 million      | approx. € 27 million |
| <b>Transfer of possession</b> | End of 2015e                | 2015e                |

## Investments (3/3)

### Transfer of possession 2015



|                               | Celle                                  |
|-------------------------------|--|
| <b>Built</b>                  | 1975, modernized 2014                  |
| <b>Main tenant</b>            | Real, Fressnapf, tedox, Aldi, Rossmann |
| <b>Leased area</b>            | approx. 24,500 sqm                     |
| <b>Annual rental income</b>   | approx. € 2.32 million                 |
| <b>Remaining term</b>         | approx. 12 years                       |
| <b>Gross initial yield</b>    | 6.54 %                                 |
| <b>Purchase price</b>         | approx. € 35.5 million                 |
| <b>Transfer of possession</b> | Q2/2015e                               |

## Divestments 2014/2015



Selling-price: € 2.4 million  
Transf. of poss. 01/2014 ✓



Selling-price: € 2.8 million  
Transf. of poss. 01/2014 ✓



Selling-price: € 5.7 million  
Transf. of poss. 02/2014 ✓



Selling-price: € 5.3 million  
Transf. of poss. 04/2014 ✓



Selling-price: € 4.9 million  
Transf. of poss. 07/2014 ✓



Selling-price: € 1.9 million  
Transf. of poss. 09/2014 ✓



Selling-price: € 3.4 million  
Transf. of poss. 12/2014 ✓



Selling-price: € 1.8 million  
Transf. of poss. 12/2015e



Selling-price: € 0.7 million  
Transf. of poss. Q1/2016e

**Rental income per year for the sold objects:**

approx. € 1.9 million

**Rental contracts:**

28 residential contracts

22 commercial contracts

**Selling price approx. € 28.8 million**

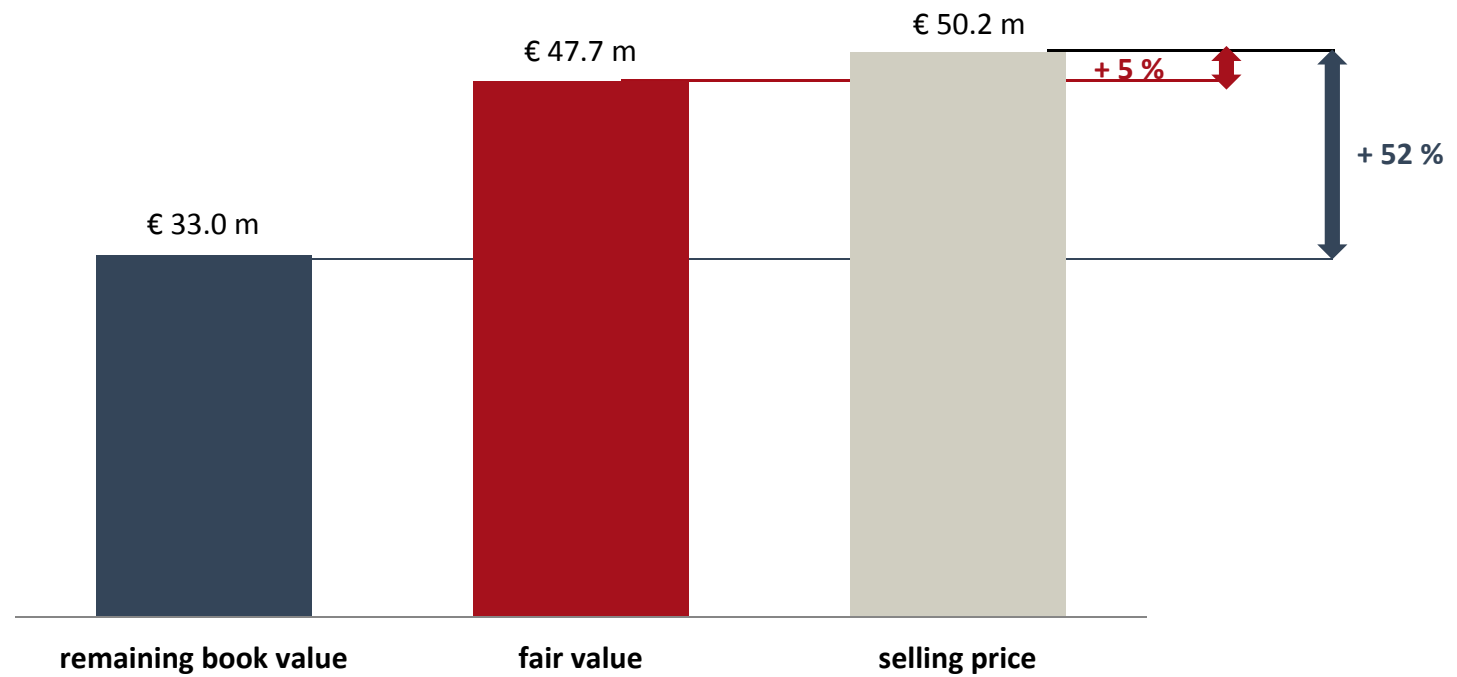


## Sales since strategy change 2007

**16 commercial objects: € 48.3 million**

- Ø sale-price € 3.0 million
- Ø multiple 15.6 (rents: € 3.1 million)

**7 residential objects: € 1.9 million**



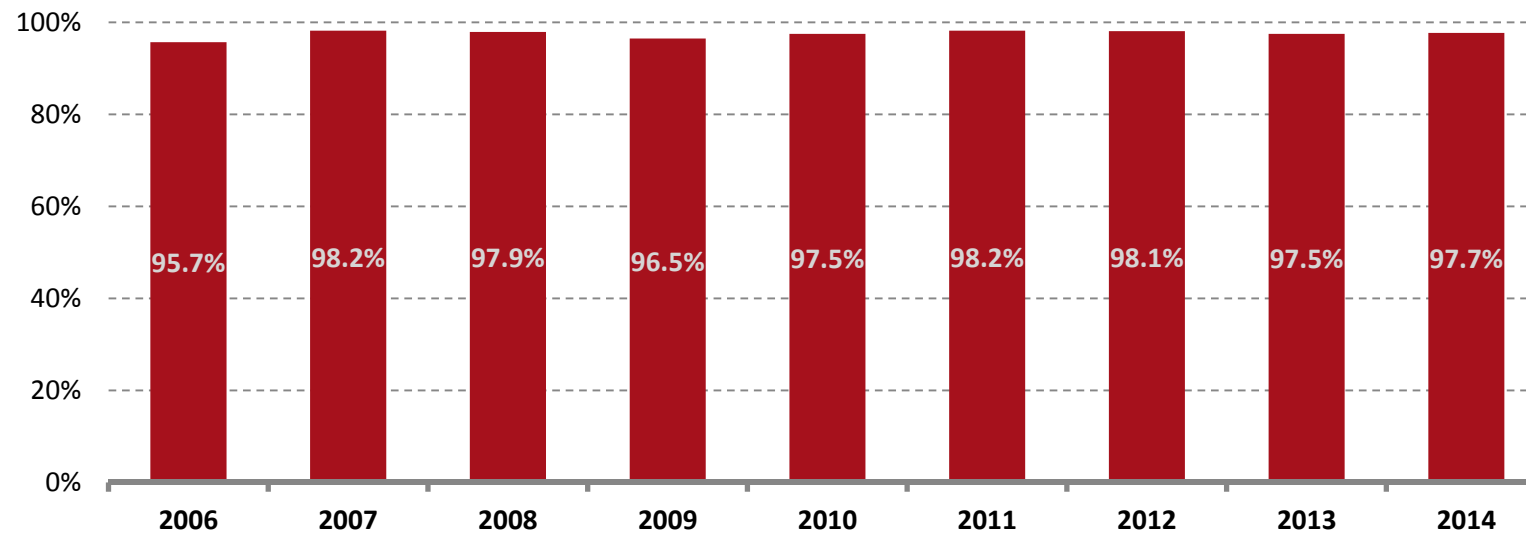
# Agenda

---

|          |   |
|----------|---|
| <b>1</b> | <b>History / Capital markets track record</b> |
| <b>2</b> | <b>Portfolio / Investments</b>                |
| <b>3</b> | <b>Asset-Management</b>                       |
| <b>4</b> | <b>Financial Figures / Financial Position</b> |

# High and stable occupancy

## Low vacancy rate

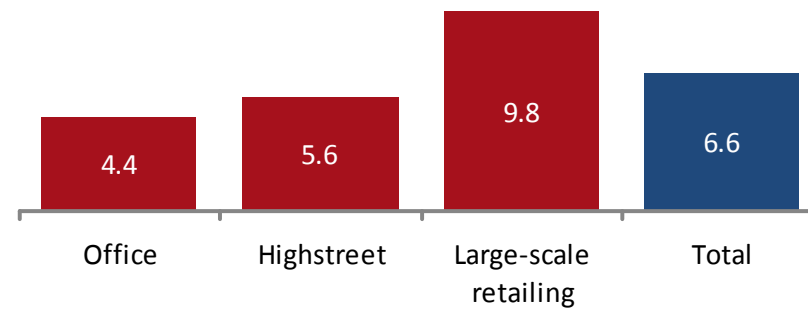


|   |   |              |
|---|---|--------------|
| → | <b>Vacancy rate as at 31/12/2014 incl. rent guarantees:</b> | <b>2.3 %</b> |
| → | <b>Vacancy rate as at 31/12/2014:</b>                       | <b>2.5 %</b> |

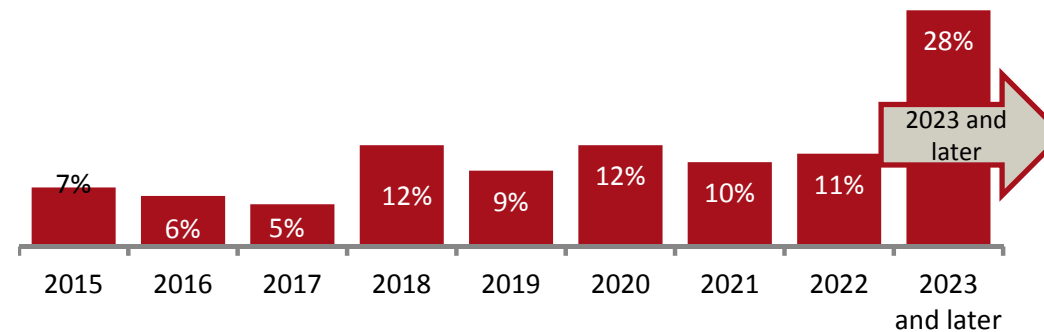
# Long-term leases

## Leasing contracts expire well distributed

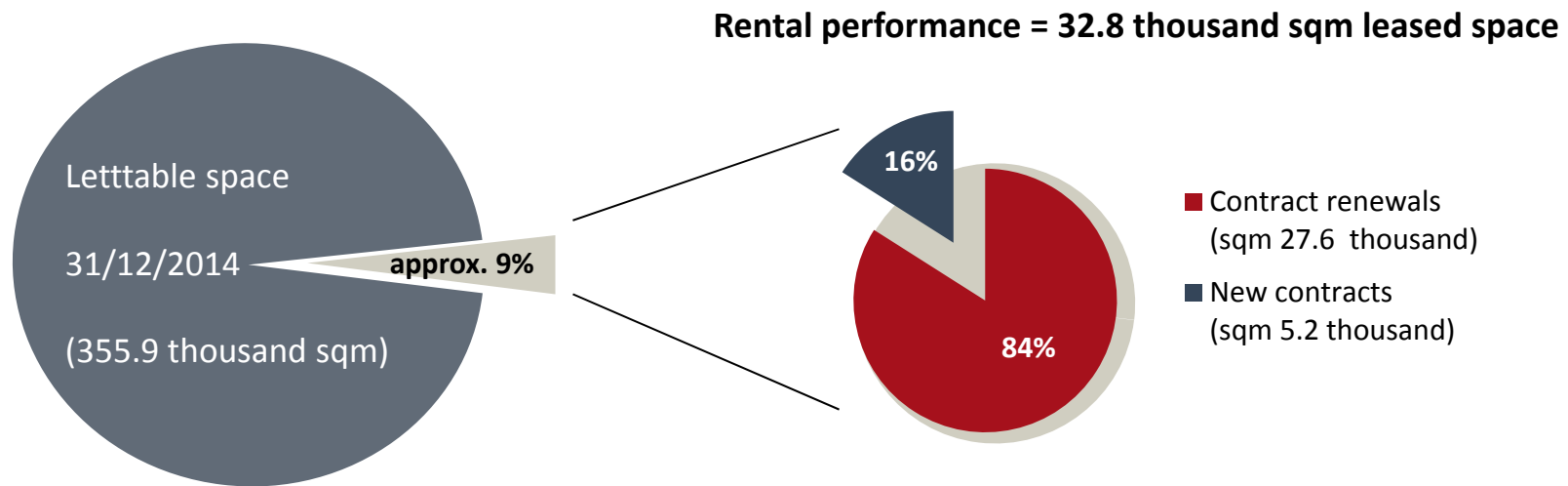
Weighted average lease expiry by type (31/12/2014, in years)



Split of lease contracts expiring by year (31/12/2014)













# Rental performance 2014



# TOP 10 tenants

## Solid tenants

Top 10 tenants (31/12/2014, % of annual rent \*)

|   | <u>Tenant</u>      | <u>Sector</u>         |              |
|---|--------------------|-----------------------|--------------|
|    | EDEKA              | Discount food retail  | 14.4%        |
|    | Kaufland Gruppe    | Discount food retail  | 10.6%        |
|    | OBI                | Retail (DIY)          | 8.4%         |
|    | C&A                | Textile retail        | 2.4%         |
|    | H&M                | Textile retail        | 2.2%         |
|    | AREVA              | Power & Utilities     | 2.0%         |
|  | SFC Energy         | Industrials/Energy    | 2.0%         |
|  | Estée Lauder       | Luxury consumer goods | 1.9%         |
|  | Schneider Electric | Energy Management     | 1.7%         |
|  | Telefonica O2      | Telecommunication     | 1.7%         |
|   | <b>Total</b>       |                       | <b>47.3%</b> |

\* incl. rent guarantees

# Agenda

---

|          |   |
|----------|---|
| <b>1</b> | <b>History / Capital markets track record</b> |
| <b>2</b> | <b>Portfolio / Investments</b>                |
| <b>3</b> | <b>Asset-Management</b>                       |
| <b>4</b> | <b>Financial Figures / Financial Position</b> |

# Significant key figures for 2014

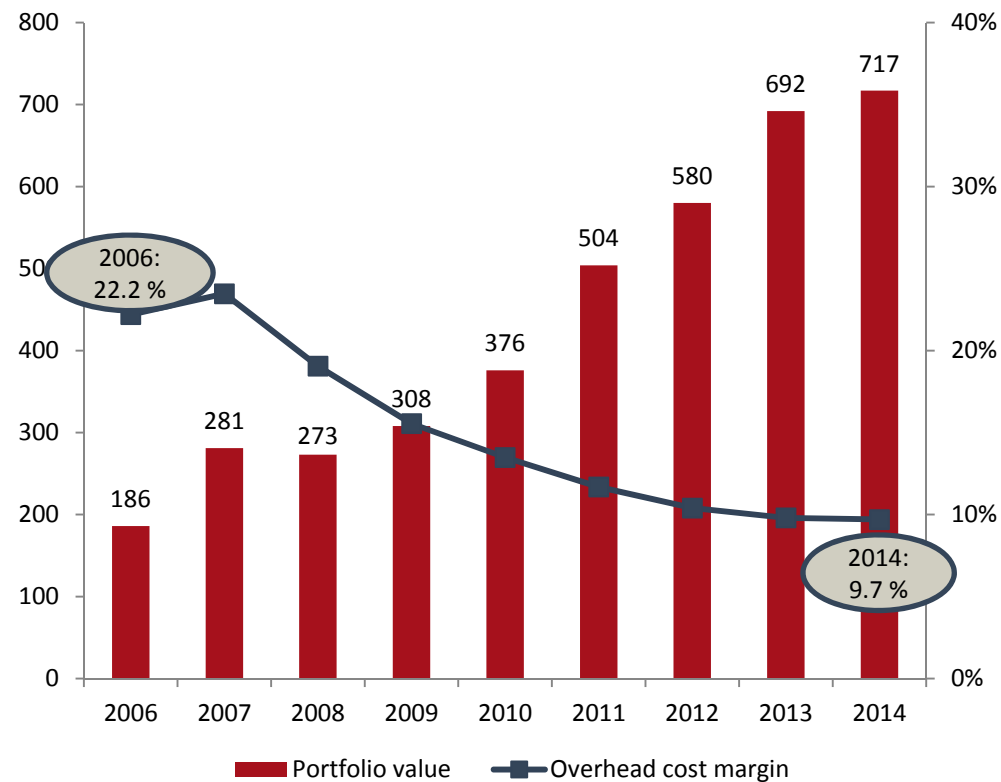
| Key figures                           | 2014           | 2013           | Change         |
|---------------------------------------|----------------|----------------|----------------|
| Rental revenues                       | € 46.8 million | € 45.2 million | + 3.5 %        |
| Vacancy rate                          | 2.3 %          | 2.5 %          | - 0.2 %-points |
| Profit for the period                 | € 17.1 million | € 8.5 million  | + 101 %        |
| Funds from Operations (FFO)           | € 24.6 million | € 23.8 million | + 3.2 %        |
| Funds from Operations (FFO) per share | € 0.54         | € 0.52         | + 3.2 %        |
| REIT equity ratio                     | 53.1 %         | 52.5 %         | + 0.6 %-points |
| Loan to value (LTV)                   | 43.3 %         | 43.7 %         | - 0.4 %-points |
| Net asset value (NAV)                 | € 394.5        | € 375.3        | + 5.1 %        |
| Net asset value (NAV) per share       | € 8.67         | € 8.25         | + 5.1 %        |
| Dividend per share                    | *€ 0.40        | € 0.40         |                |

\*proposal to AGM 2015



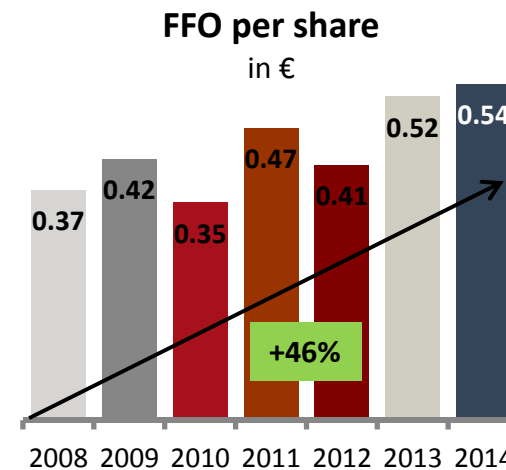
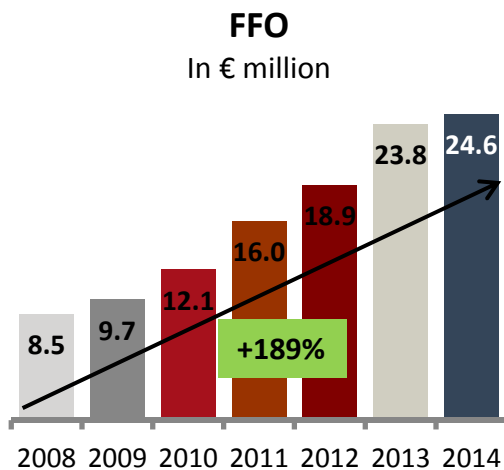
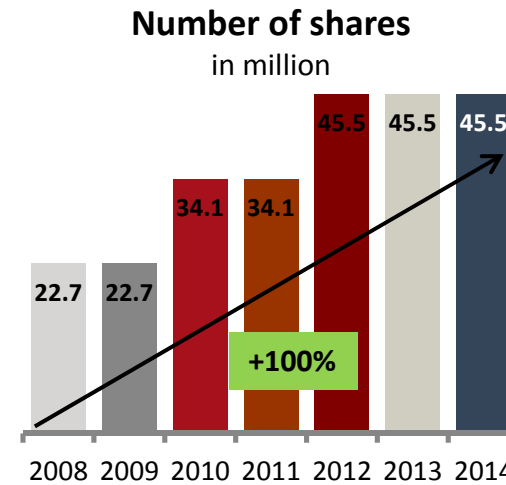
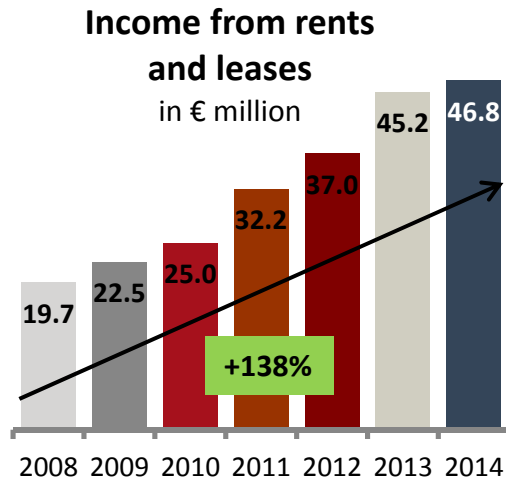
# Benefitting from economies of scale

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



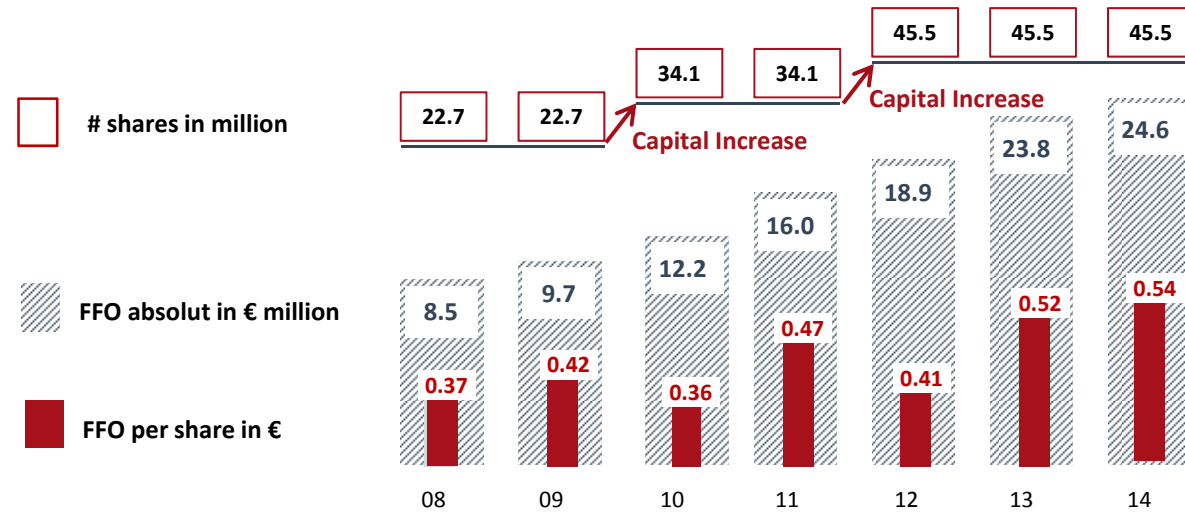
\* Personnel and administrative costs divided by income from rents and leases.

# FFO per share as a key component for controlling

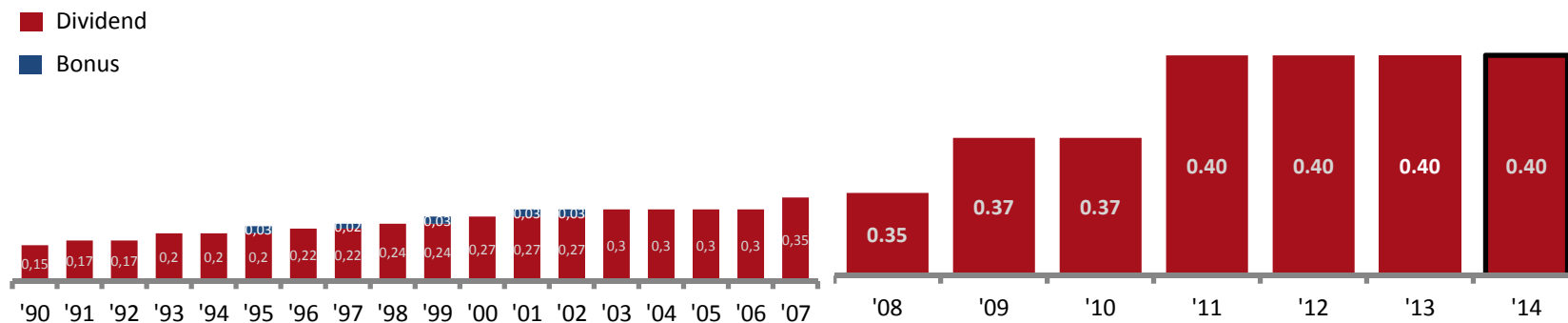


# Increasing FFO and dividend per share

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

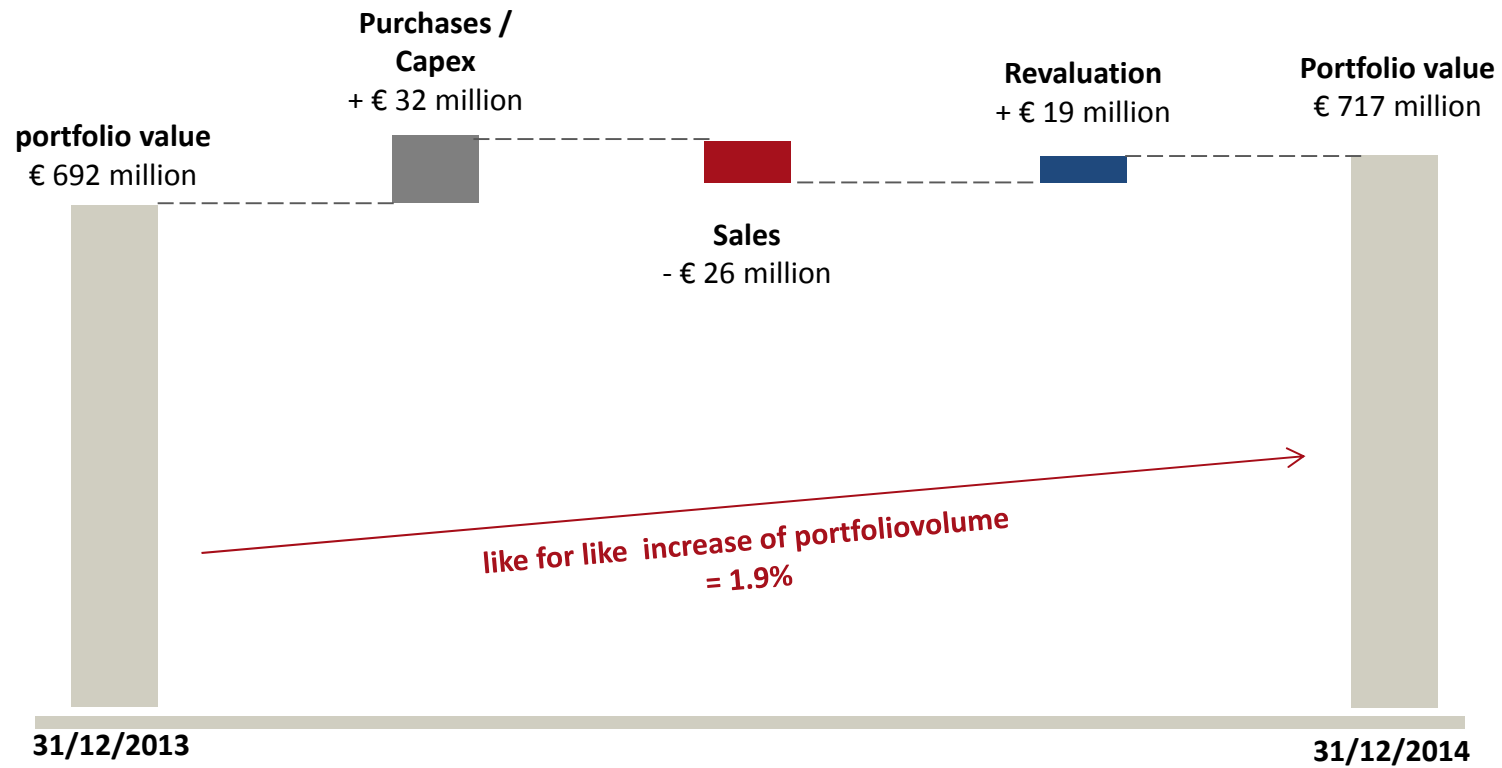


## Dividend per share (€)



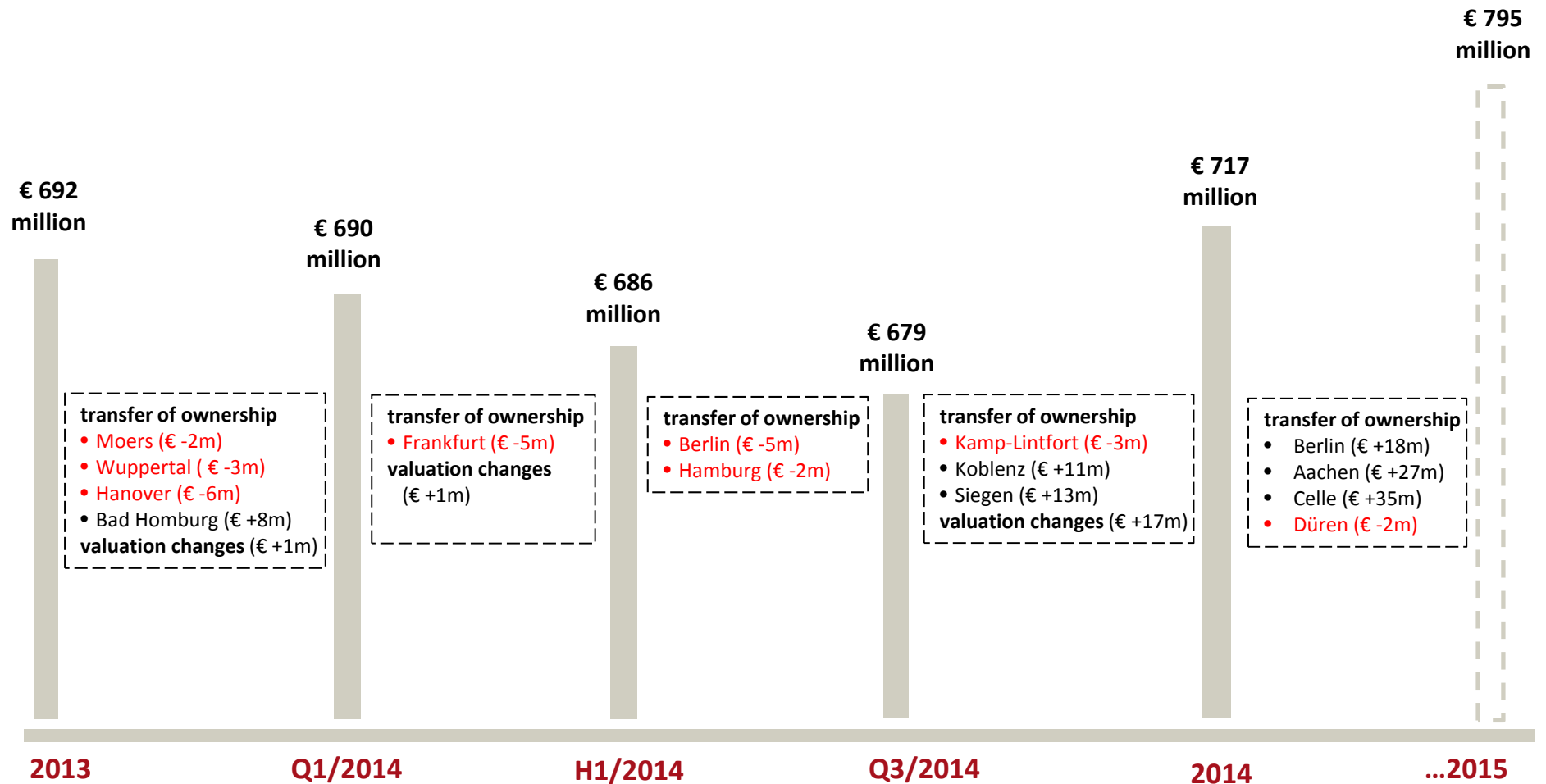
proposal  
to AGM  
2015

# Portfolio development 2014



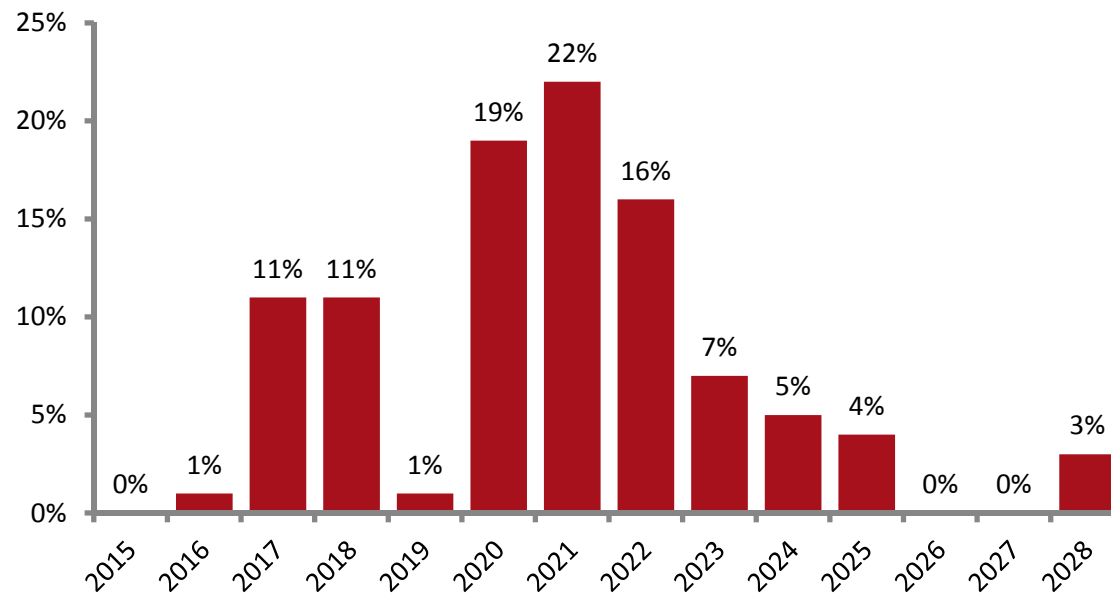
# Development of HAMBORNERs portfolio value

## 2014: Good environment for sale of non strategic objects



# Stable and predictable cost of debt

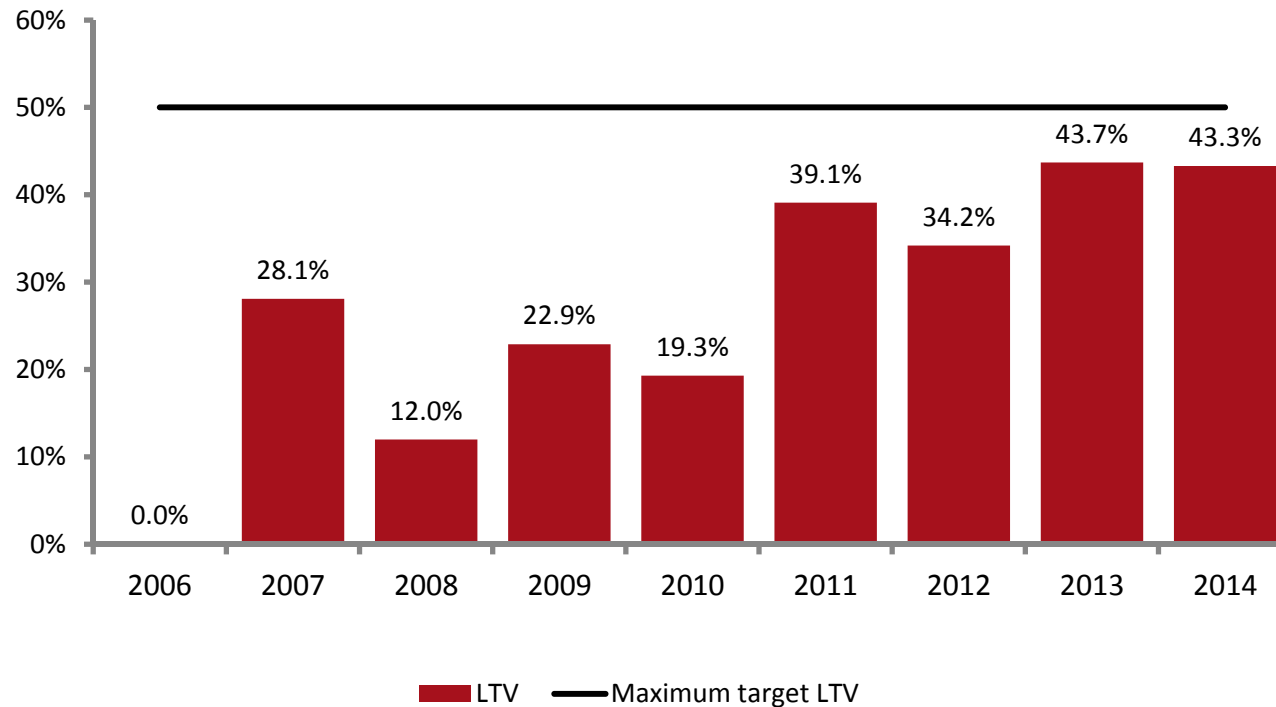
## Expiration of fixed interest rates (31/12/2014)



- Financial debt: € 322.2 million
- Liquid funds: € 10.4 million
- Average maturity of fixed interest rates: 6.2 years
- Average cost of debt: 3.7%
- Current interest rates: 1,8 % (10 years fixed)
- Banks
  - Institutional banks
  - Cooperative banks
  - Saving banks
  - Insurance companies

## Low LTV, equity ration well within REIT criteria

### Loan-to-value (%)



→ **Figures 31/12/2014:**

- LTV: 43.3 %
- REIT equity ratio: 53.1 %

# Conclusion and outlook

---

## 1. Conclusion

- Targets reached, rents and FFO increased
- Portfolio structure optimized
  - Purchase of objects in line with our strategy
  - Progress with the sale of smaller properties with high administrative requirements
- NAV increase up to 8.67 €/share -> high quality portfolio

## 2. Outlook

- Without further investments and prior to the capital increase in February the Management Board was assuming growth in rental income and FFO of between 4% and 5% in 2015.
- Following the acquisition of the property in Celle and depending on when further properties are added, the Managing Board now expects these growth rates to double.
- With the number of shares 10% higher in 2015, this would mean FFO per share would be roughly on par with the previous year's level. FFO per share in 2016 > 54 Cent.



## Creating sustainable shareholder value

hamborner  
**REIT**

ZUKUNFT BRAUCHT SUBSTANZ



→ **Strong asset- and portfolio management**

→ **Increasing portfolio quality**

→ **Robust financial position**

→ **Enhancing efficiency, increasing cash flow  
and dividend per share**

→ **Capital markets track record**

# Financial Calendar

---

| <b>HAMBORNER REIT AG</b>            |                  |
|-------------------------------------|------------------|
| Annual Report 2014                  | 25 March 2015    |
| Interim Report for 1st quarter 2015 | 5 May 2015       |
| AGM                                 | 7 May 2015       |
| Dividend payment                    | 8 May 2015       |
| Interim Report for 1 half 2015      | 12 August 2015   |
| Interim Report for 3rd quarter 2015 | 10 November 2015 |

Many thanks for your attention!

## Contact

---

Dr. Rüdiger Mrotzek – Member of the Board

**T** +49 (0)203 / 54405-55

**M** r.mrotzek@hamborner.de

Hans Richard Schmitz – Member of the Board

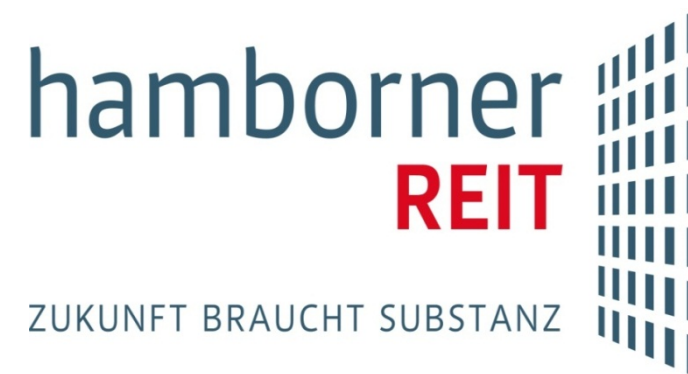
**T** +49 (0)203 / 54405-21

**M** h.schmitz@hamborner.de

Sybille Schlinge – Investor Relations

**T** +49 (0)203 / 54405-32

**M** s.schlinge@hamborner.de



# Disclaimer

---

This presentation was exclusively prepared for the addresses specified on the title page and/or the participants at the mentioned event. The information in this presentation is based on both public information and documents as well as information which was made available to HAMBORNER REIT AG by the respectively mentioned companies and third parties.

All statements, opinions and assessments contained in this presentation correspond to the current estimates and/or opinions of HAMBORNER REIT AG and may therefore not be construed as constant, immutable statements. HAMBORNER gives no guarantee with regard to the correctness or completeness of the information contained herein. HAMBORNER and its organs, boards, employees or other parties acting on behalf of HAMBORNER accept no liability whatsoever for the statements made in this presentation.