



hamborner  
**REIT**



ZUKUNFT BRAUCHT SUBSTANZ

## Company Presentation

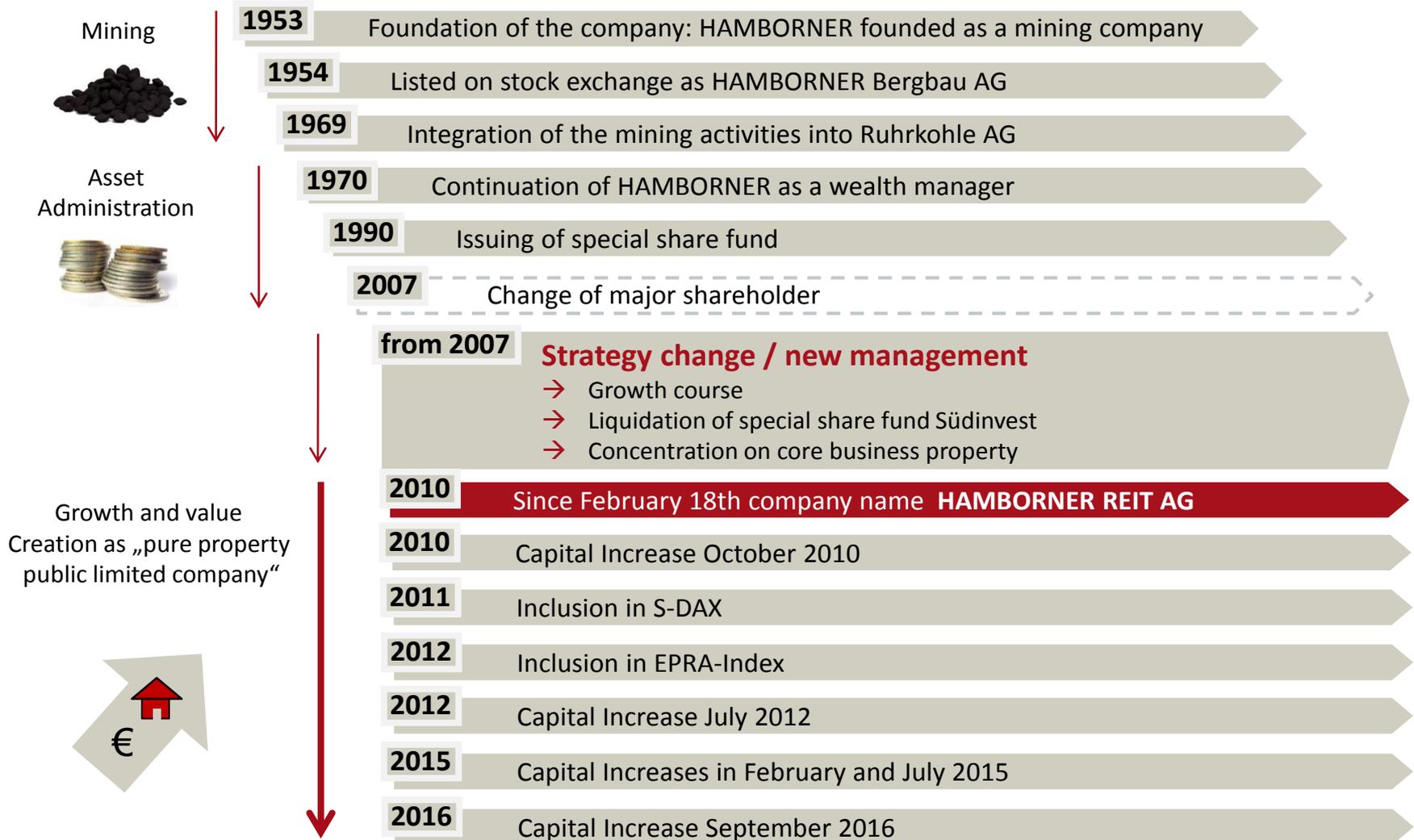
Dr. Rüdiger Mrotzek  
Hans Richard Schmitz

August 2018

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# History / Capital markets track record

## Historical development of the company



## History / Capital markets track record

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

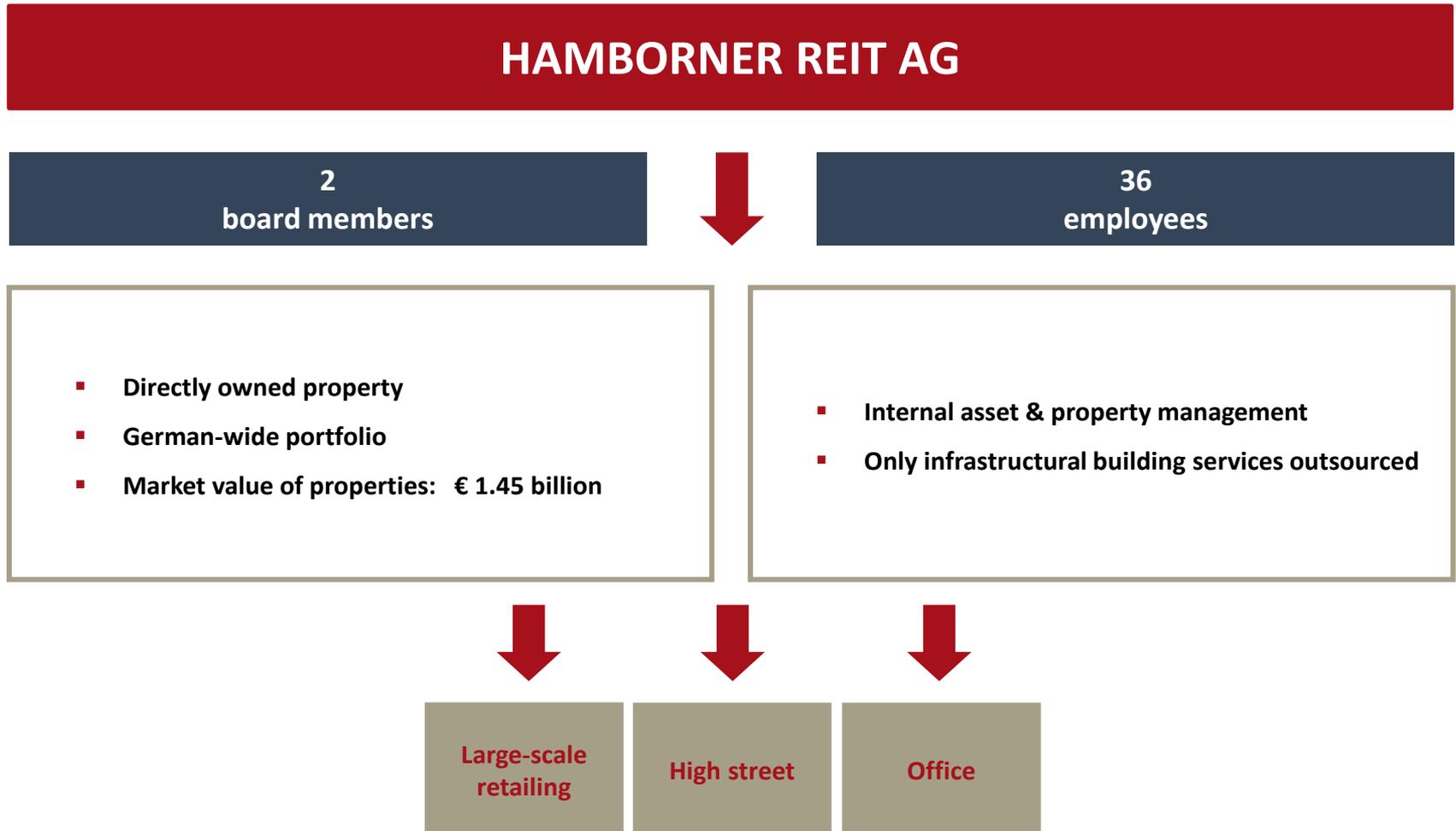
#### Requirements for G-REITs

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- 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 income has to be paid as dividends each year
- < 10% direct holding in shares

## History / Capital markets track record

Lean corporate structure – no holding/parent companies



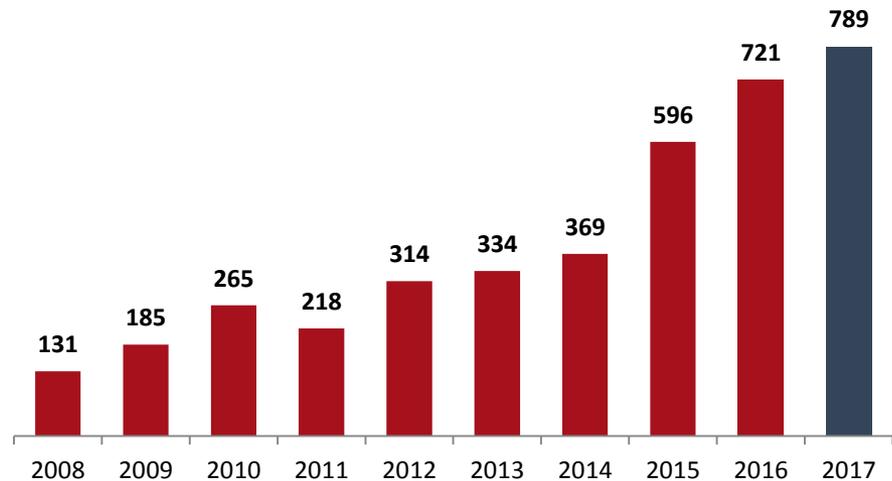
# History / Capital markets track record

## Growing market capitalization and increasing free float

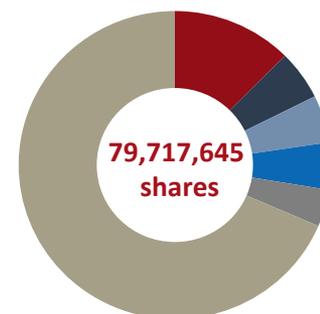
### Milestones

- **2007:** Start of new strategy
- **2010:** Achievement of G-REIT status and change of company name to HAMBORNER REIT AG
- **October 2010:** Capital Increase – net proceeds of approx. € 76m
- **February 2011:** Secondary placement of approx. € 89 million HSH stake
- **March 2011:** SDAX index inclusion
- **March 2012:** EPRA index inclusion
- **July 2012:** Capital Increase – 11,373,333 new shares, net proceeds of approx. € 71.4m
- **Feb 2015:** Capital Increase – 4,549,332 new shares, gross proceeds of approx. € 40.9m – RAG Foundation new shareholder
- **July 2015:** Capital Increase – 11,959,948 new shares, gross proceeds of approx. € 101.6m
- **September 2016:** Capital Increase – 17,715,032 new shares, gross proceeds of approx. €166.5m
- **May 2018:** New Authorisation to issue option and convertible bonds

### Market cap (€ million)



### Shareholders

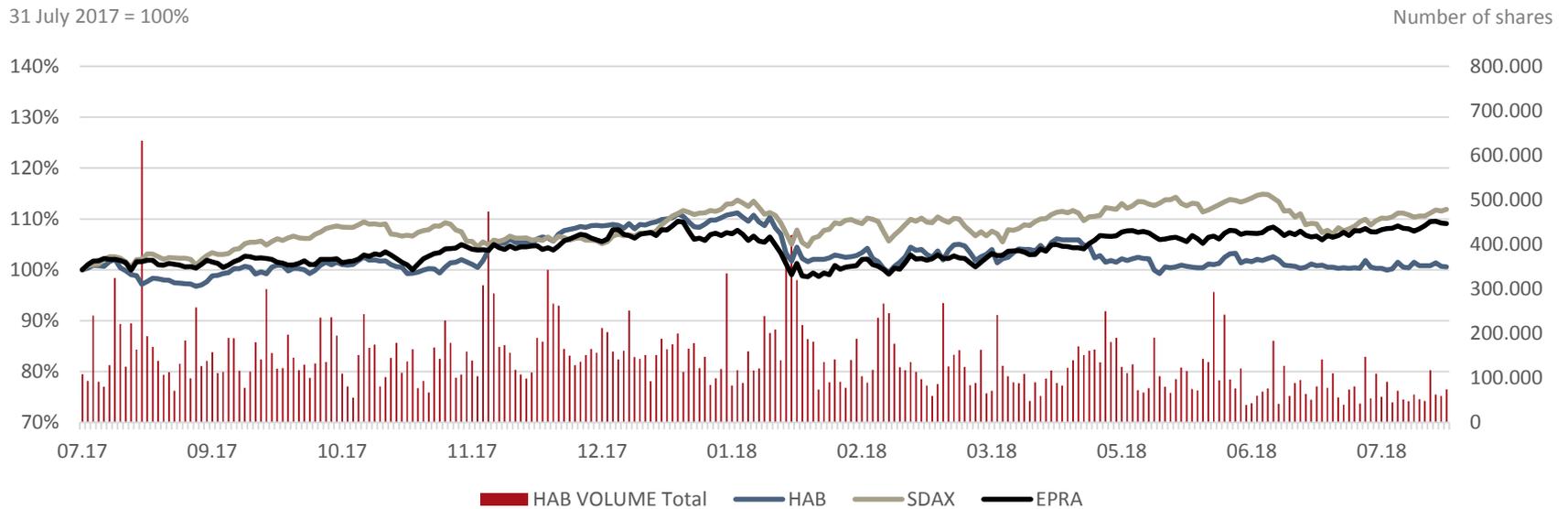


- **12.45%** RAG Foundation (Essen)  
(of which: 2.67% through RAG AG)
- **5.20%** BlackRock Inc. (Wilmington)
- **4.99%** BNP Paribas (Paris)
- **4.95%** Belfius Insurance (Brussels)
- **3.89%** Prof. Dr. Siegert (Düsseldorf)
- **68.52%** Freefloat

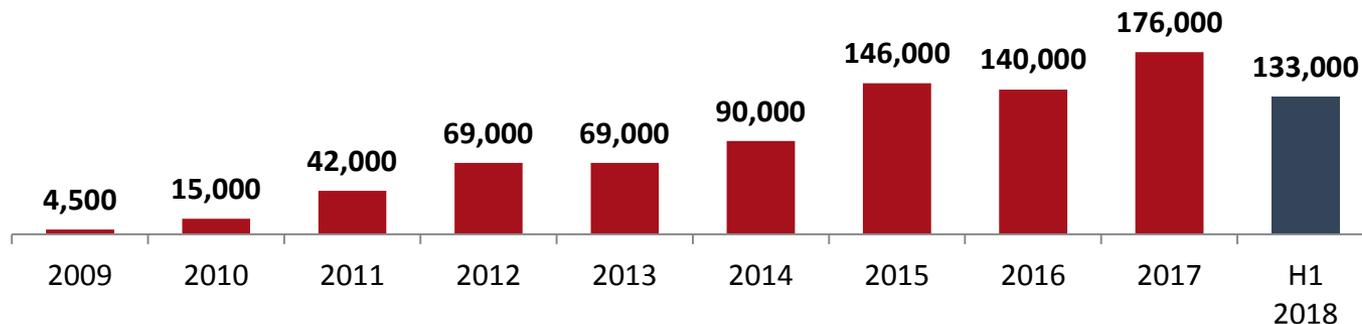
# History / Capital markets track record

## HAMBORNER REIT AG share

### Development of share price and turnover (1 year)



### Average turnover per day (# shares)



- |          |   |
|----------|---|
| <b>1</b> | <b>History / Capital markets track record</b> |
| <b>2</b> | <b>Portfolio-Management</b>                   |
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# Portfolio-Management

## Well defined acquisition strategy

### Acquisition strategy

- Regional diversification in high-growth regions in West, South and South-West Germany
- Focus also on towns and cities outside the main metropolises
- Focus on acquisitions of €10 million - €100 million
- Improving cost/yield structures through acquisition of larger properties and disposal of smaller properties
- Off-market deals preferred

### 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 2007 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**

# Portfolio-Management

## Balanced portfolio with 100% German focus

### Geographical portfolio spread (as of August 2018)

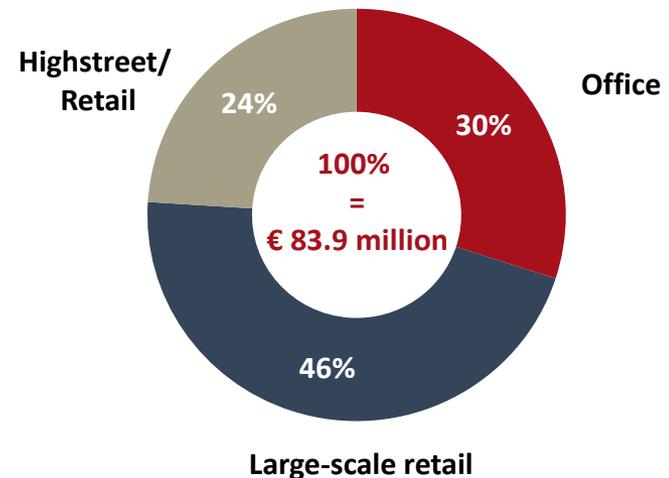


○ Acquisitions before 2007    ● Acquisitions from 2007

### Diversification of asset types (as of August 2018)

- 78 properties in 61 cities in Germany
- Focus on West, South and South-West
- € 1.454 billion portfolio value

### Annualised rental income (as of August 2018)



## Regional diversification

<u>Federal State</u>	<u>Number of properties</u>	<u>Share in market value of total portfolio (as of August 2018)</u>
Northrhine-Westphalia	28	27%
Bavaria	11	19%
Baden-Wuerttemberg	10	16%
Hessen	9	13%
Berlin	3	6%
Lower Saxony	6	6%
Schleswig-Holstein	2	5%
Hamburg	3	2%
Bremen	3	2%
Rhineland-Palatinate	2	2%
Saxony	2	2%
<b>Total</b>	<b>78</b>	

# Portfolio-Management

## Portfolio Development

Development of the HAMBORNER portfolio value (in € million)

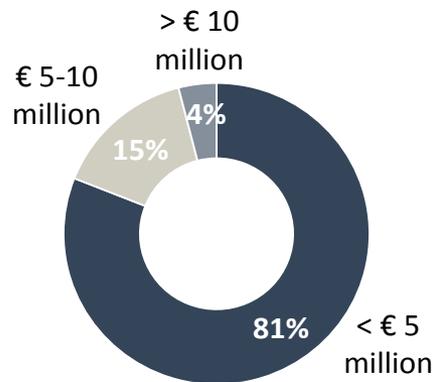


# Portfolio-Management

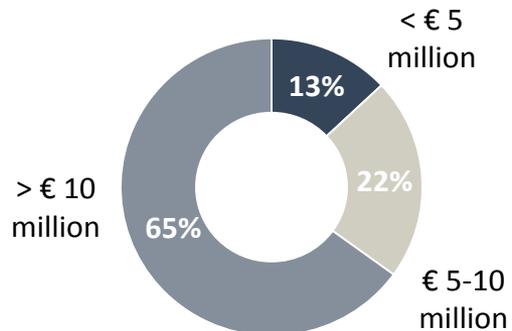
## Increasing value per asset through acquiring larger assets

### Portfolio split by property value

31 December 2006 (100% = 54 properties)

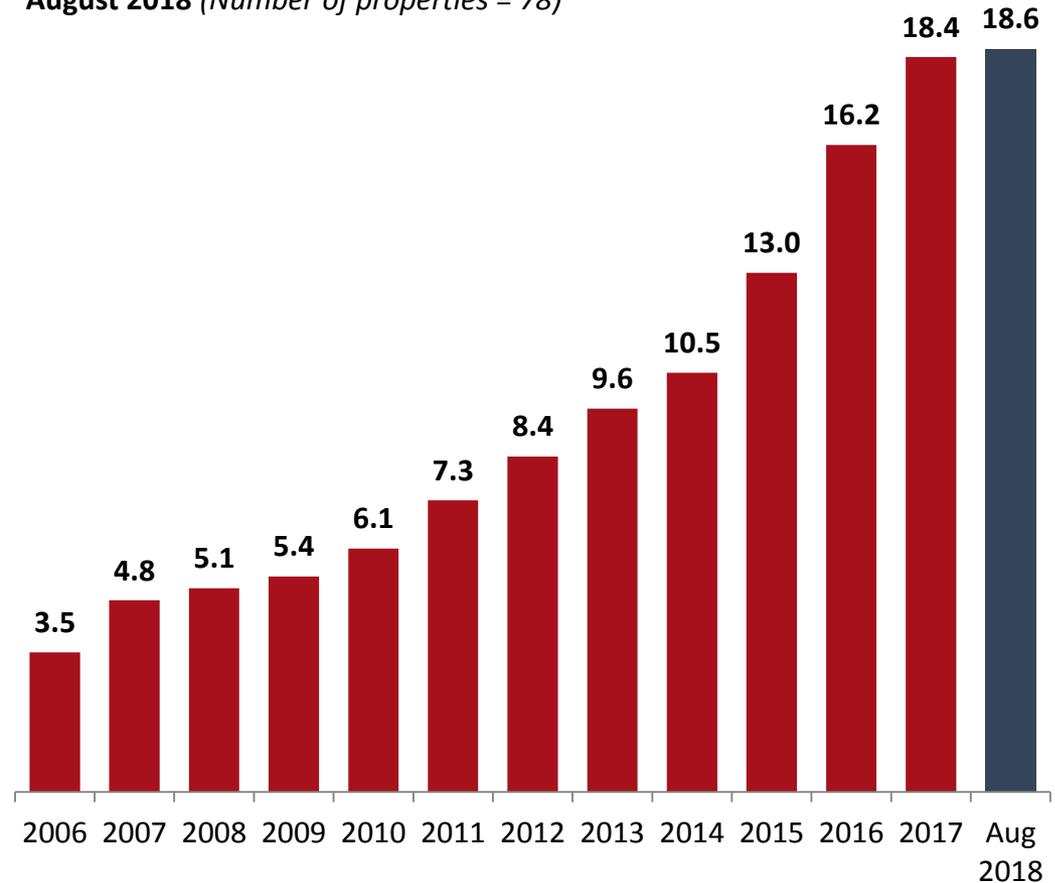


August 2018 (100% = 78 properties)



### Average value per asset (in € million)

August 2018 (Number of properties = 78)



## Investments 2018



**Düsseldorf**  
**Harffstraße**



**Cologne**  
**Unter Linden**

<b>Built</b>	1980 (Modernized 2011)	2009
<b>Main tenants</b>	EDEKA	EDEKA, ALDI, dm, Sparkasse
<b>Leased area</b>	5,343 m <sup>2</sup>	6,533 m <sup>2</sup>
<b>Annual rental income</b>	0.55 million	€ 1.03 million
<b>Remaining lease term</b>	10.0 years <sup>(1)</sup>	8.1 years <sup>(1)</sup>
<b>Gross initial yield</b>	5.7 %	5.1 %
<b>Purchase price</b>	€ 9.7 million	€ 20.2 million
<b>Transfer of possession</b>	2 January 2018	2 January 2018

(1) As of date of transfer

## Investments 2018



**Bonn**  
**Basketsring**



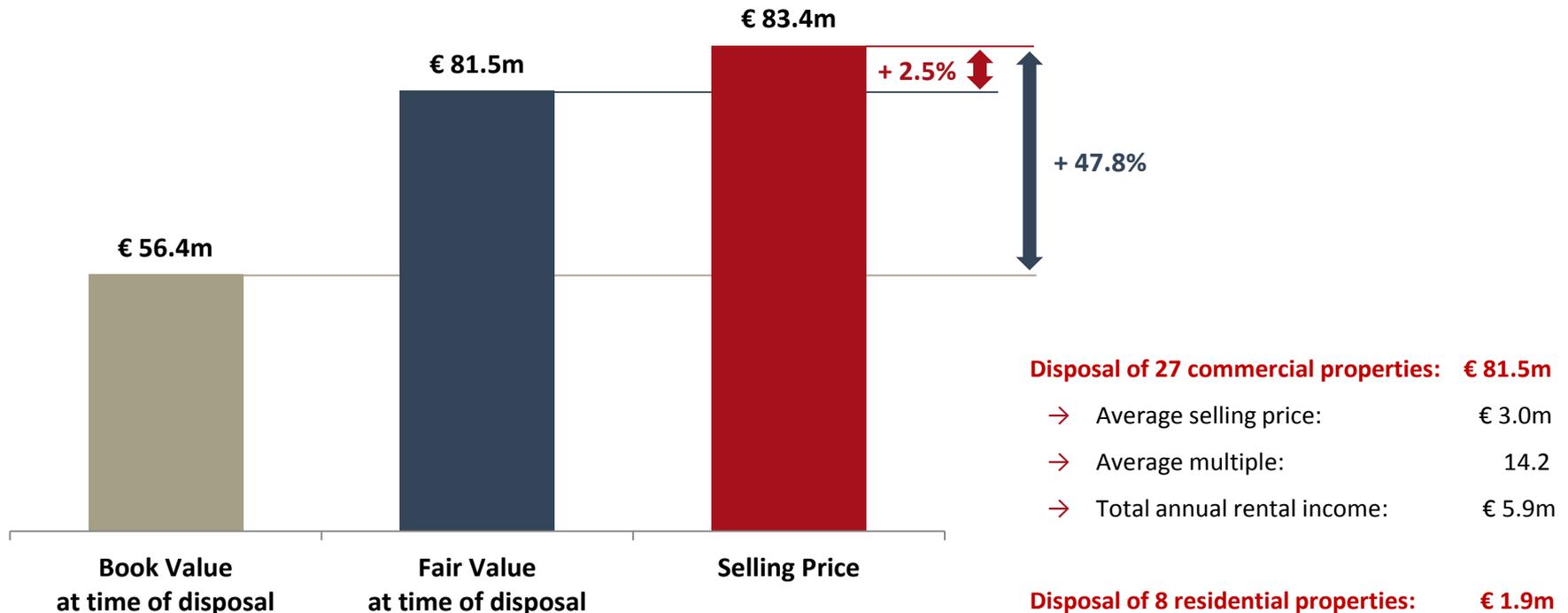
**Darmstadt**  
**Leydhecker Strasse**

<b>Built</b>	2008	2000
<b>Main tenants</b>	EDEKA	REWE, Herbalife, Alcan Systems
<b>Leased area</b>	4,934 m <sup>2</sup>	approx. 19.400 m <sup>2</sup>
<b>Annual rental income</b>	€ 0.76 million	€ 2.49 million
<b>Remaining lease term</b>	10.0 years <sup>(1)</sup>	5.9 Jahre <sup>(1)</sup>
<b>Gross initial yield</b>	5.5 %	5.6 %
<b>Purchase price</b>	€ 13.8 million	€ 42.8 million (+ € 1.6m maintenance expensens)
<b>Transfer of possession</b>	2 January 2018	20 April 2018

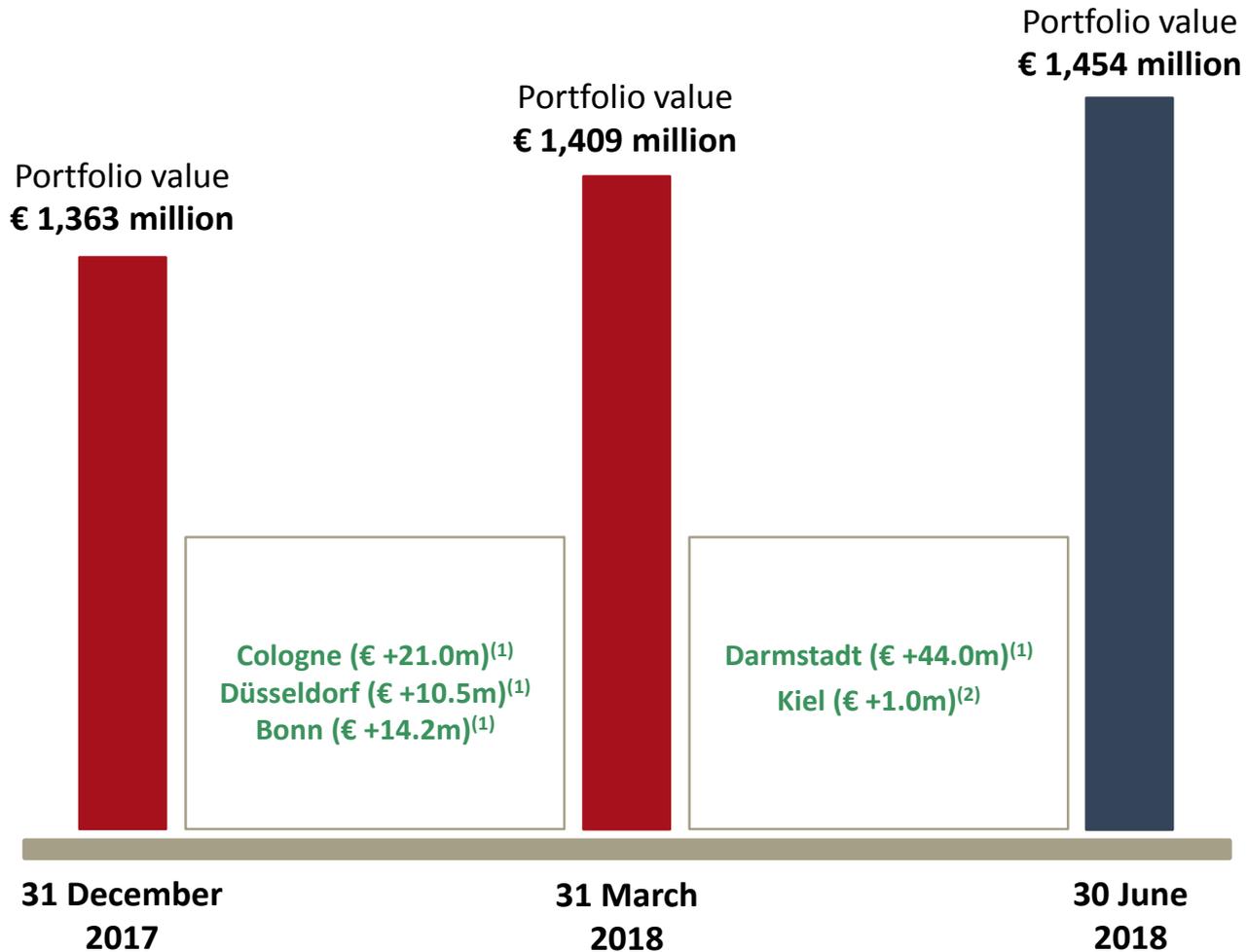
(1) As of date of transfer

# Portfolio-Management

## Divestments since change of strategy in 2007



## Portfolio development 2018



(1) Fair value as of 30 June 2018

(2) Value increase as of 30 June 2018

**1** History / Capital markets track record

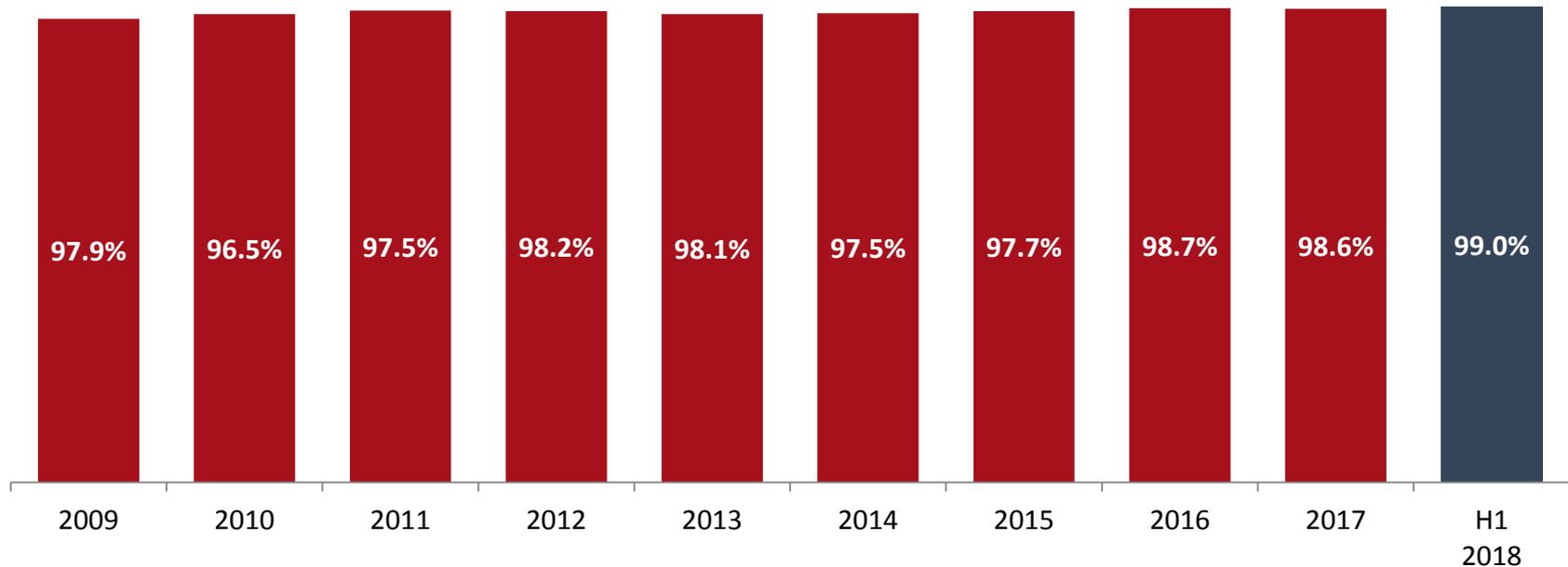
**2** Portfolio-Management

**3** Asset-Management

**4** Financial Figures / Financial Position

## High and stable occupancy

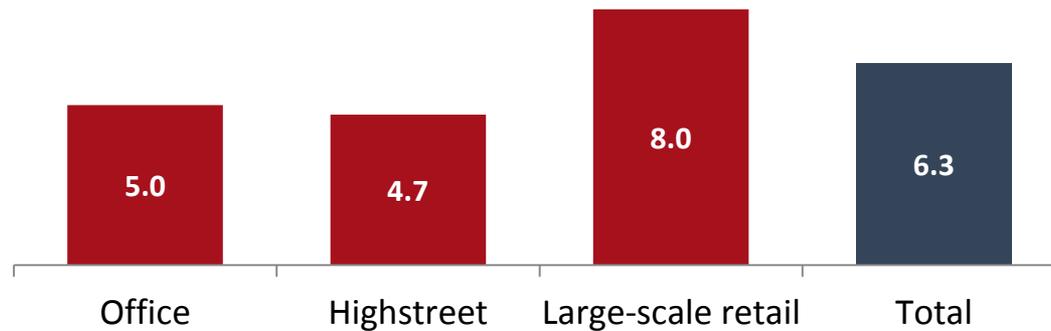
### Occupancy rates



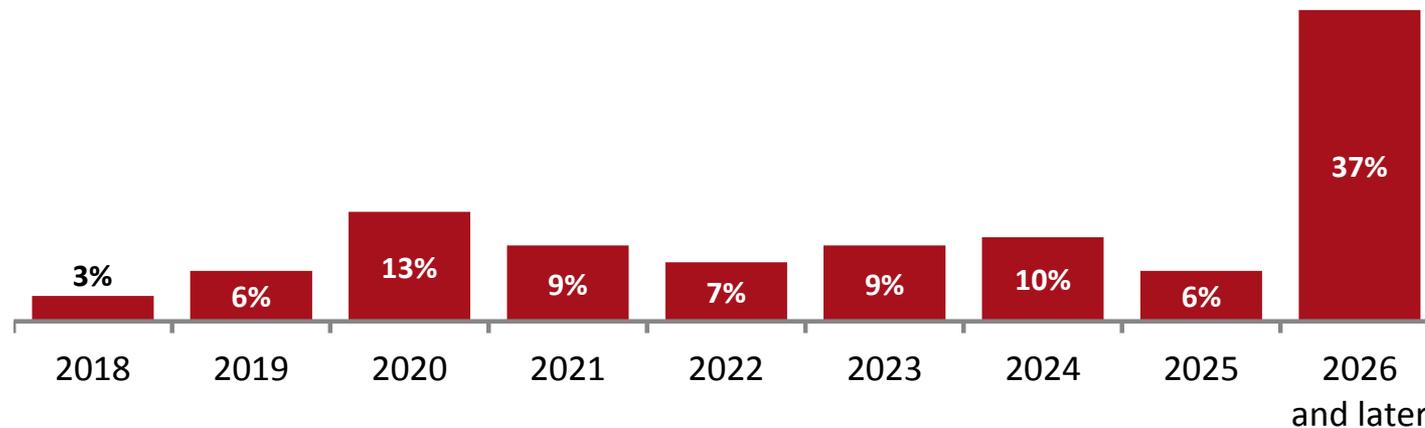
- Vacancy rate as of 30 June 2018 (incl. rent guarantees): 1.0 %
- Vacancy rate as of 30 June 2018 (excl. rent guarantees): 1.5 %

## Long-term leases

### Weighted average lease expiry by type (30 June 2018, in years)



### Split of lease contracts expiring by year (30 June 2018)



## Solid tenants

### Top 10 tenants (as of 30 June 2018)

	Tenant	Sector	% annual rents*
	EDEKA Group	Food retail	11.6%
	Kaufland Group	Food retail	6.8%
	REWE Group	Food retail	5.6%
	real,-	Food retail	5.5%
	OBI	DIY retail	5.1%
	Jobcenter	Agency of unemployment	3.3%
	H&M	Textile retail	2.1%
	NetCologne	Telecommunication	2.1%
	Telefonica O <sub>2</sub>	Telecommunication	1.7%
	C&A	Textile retail	1.6%
	<b>Total</b>		<b><u>45.4%</u></b>

**1** History / Capital markets track record

**2** Portfolio-Management

**3** Asset-Management

**4** Financial Figures/Financial Position

# Financial Figures / Financial Position

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## Successful first half year 2018

### Highlights

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- Income from rents and leases: **+ 15.4%**
- Funds from operations (FFO): **+ 17.9%**
- Vacancy rate: **1.0 %** (incl. rent guarantees)
- Acquisition of four properties in Cologne, Bonn, Düsseldorf and Darmstadt  
→ Total investment volume: **€ 86.5 million**
- Portfolio volume: **€ 1,454 million**
- NAV per share: **€ 10.00**
- Further reduction of average cost of debt to **2.2%**

## Financial Figures / Financial Position

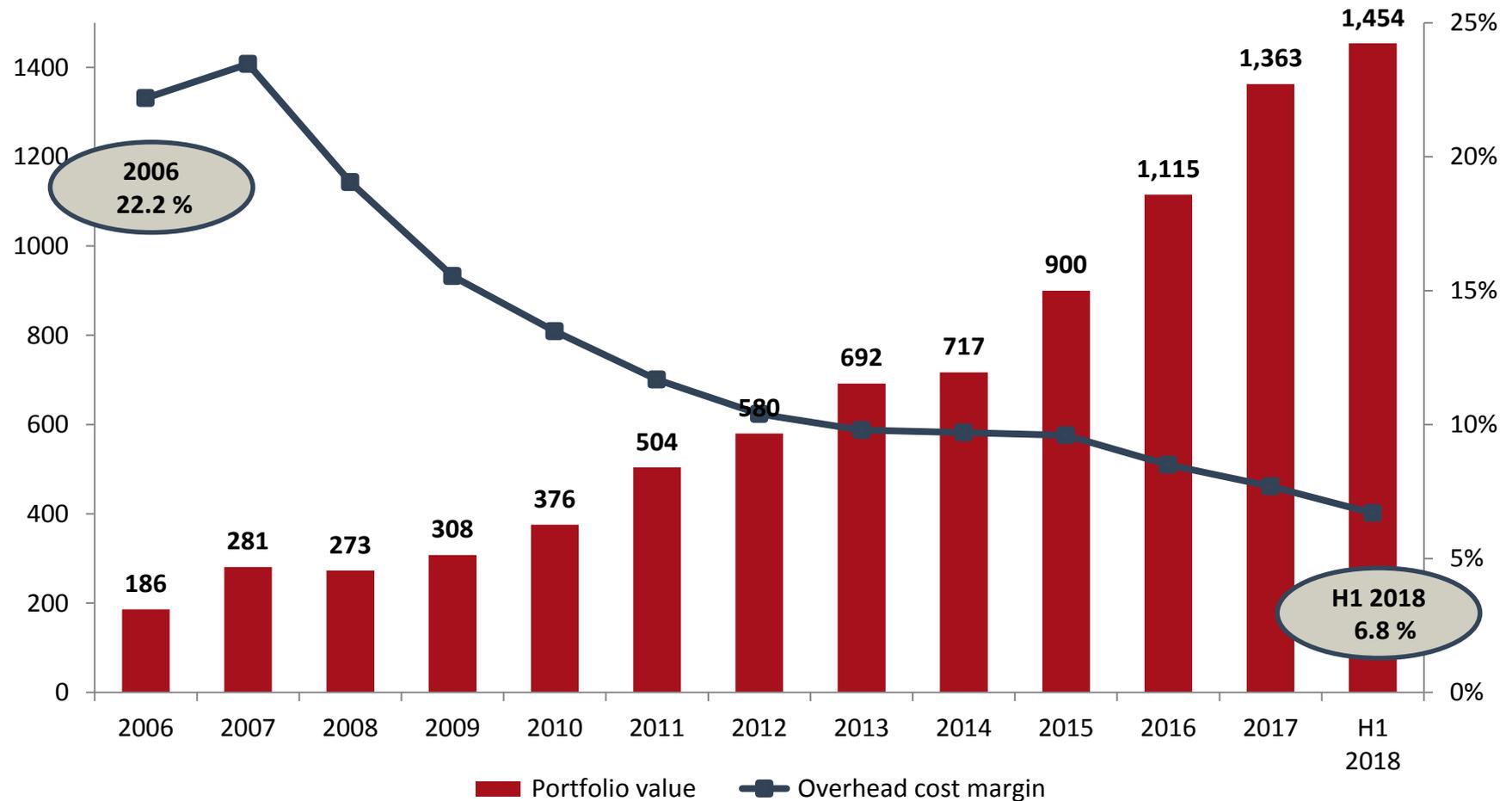
### Significant key figures for first half year 2018

Key figures	30 June 2018	30 June 2017	Change
Income from rents and leases	€ 41.3 million	€ 35.8 million	+ 15.4 %
Operating result	€ 17.1 million	€ 15.5 million	+ 4.5 %
Profit for the period	€ 9.5 million	€ 10.9 million	- 12.6 %
<i>thereof as a result from sales</i>	€ 0	€ 2.6 million	
Funds from operations (FFO)	€ 26.1 million	€ 22.1 million	+ 17.9 %
Funds from operations (FFO) per share	€ 0.33	€ 0.28	+ 17.9 %
REIT equity ratio	54.5 %	61.1 %	- 6.6 %-points
Loan to value (LTV)	44.5 %	37.7 %	+ 6.8 %-points
Net asset value (NAV) per share	€ 10.00	€ 9.42	+ 6.2 %

# Financial Figures / Financial Position

## Benefitting from economies of scale

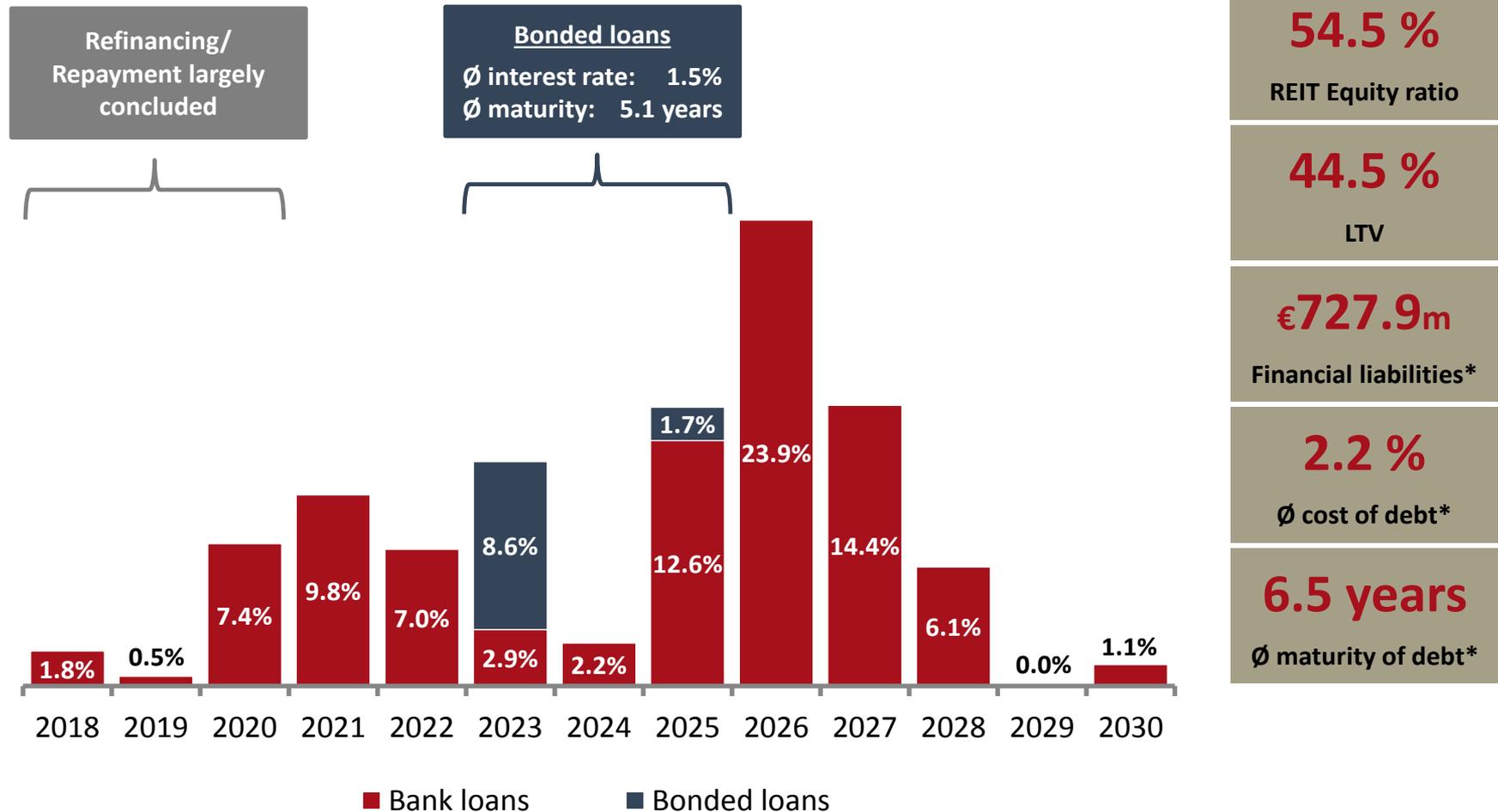
### Portfolio value (€ million) and overhead cost margin\*



# Financial Figures / Financial Position

## Financial liabilities

### Expiration of financial liabilities (as of 30 June 2018)

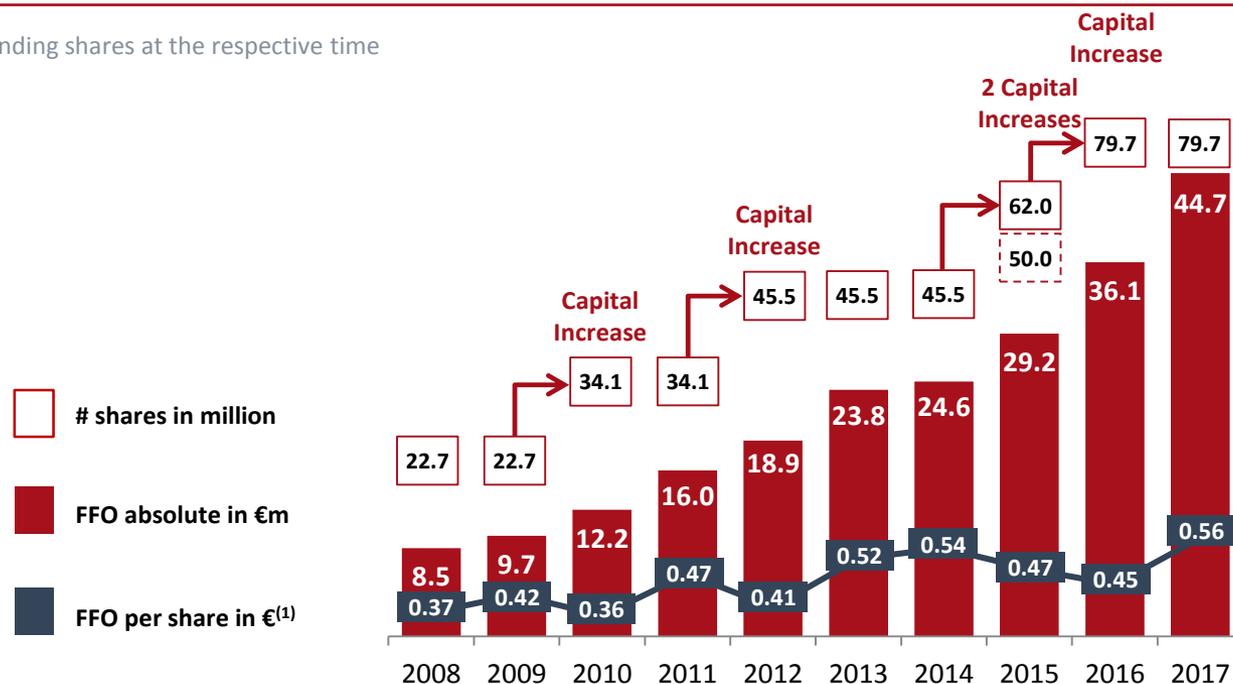


# Financial Figures / Financial Position

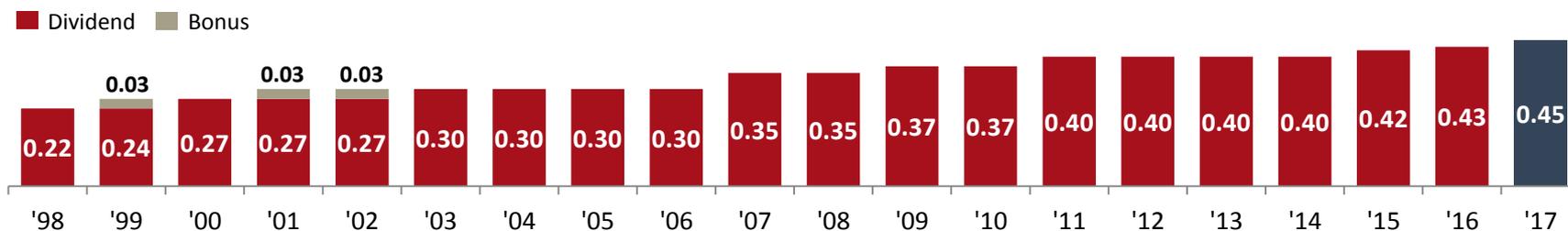
## Increasing FFO and dividend per share

### Funds From Operations (FFO)

(1) Calculation of FFO per share with outstanding shares at the respective time



### Dividend per share (€)



# Summary and outlook

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## Conclusion/Summary

- Strong first half 2018 with positive development of operational business
- Vacancy rate: **1.0%**
- Transfer of possession of four assets in Cologne, Düsseldorf, Bonn and Darmstadt
- Portfolio value: **€ 1.45 billion**

## Forecast 2018

- Rental income: **+ 10 - 12 %**
- FFO: **+ 10 - 12 %**
- FFO per share: **€ 0.61 - € 0.63**
- Remaining fire power: **€ 120 million**

<b>HAMBORNER REIT AG - Financial Calendar</b>	
<b>Interim Report for 3rd quarter 2018</b>	<b>8 November 2018</b>
<b>Preliminary figures 2018</b>	<b>7 February 2019</b>
<b>Annual report 2018</b>	<b>27 March 2019</b>
<b>Interim Report for 1st quarter 2019</b>	<b>2 May 2019</b>
<b>AGM 2019</b>	<b>7 May 2019</b>

**Many thanks for your attention!**

## TOP 10 Properties (1/2)



**Mannheim**  
**Kurpfalz Center**



**Munich**  
**NuOffice**



**Lübeck**  
**Haerder Center**



**Berlin**  
**EUREF Campus**



**Cologne**  
**O³**

	Mannheim Kurpfalz Center	Munich NuOffice	Lübeck Haerder Center	Berlin EUREF Campus	Cologne O³
<b>Asset type</b>	Retail	Office	High Street	Office	Office
<b>Year of acquisition</b>	2016	2013	2016	2013	2017
<b>Purchase price</b>	€ 80.0 million	€ 40.1 million	€49.1 million	€ 33.0 million	€ 48.9 million
<b>Fair value</b>	€ 82.1 million <sup>(1)</sup>	€ 55.4 million <sup>(1)</sup>	€ 54.4 million <sup>(1)</sup>	€ 51.5 million <sup>(1)</sup>	€ 51.4 million <sup>(1)</sup>
<b>Annual rental income</b>	€ 4.1 million	€ 2.4 million	€ 3.3 million	€ 2.2 million	€ 2.7 million
<b>Remaining lease term</b>	6.5 years <sup>(2)</sup>	5.2 years <sup>(2)</sup>	4.0 years <sup>(2)</sup>	5.6 years <sup>(2)</sup>	5.1 years <sup>(2)</sup>
<b>Main tenants</b>	Real, Toys'R'Us, ALDI, dm, Adler Mode	Estée Lauder, Armani, Zielpuls	H&M, New Yorker, REWE, mytoys	Deutsche Bahn, Schneider Electric	NetCologne

(1) As of 31 December 2017 (2) As of 30 June 2018

## TOP 10 Properties (2/2)



**Hallstadt**  
**Market Oberfranken**



**Darmstadt**



**Celle**



**Karlsruhe**



**Hanau**  
**Rondo Steinheim**

<b>Asset type</b>	Retail	Retail/office	Retail	Retail/Office	Retail
<b>Year of acquisition</b>	2017	2018	2015	2012	2017
<b>Purchase price</b>	€ 41.4 million	€ 42.8 million	€ 35.2 million	€ 37.0 million	€ 37.5 million
<b>Fair value</b>	€ 45.9 million <sup>(1)</sup>	€ 44.0 million <sup>(2)</sup>	€ 42.7 million <sup>(1)</sup>	€ 41.8 million <sup>(1)</sup>	€ 39.7 million <sup>(1)</sup>
<b>Annual rental income</b>	€ 2.5 million	€ 2.5 million	€ 2.3 million	€ 2.5 million	€ 2.0 million
<b>Remaining lease term</b>	6.9 years <sup>(2)</sup>	5.6 years <sup>(2)</sup>	10.2 years <sup>(2)</sup>	3.7 years <sup>(2)</sup>	14.0 years <sup>(2)</sup>
<b>Main tenants</b>	Müller, tegut, C&A, Expert, ALDI	REWE, Herbalife, Alcan Systems	Real, ALDI, Rossmann, tedox, Fressnapf	EDEKA, Brandmaker	REWE, ALDI, dm, Deichmann

(1) As of 31 December 2017 (2) As of 30 June 2018

# Appendix

## TOP 50 Cities in Germany



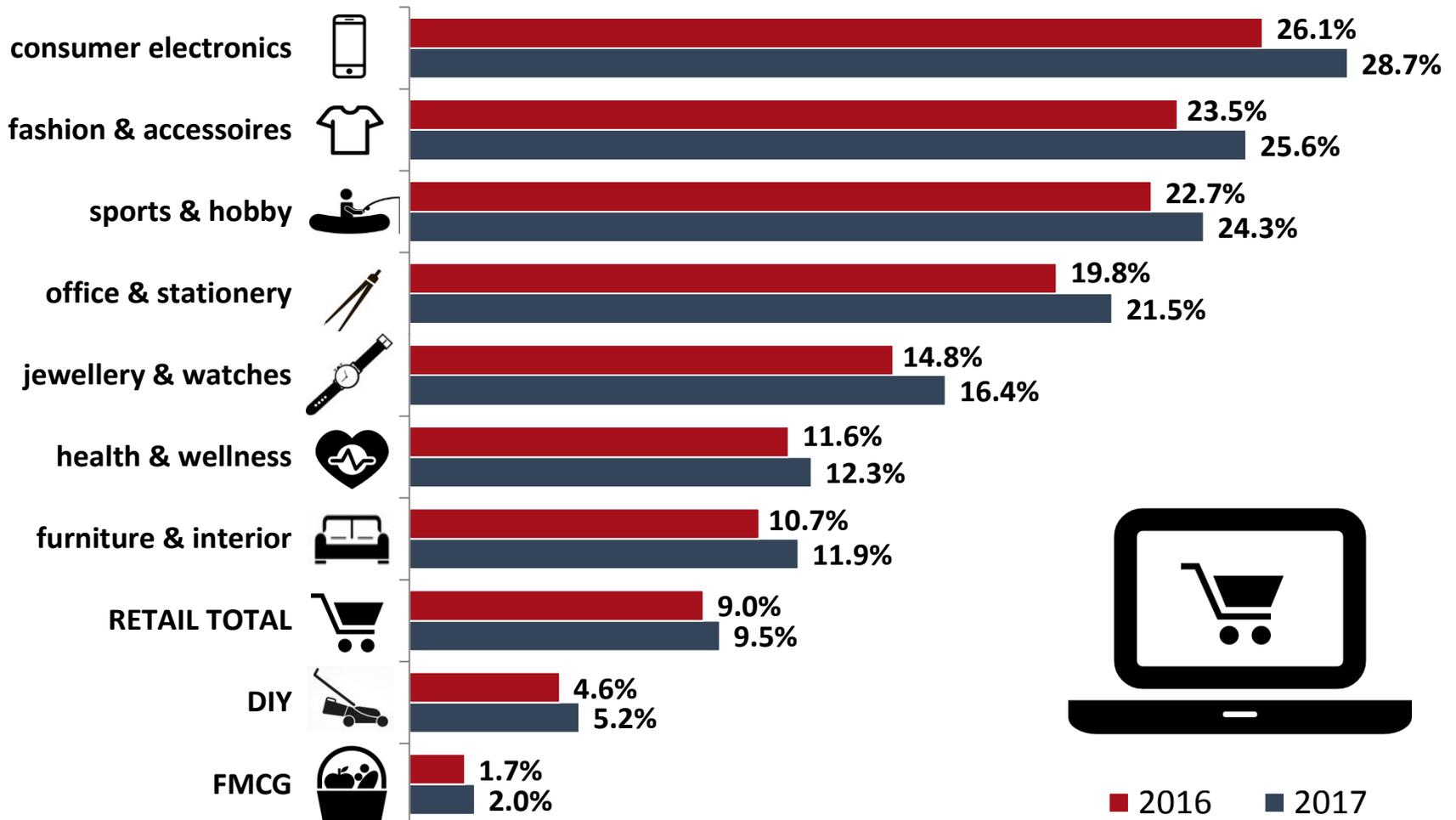
### High attractiveness in terms of

- Demographic development
- Purchase power
- Centrality
- Future opportunities

- |                              |                    |
|------------------------------|--------------------|
| <b>Aachen*</b>               | <b>Ingolstadt*</b> |
| Aschaffenburg                | <b>Karlsruhe*</b>  |
| <b>Augsburg*</b>             | Kempton            |
| <b>Bad Homburg*</b>          | <b>Koblenz*</b>    |
| <b>Bamberg*</b>              | Konstanz           |
| <b>Bayreuth*</b>             | Landshut           |
| <b>Berlin*</b>               | <b>Leipzig*</b>    |
| Böblingen                    | Ludwigsburg        |
| <b>Bonn*</b>                 | Mainz              |
| Braunschweig                 | <b>Mannheim*</b>   |
| <b>Cologne*</b>              | <b>Munich*</b>     |
| <b>Darmstadt*</b>            | <b>Münster*</b>    |
| <b>Dresden*</b>              | Nürnberg           |
| <b>Düsseldorf*</b>           | <b>Oldenburg*</b>  |
| <b>Erlangen*</b>             | <b>Passau*</b>     |
| Esslingen am Neckar          | Pforzheim          |
| <b>Frankfurt am Main*</b>    | <b>Regensburg*</b> |
| <b>Freiburg im Breisgau*</b> | Reutlingen         |
| Friedrichshafen              | Sindelfingen       |
| <b>Fürth*</b>                | <b>Stuttgart*</b>  |
| Göttingen                    | <b>Tübingen*</b>   |
| <b>Hamburg*</b>              | Ulm                |
| Hanover                      | <b>Wiesbaden*</b>  |
| Heidelberg                   | Wolfsburg          |
| Heilbronn                    | Würzburg           |

# Appendix

## Consumer purchasing behaviour in Germany Share of eCommerce in retail sales



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