



hamborner  
**REIT**



ZUKUNFT BRAUCHT SUBSTANZ

## Company Presentation

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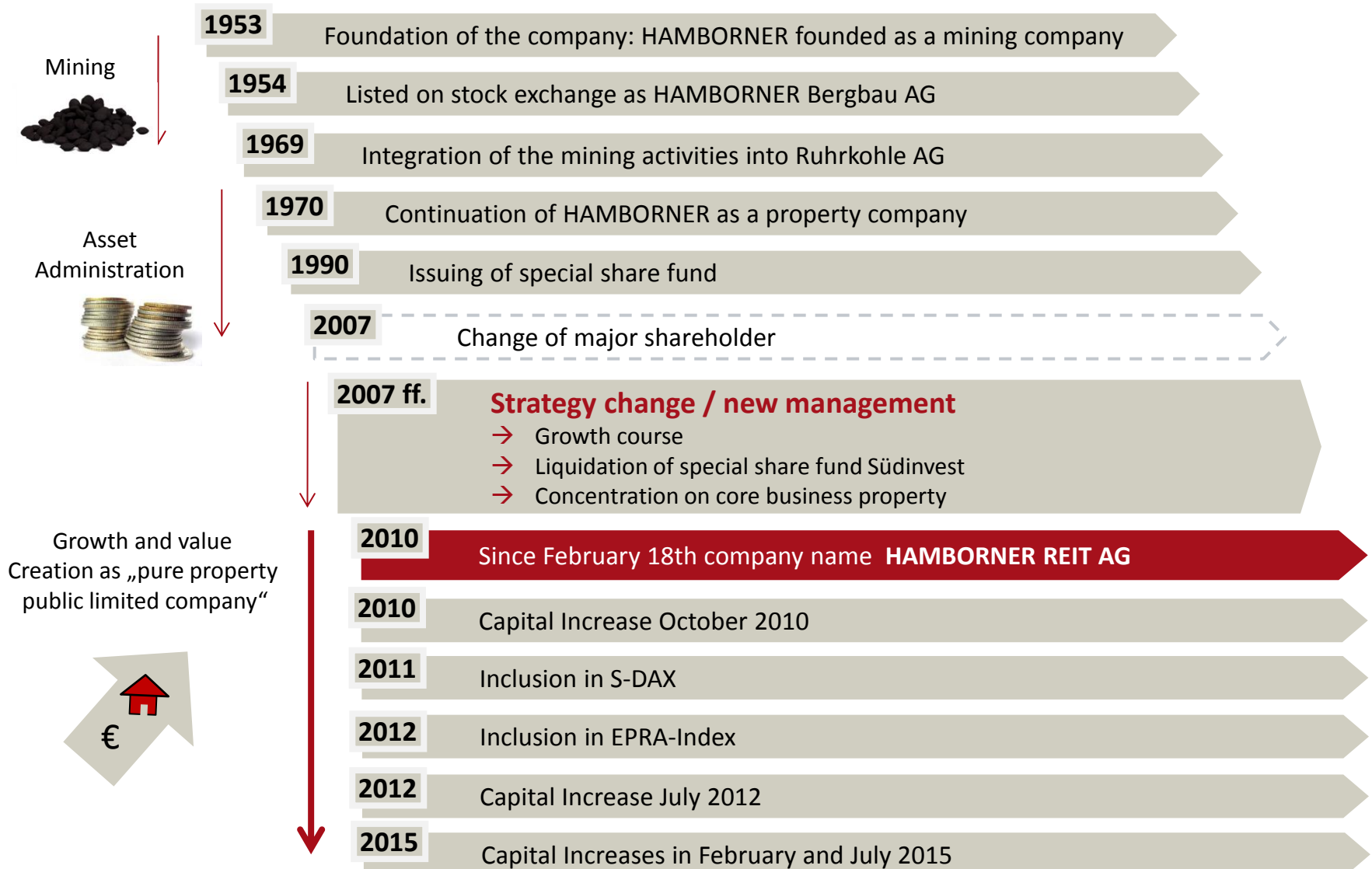
Hans Richard Schmitz

August 2016

<b>1</b>	<b>History / Capital markets track record</b>
<b>2</b>	<b>Portfolio-Management</b>
<b>3</b>	<b>Asset-Management</b>
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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

### HAMBORNER REIT AG

2  
board members

34  
employees

- Directly owned property
- German-wide portfolio
- Market value of properties: approx. € 959 million  
(30/06/2016)

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

Large-scale  
retailing

High street

Office

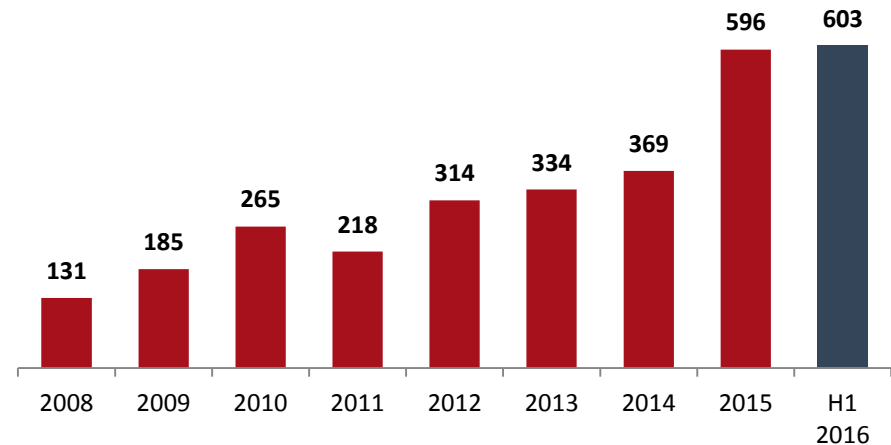
# History / Capital markets track record

## Growing market capitalization and increasing free float

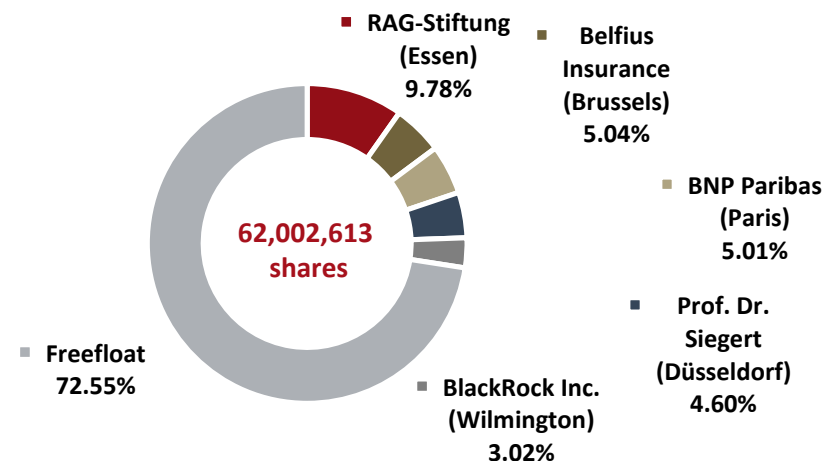
### Overview events

- **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. € 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, share price € 6.50, full dividend rights, net proceeds of approx. € 71.4m
- **May 2013:** Creation of new Authorised Capital and Authorisation to issue option and convertible bonds
- **Feb 2015:** Capital Increase – 4,549,332 new shares, gross proceeds of approx. € 40.9m – RAG Stiftung new shareholder
- **July 2015:** Capital Increase – 11,959,948 new shares, gross proceeds of approx. € 101.6 m
- **April 2016:** Creation of new Authorised Capital

### Historic market cap (€ million)



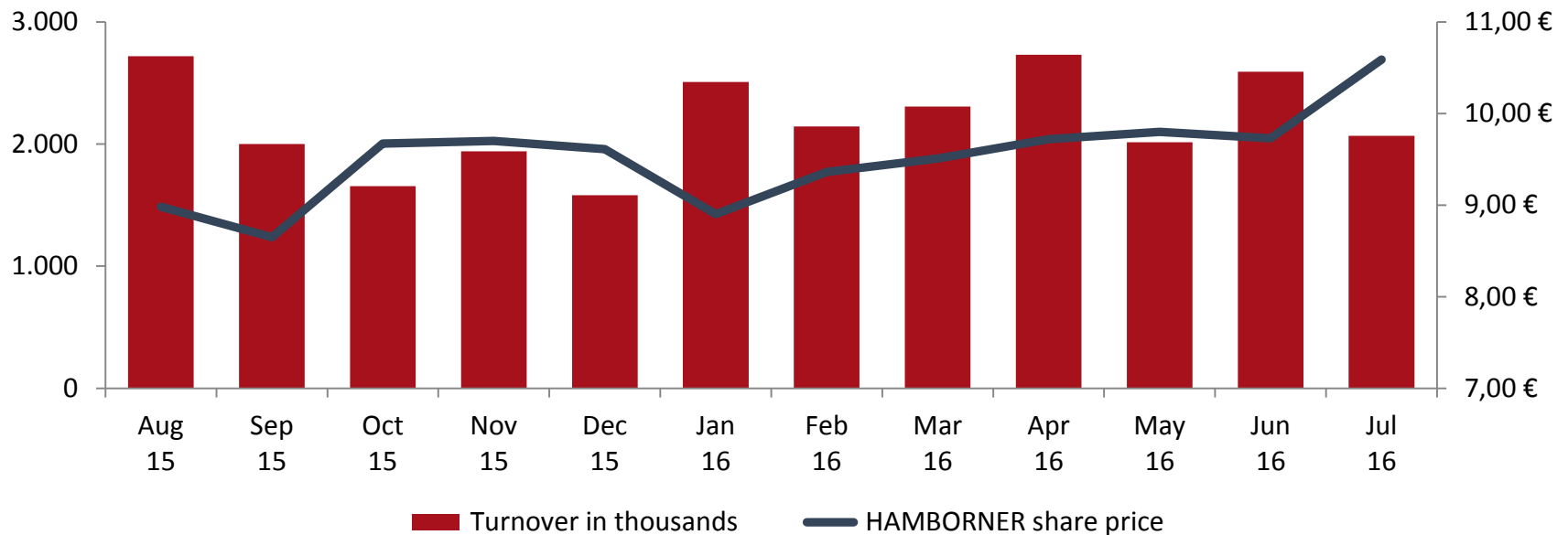
### Shareholders



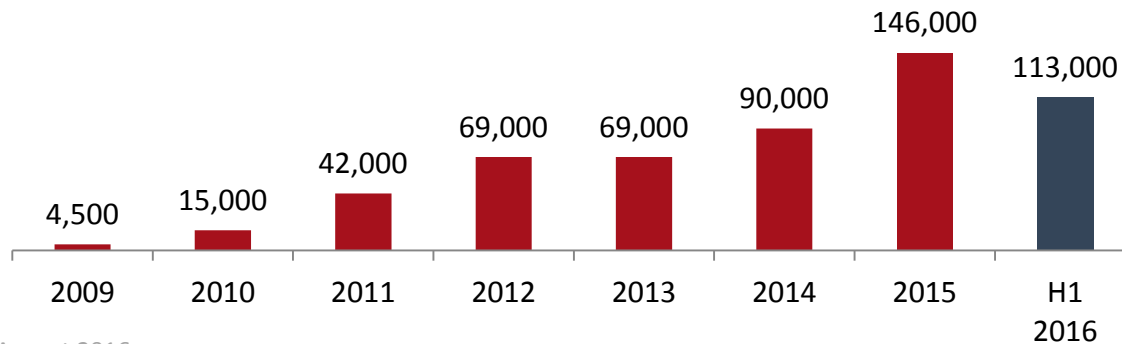
# History / Capital markets track record

## HAMBORNER REIT AG share

### Development of share price and turnover



### Average turnover per day (# shares)



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



# Portfolio-Management

## 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 - €100 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 2007 onwards in town centre sites of cities with > 100,000 inhabitants

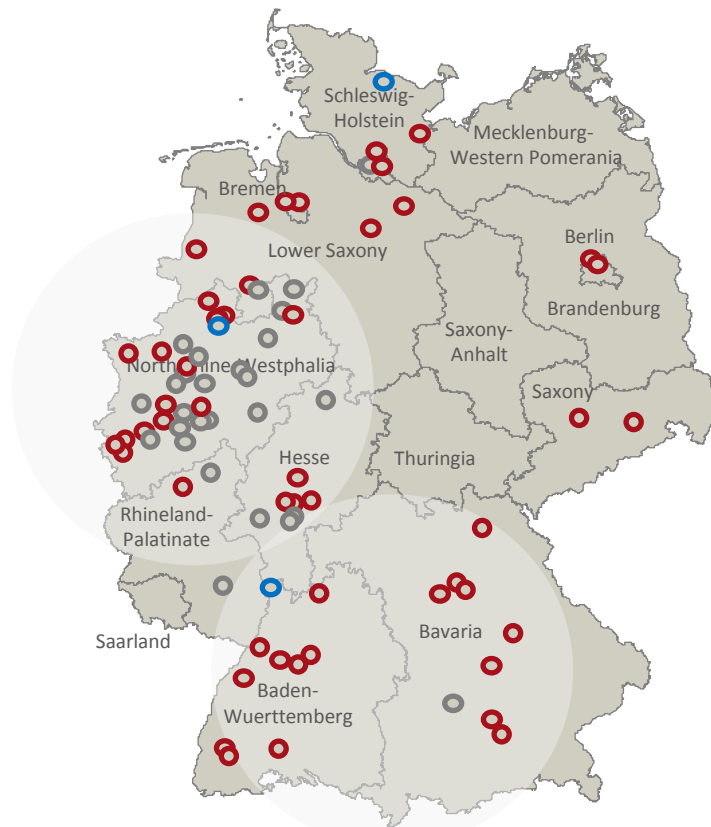
- **Diversified commercial real estate portfolio structure with clear yield-orientation**
- **Creating value through continuous expansion of portfolio/benefit from scale-effects**

# Portfolio-Management

## Balanced portfolio with 100% German focus

(as at 30 June 2016)

### Geographical portfolio spread (incl. recent acquisitions)

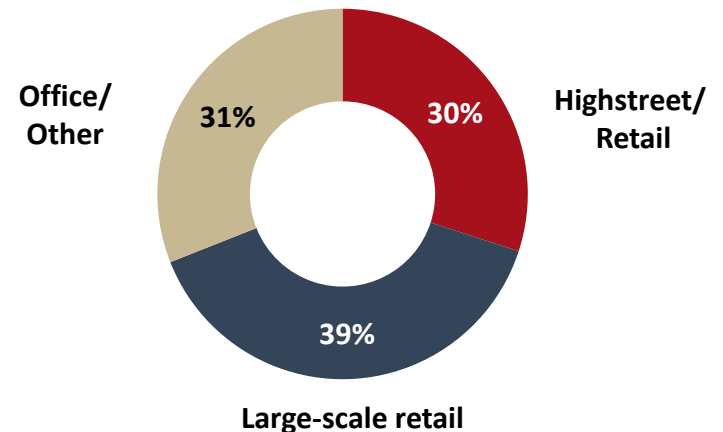


○ Portfolio until 2006   ● Portfolio from 2007   ● Purchase contract signed

### Diversification of asset types

- 68 properties in 56 cities in Germany
- Focus on West and South-West
- € 959 million portfolio value

### Annualised rental income (100% = € 61.1 million)



# Portfolio-Management

## Regional diversification

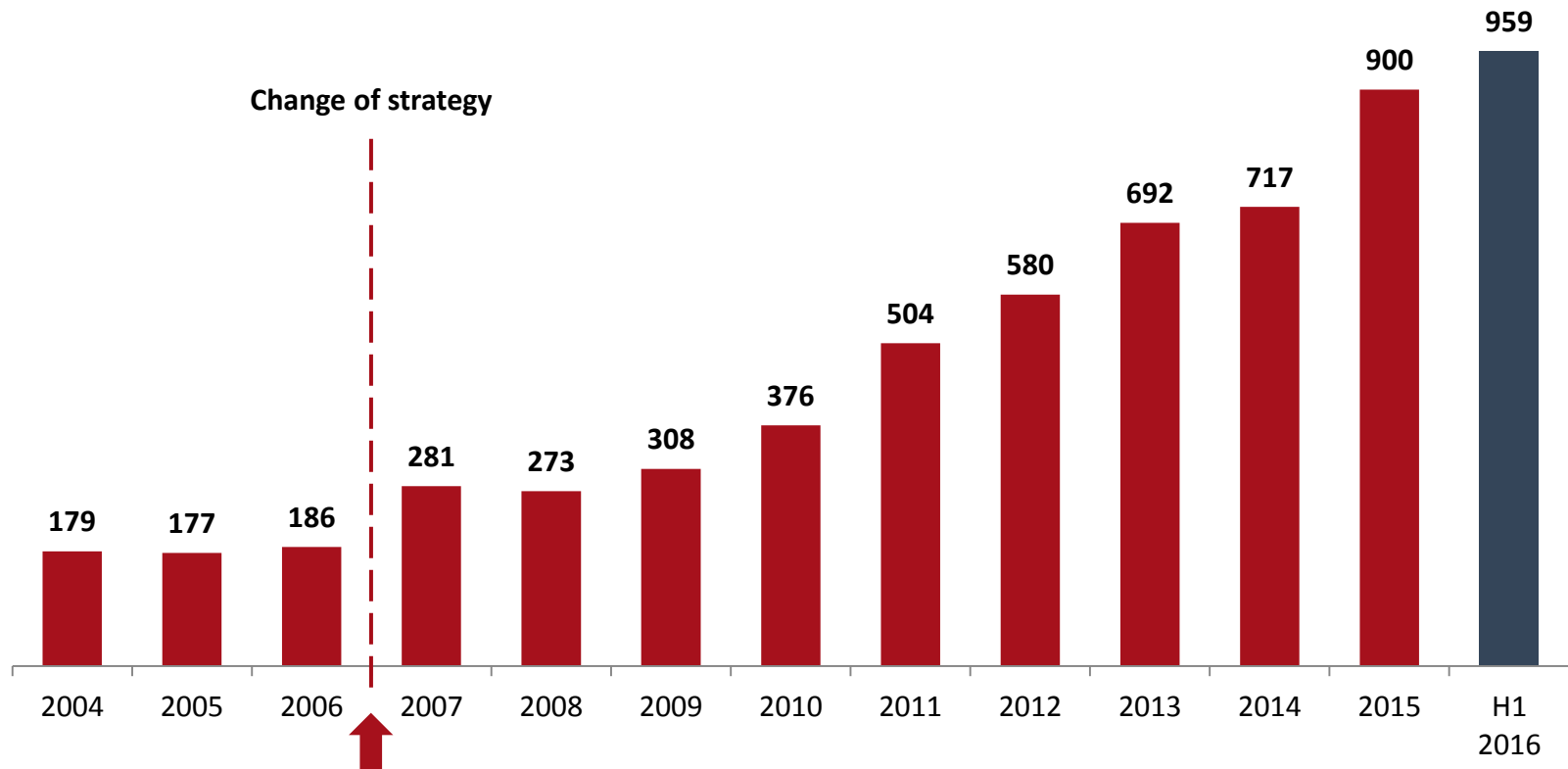
(as at 30 June 2016)

<u>Federal State</u>	<u>Number of objects</u>	<u>Share in the market value of total portfolio</u>
North Rhine-Westphalia	23	24%
Bavaria	9	21%
Baden-Wuerttemberg	9	15%
Hesse	8	10%
Lower Saxony	6	8%
Berlin	2	7%
Schleswig-Holstein	1	5%
Hamburg	3	3%
Rhineland-Palatinate	3	3%
Bremen	2	2%
Saxony	2	2%
<b>Total</b>	<b>68</b>	

# Portfolio-Management

## Portfolio Development

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

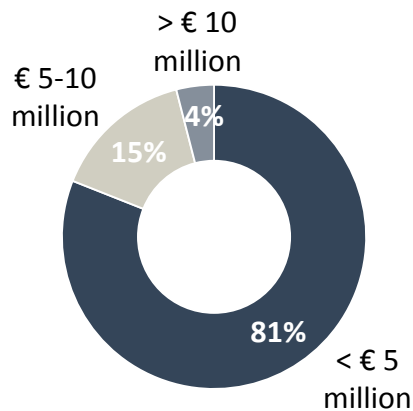


# Portfolio-Management

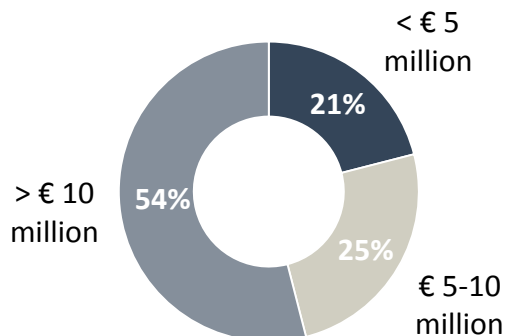
## Increasing value per asset through acquiring larger assets

### Portfolio split by property value

31/12/2006 (100% = 54 properties)

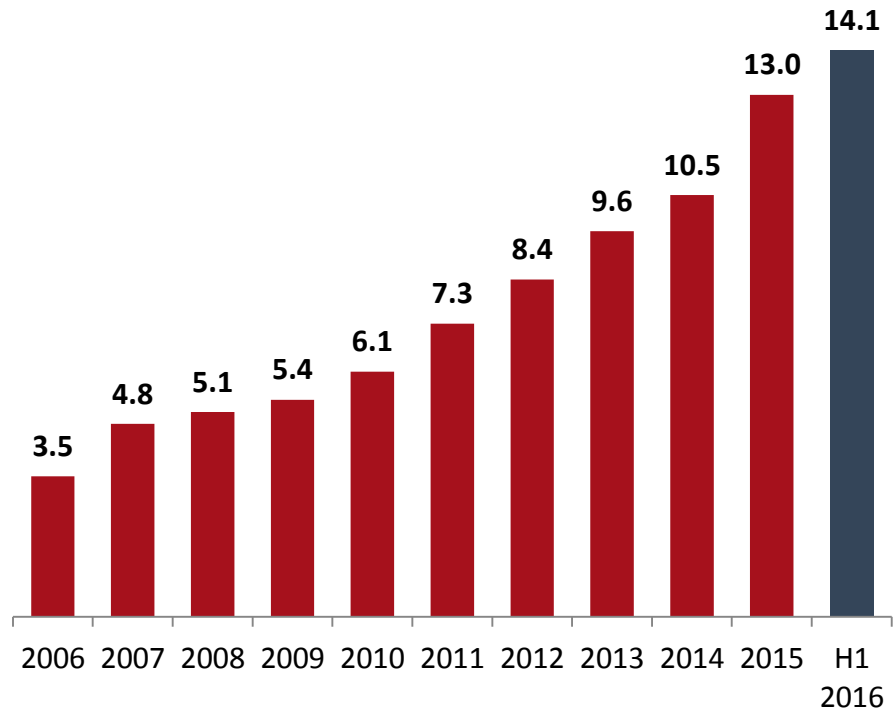


30/06/2016 (100% = 68 properties)



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

30/06/2016 (Number of properties = 68)



## Investments 2016



**Lübeck (Haerder-Center)**  
**Sandstraße**



**Ditzingen**  
**Dieselstraße**

<b>Built</b>	2008	2016
<b>Main tenant</b>	H&M, New Yorker, REWE, mytoys	hagebaumarkt
<b>Leased area</b>	approx. 13,300 m <sup>2</sup>	approx. 10,000 m <sup>2</sup>
<b>Annual rental income</b>	€ 3.3 million	€ 0.9 - € 1.0 million (steprent)
<b>Remaining term</b>	3.3 years	20 years
<b>Gross initial yield</b>	6.5 %	7.0 %
<b>Purchase price</b>	approx. € 50 million	€ 13.7 million
<b>Transfer of possession</b>	February 2016	June 2016

## Purchase contracts signed in H1 2016



**Kiel**  
**Kaistrasse**



**Münster (Deilmann-Park)**  
**Martin-Luther-King-Weg 30/30a**

<b>Built</b>	under construction	2016
<b>Main tenant</b>	Barmer GEK	FOM University
<b>Leased area</b>	approx. 6,550 m <sup>2</sup>	approx. 3,300 m <sup>2</sup>
<b>Annual rental income</b>	€ 1.16 million	€ 0.43 million
<b>Remaining term</b>	9.2 years	7.5 years
<b>Gross initial yield</b>	5.5 %	6.8 %
<b>Purchase price</b>	€ 20.9 million	€ 6.1 million
<b>Transfer of possession</b>	Q2/Q3 2017e	pending

## Purchase contract signed in H2 2016



**Mannheim (Kurpfalz Center)**  
**Spreewaldallee**

<b>Built</b>	1972 modernized and expanded in 2012/2013
<b>Main tenant</b>	Real, Toys'R'Us, ALDI, dm, Adler Mode, Golf House
<b>Leased area</b>	approx. 28,000 m <sup>2</sup>
<b>Annual rental income</b>	€ 4.1 million
<b>Remaining term</b>	approx. 8 years
<b>Gross initial yield</b>	5.1 %
<b>Purchase price</b>	€ 80.0 million
<b>Transfer of possession</b>	Q4/2016e



## Divestments 2016



### Duisburg

Price: € 2.64 million  
Transfer of poss. 28/01/2016



### Dinslaken

Price: € 1.94 million  
Transfer of poss. 28/01/2016



### Solingen

Price: € 3.17 million  
Transfer of poss. 28/01/2016



### Essen

Selling price: € 3.26 million  
Transfer of poss. 02/08/2016



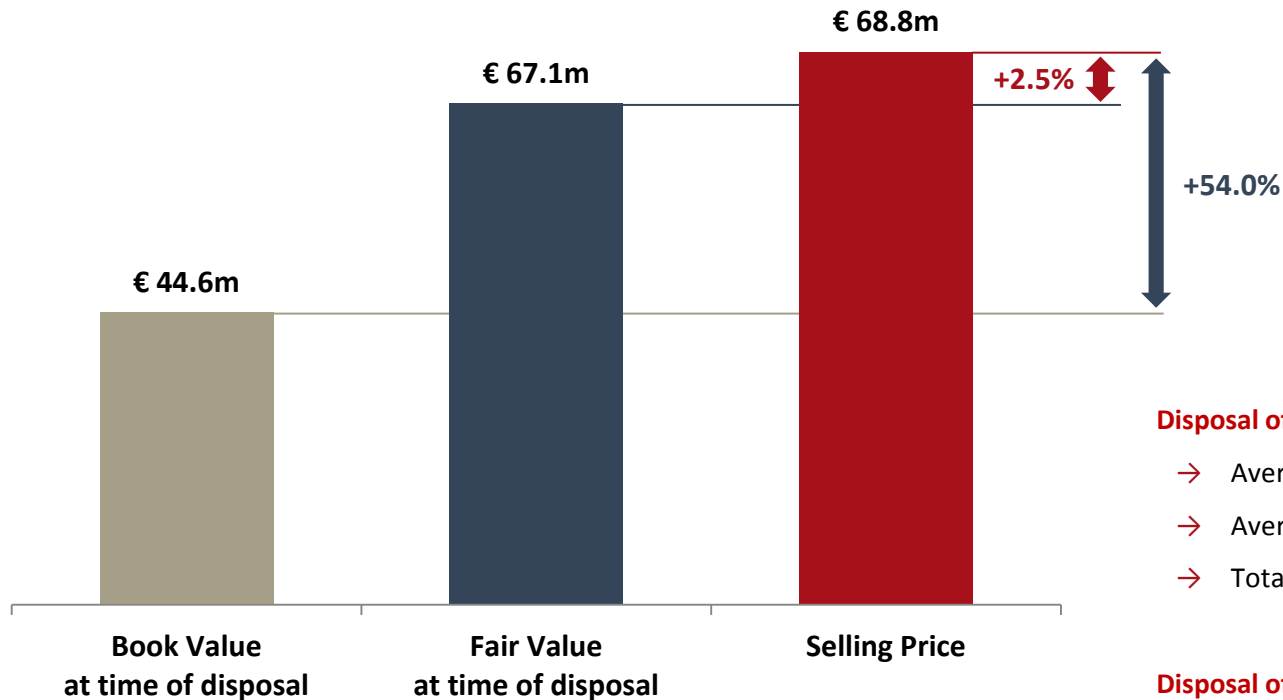
### Kassel

Selling price: € 0.70 million  
Transfer of poss. pending

<b>Total # of properties</b>	<b>5</b>
<b>Total selling price</b>	<b>approx. € 12m</b>
<b>Total rental income</b>	<b>approx. € 1.1m</b>
<b>Rental contracts</b>	<b>36 residential contracts 26 commercial contracts</b>

# Portfolio-Management

## Divestments since change of strategy in 2007



**Disposal of 25 commercial properties: € 66.9m**

- Average selling price: € 2.8m
- Average multiple: 15.3
- Total annual rental income: € 4.8m

**Disposal of 8 residential properties: € 1.9m**

**1** History / Capital markets track record

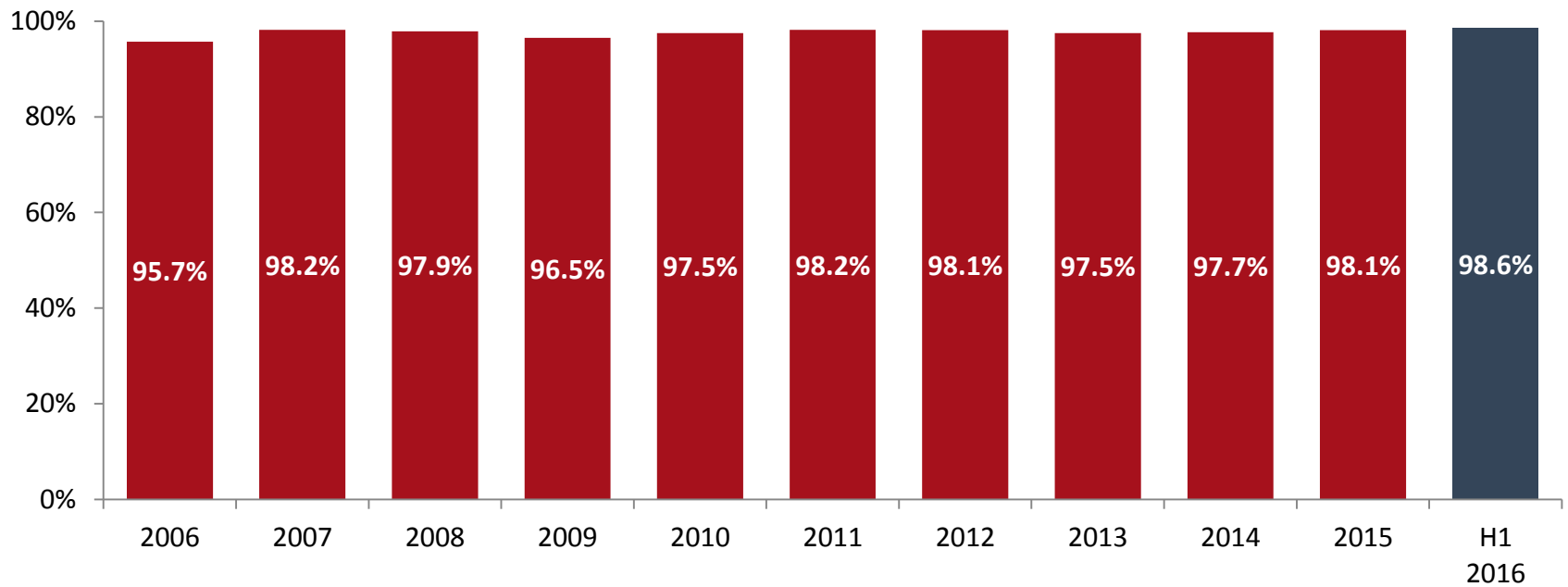
**2** Portfolio-Management

**3** Asset-Management

**4** Financial Figures / Financial Position

## High and stable occupancy

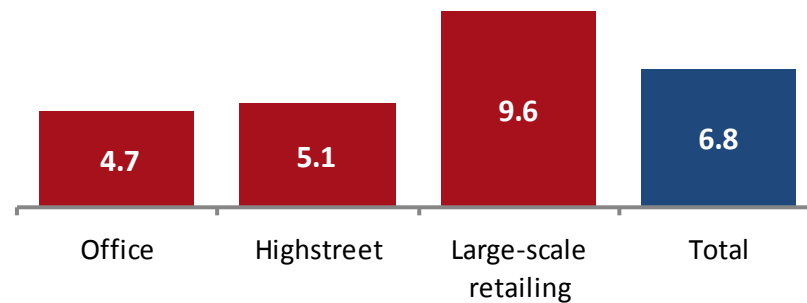
### Occupancy rates



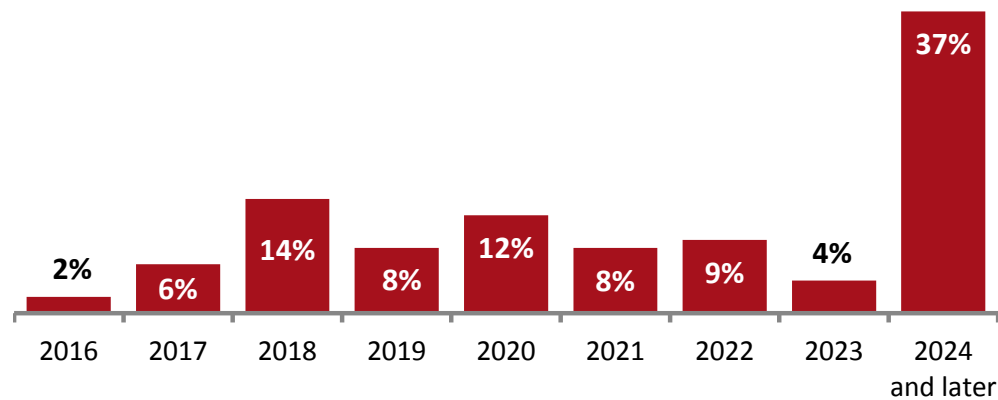
→ Vacancy rate as at 30/06/2016 incl. rent guarantees: 1.4 %

## Long-term leases

### Weighted average lease expiry by type (30/06/2016, in years)



### Split of lease contracts expiring by year (30/06/2016)



## Solid tenants

### Top 10 tenants (30/06/2016, % of annual rent)

	<u>Tenant</u>	<u>Sector</u>	<u>% of annual rent*</u>
	EDEKA-Group	Discount food retail	12.6%
	Kaufland Group	Discount food retail	7.9%
	OBI	Retail (DIY)	7.0%
	real,-	Discount food retail	5.1%
	Jobcenter	Government Agency	4.4%
	H&M	Textile retail	2.7%
	REWE-Group	Discount food retail	2.5%
	C&A	Textile retail	1.9%
	SFC Energy	Energy technology	1.6%
	Estée Lauder	Luxury Consumer goods	1.5%
		<b>Total</b>	<b>47.3%</b>

\* incl. rent guarantees

**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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## Strong first half year 2016

### Highlights

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- Positive operational business development
- Increase of income from rents and leases: + 20.9%
- FFO increase: + 23.9%
- Vacancy rate: 1.4% (1.7% excl. rent guarantees)
- Total portfolio volume: approx. € 959 million
- NAV per share: €8.93



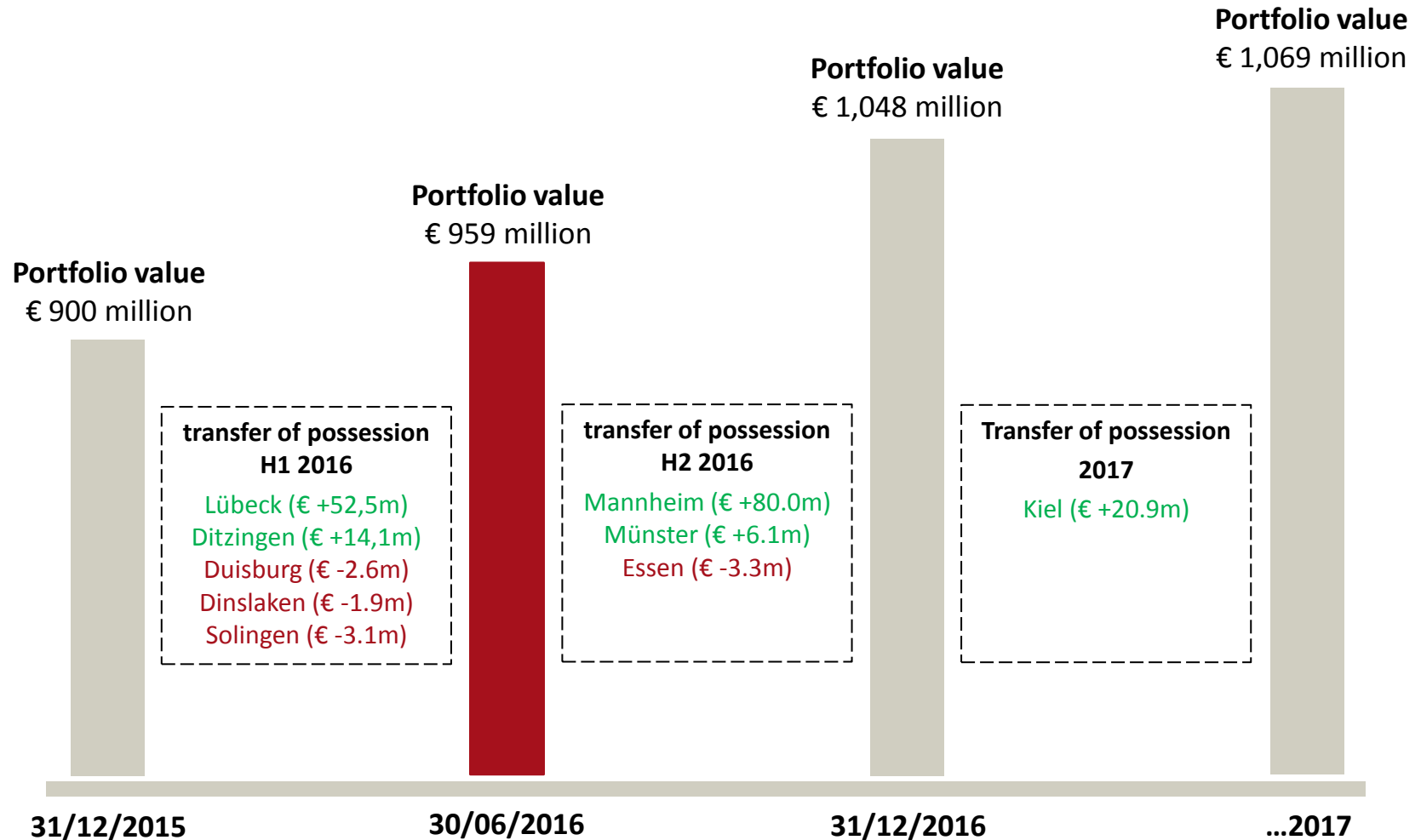
# Financial Figures / Financial Position

## Significant key figures for first half year 2016

Key figures	H1 2016	H1 2015	Change
Rental revenues	€ 29.9 million	€ 24.7 million	+ 20.9 %
Operating result	€ 13.3 million	€ 11.6 million	+ 14.9 %
Profit for the period	€ 8.8 million	€ 5.0 million	+ 75.3 %
Funds from operations	€ 17.3 million	€ 14.0 million	+ 23.9 %
Funds from operations (FFO) per share	€ 0.28	€ 0.28	
Net asset value (NAV) per share	€ 8.93	€ 8.47	+ 7.6 %
Number of shares	62,002,613	50,042,665	
	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>Change</b>
REIT equity ratio	56.9 %	61.5 %	- 4.6 %-points
Loan to value (LTV)	40.5 %	35.0 %	+ 5.5 %-points

# Financial Figures / Financial Position

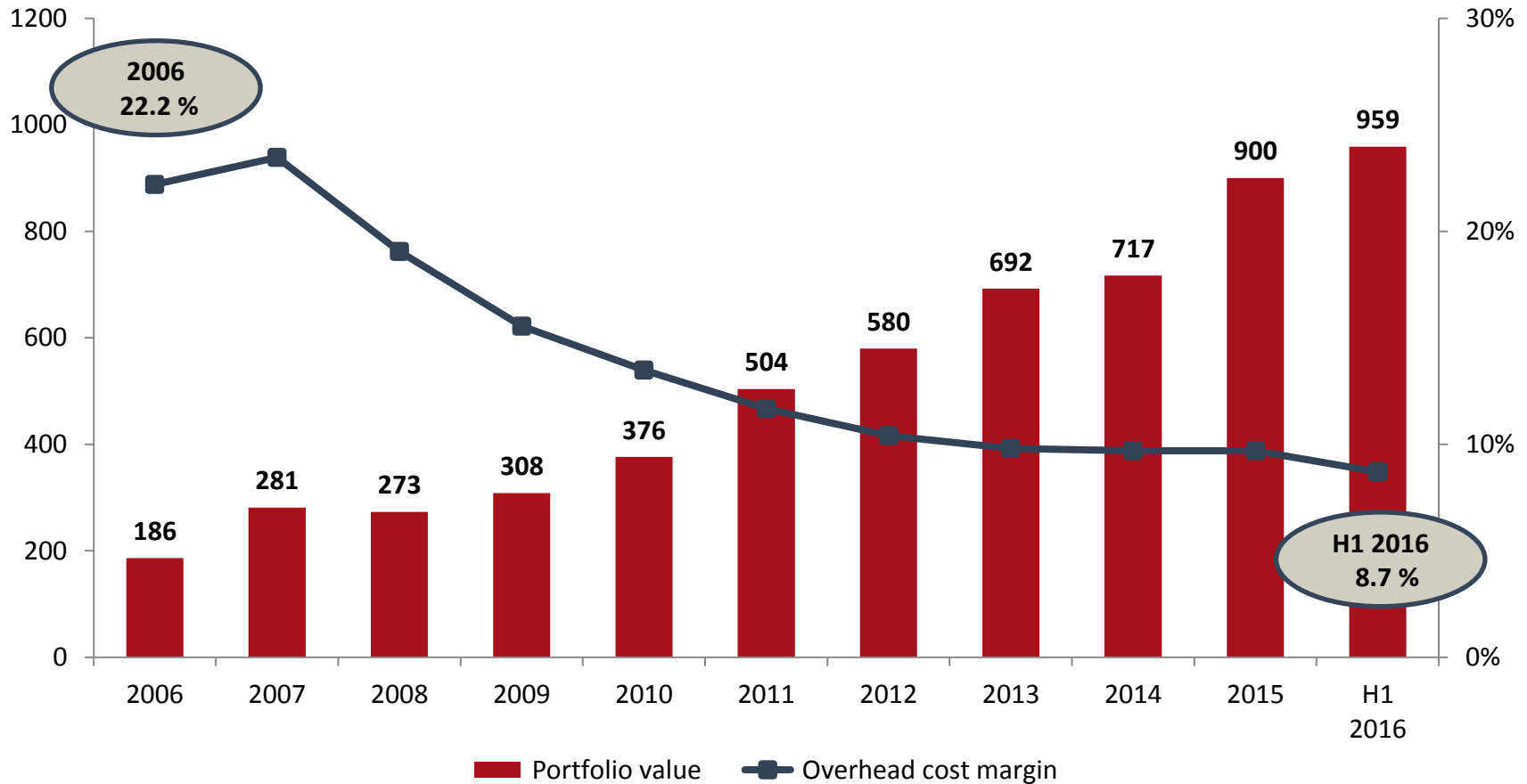
## Portfolio development 2016/2017



# Financial Figures / Financial Position

## Benefitting from economies of scale

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

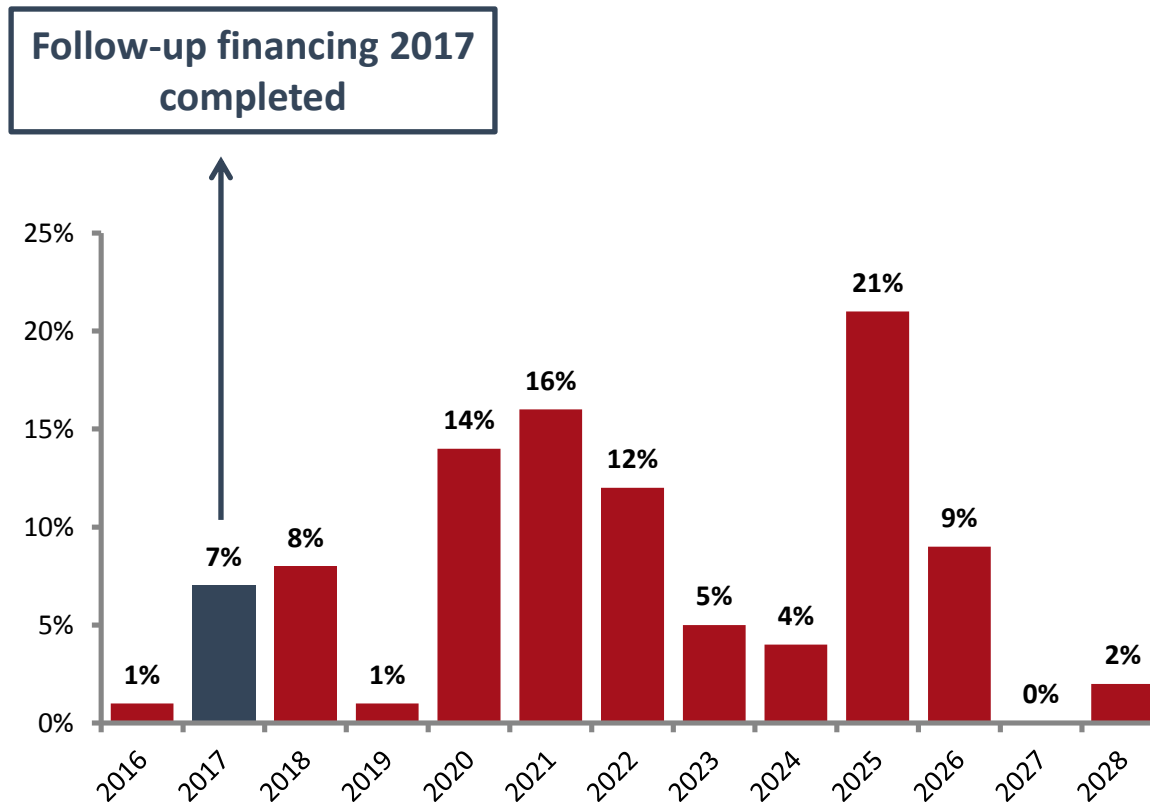


\* Personnel and administrative costs divided by income from rents and leases.

# Financial Figures / Financial Position

## Stable and predictable cost of debt

### Expiration of fixed interest rates (30/06/2016; % of total financial debt)

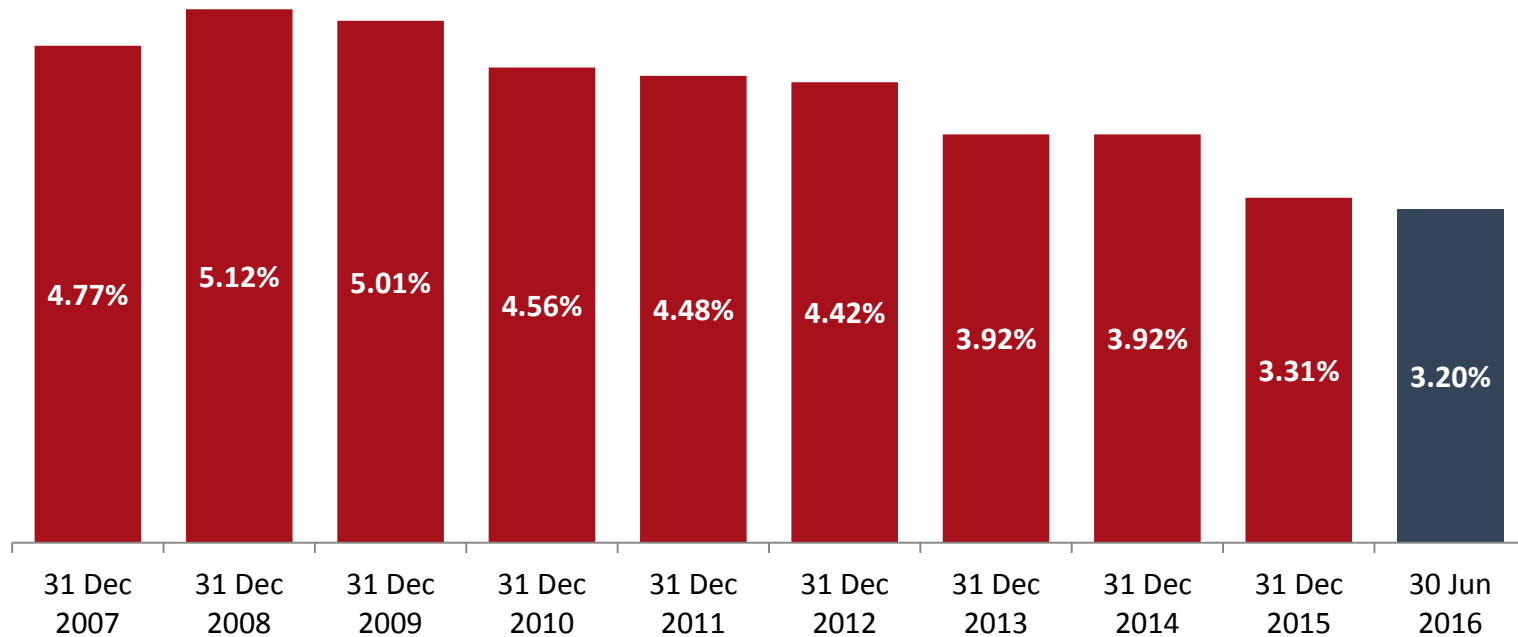


- Financial debt: € 417.9 million
- Liquid funds: € 28.6 million
- LTV: 40.5 %
- REIT equity ratio: 56.9 %
- Average maturity of fixed interest rates: 6.7 years
- Average cost of debt: 3.2 %
- Refinancing of loans with fixed interest rates expiring in 2017 completed
- Financing banks
  - Institutional banks
  - Cooperative banks
  - Saving banks
  - Insurance companies

# Financial Figures / Financial Position

## Lower marginal funding costs

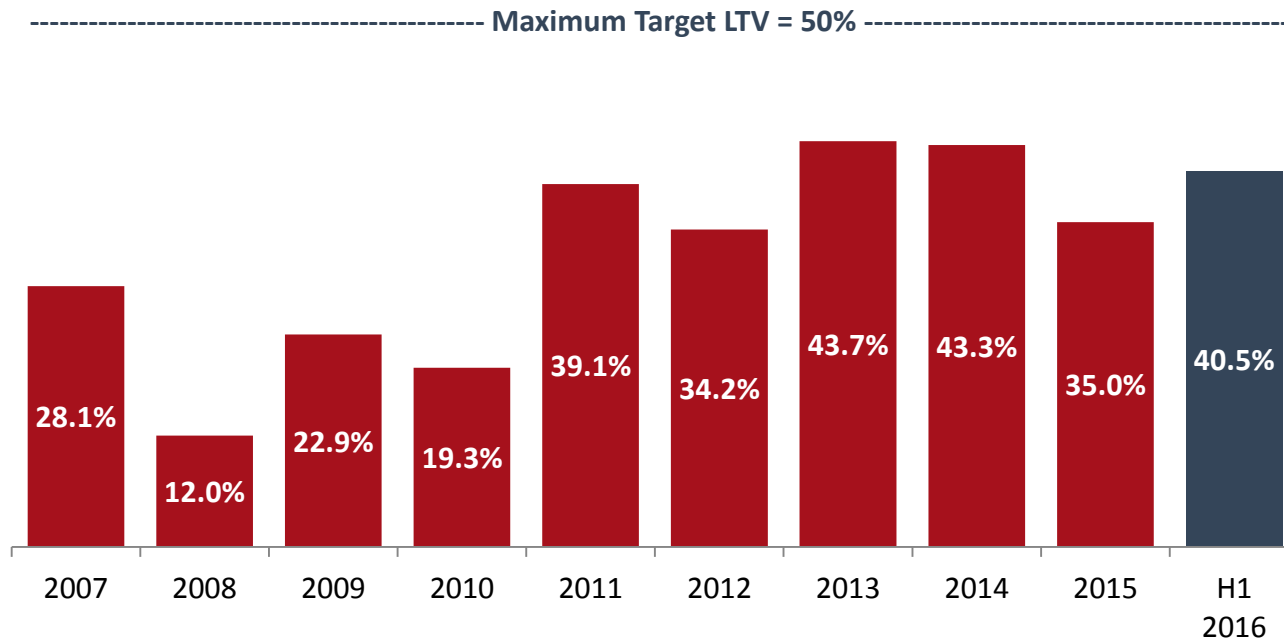
### Average cost of debt



# Financial Figures / Financial Position

## Low LTV, equity ratio well within REIT criteria

### Loan-to-value (%)



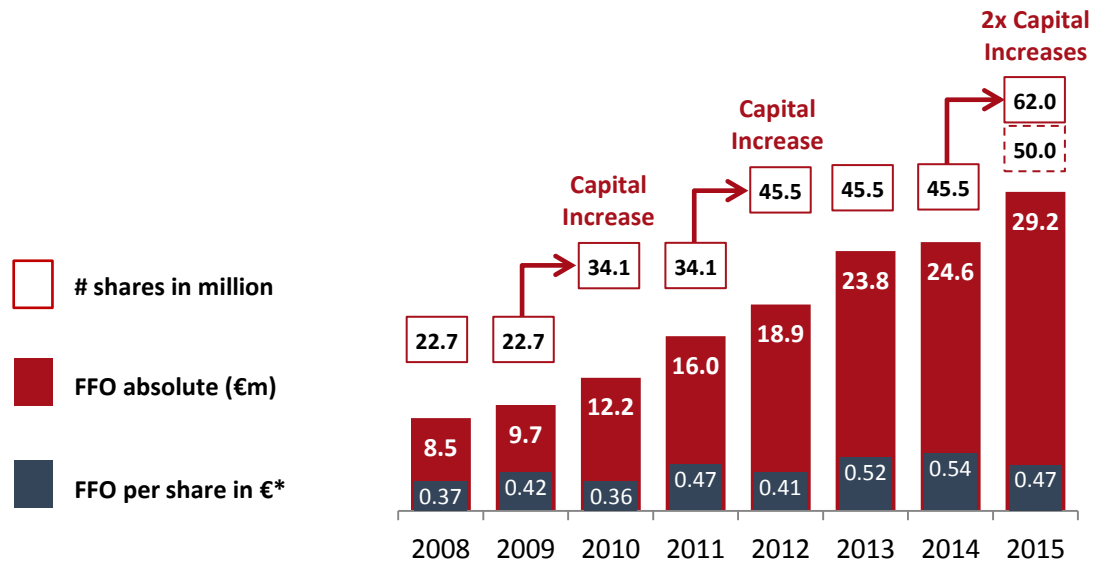
#### Figures:

- LTV  
30/06/2016: 40.5%
- REIT equity ratio  
30/06/2016: 56.9%

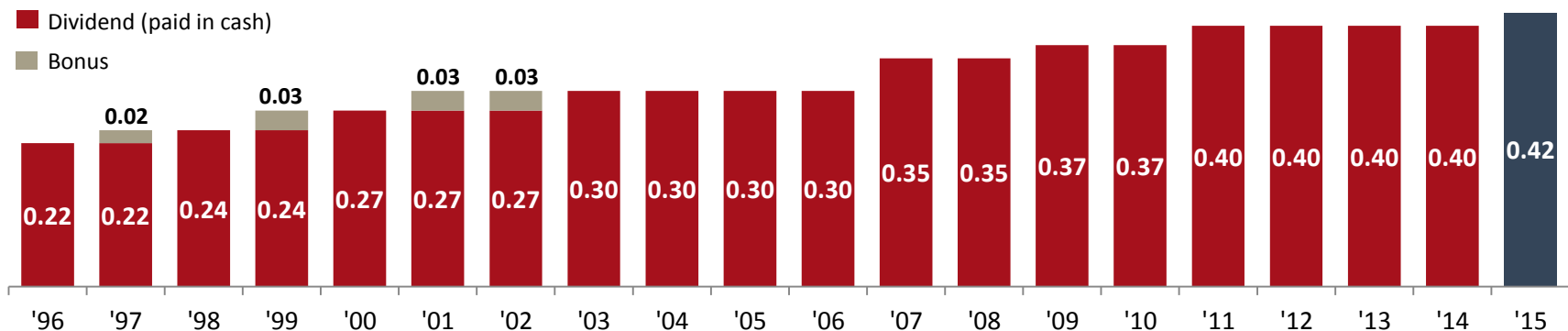
# Financial Figures / Financial Position

## 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 and outlook

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## 1. Conclusion first half year 2016

- Successful first half 2016
- Positive development of operational business
- Transfer of possession of Haerder-Centre Lübeck and DIY store in Ditzingen
- Disposal of assets in Duisburg, Dinslaken and Solingen
- Purchase contract signed for property in Kiel in July 2016
- Refinancing of loans expiring in 2017 successfully completed

## 2. Outlook

- Management is standing by the estimates published in the 2015 annual report and is assuming an increase in rental income and FFO at the top end of the forecast range of 13% to 15%
- This forecast considers all assets transferred before 30/06/2016 and does not take into account other potential acquisitions or disposals



<b>HAMBORNER REIT AG</b>	
Interim Report for 1st half 2016	10 August 2016
Interim Report for 3rd quarter 2016	10 November 2016
Annual report 2016	28 March 2017
Interim Report for 1st quarter 2017	09 May 2017
AGM 2017	10 May 2017

**Many thanks for your attention!**

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