

Annual Accounts Press Conference of HAMBORNER REIT AG

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- Check against delivery –

Ladies and gentlemen,

Allow me to welcome you to this year's accounts and analysts' press conference as well. My colleague Dr. Mrotzek has already provided you with details of our almost traditionally gratifying figures. As in the past, I would therefore like to concentrate on the development of our portfolio, some strategic aspects and our positioning on the capital market.

Chart 16 We again performed active portfolio management in the 2013 financial year.

Four properties in Munich, Berlin, Bayreuth and Hamburg have been added to our portfolio. Their purchase prices were around €109 million; the initial appraisal by our surveyor JLL put their value at around €115 million. This positive difference proves that it makes sense firstly to buy in an early project phase like in Munich, Berlin and Hamburg, and secondly to acquire properties in medium-sized cities such as Bayreuth as well.

At the end of 2013, we signed the purchase agreement for a further property in Bad Homburg. This property was transferred to us – and therefore

the purchase price of around €8 million was paid – in January.

We also made good progress in terms of sales. We sold a property in Oberhausen that no longer suited our strategy for €0.9 million. It was transferred to the buyer in November 2013. Before the end of 2013, we also signed agreements to sell two other properties no longer consistent with strategy in Moers and Wuppertal in addition to our property in Hanover. These properties have since changed hands, generating income of around €10.9 million and book profits of €4.4 million.

An office building in Frankfurt that had been in our portfolio since 1982 was sold at the start of March. Built in 1970, the property had a rental area of around 2,000 m². The sale price was approximately €5.3 million. Ownership is expected to transfer in the second quarter of 2014.

As you can see, we are still systematically pursuing the strategy we have followed since 2007, a strategy called “Value-adding growth through the ongoing expansion of the portfolio”. This is a continuous process of growing and cutting back. We want to sell smaller properties, which are sometimes in cities as well, where we tend to

anticipate higher risks and lower opportunities in the long term. In return, we wish to acquire larger units in communities that will be more prosperous in the long term. We mainly find these in the south and southwest of Germany. Here, we are primarily focusing on towns outside major cities where we are still finding the levels of return needed for a high dividend distribution. Other market participants have begun to notice this as well. The multitude of studies in 2013 on what are referred to as “B-towns” speaks volumes about this. It is therefore not getting easier for us to acquire good properties with tenants of good credit standing and long-term leases. However, a comprehensive network of project developers and ties to a whole series of specialised brokers give us optimism for the future.

Chart 17 At last year’s press conference I already showed you a comparison of our 2006 and 2012 portfolios. Our portfolio was highly compartmentalised at the end of 2006. 59% of the portfolio’s value related to properties with a fair value of €5 million or less. Individual properties with a value of €10 million or more accounted for just 14% of the portfolio’s volume. Our world has completely turned around in this respect at the end of 2013. Now only 11% of our roughly €692 million portfolio is properties with

a value of €5 million or less, while 68% of the portfolio relates to properties worth €10 million or more. As the possibility of the retroactive cancellation of the tax benefits granted as part of the transformation into a REIT expired at the end of 2013, we will now step up our efforts to sell smaller assets. With acquisitions in a range of between €10 million and approximately €50 million, we are in a realm too large for many private investors and too small for a number of institutional investors.

Chart 18 The regional structure of our portfolio has continued to change considerably. The focus we had at the end of 2006 on NRW, to the almost total exclusion of Bavaria and Baden-Württemberg, no longer exists today. We have invested extensively in the south and southwest of Germany in particular. 40% of the volume of our portfolio is now located in Bavaria/BW with only 29% in NRW.

At the end of 2013 we had 72 properties at 55 locations in Germany with a volume of around €692 million. Following the addition in Bad Homburg and the disposals in Moers, Wuppertal and Hanover, our portfolio now comprises 70

properties at 52 locations with a total volume of around €689 million.

Our three classes of property – office, large-scale retail and high street – make roughly equal contributions to the rental income. This is a composition that we hope to retain moving ahead.

Chart 19 In 2013, we also successfully continued the growth trajectory that the company embarked on with its change in strategy in 2007. We have since achieved a size that, unlike before, is drawing more attention on the capital market. Naturally, this is not the only reason why we strive for growth. As we have been able to implement this process with an almost constant number of employees, this has led – as my colleague said at the beginning – to a continuous optimisation of the ratio of administrative and staff costs to rental income, which has grown with the expansion of the portfolio. Value-adding growth is our credo, and we have already proved this twice, each time after the capital increases.

Chart 20 Let us take another look at the change in the portfolio between the start of 2013 and today. In 2013, four properties in Munich, Berlin, Bayreuth and Hamburg were added to our portfolio, which I

presented to you last year with the exception of Bayreuth. The property in Bayreuth is a mixed-used property consisting of two sections in a high-footfall commercial area close to the city centre. The main tenants are the Bayreuth job centre, Synlab Weiden, the Siemes shoe centre and Deutsche Apotheker- und Ärztebank. The property in Bad Homburg was transferred to our portfolio in January 2014, and is home to the local branch of Commerzbank. The building is almost directly next-door to the property acquired in 2011.

Chart 21 We sold properties no longer consistent with strategy in Oberhausen, Moers and Wuppertal. The price offered for our property in Hanover was so attractive that we decided to sell. This is true for the office property in Frankfurt as well, where we did not just achieve a good price, but were also spared the not inconsiderable investment of finding a new tenant.

Without threatening the REIT equity ratio criterion of at least 45%, which, as is generally known, we want to raise to around 50%, we still have around €20 million to €30 million to invest. In addition, there are the funds freed up by disposals of around €17 million. We are currently looking at various

properties, but have not made any investment decisions as yet.

Chart 22 We again found the turnover in our shares to be satisfactory in the past year. We have reached a size that allows institutional investors to invest in our shares. We found the price performance of our shares to be less satisfactory. 2013 was the year of residential property shares. The market preferred to ignore the shares of commercial property owners. This is a situation that may be changing in 2014. We were in the US for the first time at the beginning of the year and spoke with a number of potential investors in Boston and New York. The response was overwhelmingly positive and we hope to widen our shareholder base here in the medium term.

Chart 23 Our shareholder structure changed only little in 2013. As before, we do not have a controlling shareholder. More than 80% of our shares are in free float. Our largest single shareholder is still Professor Siegert, who has held these shares for some time. Institutional investors such as Ruffer from London, Belfius Insurance (or SFPI/IFPM) in Brussels, Allianz Global Investors in Frankfurt and BlackRock in New York hold interests of between 3% and 6%.

Furthermore, our attractive and sustainable distribution yield is apparently being eyed with great interest by private investors. Our latest shareholder identification process – to determine our shareholder base more closely – suggests a shift in our free float shares towards such investors in 2013.

We will continue to do intensive investor relations work for institutional and private investors in the current year as well. The first roadshows and events have already taken place, tomorrow we will be visiting investors in Zurich and we also have a very busy schedule for the months ahead.

But before we board the plane, we would first like to thank you for listening and will now open the floor to your questions.