



hamborner
REIT



ZUKUNFT BRAUCHT SUBSTANZ

Company Presentation

Preliminary figures 2017

Dr. Rüdiger Mrotzek

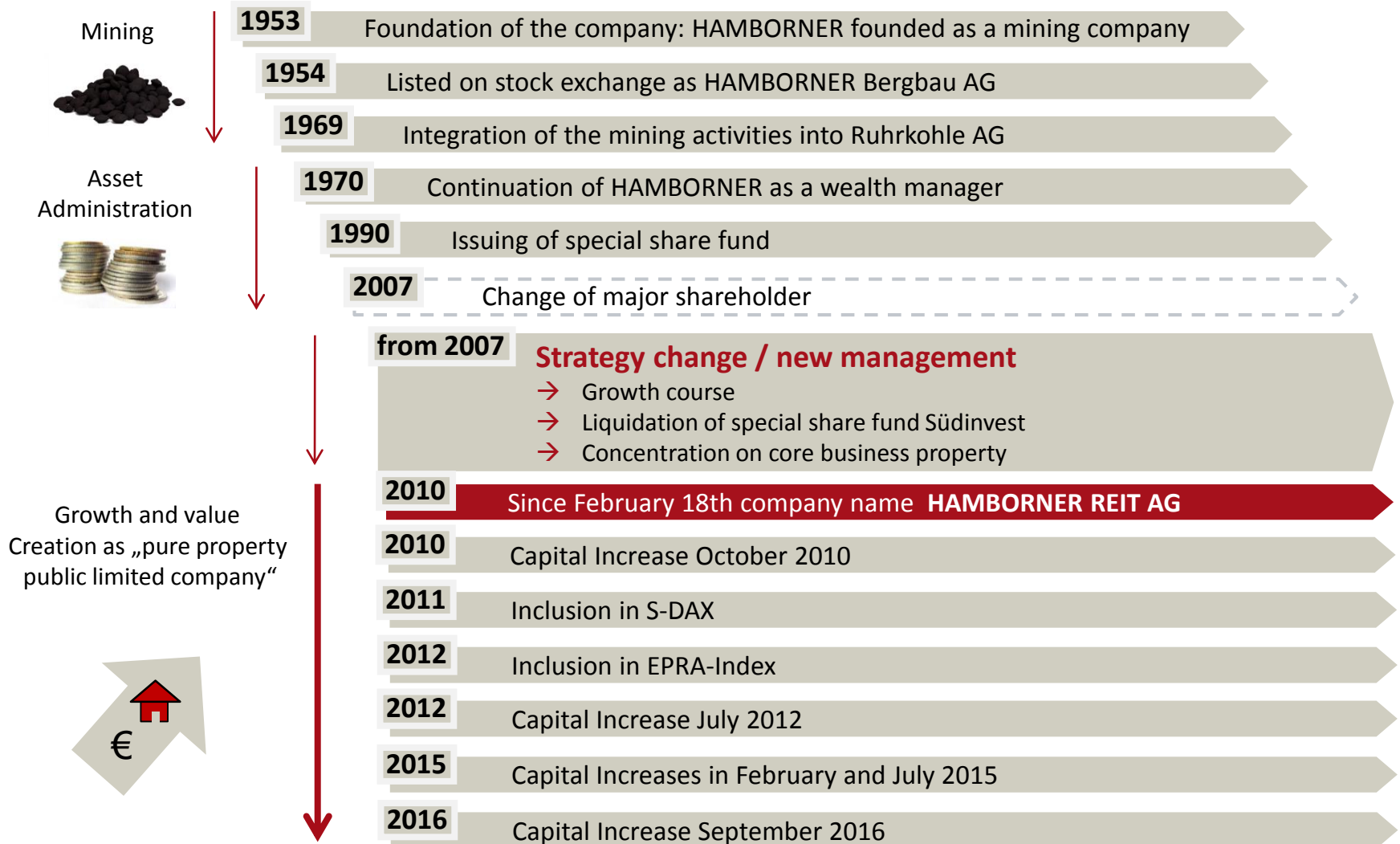
Hans Richard Schmitz

February 2017

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

History / Capital markets track record

Historical development of the company



History / Capital markets track record

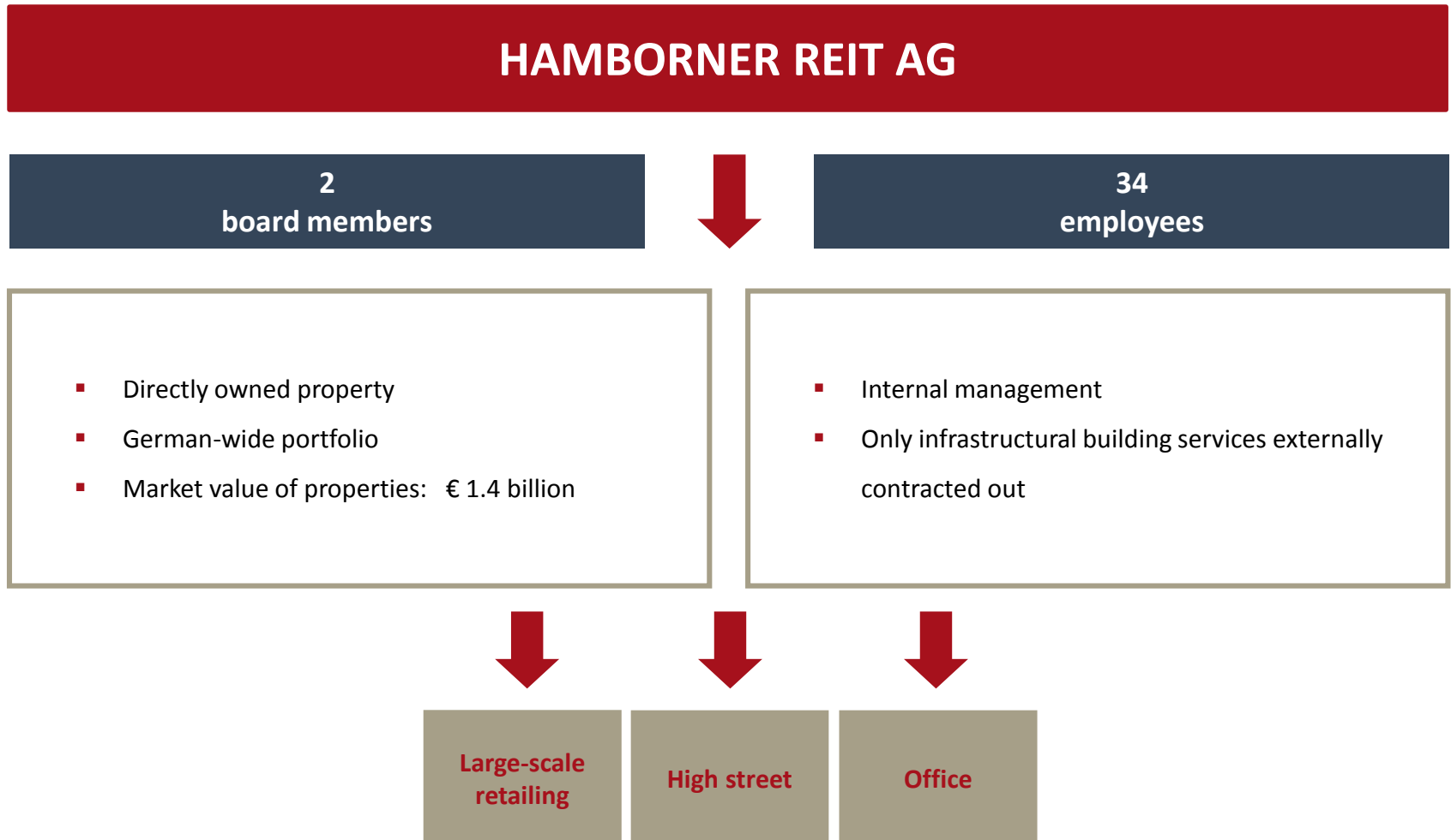
[R]eal [E]state [I]nvestment [T]rust (REIT)

Requirements for G-REITs

- 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



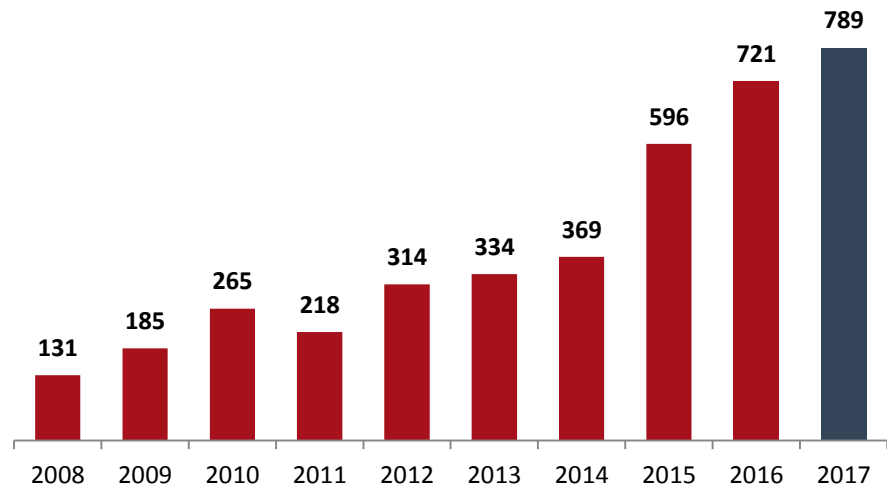
History / Capital markets track record

Growing market capitalization and increasing free float

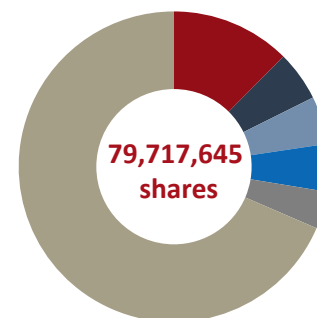
Milestones

- **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
- **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 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

Market cap (€ million)



Shareholders

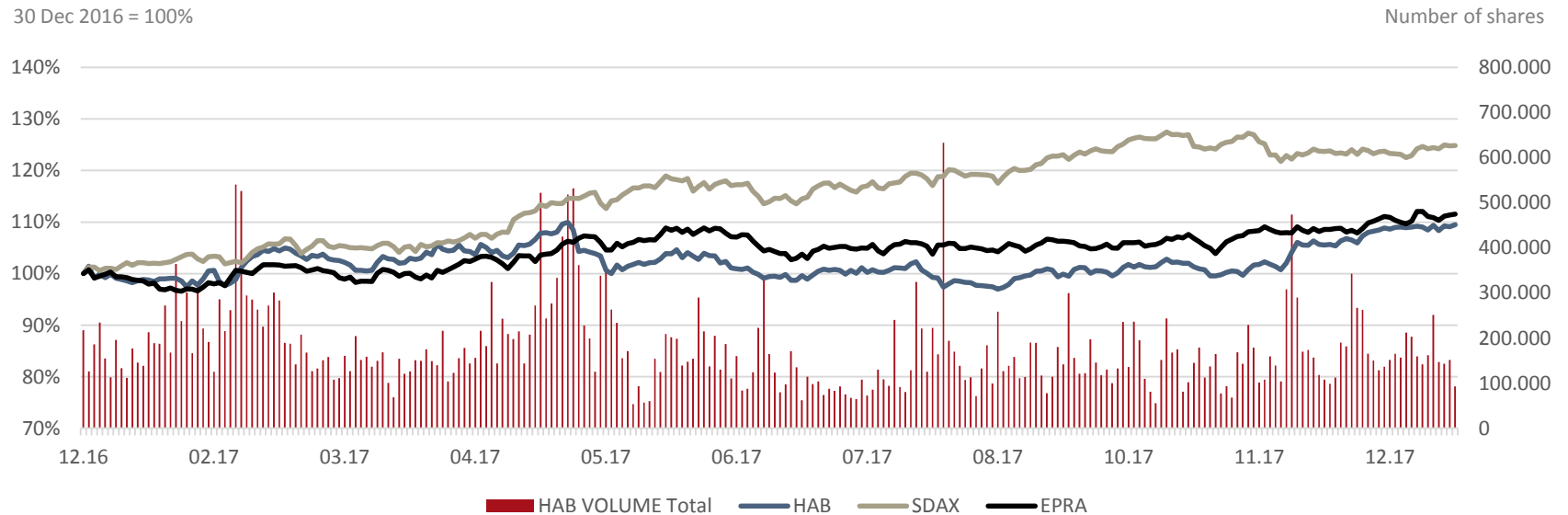


- **12.45%** RAG Foundation (Essen)
(of which: 2.67% through RAG AG)
- **5.20%** BlackRock Inc. (Wilmington)
- **4.99%** BNP Paribas (Paris)
- **4.95%** Belfius Insurance (Brussels)
- **3.89%** Prof. Dr. Siegert (Düsseldorf)
- **68.52%** Freefloat

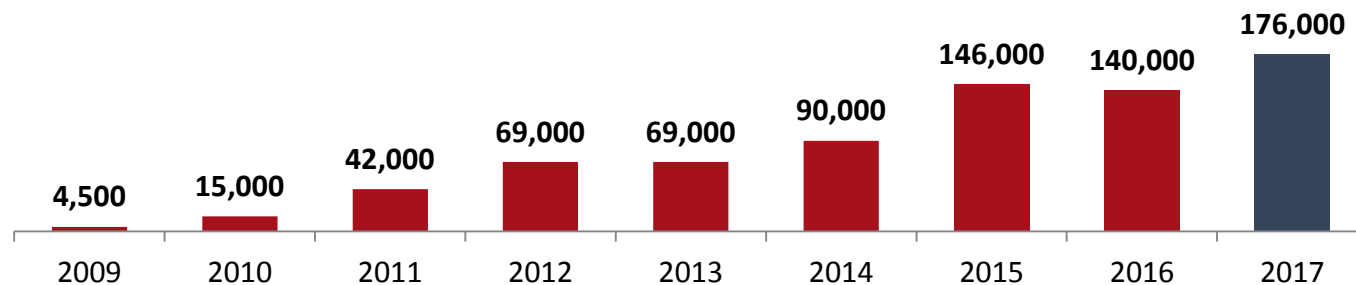
History / Capital markets track record

HAMBORNER REIT AG share

Development of share price and turnover



Average turnover per day (# shares)



1 History / Capital markets track record

2 Portfolio-Management

3 Asset-Management

4 Financial Figures / Financial Position

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

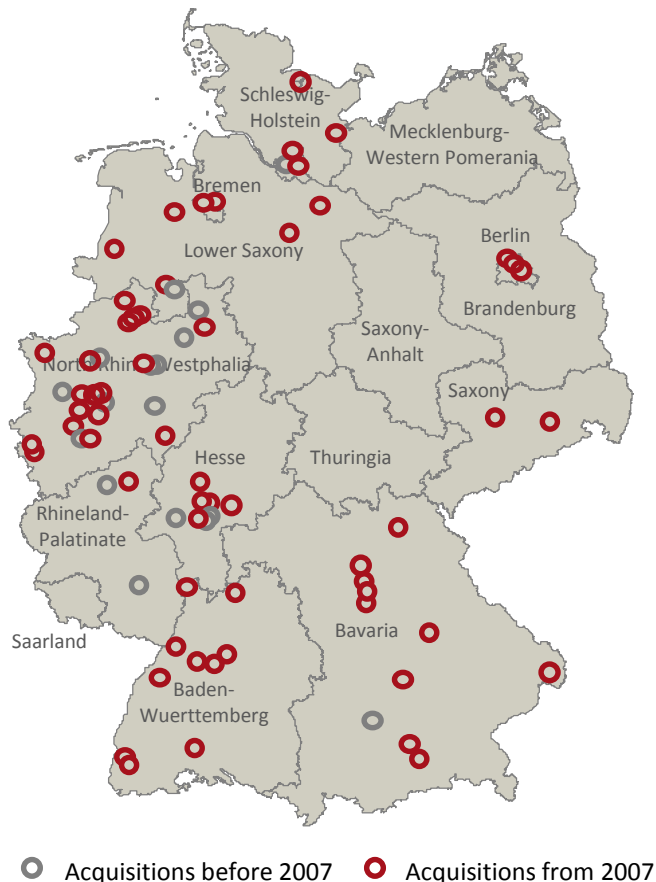
- Focus on quality properties, location and property strategy determined by asset type:
 - Commercial buildings used for retail trade (highstreet retail) in A1 sites (pedestrian zones), nationally at locations with > 60,000 inhabitants
 - Large scale retailing in town centre sites or highly frequented 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

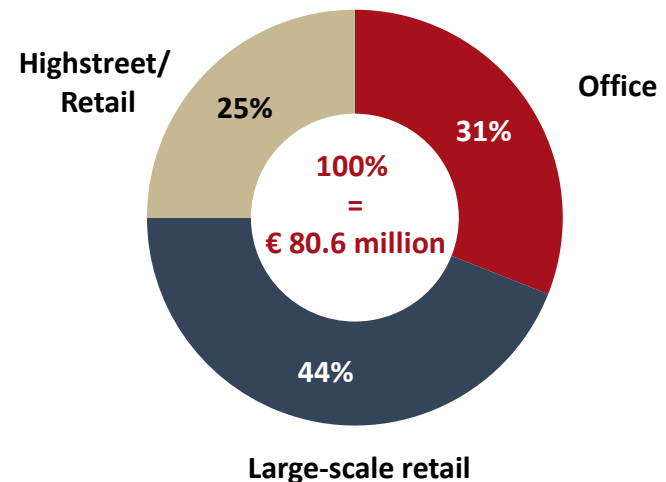
Geographical portfolio spread (as of February 2018)



Diversification of asset types (as of February 2018)

- 77 properties in 60 cities in Germany
- Focus on West and South-West
- € 1.406 billion portfolio value

Annualised rental income (as of February 2018)



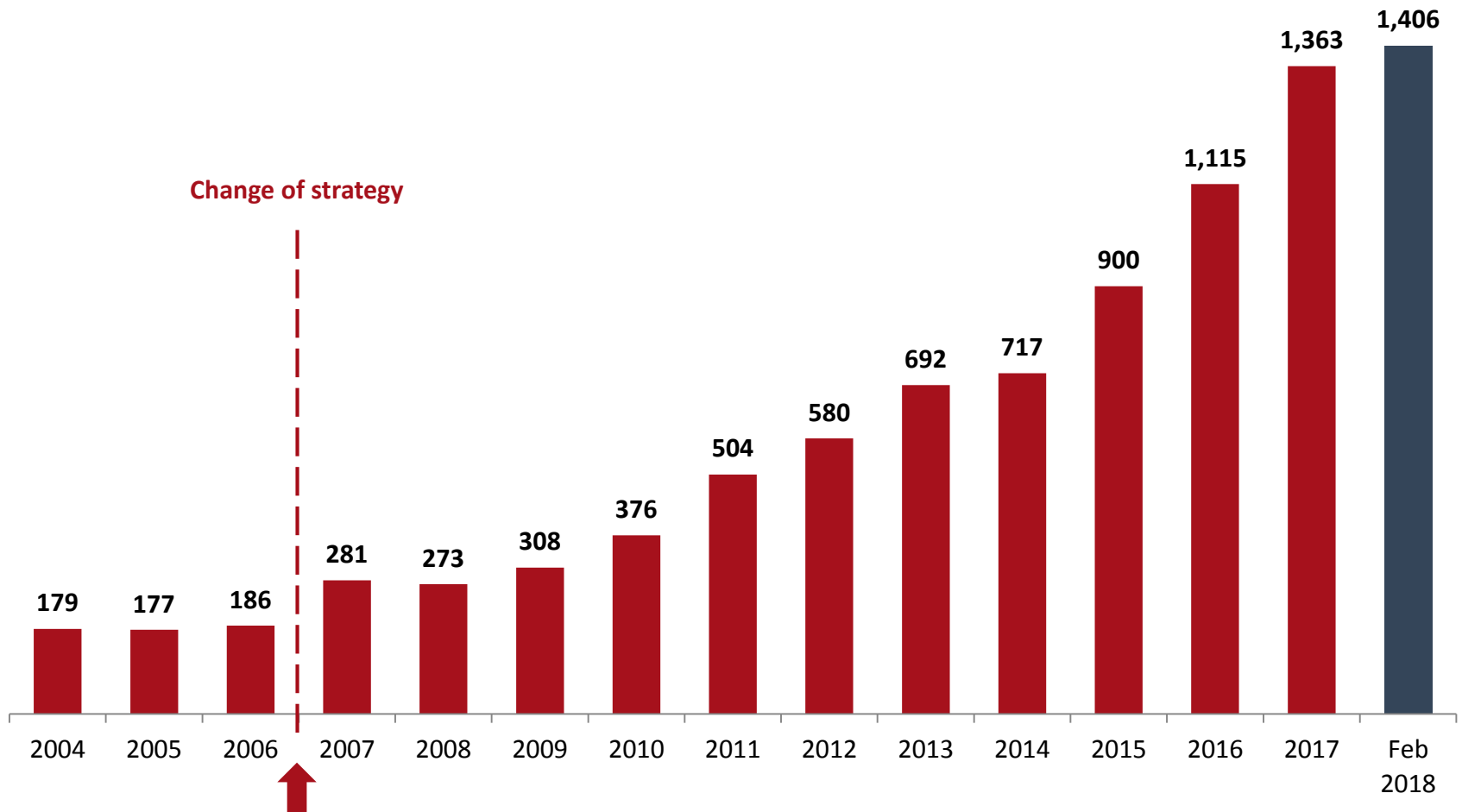
Regional diversification

<u>Federal State</u>	<u>Number of properties</u>	<u>Share in market value of total portfolio (as of February 2018)</u>
Northrhine-Westphalia	28	28%
Bavaria	11	18%
Baden-Wurttemberg	10	17%
Hessen	8	10%
Berlin	3	8%
Lower Saxony	6	6%
Schleswig-Holstein	2	5%
Hamburg	3	2%
Rhineland-Palatinate	3	2%
Bremen	2	2%
Saxony	2	2%
Total	77	

Portfolio-Management

Portfolio Development

Development of the HAMBORNER portfolio value (in € million)

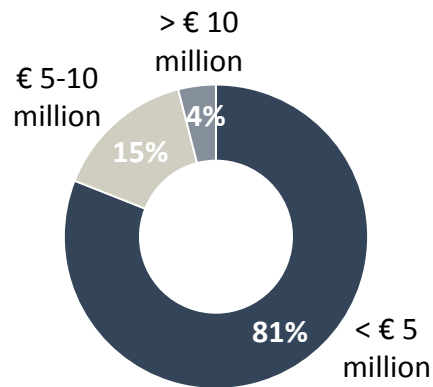


Portfolio-Management

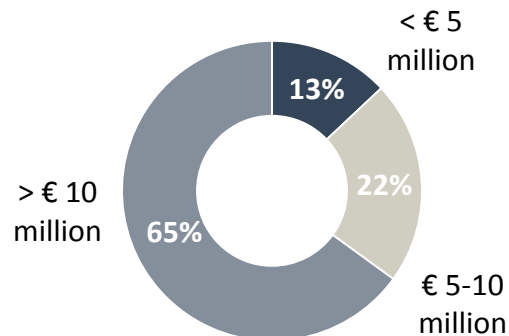
Increasing value per asset through acquiring larger assets

Portfolio split by property value

31 December 2006 (100% = 54 properties)

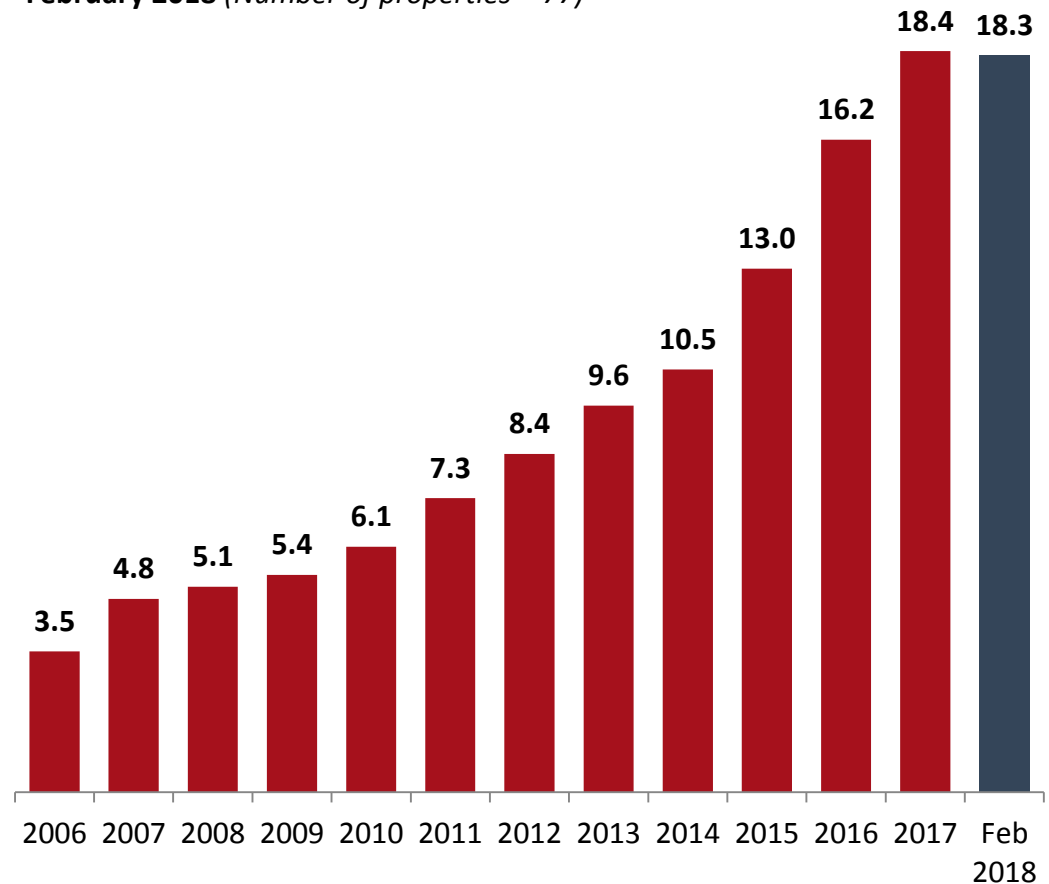


February 2018 (100% = 77 properties)



Average value per asset (in € million)

February 2018 (Number of properties = 77)



Investments 2017



**Cologne (O³)
Am Coloneum**



**Hallstadt/Bamberg (Market Oberfranken)
Michelinstrasse**

Built	2006	1974 (modernized and expanded in 2006)
Main tenants	NetCologne	Müller, tegut, C&A, Expert, ALDI
Leased area	approx. 26,500 m ²	approx. 21,800 m ²
Annual rental income	€ 2.8 million	€ 2.5 million
Remaining lease term	5.6 years ⁽¹⁾	6.9 years ⁽¹⁾
Gross initial yield	5.6 %	5.6 %
Purchase price	€ 48.9 million	€ 40.4 million (+ € 3,2m tenant improvements)
Transfer of possession	January 2017	March 2017

(1) As of 31 December 2017

Investments 2017



Berlin
Märkische Allee



Ratingen
Balcke-Dürr-Allee

Built	2006	2017
Main tenants	Kaufland	SPIE, Capgemini
Leased area	approx. 6,500 m ²	approx. 10,400 m ²
Annual rental income	€ 0.9 million	€ 1.9 million
Remaining lease term	7.8 years ⁽¹⁾	7.8 years ⁽¹⁾
Gross initial yield	5.6 %	5.7 %
Purchase price	€ 16.2 million	€ 34.4 million
Transfer of possession	March 2017	July 2017

(1) As of 31 December 2017

Investments 2017



Hanau (Rondo Steinheim)
Otto-Hahn-Strasse



Kiel
Kaistrasse

Built	2017	2017
Main tenants	REWE, ALDI, dm, Deichmann	Barmer GEK
Leased area	approx. 12,800 m ²	approx. 6,550 m ²
Annual rental income	€ 2.0 million	€ 1.2 million
Remaining lease term	14.3 years ⁽¹⁾	9.6 years ⁽¹⁾
Gross initial yield	5.4 %	5.4 %
Purchase price	€ 37.5 million	€ 22.2 million
Transfer of possession	August 2017	November 2017

(1) As of 31 December 2017

Investments 2017



Passau (Neustiftcenter)
Steinbachstrasse/Alte Poststrasse

Built	2017
Main tenants	REWE
Leased area	approx. 4,300 m ²
Annual rental income	€ 0.9 million
Remaining lease term	11.4 years ⁽¹⁾
Gross initial yield	5.9 %
Purchase price	€ 14.9 million
Transfer of possession	December 2017

(1) As of 31 December 2017

Investments 2018



Düsseldorf
Harffstraße



Cologne
Unter Linden

Built	1980 (Modernized 2011)	2009
Main tenants	EDEKA	EDEKA, ALDI, dm, Sparkasse
Leased area	5,343 m ²	6,533 m ²
Annual rental income	0.6 million	€ 1.0 million
Remaining lease term	10.3 years ⁽¹⁾	8.5 years ⁽¹⁾
Gross initial yield	5.7 %	5.1 %
Purchase price	€ 9.7 million	€ 20.2 million
Transfer of possession	January 2018	January 2018

(1) As of 31 December 2017

Investments 2018



Bonn Basketsring

Built	2008
Main tenants	EDEKA
Leased area	4,934 m ²
Annual rental income	€ 0.7 million
Remaining lease term	10.0 years ⁽¹⁾
Gross initial yield	5.2 %
Purchase price	€ 13.8 million
Transfer of possession	January 2018

(1) As of 31 December 2017

Divestments 2017



Duisburg „Kasslerfelder Kreisel“

Selling price:	€ 9.5 million
Fair value as of 31 Dec 2015:	€ 9.2 million
Book value as of 31 Dec 2016:	€ 7.2 million
Transfer of possession:	1 April 2017



Minden

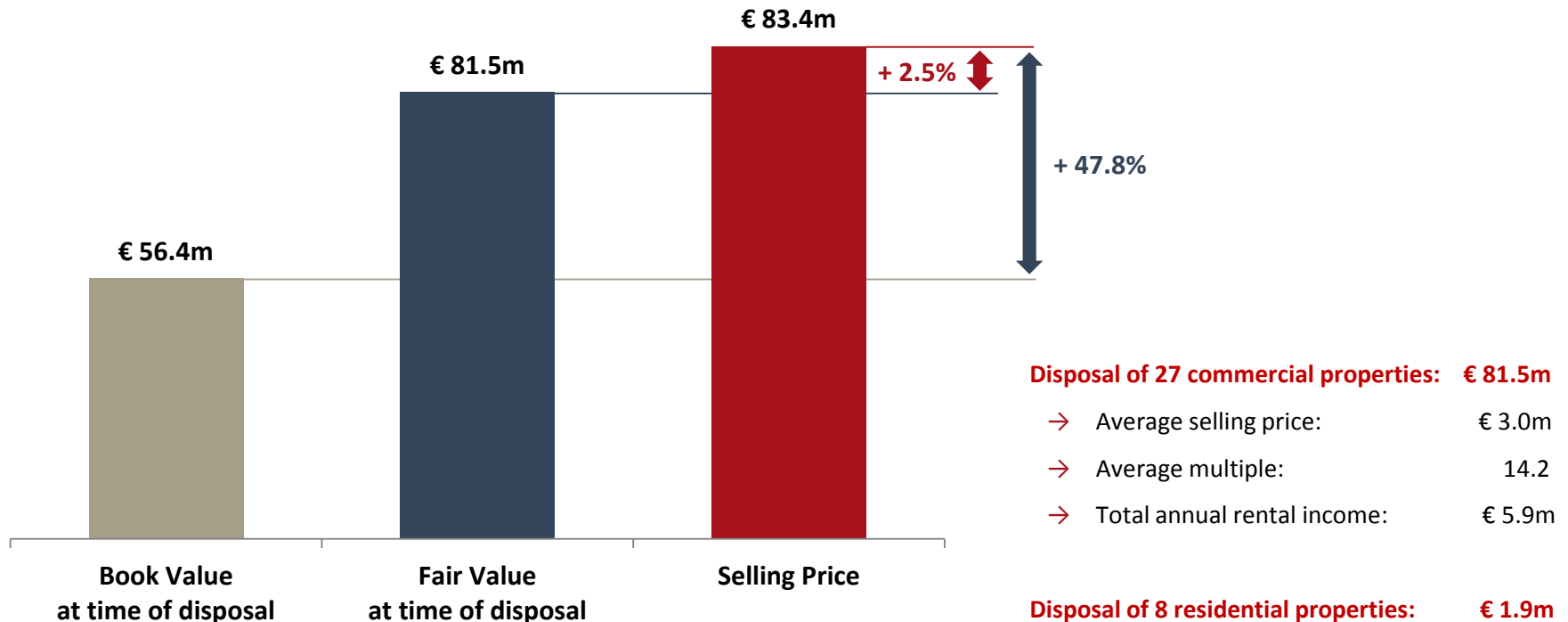
Selling price:	€ 4.5 million
Fair value as of 31 Dec 2016:	€ 4.5 million
Book value as of 31 Dec 2016:	€ 3.9 million
Transfer of possession:	1 September 2017

Undeveloped Land

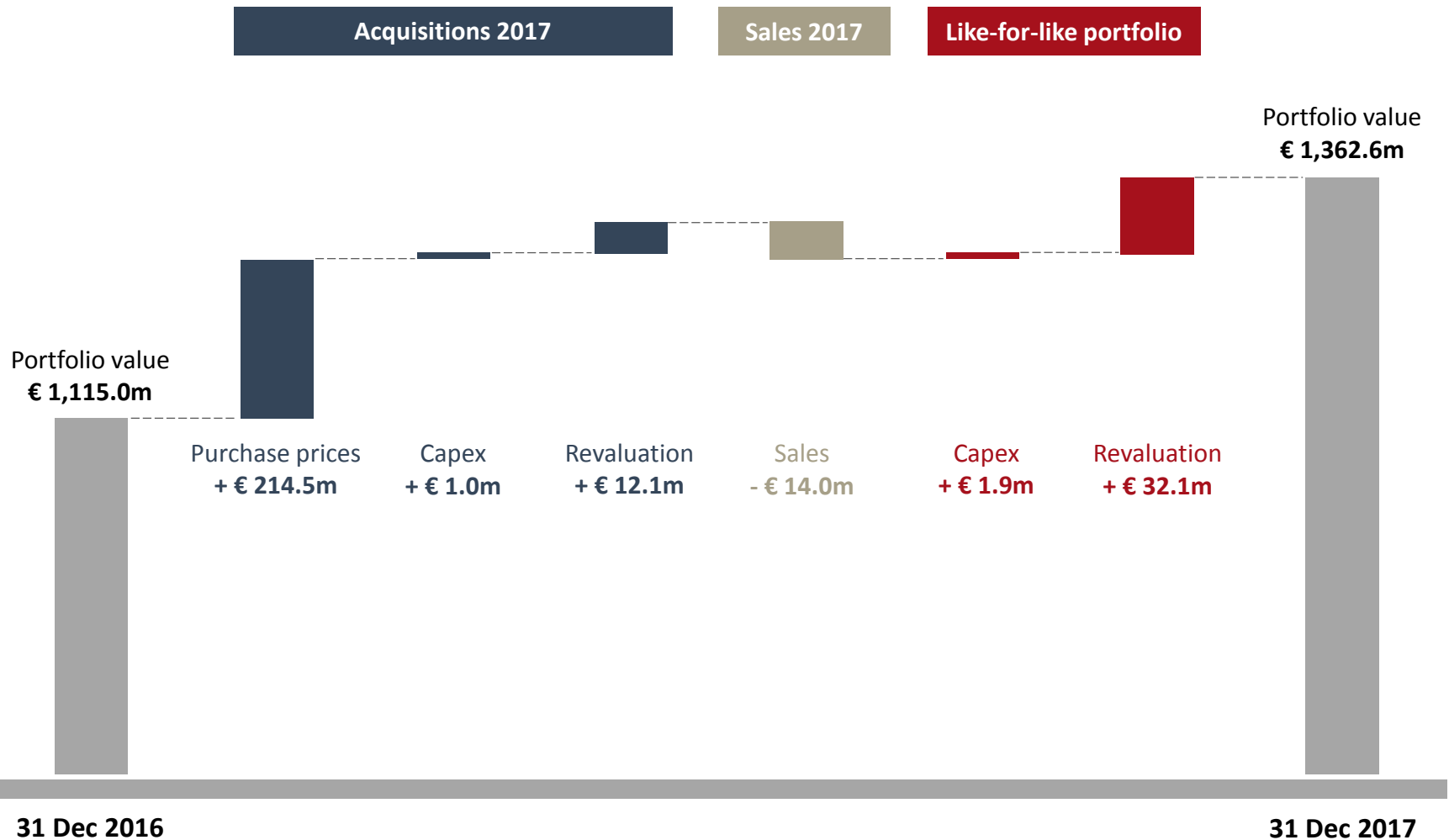
Plot size:	98,000 m ²
Selling price:	€ 0.347 million
Book value as of 31 Dec 2016:	€ 0.016 million
Transfer of possession:	3 January 2017

Portfolio-Management

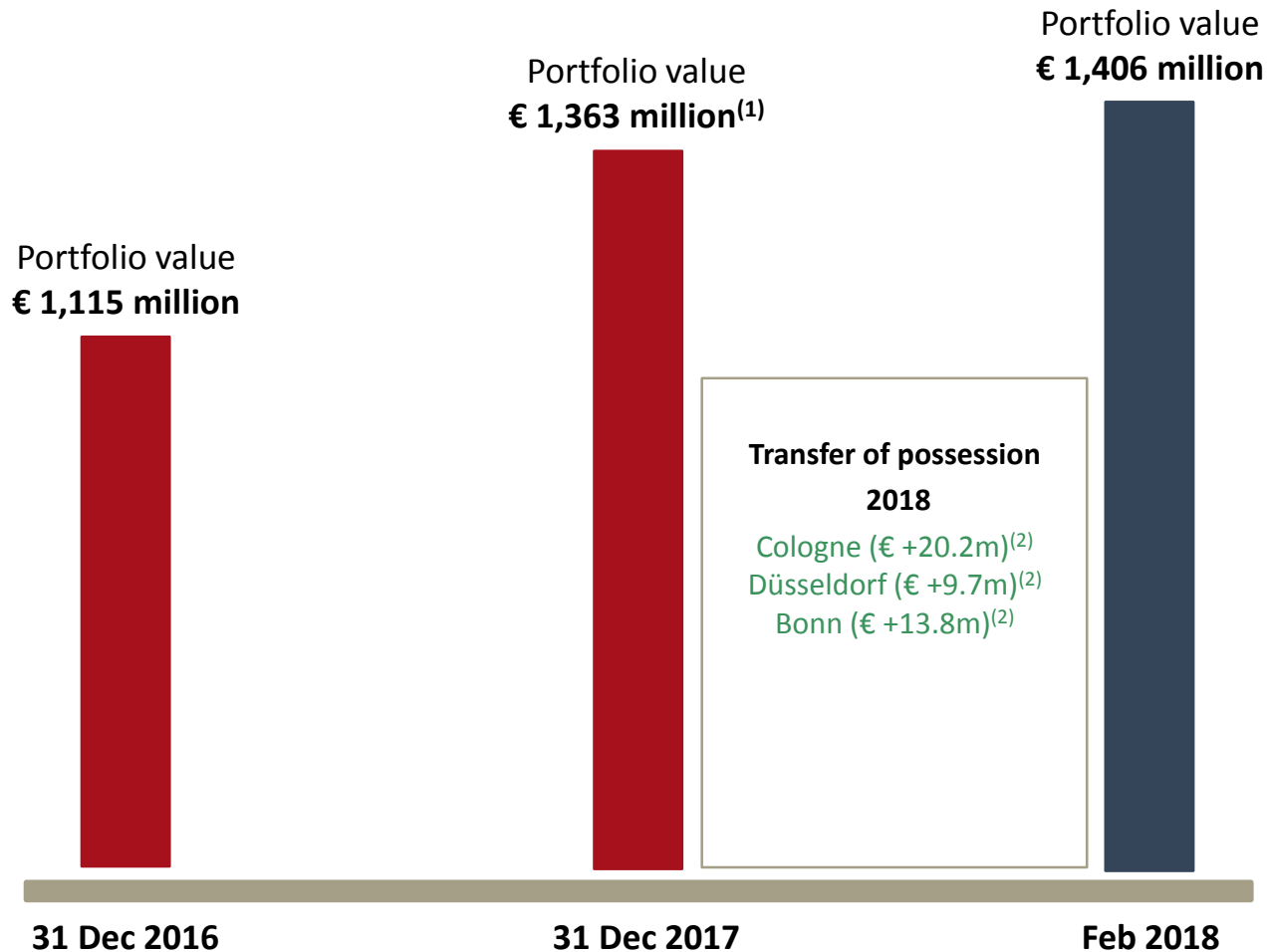
Divestments since change of strategy in 2007



Portfolio development 2017



Portfolio development 2018



(1) After revaluation (2) Contractually agreed purchase/selling price

1

History / Capital markets track record

2

Portfolio-Management

3

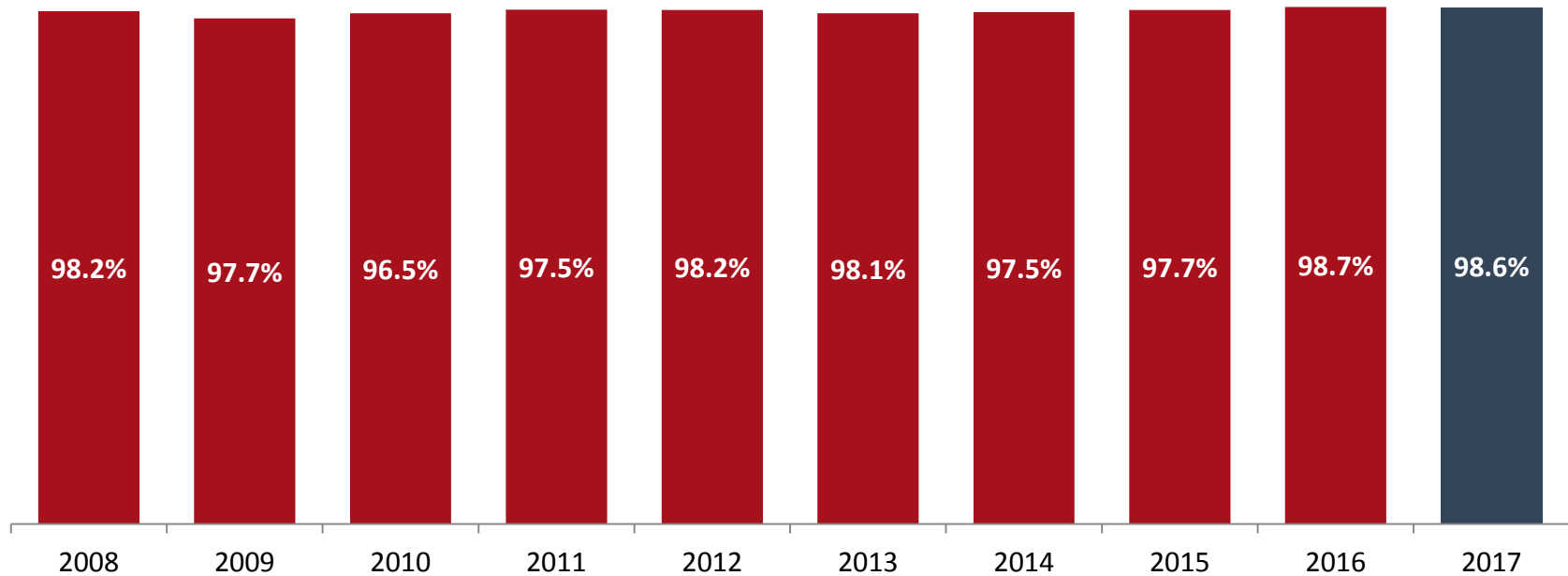
Asset-Management

4

Financial Figures / Financial Position

High and stable occupancy

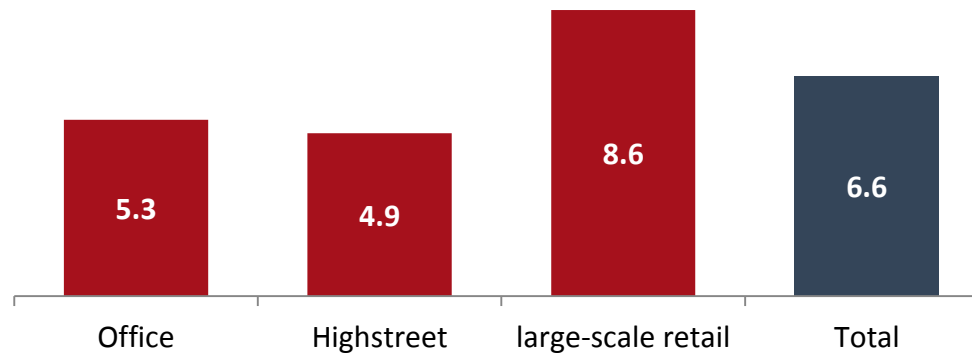
Occupancy rates



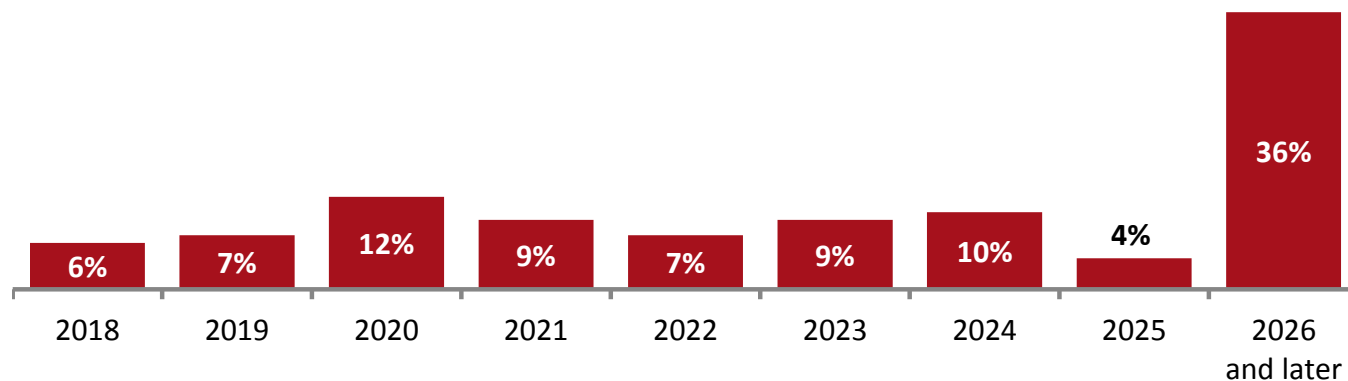
- Vacancy rate as of 31 December 2017 (incl. rent guarantees): 1.4 %
- Vacancy rate as of 31 December 2017 (excl. rent guarantees): 1.6 %

Long-term leases

Weighted average lease expiry by type (as of 31 December 2017, in years)













Split of lease contracts expiring by year (as of 31 December 2017)



Solid tenants

Top 10 tenants (as of 31 December 2017, % of annual rent)

	Tenant	Sector	% of annual rent*
	EDEKA-Group	Food retail	9.9 %
	Kaufland Group	Food retail	7.2 %
	Real,-	Food retail	5.9 %
	OBI	Retail (DIY)	5.4 %
	REWE	Food retail	3.7 %
	Jobcenter	Agency of unemployment	3.5 %
	H&M	Textile retail	2.2 %
	NetCologne	Telecommunication	2.2 %
	C&A	Textile retail	1.7 %
	SPIE	Technical Services	1.4 %
	Gesamt		43.1 %

1	History / Capital markets track record
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Financial Figures / Financial Position

Successful financial fiscal year 2017

Highlights

- Increase in income from rents and leases: **+ 19.8%**
- FFO increase: **+ 24.0%**
- FFO per share: **€ 0.56**
- Vacancy rate: **1.4 %** (incl. rent guarantees)
- Total invested volume: **€ 214.5 million** (7 assets)
- Total portfolio volume: **€ 1,363 million** (as of 31 Dec 2017)
- NAV per share: **€ 10.15**
- Dividend proposal: **€ 0.45**

Financial Figures / Financial Position

Preliminary key figures for 2017

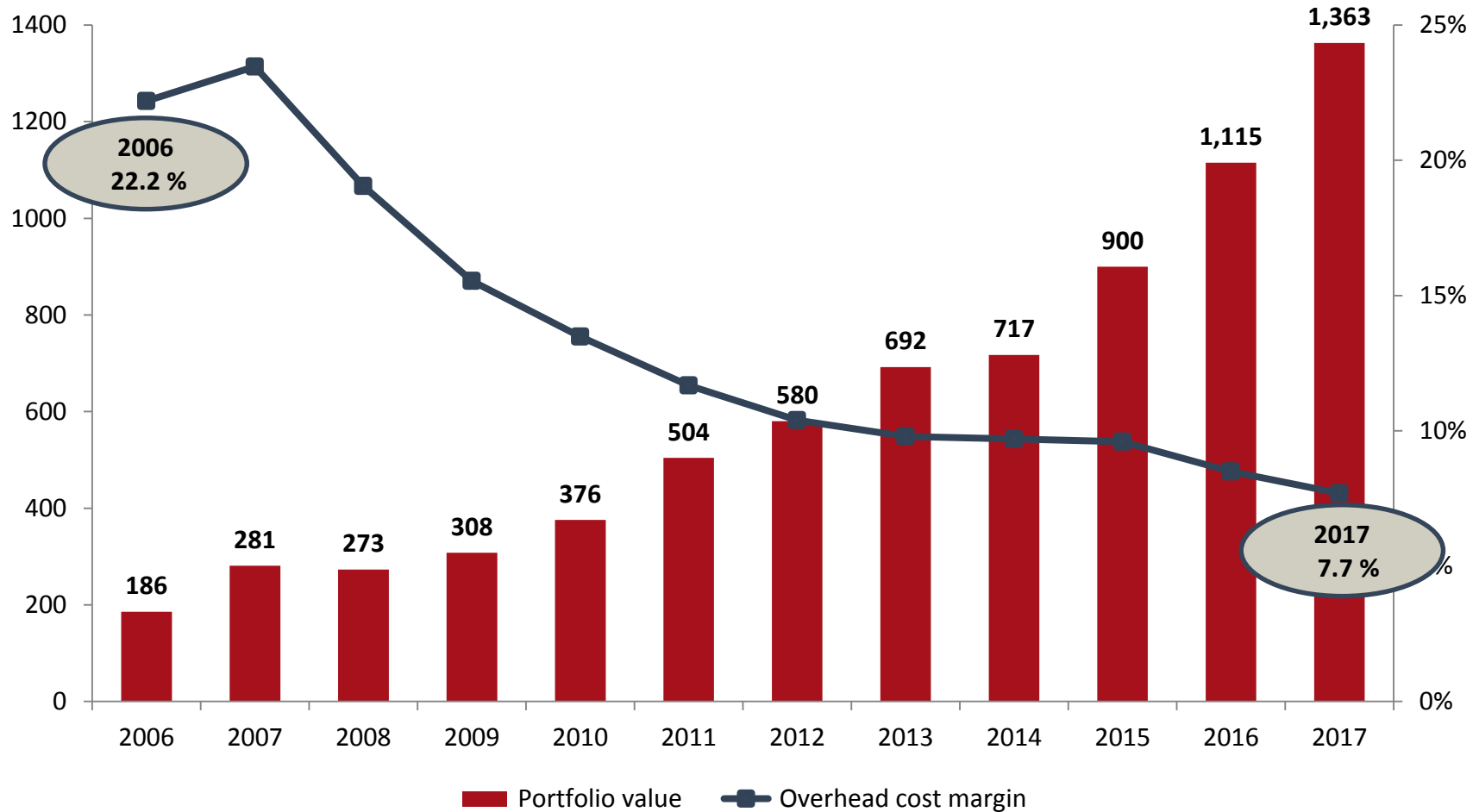
Key figures	31 Dec 2017	31 Dec 2016	Change
Rental revenues	€ 74.1 million	€ 61.8 million	+19.8%
Operating result	€ 29.4 million	€ 27.7 million	+6.2%
EBIT	€ 32.5 million	€ 31.7 million	+2.5%
Profit for the period	€ 17.7 million	€ 17.4 million	+1.5%
Funds from operations (FFO)	€ 44.7 million	€ 36.1 million	+24.0%
Funds from operations (FFO) per share	€ 0.56	€ 0.45	+24.0%
Net asset value (NAV) per share	€ 10.15	€ 9.64	+5.3%
REIT equity ratio	59.0 %	67.8 %	-8.8%-points
Loan to value (LTV)	39.6 %	30.1 %	+9.5%-points
Dividend	€ 0.45*	€ 0.43	+4.7%

*Proposal to AGM on 26 April 2018

Financial Figures / Financial Position

Benefitting from economies of scale

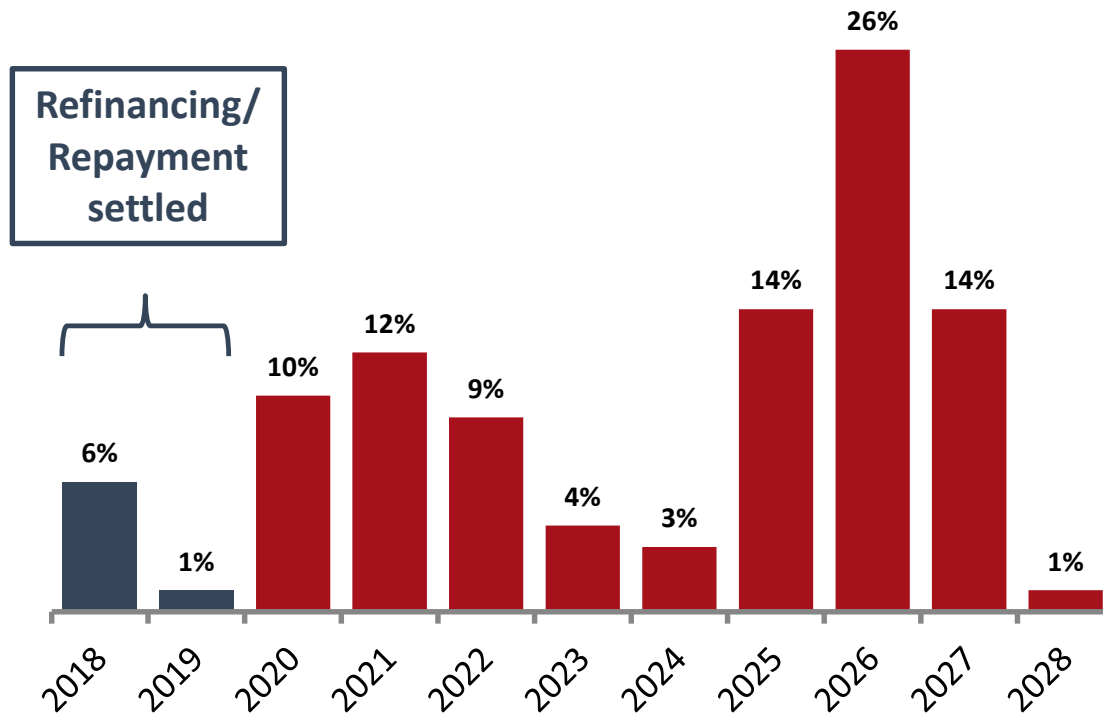
Portfolio value (€ million) and overhead cost margin*



Financial Figures / Financial Position

Stable and predictable cost of debt

Expiration of fixed interest rates (31 Dec 2017; % of total financial debt)



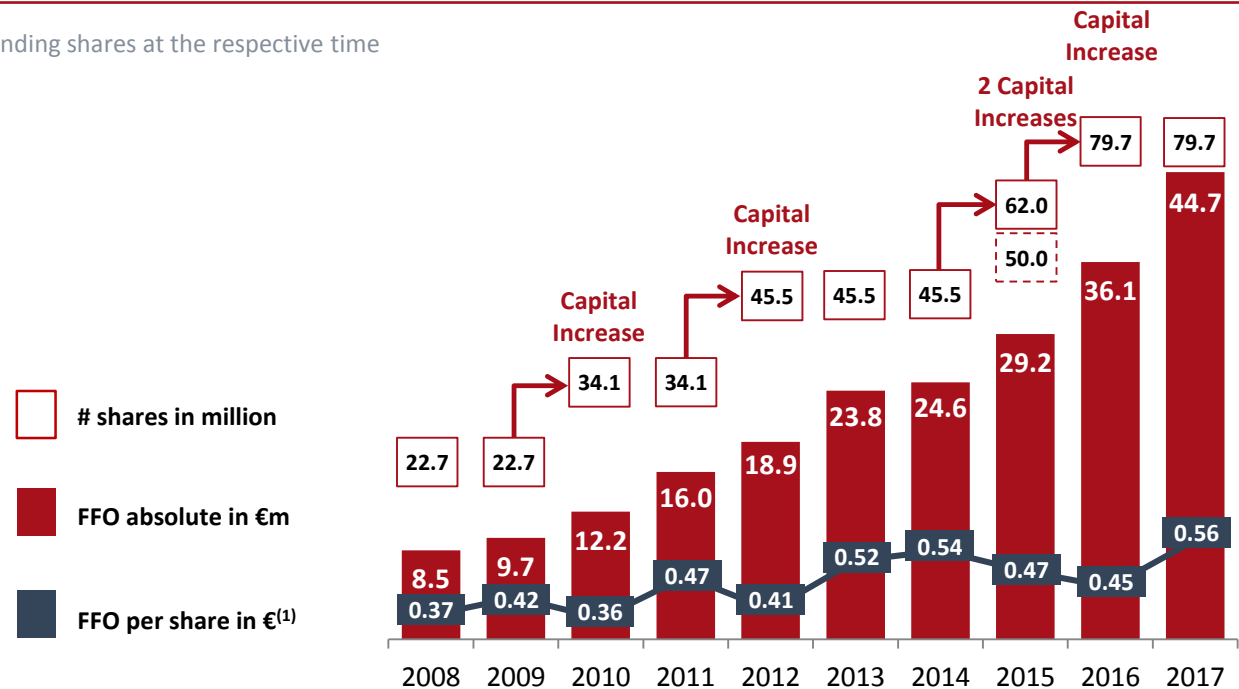
- Financial debt: **€ 595.6 million**
- Liquid funds: **€ 58.1 million**
- REIT equity ratio: **59.0 %**
- LTV: **39.6 %**
- Average maturity of fixed interest rates: **6.5 years**
- Average cost of debt: **2.4 %**
- Financing banks
 - Institutional banks
 - Cooperative banks
 - Saving banks
 - Insurance companies

Financial Figures / Financial Position

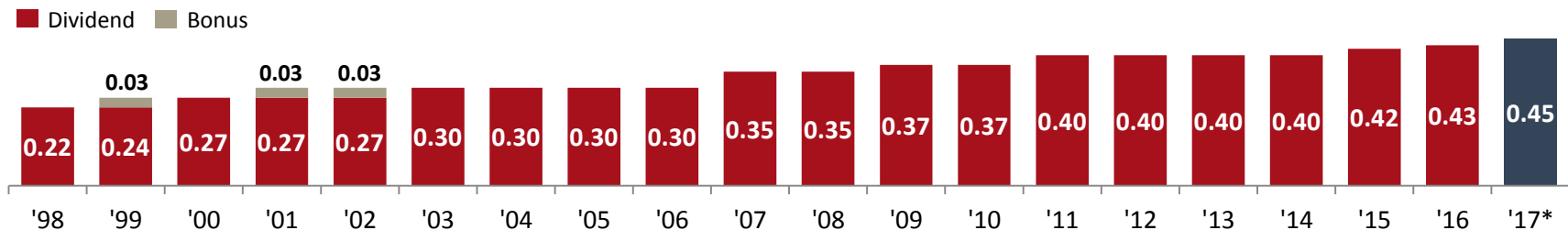
Increasing FFO and dividend per share

Funds From Operations (FFO)

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



Dividend per share (€)



Summary and outlook

Summary 2017

- Successful fiscal year 2017 with positive development of operational business
- Vacancy rate: 1.4% (incl. rent guarantees)
- Acquisition of seven assets in Cologne, Hallstadt, Berlin, Ratingen, Hanau, Kiel and Passau
- Disposal of two assets in Duisburg and Minden
- Portfolio value: € 1.4 billion
- Further reduction of average interest rate of loans to 2.4 %

Outlook 2018

- Rents and FFO will further increase
- Transfer of possession of three assets in Cologne, Bonn and Düsseldorf on 2 January 2018
- Remaining fire power round about €160m
- Final figures for 2017 and forecast for the current year will be published on 21 March 2018

HAMBORNER REIT AG - Financial Calendar	
Preliminary figures 2017	8 February 2018
Annual Report 2017	21 March 2018
Interim Report for 1st quarter 2018	25 April 2018
AGM 2018	26 April 2018
Dividend payment	2 May 2018
Interim report for first half 2018	9 August 2018
Interim Report for 3rd quarter 2018	8 November 2018

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
Asset type	Retail	Office	High Street	Office	Office
Year of acquisition	2016	2013	2016	2013	2017
Purchase price	€ 80.0 million	€ 40.1 million	€49.1 million	€ 33.0 million	€ 48.9 million
Fair value	€ 82.1 million ⁽¹⁾	€ 55.4 million ⁽¹⁾	€ 54.4 million ⁽¹⁾	€ 51.5 million ⁽¹⁾	€ 51.4 million ⁽¹⁾
Annual rental income	€ 4.1 million	€ 2.4 million	€ 3.3 million	€ 2.2 million	€ 2.7 million
Remaining lease term	7.0 years ⁽¹⁾	5.7 years ⁽¹⁾	4.4 years ⁽¹⁾	5.2 years ⁽¹⁾	5.6 years ⁽¹⁾
Main tenants	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

TOP 10 Properties (2/2)



**Hallstadt/Bamberg
Market Oberfranken**



Celle



Karlsruhe



**Hanau
Rondo Steinheim**



Ratingen

Asset type	Retail	Retail	Retail/Office	Retail	Office
Year of acquisition	2017	2015	2012	2017	2017
Purchase price	€ 41.4 million	€ 35.2 million	€ 37.0 million	€ 37.5 million	€ 34.4 million
Fair value	€ 45.9 million ⁽¹⁾	€ 42.7 million ⁽¹⁾	€ 41.8 million ⁽¹⁾	€ 39.7 million ⁽¹⁾	€ 34.9 million ⁽¹⁾
Annual rental income	€ 2.5 million	€ 2.3 million	€ 2.5 million	€ 2.0 million	€ 1.9 million
Remaining lease term	6.9 years ⁽¹⁾	10.8 years ⁽¹⁾	4.2 years ⁽¹⁾	14.3 years ⁽¹⁾	7.8 years ⁽¹⁾
Main tenants	Müller, tegut, C&A, Expert, ALDI	Real, ALDI, Rossmann, tedox, Fressnapf	EDEKA, Brandmaker	REWE, ALDI, dm, Deichmann	SPIE, Capgemini

(1) As of 31 December 2017

Appendix

TOP 50 Cities in Germany



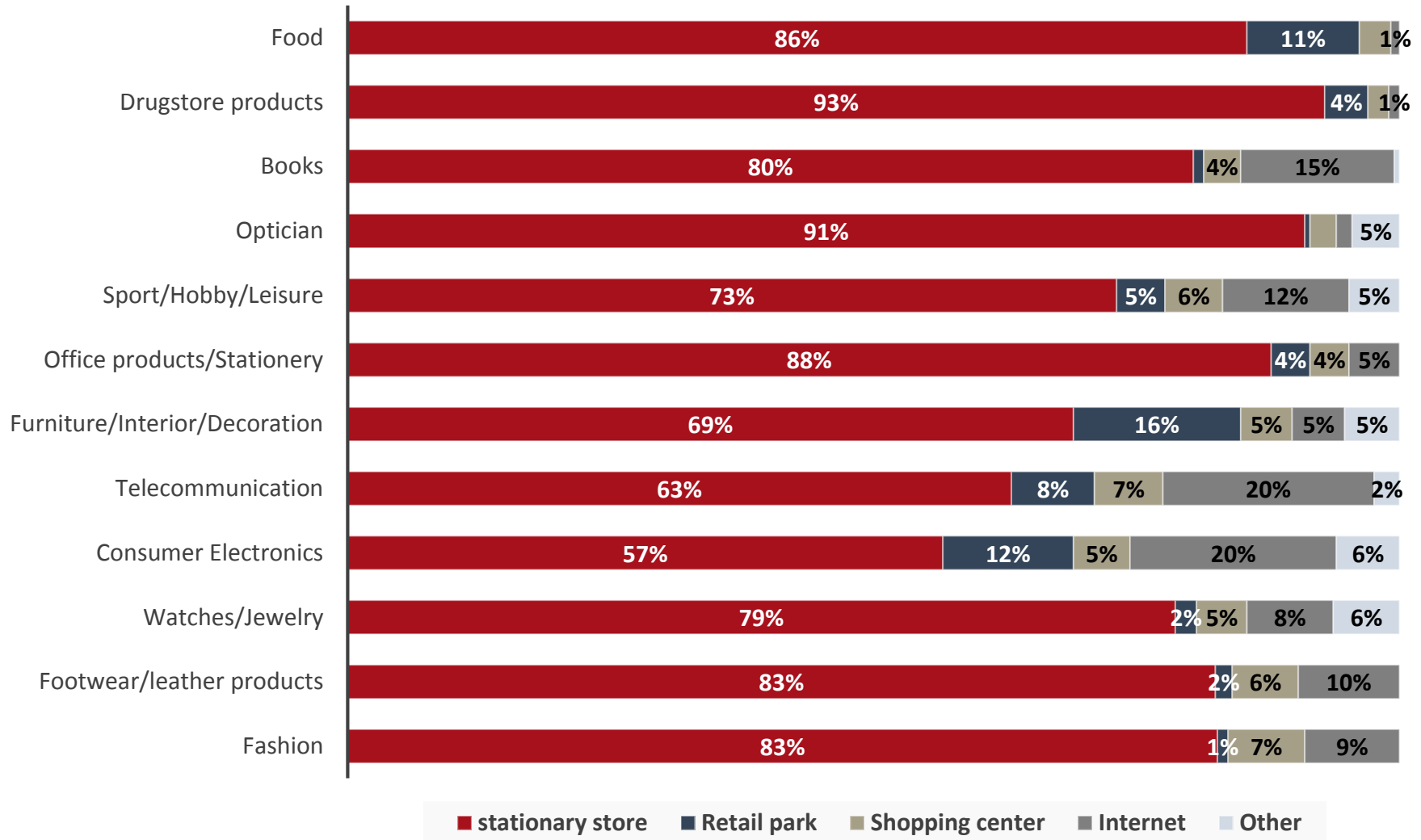
High attractiveness in terms of

- Demographic development
- Purchase power
- Centrality
- Future opportunities

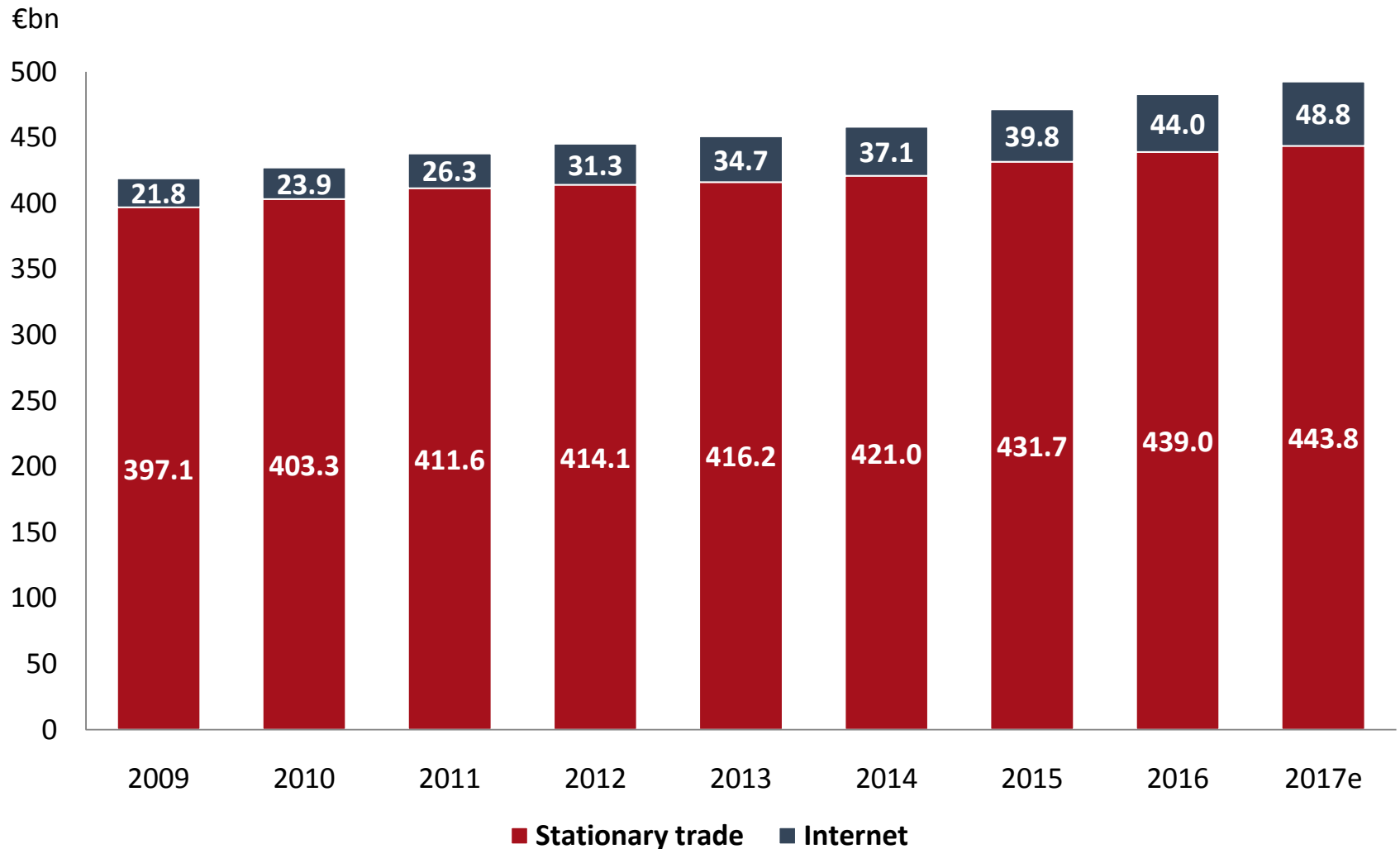
Aachen*
Aschaffenburg
Augsburg*
Bad Homburg*
Bamberg*
Bayreuth*
Berlin*
 Böblingen
Bonn*
 Braunschweig
 Darmstadt
Dresden*
Düsseldorf*
Erlangen*
 Esslingen am Neckar
Frankfurt am Main*
Freiburg im Breisgau*
 Friedrichshafen
Fürth*
 Göttingen
Hamburg*
 Hanover
 Heidelberg
 Heilbronn
Ingolstadt*

Karlsruhe*
 Kempten
Koblenz*
Cologne*
 Konstanz
 Landshut
Leipzig*
 Ludwigsburg
 Mainz
Mannheim*
Munich*
Münster*
 Nürnberg
Oldenburg*
Passau*
 Pforzheim
Regensburg*
 Reutlingen
 Sindelfingen
Stuttgart*
Tübingen*
 Ulm
Wiesbaden*
 Wolfsburg
 Würzburg

Survey: Consumer purchasing behaviour in Germany



Retail sales in Germany



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