



**ECONOMY**

**ECOLOGY**

**SOCIAL AFFAIRS**

# SUSTAINABILITY REPORT

2013



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## HAMBORNER REIT AG

HAMBORNER REIT AG is a listed company that now operates exclusively in the property sector and is positioned as a portfolio holder for high-yield commercial properties. The company generates sustainable rental income on the basis of a solid portfolio of properties distributed throughout Germany. The portfolio focuses on attractive retail properties in the centres of major and medium-sized German cities in addition to high-footfall retail parks and profitable offices and medical centres.

HAMBORNER REIT AG is distinguished by its many years of experience on the property and capital market, its lean and transparent corporate structure and its special proximity to its tenants. The company is a registered real estate investment trust (REIT) and benefits from corporation and trade tax exemption at company level.

# LETTER FROM THE MANAGING BOARD

DEAR READER,

After the recent years dominated by the European financial crisis, the economy has regained its footing in many areas. It is especially gratifying for HAMBORNER REIT AG that it was able to achieve consistently positive business results throughout this period of economic difficulty, and has implemented its growth course constantly and successfully since 2007. However, the success of a business is not measured by its revenue and income alone. Long-term profitable growth is possible only through responsible action towards the environment and society. And sustainable action is not a luxury that one can afford only in the "good" years: Corporate growth and sustainable business are inextricably linked.



After having primarily described our business growth to you in our annual and quarterly reports to date, we are now delighted to present to you this publication, our first sustainability report.

It is intended as a first step in bringing you closer to our understanding of the interconnectedness of the economic, ecological and social dimensions of sustainable corporate governance. This is because sustainability is more than just a synonym for environmentally friendly measures. The responsible handling of the interests of all stakeholders – shareholders, backers, tenants and employees – is a crucial factor for HAMBORNER REIT AG.

In order to achieve the necessary transparency in reporting, we have compiled and analysed, where available, consumption data for some of our portfolio. In our report, we have published unprocessed raw data in order to grant you an unaltered insight into our properties and their influence on the environment. Furthermore, using examples taken from practice and actual properties, we will demonstrate to you our awareness for the ongoing energy efficiency optimisation of our portfolio. We are convinced that stable, long-term value can be created in property management only when the buildings meet sustainable criteria.

In creating this report, we followed the guidelines of the Global Reporting Initiative (GRI), the aim of which is to make companies' sustainability performance transparent and comparable.

We would like to continue this successful course on which we have embarked in the coming years as well, and in doing so systematically develop our clear focus on sustainability.

We hope that you will find our first sustainability report of interest, and that it helps to make HAMBORNER REIT AG a little more transparent for you.

We look forward to hearing your suggestions, tips, or questions!

Dr. Rüdiger Mrotzek

Hans Richard Schmitz

# SUSTAINABILITY HAS THREE DIMENSIONS

Companies that operate sustainably are characterised by economic, ecological and social future viability. This is true in general for the economy as a whole and its participants, as well as specifically for the property sector. Shareholders, tenants, a city and the environment can benefit in the long term only when the economic, ecological and social perspectives are reflected in management and all three are meaningfully combined. In addition to energy efficient buildings and the use of environmentally friendly materials, what count are the locations of the properties, the local tenant mix and customer focus. Generating stable cash flows is the basis for maintaining and increasing the value of the portfolio and thereby for long-term business success as well. Furthermore, sociocultural sustainability indicators and characteristics at both company and building level play a crucial role in responsible and sustainable management.

## Economic sustainability

The criteria for economically sustainable business do not apply specifically to the property sector. Business performance is expressed in the usual indicators. However, these depend on the long-term economic success of the properties. A decisive factor for a reliable dividend policy and a for-profit, listed company is the positive development of property values and rents. Various factors such as the vacancy rate or the number of new tenants are important indicators of a property's attractiveness. What is special about the economic dimension is its close interconnection with ecological aspects. Operating costs, for example, are a link between economy and ecology: A building with high energy efficiency has low operating costs, which can mean substantial savings for heating, cooling, electricity and water consumption. In addition, the way in which the value of a building develops is aided by high energy and space efficiency.

## Ecological sustainability

Maintenance and modernisation work with the aim of improving a building's energy efficiency is key for an ecologically sustainable property company. The issues of electricity, heat and water consumption are of the utmost relevance under the aspect of environmental protection and reducing operating costs for tenants. Only property owners that enable the energy efficient management of their properties guarantee the enduring attractiveness of their buildings and thereby their long-term letting at market prices. Figures for the consumption of energy and water play an important part in the assessment of ecological sustainability. In addition to efficiency in the consumption of energy, careful water use is also the way forward. For although more than two thirds of the earth's surface are covered by water, it is still a scarce commodity. In addition to salt water and water in the form of ice and snow, the share of water available for human use in the form of fresh water is only 0.3%. From an ecological standpoint, reducing greenhouse gases is also one of the most important objectives, especially in the property industry. The German property sector and all its buildings account for around 40% of the country's CO<sub>2</sub> emissions. Reducing CO<sub>2</sub> emissions is a stated aim of the German government: by 40% by the year 2020.

## Social sustainability

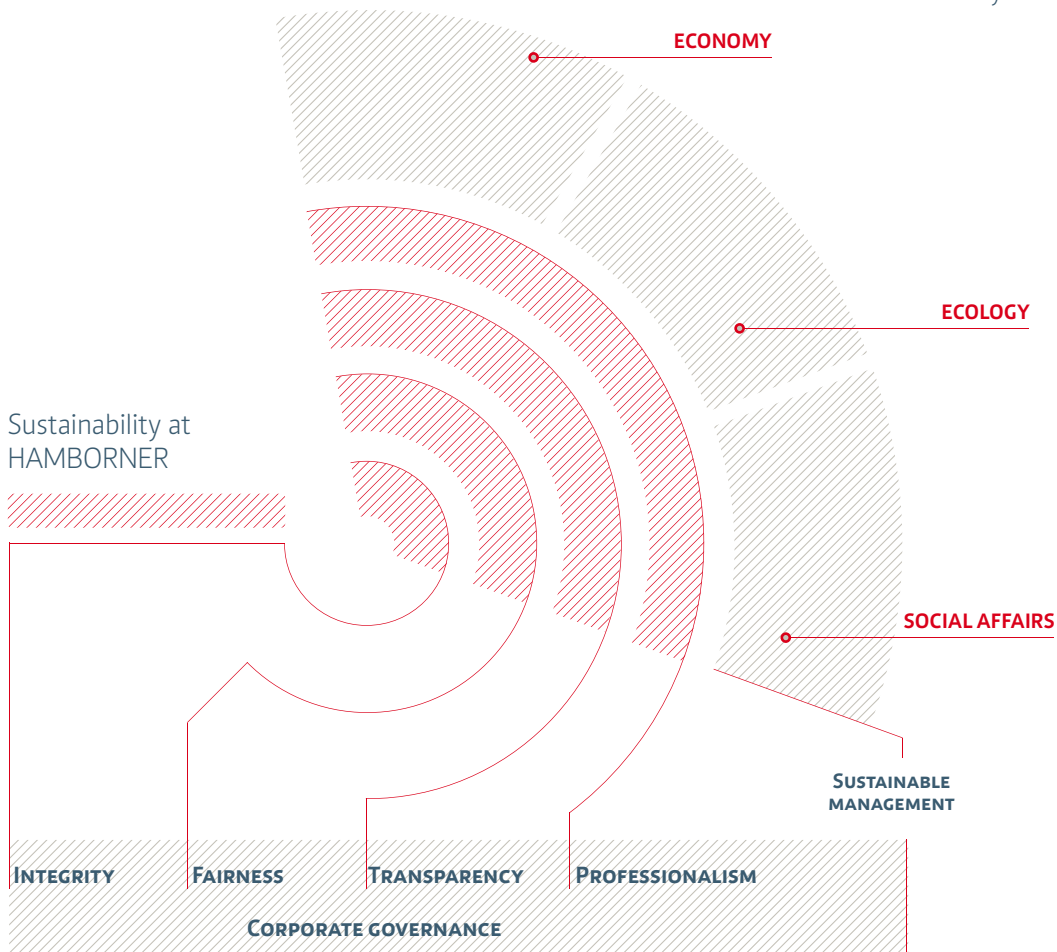
Social (sociocultural) sustainability indicators relate solely to the reporting company and its employees. Measures taken to promote health, work/life balance and training result in higher employee satisfaction, lower staff turnover and a lower sick rate. Information on the share of women in a company, the ratio of men's basic salaries to those of women and details of the age structure are central indicators for how a company is pursuing socioculturally sustainable objectives. In addition to company indicators, social sustainability also comprises the buildings themselves. However, rather than figures or descriptions of specific measures, it is certain characteristics of

the respective properties that categorise them as sustainable at building level. For example, in addition to social viability and accessibility, a building's integration into its city is a sociocultural criterion. Properties used for commercial purposes especially, whether in the middle of a city or on its outskirts, must fit the cityscape so as not to be seen as "foreign bodies", and they have to be easily reached by public transport, for example.

**The diagram below reflects HAMBORNER REIT AG's concept of sustainability:**

The four principles of integrity, fairness, transparency and professionalism form the basis for our sustainable management in each of the three sustainability dimensions "economy", "ecology" and "social affairs". Compliance with these principles is the requirement for sustainable business success and the foundation for our actions towards the environment and society.

Sustainability from three perspectives: Corporate governance is the foundation for economically, ecologically and socially sustainable management



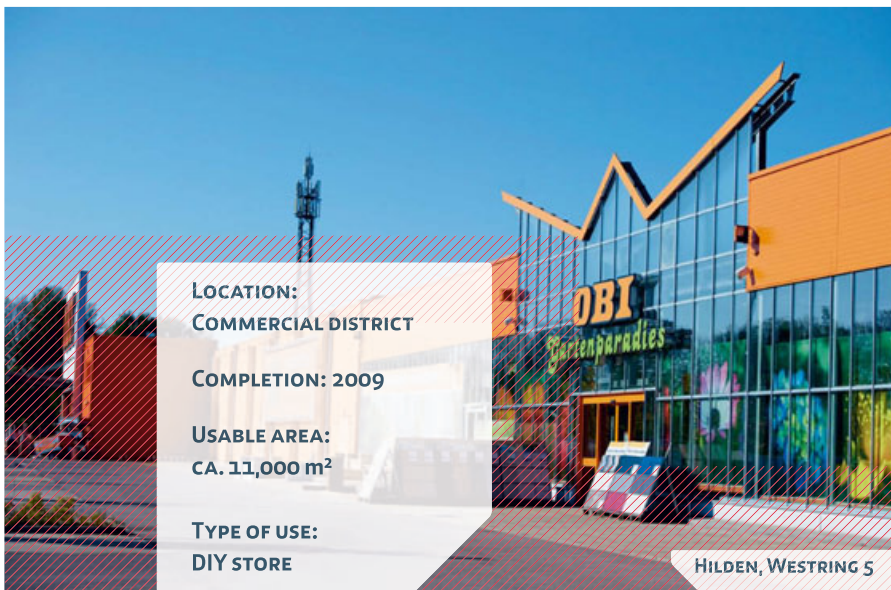
**Corporate governance**

Corporate governance, meaning the responsible management of a business at the economic, ecological and social level, is the foundation for sustainable business activity. Professionalism, transparency, integrity and fairness to stakeholders, business partners, tenants, employees and the public at large are the

foundation for running a business in the property sector and apply to all industries as well. Compliance with these four principles promotes confidence in the property industry and the company.

OUR STRATEGY

# THREE PROPERTY CLASSES FOR SUSTAINABLE BUSINESS SUCCESS



The long-term, sustainable management of office and retail property is the core competence of HAMBORNER REIT AG. Our business activities do not cover project development or services for third parties.

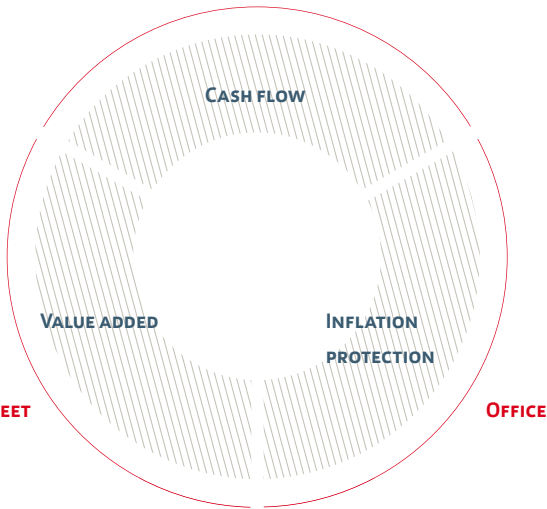
Our sustainable business success is built on and driven by the property portfolio's focus on the three property classes of large-scale retail properties, high street stores and high quality office and medical centres. In expanding the portfolio, we concentrate exclusively on Germany. This focus, combined with a balanced mix of the three property classes, allows us to bundle, structure and profitably leverage our expert knowledge.

### Focus on office and retail

Locations in or near the centres of cities with relatively high purchasing power play an essential role in our commercial property portfolio. HAMBORNER's stores are largely high street stores. Within a city, these are found at the places with the highest footfall. Our stores are therefore usually in pedestrianised areas. Retailers here benefit from the shopping experience that draws large number of people into shopping centres and the spontaneous purchases that go beyond the weekly shop.



**LARGE-SCALE  
RETAIL**



The mix of types of use in commercial property is a particular sign of a sustainable corporate strategy: Large-scale retail ensures a steady cash flow, thus forming the basis for ongoing dividend distributions. High street properties offer the potential for further value growth. Office properties, however, have greater protection against inflation as their rents are usually fully indexed.

**Focus on Germany**

In keeping with our focus on selected commercial properties in the retail and office segment, our business activities are also geographically concentrated. HAMBORNER REIT AG is strategically focused on Germany. Our concept of sustainability includes focusing on the cities and regions in Germany with persuasive socio-economic conditions such as positive population development and projections, a low unemployment

**PROPERTY**

**LOCATION: CITY**

**COMPLETION: 2008**

**AREA: CA. 5,600 m<sup>2</sup>**

**TYPE OF USE: OFFICE**



INGOLSTADT, DESPAGSTR. 3

**PROPERTY**

**LOCATION: HIGH STREET**

**COMPLETION: 1977/2004**

**AREA: CA. 5,100 m<sup>2</sup>**

**TYPE OF USE: RETAIL**



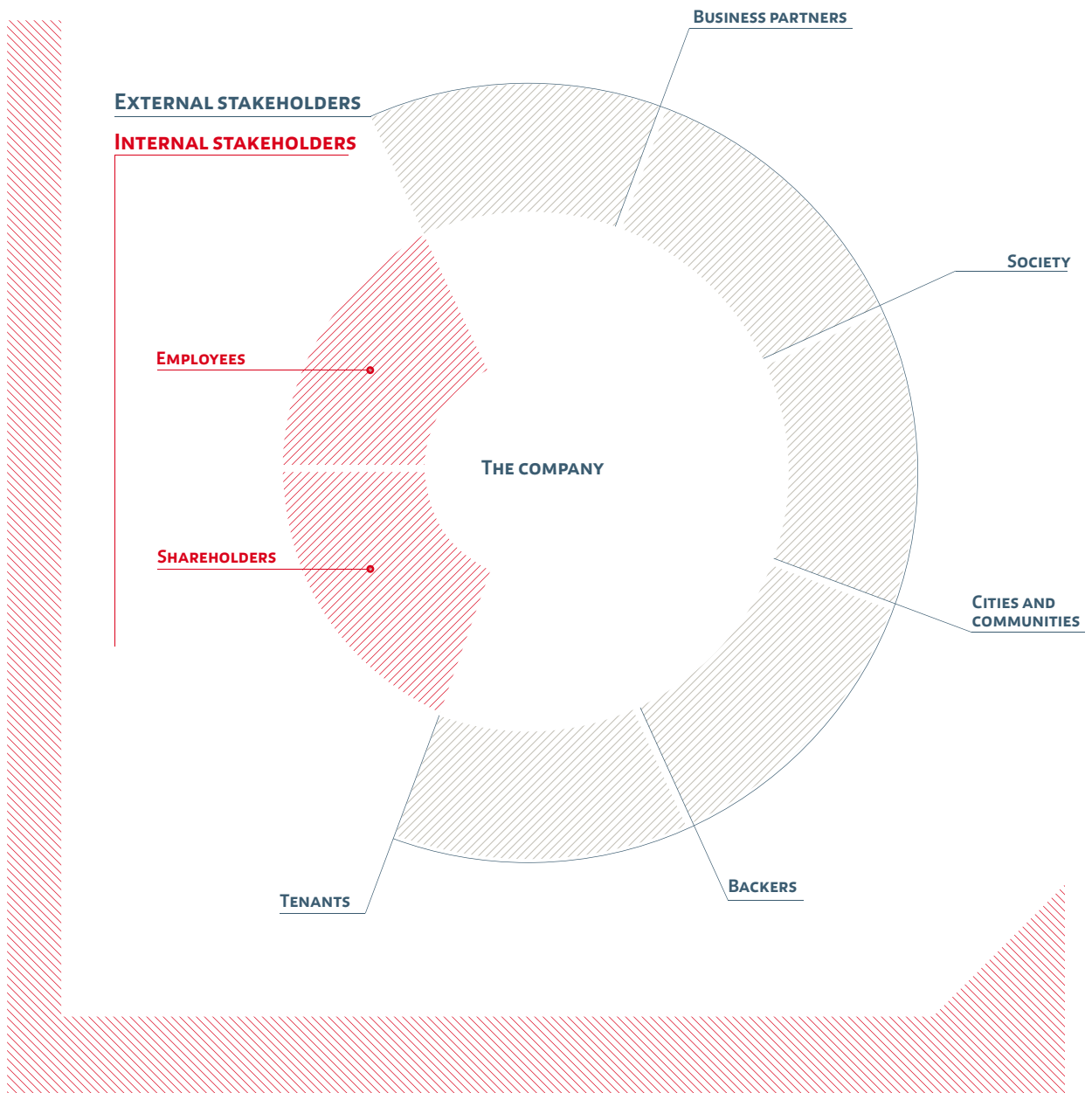
OFFENBURG,  
HAUPTSTRASSE 72-74

In our large-scale retail properties, we pay close attention in market and location analysis to specialist stores and retail parks being located at lively and exclusive or hard-to-duplicate locations that have ample parking and that can easily be reached by public transport or by car. This enables us to offer our tenants a preferred market positioning.

High quality office buildings are a further important component of our portfolio. These are located in excellently developed commercial and technology parks, in city centres and attractive peripheral areas.

rate and above-average purchasing power. Cities in the south and southwest of Germany are currently interesting for purchases for precisely these reasons. In terms of size classes, we feel there are attractive investment opportunities in the medium-sized cities in particular – where the population exceeds 60,000 for high street properties and 100,000 for large-scale retail property and office property. This approach means the advantage that market prices at these locations are subject to less fluctuation and higher returns are usually possible there than in the conurbations.

# DIVERSE DEMANDS FROM DIFFERENT INTEREST GROUPS REQUIRE A PRONOUNCED SENSE OF RESPONSIBILITY



An economically, ecologically and socially sustainable business policy means striking the right balance in the expectations and needs of a wide range of stakeholders. Without this balance, positive corporate development geared towards sustainability in the interests of all stakeholders would not be possible. A sustainable business strategy can result only when the ecological and social objectives make equal sense from an economic perspective.

The composition of our stakeholders arises directly from our business activities. Our tenants, business partners and backers, in addition to society and the cities and communities in which our properties are located, rightfully expect their different interests to be taken into account. Furthermore, HAMBORNER is naturally at the service of its shareholders and employees, who form the basis for successful business management.

### **Internal stakeholders: Shareholders and employees at the centre**

As a listed company, we at HAMBORNER REIT AG have a special responsibility to our shareholders. Only companies that generate positive returns in the long term can also reliably satisfy their social and ecological duties and obligations over time. Direct contact with our shareholders is at the core of our investor relations activities. If they have recommendations or advice concerning our business management, our shareholders can contact our Investor Relations division at any time. Furthermore, the annual and interim reports, press releases and ad hoc disclosures on the latest issues concerning the company ensure the necessary transparency, which is the basis for shareholder confidence. In our sustainability report, which is appearing this year for the first time, we would like to give our investors – and also our tenants, employees and the interested public at large – an additional, comprehensive source of information on HAMBORNER's concept of economic, ecological and social sustainability.

Regarding our employees, equal opportunities, advancement through training and taking into account individual employee requirements – for example by offering flexible working hours – count among HAMBORNER's core values at the social level of sustainable business strategy (see also from page 24 onwards). For HAMBORNER, it is a matter of course that employees can discuss all concerns directly with the Managing Board. Employees can also speak directly to their respective supervisors or the Works Council.

"Diversity" is another area of concern and – where possible – we purposely ensure a balanced ratio of male and female, experienced and younger employees.

### **External stakeholders: The tenants and social environment are what count**

Regarding our interactions with our tenants, it is important to us to build up long-term relationships. A trusting cooperation is the only way to understand the needs of tenants and to devise individual solutions to problems. For this reason, our asset management is engaged in a continuous dialogue with our tenants. Moreover, the social environment – starting with business partners and backers to the general public to cities and communities – plays a significant role in our concept of sustainability. For example, wherever possible and reasonable, when doing modernisation and maintenance work, we work with small and medium-sized companies and tradesmen from around the respective properties and thereby aid the regional economy. We see our responsibility to the public and public administrations such as cities and communities in the ideal integration of our properties into their surroundings. When conducting refurbishment work we therefore strive to maintain and protect historical buildings and façades with the aim of preserving a uniform cityscape. Properties that are perceived as "urban foreign bodies" are not accepted by the public, which negatively influences their letting prospects. In order to counteract vacancies and any declines in revenue experienced by our retail tenants, city marketing is a tool for increasing the attractiveness of city centres and ensuring sustainability. Attractive city centres have a strong pull, which boosts footfall. Finally, we also practice our social responsibility through our membership in organisations and interest groups. With the aim of lending issues such as sustainability and corporate governance greater weight, particularly in the property sector, we are a member of the German Property Federation (ZIA), the European Public Real Estate Association (EPRA) and Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V. among others. We also largely comply with the recommendations of the Government Commission on the German Corporate Governance Code (see also our latest declaration of compliance from December 2012 on our website).

## STANDARDS

# NATIONAL AND INTERNATIONAL SUSTAINABILITY BENCHMARKS ARE KEY TO US

In implementing its sustainable business management, HAMBORNER is guided by the principles and guidelines of the German Property Federation (ZIA) and the Global Reporting Initiative (GRI) and complies with the recommendations of the Government Commission on the German Corporate Governance Code. HAMBORNER is also a member of Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V. ZIA and GRI standards are also highly influential on the content of our sustainability report. Thus, the report describes the economic, ecological and social dimensions of sustainability without ranking them. All information in the report is based on the company's own research. The report is addressed equally to all our stakeholders such as shareholders, tenants, business partners, backers and employees (see also page 10).



## ZIA Sustainability Code Voluntary commitment

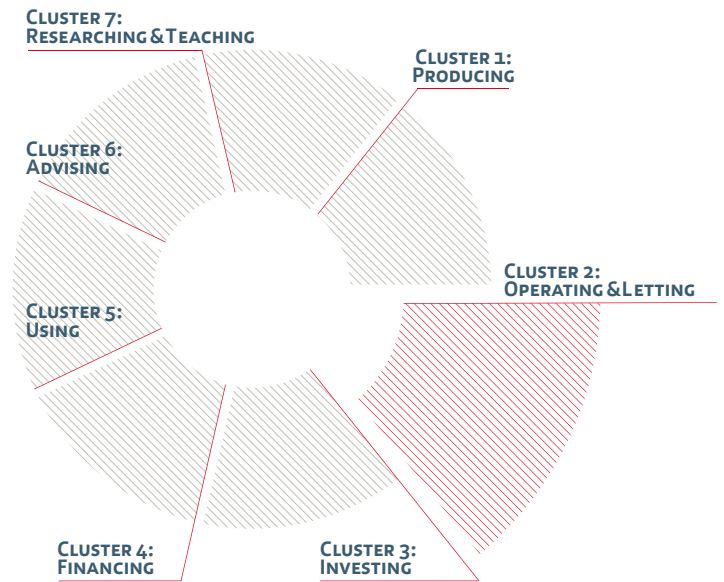
Under the banner of the Federation of German Industries (BDI), the German Property Federation (ZIA), as a unified and comprehensive interest group, has taken on the social, economic and ecological responsibility of the property sector – the sector is today the third-largest branch of industry in Germany. Leading business representatives from the property industry in Germany, who consider sustainability to be fundamentally important and a business necessity for both their own operations and the industry as a whole, joined to form the ZIA and developed sustainability guidelines for the property sector. These are a guide and code for the industry to which companies can make a voluntary commitment. The core element of the code is the commitment to regular, annual reporting. With the aim of promoting a comprehensive understanding of sustainable action and contributing to more consistency and comparability within the property industry, HAMBORNER has made this voluntary commitment. Further information on the ZIA Sustainability Code can be found at: [www.zia-deutschland.de/ueber-den-zia/nachhaltigkeitsleitfaden/](http://www.zia-deutschland.de/ueber-den-zia/nachhaltigkeitsleitfaden/).

## The ZIA Industry Code The Voluntary Commitments of the Real Estate Industry

1. We are aware of the real estate industry's significance for sustainable growth and we accept the social responsibility this implies.
2. The principles of sustainability are an integral part of our company's value systems, strategies and structures.
3. When defining and pursuing our short-, medium- and long-term goals we use sustainability principles as our guideline.
4. Sustainability principles are taken into account in product and service development and they influence our selection of business partners.
5. Our staff recruitment, development, continued training and leadership are guided by the principles of sustainability.
6. We actively integrate our employees in our sustainability efforts and seek to win them for the cause.
7. We aim to exceed the statutory minimum requirements, achieve continuous improvements, and thereby set an example.
8. We publish our goals, measures, activities, and progress annually in sustainability reports and in our statements of account. In doing so, we concentrate on verifiable facts and operate on the basis of an industry standard that we actively help to disseminate.
9. In order to permit an industry-wide measurability of sustainability measures and to create transparency, we make the required information available to the public and to independent institutes.
10. By positioning ourselves as sustainable companies, we help to propagate adherence to the principles of sustainability inside and outside the real estate economy.

### Structuring the property industry provides guidance

The central benchmark for business activity in the property industry is property. The life cycle of a property provides for a series of duties that together reflect the diversity of the industry and its companies. In order to appropriately address the specialisation of the individual companies and the different sustainability issues they each face, the ZIA has devised seven clusters that define activities in the property industry: "Producing", "Operating & Letting", "Investing", "Financing", "Using", "Advising" and "Researching & Teaching". As an asset manager and long-term operator of office and retail property, the "Operating & Letting" cluster is key to HAMBORNER and is the foundation of our sustainability concept.



### GRI/EPRA reporting parameters

Adherence to a uniform standard is essential for better comparability of sustainability reports. The ZIA recommends adopting the reporting approach of the Global Reporting Initiative (GRI), which is already used around the world, or adapting it for the property industry. The GRI has defined internationally recognised and applicable guidelines for sustainability reports that HAMBORNER REIT AG follows. HAMBORNER uses the GRI's G3.1 Framework, which measures companies' economic, ecological and social performance. It also applies the EPRA Best Practices Recommendations and the Construction & Real Estate Sector Supplement (CRESS), which were specially developed for the property sector, to its sustainability reporting.

For more information on the GRI, please visit its website at [www.globalreporting.org](http://www.globalreporting.org), or [www.epra.com](http://www.epra.com) for EPRA and [www.globalreporting.org/reporting/sector-guidance/construction-and-real-estate/](http://www.globalreporting.org/reporting/sector-guidance/construction-and-real-estate/) for CRESS. If you have any questions on this report or our activities in the area of sustainability, we would be delighted to hear from you at [info@hamborner.de](mailto:info@hamborner.de) or for you to visit our website [www.hamborner.de/nachhaltigkeit/](http://www.hamborner.de/nachhaltigkeit/).

This sustainability report satisfies the requirements of application level C. This has been confirmed by the GRI (see page 32). Further information on the different GRI application levels can be found in the graphic on page 33.



### Governance

Corporate governance, which means a responsible approach to company management and control geared towards the creation of sustainable value added, is the foundation for sustainable business activity as intended and described by the ZIA Sustainability Code and the GRI/EPRA reporting parameters. Key aspects of good corporate governance include efficient cooperation between the Managing Board and the Supervisory Board, respecting shareholder interests and transparent corporate communications. Using a range of possible information and communications channels, we regularly and comprehensively inform our shareholders, all other capital market participants, financial market analysts, the relevant media and our employees of the company's situation and any significant changes in a timely manner.

HAMBORNER is guided by the German Corporate Governance Code. Our latest declaration of compliance with the recommendations of the German Corporate Governance Code from December 2012 has been published on our website: [www.hamborner.de/Entsprechenserklaerung.218.0.html](http://www.hamborner.de/Entsprechenserklaerung.218.0.html). Furthermore, HAMBORNER is a member of Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V.

A detailed description of the structure and function of the Supervisory Board and the Managing Board including their duties, activities and remuneration can be found in the corporate governance report, a section of the 2012 annual report (p. 19 to 27). The annual report can be downloaded from our website at <http://www.hamborner.de/Geschaeftsberichte.211.0.html>.

## KEY PERFORMANCE INDICATORS

# MEASURING SUSTAINABILITY: KEY PERFORMANCE INDICATORS

Measuring and comparing performance indicators for sustainability is a top priority at HAMBORNER for effective management. We focus on selected key performance indicators that allow us to measure our attainment of sustainability goals.

## THE REFERENCE PORTFOLIO EXAMINED...

**...COMPRISES 43 PROPERTIES**  
(CA. 61% OF THE PROPERTIES IN THE TOTAL PORTFOLIO)

**...HAS A USABLE FLOOR AREA**  
**OF APPROXIMATELY 147,000 m<sup>2</sup> IN TOTAL**  
(CA. 44% OF THE USABLE FLOOR AREA  
OF THE TOTAL PORTFOLIO).

**...CONTAINS 12 OFFICE PROPERTIES,**  
**TWO LARGE-SCALE RETAIL PROPERTIES**  
**AND 29 HIGH STREET STORES.**

**...HAS A MARKET VALUE DETERMINED**  
**BY A SURVEYOR OF CA. €321 MILLION**  
(CA. 52% OF THE VALUE OF THE TOTAL PORTFOLIO).

A clear focus on sustainability that is, at the same time, comprehensible to all parties, is the basis for long-term business success. Only a binding and internationally recognised reporting structure allows the necessary transparency and comparability to serve as an example in issues of economic, ecological and social sustainability. With this objective, we have reported in our first sustainability report – in line with the specifications of the Global Reporting Initiative (GRI) – on the economic, ecological and social levels of sustainability using selected key performance indicators. From year to year, we would like to report on more performance indicators in order to constantly enhance the informative value of our annual reporting.

All data relate to the period from 1 January to 31 December 2012. The data for the areas of economy and social affairs comprise HAMBORNER REIT AG, as in our 2012 annual report. The data on ecological sustainability relate to a reference portfolio of 43 properties, for which the consumption data of our tenants was recorded for our first sustainability report. The reference portfolio of 43 properties analysed in this report accounts for around 61% of our total portfolio by number of properties and therefore reflects a majority of our holdings.



# ECONOMIC SUSTAINABILITY



The basis for economically sustainable business management is an overview of a variety of economic criteria and performance indicators. A low vacancy rate, appropriate investment in maintenance and modernisation work, a positive trend in the value of the property portfolio, sustainable cash flows and a dependable dividend policy are at the heart of HAMBORNER's business activities as a for-profit, listed company. As much as possible, we endeavour to meet the requirements of our shareholders, tenants, employees and partners, and those of the social setting. Given our status as a REIT company, we are required to distribute most of our profits – 90% of net income for the year as calculated according to the German Commercial Code.

The 2012 financial year was a successful financial year for the company and one geared towards sustainable growth. Thus, in a not entirely straightforward market environment under the influence of concerns surrounding the euro, we were able to implement a capital increase in which we generated net issue proceeds of more than €71 million. These proceeds were fully invested in value-adding property projects by the end of the year. In 2012, we added three properties with a combined market value of €76.7 million to our books. The value of the

portfolio as at 31 December 2012 was almost €580 million – after a market value one year previously of around €504 million.

In addition to acquiring new buildings, HAMBORNER is continuously investing in its existing portfolio in order to maintain the high quality standards of its properties in the long term and to meet the requirements of its tenants. In the 2012 financial year, we invested €2.1 million in the modernisation and maintenance of our buildings. The more significant maintenance work in 2012 included the refurbishment of the office building in Dortmund, Königswall 36, the conversion of commercial space in Bad Homburg and the refurbishment of the roof and parking deck of a large retail property in Mosbach/Odenwald. The office refurbishment in Dortmund focused on the energy optimisation of the windows and façades while at the same time upgrading the building in line with current fire safety requirements. The maintenance work on our office property in Dortmund on Königswall clearly shows how closely economic and ecological sustainability are interlinked (see also our case study "Dortmund, Königswall 36" on page 23). The total expenses for this project amounted to around €1.4 million.

## A LOOK AT OUR FIGURES

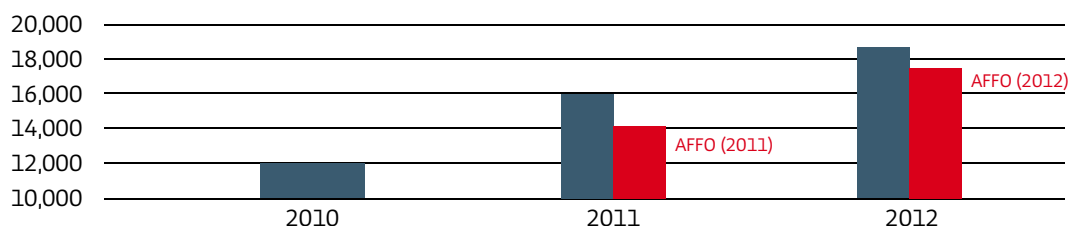
In our communications with stakeholders, we look at performance indicators that express information in compressed form and that are clearly defined. All the key figures are derived from the income statement and balance sheet of HAMBORNER REIT AG (detailed information on this can be found in our 2012 annual report under [www.hamborner.de/Geschaeftsberichte.211.0.html](http://www.hamborner.de/Geschaeftsberichte.211.0.html)). In addition to the investments in new property projects in the past year, our business figures also reflect our growth in 2012. Alongside the current figures for the past year, the development of the last three years is also shown below to document the long-term stability and profitability of the company.

### Funds from operations (FFO)

As an indicator of the company's long-term performance, this figure shows how much cash flow is generated from operating activities (income from property management) and is available for investments, repayments and dividend distributions to shareholders in particular. A positive development in FFO is the basis for ensuring sustainable distributions. FFO consists of net rental income, interest income and other operating income less all costs for staff, administration, interest and other expenses. HAMBORNER calculates its FFO conservatively without including income from disposals. In 2012, FFO amounted to approximately €18.9 million or €0.41 per share and was therefore around 18% higher than the FFO for 2011 (around €16 million). FFO climbed by more than 55% as against 2010.

In addition to FFO, we also report adjusted funds from operations (AFFO) by adjusting for maintenance and modernisation expenses capitalised and not recognised as an expense in the reporting year. This figure was around €17.6 million in 2012 after €14.1 million in the previous year.

### Rising trend: FFO development 2010 – 2012 [FFO/AFFO in € thousand]



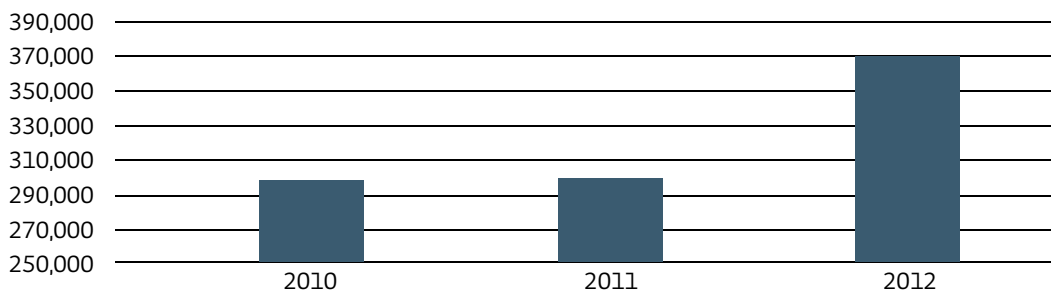
### Net asset value (NAV)

Net asset value (NAV) is an important economic indicator for value-oriented management. It reflects the economic equity of the company. It is determined by the fair values of the company's assets – essentially the value of properties – net of the borrowed capital. At the end of 2012, HAMBORNER's NAV was approximately €372 million or €8.17 per share. HAMBORNER's goal is to increase its NAV through value-adding measures. However, in addition to internal options for influencing NAV, it is also subject to external factors. For example, NAV is dependent on developments on the property market due to changes in market values.

NAV is also a key factor in analysing the return on equity. The FFO yield is FFO in relation to NAV as at the end of the year. For 2012 the FFO yield was 5.1% – after 5.4% in the previous year and around 4.0% in 2010.



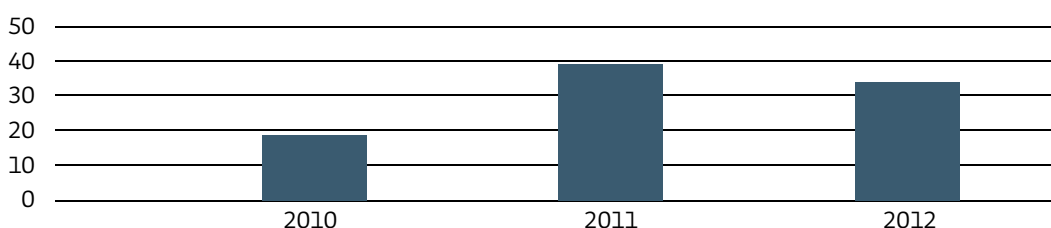
**Significant increase in growth year-on-year:  
NAV development 2010 – 2012 [NAV in € thousand]**



**Loan-to-value (LTV)**

LTV is the financial liabilities of the company (less cash and cash equivalents) in relation to the market value of the property portfolio. The lower the calculated value, the lower the risk of loss to lenders – and therefore the lower the interest expenses as well. As a result of the capital increase and the subsequent portfolio growth to a value of around €580 million in 2012 (previous year: around €504 million), HAMBORNER reduced its LTV by 4.9 percentage points year-on-year to 34.2%. An appropriate LTV is an important requirement for the stability of the company. Furthermore, REIT status prescribes a minimum equity ratio of 45%, hence LTV has to be kept at a low level for this reason alone.

**Low risk of loss: LTV development 2010 – 2012 [LTV in %]**

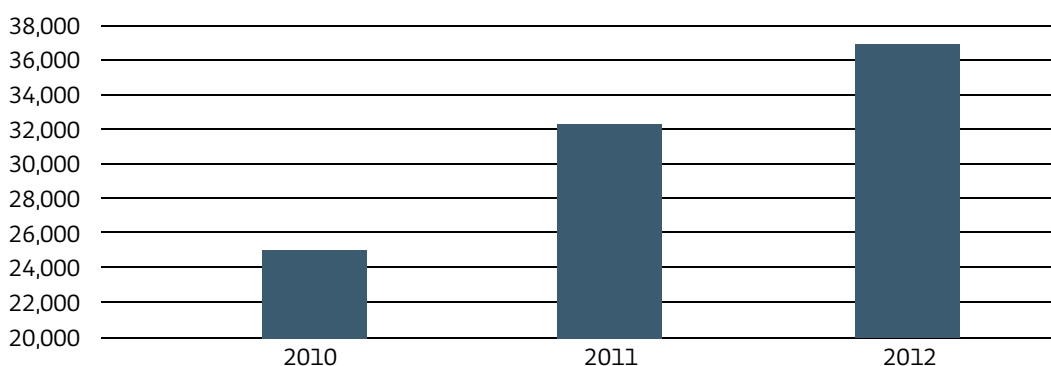


**Rental and leasing income, occupancy rate**

HAMBORNER's rental and leasing income amounted to approximately €37 million in 2012. This figure therefore rose significantly by €4.8 million compared to 2011 as a result of new investments. There were also slight increases in rental income on a like-for-like basis – i.e. comparing the properties that were held in the portfolio throughout 2011 and 2012. These were around 0.7% above the previous year's level (€26.9 million) at €27.1 million.

Furthermore, the high letting rate of 98.1% shows that HAMBORNER's tenant loyalty measures and letting activities are progressing successfully. The total vacancy rate of 1.9% in 2012 is roughly on par with the previous year's level (1.8%). The vacancies also include areas in recently purchased properties for which rent guarantees are in place. The adjusted economic vacancy rate including income from rent guarantees was just 1.7%.

**Continuous rise: Development in rent/lease income 2010 – 2012 [income in € thousand]**



## ECONOMY

## Selected economic performance indicators

		2012	2011	2010
Number of properties managed		69 (at 53 locations)	69 (at 51)	62 (at 45)
Income from rents and leases	€ thou.	36,993	32,160	25,026
Net rental income	€ thou.	33,229	28,244	22,124
Operating result	€ thou.	17,509	14,888	12,528
EBITDA	€ thou.	30,381	26,225	20,697
EBIT	€ thou.	18,393	17,120	14,755
FFO	€ thou.	18,877	16,029	12,163
FFO yield	in %	5.1	5.4	4.0
Net profit for the year	€ thou.	7,741	7,865	5,669
Total assets	€ thou.	541,437	462,493	406,143
Equity	€ thou.	276,752	215,131	223,467
REIT equity ratio	in %	60.3	55.7	74.4
Loan-to-value (LTV)	in %	34.2	39.1	19.3
Market value of property portfolio	€ thou.	579,510	504,432	376,150
Net asset value (NAV)	€ thou.	371,823	299,328	298,144
Acquisitions/disposals	No.	3/3	8/4	6/1
Capex	€ thou.	1,269	1,960	92
Total vacancies	in %	1.9	1.8	2.5
Top 10 tenants		EDEKA Kaufland OBI AREVA NP SFC Energy Telefonica O2 REWE Bundesagentur f. Arbeit Kaspersky Labs Douglas Holding	Kaufland EDEKA OBI AREVA NP SFC Energy Telefonica O2 REWE Bundesag. f. A. dm-Markt Kaspersky Labs	Kaufland EDEKA AREVA NP OBI Telefonica O2 Bundesag. f. A. Kaspersky L. REWE Nordsee Douglas Hld.
Employees (incl. Managing Board)	No.	26	28	24

# ECOLOGICAL SUSTAINABILITY



Particular importance is attached to the ecologically sustainable management of our buildings. The issues of electricity, heat and water consumption are highly relevant both in terms of environmental protection and of minimising operating costs for our tenants. We therefore review our property portfolio at regular intervals and perform maintenance work, taking into account improved energy efficiency, where this is economically reasonable. This way we can safeguard the attractiveness and long-term letting of our properties.

In order to better understand the ecological impact of our buildings, we began analysing the environmental data for energy and water consumption in detail for our first sustainability report. We were successful in gathering data for the analysis of the different types of consumption from a sub-portfolio of 43 properties – approximately 61% of the properties in our total portfolio. We are aware that this data collection is not complete. However, the consumption data for the properties in which tenants deal directly with their providers is generally not provided to our company. It should also be noted that we can only partially directly influence consumption for common areas, while energy and water consumption in rented areas is dependent on the consumption habits of our tenants.

## Consumption of resources

In the consumption analysis for heating energy, electricity and water below we have presented the current 2012/2011 comparison on the one hand and the respective consumption in total and per square metre for the sub-portfolio in 2012 on the other. In accordance with the like-for-like approach, the year-on-year comparison is based on the same properties for both years. This two-year analysis is intended to reveal a trend, but cannot be extrapolated to future years for the same properties on account of acquisitions and disposals. We will therefore present a current year-on-year comparison for each reporting year.

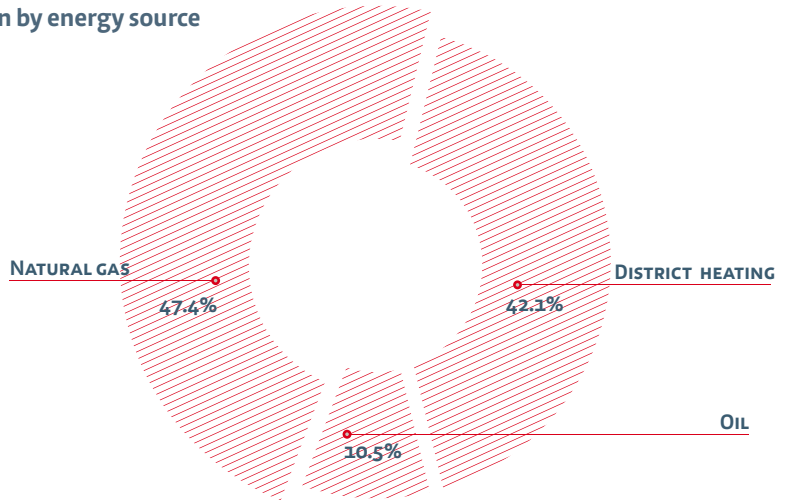
In order to show a trend over a longer period in future, we have also stated the total consumption of heating energy, electricity and water plus average consumption at square metre level (usable floor area) for a sub-portfolio for 2012 in addition to the year-on-year comparison.

### Year-on-year comparison of heating energy consumption

A total of 38 properties – of which 29 retail/commercial and nine office properties – form the basis for the 2012/2011 comparison of heating energy consumption. This is around 54% of all properties in our portfolio and equal to 32% of the total area let in 2012. To guarantee the comparability of the current consumption data for 2012 with those of the previous year in line with the like-for-like approach, only the properties for which we have data for the full year in 2012 and 2011 were analysed. The analysis includes buildings heated by gas, district heating or oil. Gas and district heating are the dominant types of heating in this sub-portfolio with respective shares of around 47% and around 42%. In total, the 38 properties used 9,362,773 kWh in heating energy in 2012. In the previous, the heating energy consumption of these properties had totalled 8,390,236 kWh.

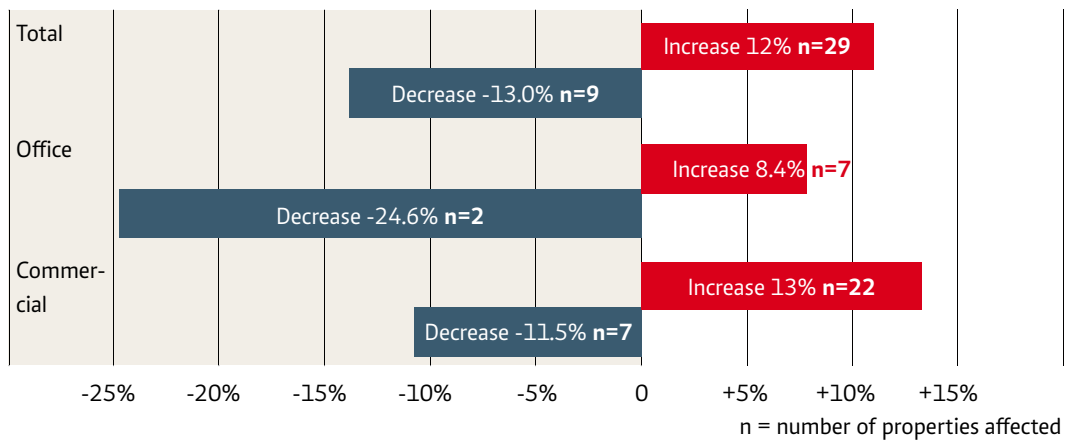
### Heating energy consumption by energy source

Energy mix



The year-on-year increase in consumption is qualified with regard to the extent of the rise or fall. On average (median), the properties where consumption rose saw an increase of 12.0%, while properties where consumption fell saw an average (median) decrease of 13.0% (see also heat consumption graphic). Furthermore, the rise in consumption was influenced by an unusually pronounced cold period from the middle of January to the middle of February 2012, during which – depending on the region – the whole of Germany experienced a severe frost and temperatures that repeatedly fell to below -20°C. In addition, the 2012/2013 winter began in December 2012 with heavy snowfall at times, especially in the Ruhr area and the Rhineland. By contrast, the winter months of January and February 2011 were mostly mild throughout Germany.

### Heat consumption: Average increase/decrease (median)



### Heating energy consumption in 2012

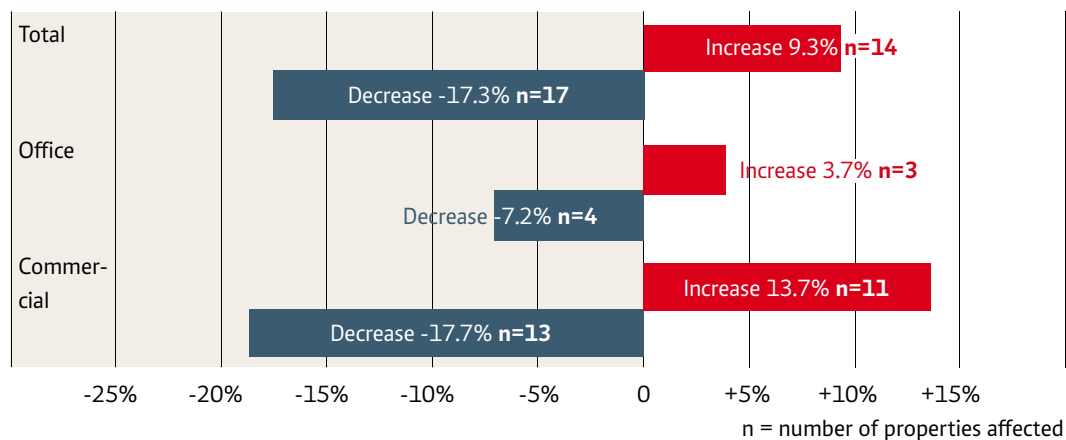
In terms of heating energy consumption in 2012, data is available for analysis for 40 of a total of 71 properties in our portfolio. Overall, the heating energy consumption of this sub-portfolio amounted to 10,563,668 kWh. Average consumption for the 123,767.25 m<sup>2</sup> of total usable floor area in the sub-portfolio (37% of the area of the total portfolio) was 85.4 kWh/m<sup>2</sup>.

	Total 2012	Office 2012	Commercial 2012
Average consumption in kWh per m <sup>2</sup> of usable floor area	85.4	85.1	85.5

### Year-on-year comparison of electricity consumption

For its analysis of electricity consumption, HAMBORNER can currently only use consumption data for shared electricity as our tenants generally have separate agreements with electricity providers for their own electricity consumption. In 2012 – as in the years before – we sourced our shared electricity from the respective municipal utilities at the property location. A total of 31 properties for which consumption data are available for the years 2012 and 2011 were analysed. This corresponds to a share of around 44% by number of all the properties in the portfolio. A total of 468,886 kWh of shared electricity was used by 31 buildings looked at here in 2012. Applying the like-for-like approach, shared electricity consumption in the previous year amounted to 509,729 kWh. Thus, consumption declined by 8.0% from 2011 to 2012. According to the data analysis, this drop is due to the group of retail and commercial properties in particular. Within this property class, consumption was down by 12.1% compared to the previous year. The reduction in consumption in office properties between 2011 and 2012 was 4.0%.

### Electricity consumption: Average increase/decrease (median)



### Electricity consumption 2012

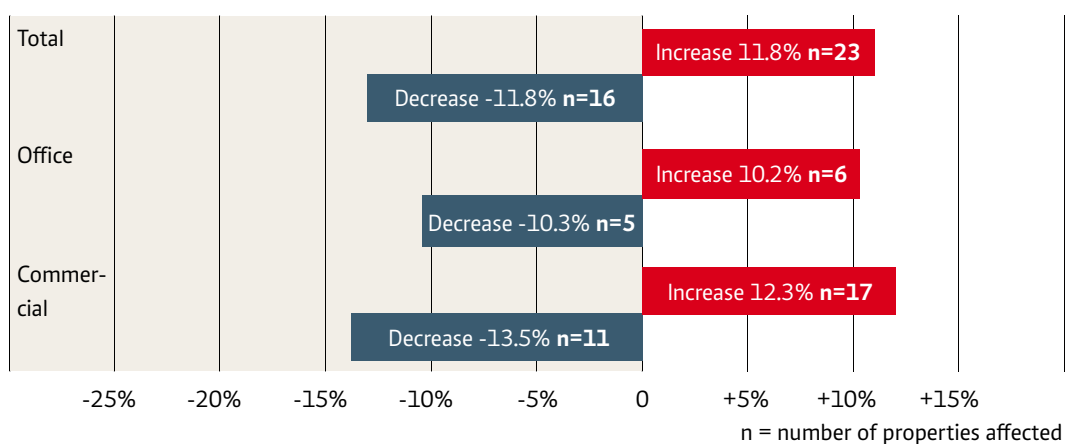
The sub-portfolio for the analysis of electricity consumption in 2012 consists of 33 properties with a total usable floor area of 100,987.60 m<sup>2</sup>. A shared electricity consumption of 1,010,424 kWh was registered for this sub-portfolio in 2012. It is not appropriate to state an average value here as electricity consumption for common areas cannot be shown relative to the total usable floor area of the sub-portfolio.

### Year-on-year comparison of water consumption

To analyse water consumption for the 2012/2011 comparison, we gathered data for 40 properties – around 56% of the total portfolio by number of properties and approximately 36% of the total letting area. Overall, water consumption for the properties analysed amounted to 30,270 m<sup>3</sup> in 2012. On a like-for-like basis, water consumption in 2011 was 29,543 m<sup>3</sup>, hence a slight increase of 2.5% in total was registered from 2011 to 2012.

The two property classes office (11 properties) and commercial (29 properties) reported a stronger drop in consumption relative to this increase. In particular, the commercial properties saw a stronger drop in water consumption of 13.5% on average (median). As an amount, the average increase was less than this at 12.3% (see also water consumption graphic).

### Water consumption: Average increase/decrease (median)<sup>2)</sup>



### Water consumption 2012

Water consumption data for 43 properties was analysed for 2012. Overall, the water consumption of this sub-portfolio amounted to 37,497 m<sup>3</sup>. Average consumption for the 146,994.87 m<sup>2</sup> of total usable floor area in the sub-portfolio (44% of the area of the total portfolio) was 0.26 m<sup>3</sup>/m<sup>2</sup>.

	Total 2012	Office 2012	Commercial 2012
Average consumption in m <sup>3</sup> /m <sup>2</sup> of usable floor area	0.26	0.23	0.28

### Consumption of resources in 2012 reporting year (compared to 2011) sub-portfolio, like-for-like basis

	2012	2011
<b>Building energy consumption</b>		
<b>Heating</b>		
Number of buildings analysed	38	38
Total kWh	9,362,773	8,390,236
<b>Electricity (shared electricity)</b>		
Number of buildings analysed	31	31
Total kWh	468,886	509,729
<b>Building water consumption</b>		
Number of buildings analysed	40	40
Total m <sup>3</sup>	30,270	29,543

<sup>2)</sup> There was no change in water consumption from 2011 to 2012 for one commercial property.





COMPREHENSIVELY MODERNISED

THE OFFICE PROPERTY IN DORTMUND, KÖNIGSWALL 36



GROUNDWATER HEAT PUMP IN OPERATION

THE EDEKA CENTER IN FREIBURG

### Maintenance and modernisation

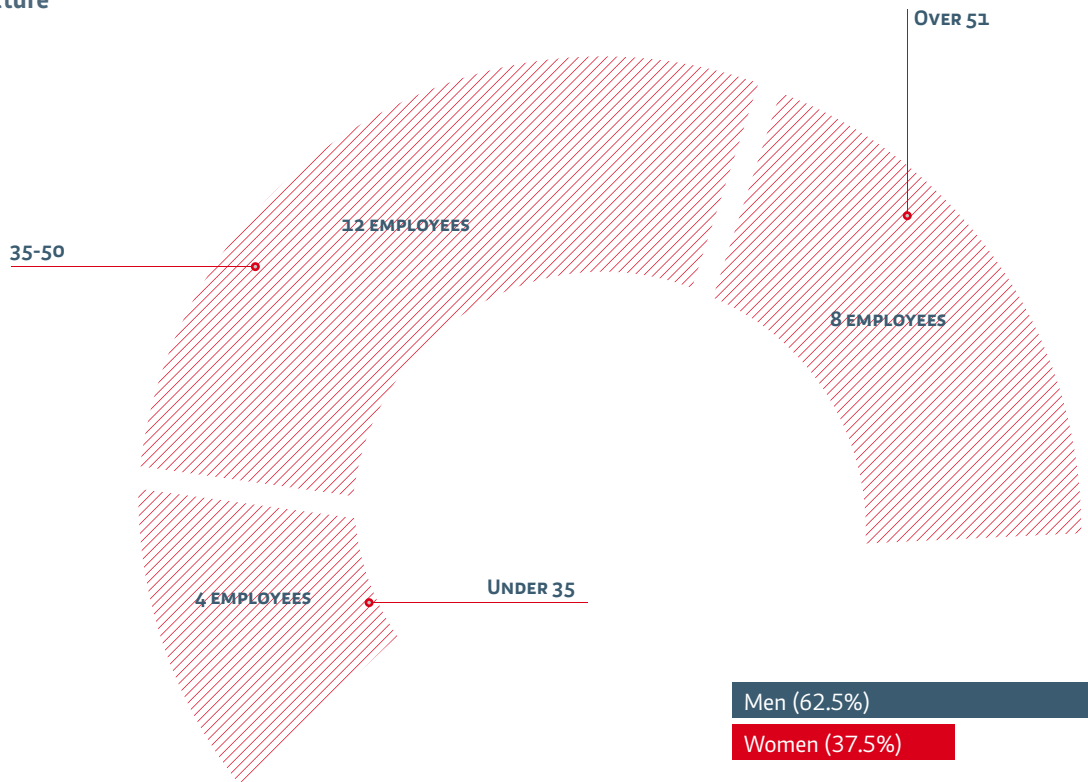
Environmental aspects play a significant role in the refurbishment and regular maintenance of buildings. In addition to the efficient design of office and commercial areas, minimising operating costs by reducing energy consumption is a priority for tenants. Maintenance expenses in the 2012 financial year amounted to around €2.1 million at HAMBORNER. There was also capex of around €1.3 million. The full refurbishment of our office building in Dortmund, Königswall, was one of the more extensive projects and was completed in the 2012 financial year. In coordination with our tenants, and the main tenant Verdi in particular, comprehensive work was carried out in recent months in the areas of fire safety and energy refurbishment. All the windows and external doors were replaced, a composite heat insulation system was installed in the façade and parts of the roof insulation were renovated. These measures will mean significant energy savings moving ahead. The total investment costs were around €1.4 million. Furthermore, we prolonged the lease with our main tenant Verdi by a further five years.

### Renewable energies

Using groundwater as a source for heating and cooling saves energy and avoids CO<sub>2</sub> emissions. These benefits are leveraged by the EDEKA store in Freiburg, which has been in HAMBORNER's portfolio with an 18-year lease since November 2011. It was built with state-of-the-art technology and guarantees compliance with the Act on the Promotion of Renewable Energies in the Heat Sector. It uses a groundwater geothermal system for heating. The investment costs of the facility for the EDEKA Center in Freiburg were around €175,000 and are expected to result in annual savings of up to €34,000 compared to a conventional heating system.

# SOCIAL SUSTAINABILITY

## Age structure



## Responsibility

As an office and retail property portfolio holder and a listed company, HAMBORNER shoulders a great deal of responsibility towards its shareholders, tenants and business partners. It is highly important to us to maintain a positive and trusting relationship with our tenants, to listen to their individual requirements and to devise as tailored solutions as possible. Together with our business partners, we aspire to a high level of quality and dependability. Everyone benefits from this – not least our shareholders. Furthermore, we feel a sense of responsibility – for our staff as an employer, for the social and urban surroundings of our properties as a property company and for establishing issues such as sustainability and corporate governance as a member of various organisations and initiatives.

## Our employees

With the onward growth of HAMBORNER REIT AG, the company's employees also face ever increasing demands. A crucial factor for the ongoing success of the company is therefore a dependable, motivated and competent workforce that helps the company to achieve its goals and ensures HAMBORNER's future positive development. It is highly important to us that all employees are supported and trained in line with their individual ideas and their respective professional requirements. The time taken for external training participated in by employees averaged 6.1 hours per employee in 2012. We also provide our employees with internal training on topics such as compliance and data protection.





### **Equal opportunities in an ambitious company**

HAMBORNER is a company geared to growth with a total of 24 employees as at the end of 2012 (not including the Managing Board). The staff breaks down as 37.5% female and 62.5% male. In terms of employee remuneration, different basic salaries have been agreed with employees based on their respective job profiles. Naturally, no distinction is made between the sexes.

HAMBORNER's corporate policy creates the preconditions to allow a work/life balance. By offering flexible working hours with half-days or reducing weekly hours on a transitional basis as required, we give our staff the chance to combine their professional and family wishes. Furthermore, HAMBORNER's corporate policy also includes maintaining an equal mix of young and experienced employees. At present, 50% of our employees are in the 35 to 50 age range, a third of employees are 51 or older and approximately 17% of the workforce is less than 35.

### **Absenteeism**

With regard to time absent due to illness, our goal is to reduce this to a minimum. In 2012, our employees missed work for an average of 9.1 days due to illness. Time absent at HAMBORNER is therefore nine days less than the German average – according to information from the AOK Science Institute (WIdO), every employee was absent from work due to illness for 18.1 days in Germany in 2012.

Thanks to an external safety officer and a company doctor, HAMBORNER also ensures that employees can speak to experts about health and work safety issues at regular intervals or as required. Furthermore, employees are offered free eye check-ups every two years with regard to work at computer monitors.

### **Social benefits**

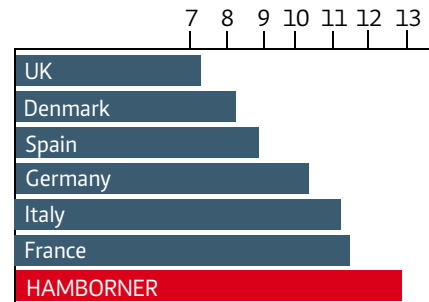
In addition to statutory accident insurance, HAMBORNER has taken out group accident insurance for employees who travel on business. Moreover, we pay savings schemes and anniversary bonuses.

As for pensions, many HAMBORNER employees have taken out direct insurance or pay into a pension fund in addition to their statutory scheme. Depending on the agreements in the employee's contract, some of these contributions are employer-financed. Furthermore, HAMBORNER also covers the flat-rate tax incurred on employee-financed agreements.

### Recruitment/departing employees



### Tenure in years in 2010



### Long service

We consider it a commendation that fluctuation at HAMBORNER is at a constantly low level and that employees remain loyal to us for longer than average. While the average length of time employees spend in a job in Germany is approximately 11 years, according to the Institute for Employment Research (IAB) as at the time of the last survey in 2010 – and this figure has not changed significantly since the result of 10.3 years in the first survey in 1992 – the average length of service at our company is around 12.9 years. The long tenure of HAMBORNER employees is also clear by European standards. As shown by an IAB study analysing the UK, Denmark, France, Italy and Spain in addition to Germany, the average length of employment does not exceed 12 years anywhere. The averages in the UK, Denmark and Spain are significantly shorter than in Germany at 7.3, 8.2 and 8.9 years, while in Italy and France they are a little higher at 11.2 and 11.5 years.

## Our surroundings

Our properties are a part of their respective cities and communities, and therefore add to their respective cityscapes. Thus, it matters to us, when carrying out refurbishments for example, that we respect the corresponding city and preservation statutes and guarantee the protection of historic façades. This ensures the preservation of a consistent cityscape – which is in our interests as well – and aids the ideal integration of our properties into their surroundings. In general city marketing activities as well, we play our part on a case-by-case basis to enhance the attractiveness of city centres and thereby footfall for our properties in pedestrianised areas.

## Our commitment

HAMBORNER is a member of various organisations and interest groups that aim firstly to foster and guarantee the issues of sustainability, corporate governance and general communication by, and understanding for, the property sector. Secondly, HAMBORNER is doing political work all the time as a member of committees. We are actively involved in association work with the aim of being excellently informed of future developments in the property sector and being able to shape them as well. It is also a matter of concern to us to assist in property sector research and teaching. Sponsoring the Society of Property Researchers, Germany (gif) and the Cologne Institute for Economic Research is part of our corporate commitment. A description of the initiatives mentioned here can be found in the glossary on pages 30 to 31.

# OUTLOOK



**TOP DISTINCTION FOR JOB  
QUALITY AND LIFE CYCLE  
ASSESSMENT**

**NuOffice**

More information: [www.nuoffice.de](http://www.nuoffice.de)

In this our first independent sustainability report, we have documented our commitment to economic, ecological and social sustainability issues. We see this – in addition to including a section on sustainability in our annual report – as a further step in making the positive effects of sustainability measures in relation to HAMBORNER REIT AG transparent, measurable and comparable. We will continue to integrate the subject of sustainability into our business decisions in future and, as far as possible, make it accessible to all stakeholders.

### Our goals

Our active corporate management is already geared towards sustainable criteria, but we intend to and will keep on developing our standards and processes to achieve future progress in the context of sustainable business. The ongoing development of this report will help us in this. By allowing ourselves to be guided by the established and significant reporting standards of the GRI and ZIA and by expanding our reporting, the performance indicators tracked for the individual sustainability categories will create transparency and a greater awareness of problems for ourselves as well.

As the next step we will attempt to expand the portfolio included in this report as its database in a manner that makes sense, and to calculate and explain additional performance indicators (such as CO<sub>2</sub> emissions by properties). Transparent reporting will also facilitate an assessment of the efficient management of our buildings and the rating of energy efficiency and CO<sub>2</sub> emissions.

### Our aspiration

We are glad to take on the challenges of sustainable business management. When expanding our portfolio, we therefore pay close attention to the economic, ecological and sociocultural aspects that define the properties. Satisfactory standards of sustainability can be achieved only when sustainability is optimally complemented in a building from all perspectives. The office properties "NuOffice" in Munich and "EUREF Campus 12-13" in Berlin are the latest examples of HAMBORNER's sustainable outlook as a manager of high-yield commercial properties.

#### "NuOffice"

The office property at Domagkstrasse 10 in Munich, which was completed at the end of 2012 and has been on our books since January 2013, was awarded the highest possible LEED sustainability certificate – platinum – by the US Green Building Council in July of this year. After "Gold", "Silver" and "Certified", "Platinum" is the highest quality standard that can be bestowed on an environmentally friendly, energy efficient and low-impact building. With 94 points, "NuOffice" did not just surpass the level of 80 points needed for "Platinum", it also achieved the highest score under the LEED system variant for investor projects that had ever been awarded in the world at that time.

A sophisticated energy model, low-impact concepts for the use of materials in construction and water consumption in operation, sustainable location factors and interior qualities that satisfy strict ecological and social criteria are the key components behind the highest LEED rating "Platinum". "NuOffice" is an innovative project development that creates an atmosphere of well-being through wood effect façade strips, green roof areas and particularly noise-dampening materials. In addition, the property's tenants benefit from a day care facility for children in the building with flexible support options and a fitness and health club. The office property is conveniently located in the north of Munich in Parkstadt Schwabing and can be easily reached by bus and express tram. Munich Airport is around 20 minutes away by car.

#### "EUREF Campus 12-13"

In November 2012 we acquired a new office building on EUREF Campus in Berlin-Schöneberg – another state-of-the-art property designed for sustainability and energy efficiency. The property is part of the EUREF Campus office and science site – a district unique in Europe that combines ecologically and economically sustainable ideas. The "EUREF Campus 12-13" building will be one of the first in Berlin to receive at least the internationally recognised LEED gold certification as it has a particularly energy efficient design and the very latest in fully automated building technology. The use of solar and wind power, biogas and a micro smart grid on EUREF campus are expected to allow a virtually CO<sub>2</sub>-neutral operational energy supply and low consumption costs. Other non-central, CO<sub>2</sub>-neutral energy sources, such as geothermics, are under preparation. With the Berlin-Südkreuz station just 500 metres away, the campus has a fast connection to the capital's new "Willy Brandt" airport, to Berlin-Schönefeld, the city centre and the ICE network.





**INNOVATIVE AND  
EXEMPLARY NEW OFFICE  
BUILDING**

**EUREF CAMPUS 12-13**

More information: [www.euref.de](http://www.euref.de)

# IMPORTANT TERMS AND ABBREVIATIONS

**AFFO**

Adjusted funds from operations (see also FFO)

**CAPEX**

Capital expenditure

**Cash flow**

Net total of the inflows and outflows of cash in a period

**Compliance**

Implies compliance with laws and regulations in companies in addition to voluntary codes. The entirety of the principles and measures employed by a company in compliance with certain regulations and therefore to avoid violations in a company is referred to as the compliance management system.

**District heating**

Describes a form of heat supply to provide buildings with heating and warm water on the basis of insulated systems of pipes.

**EBIT**

Earnings before interest and taxes (income taxes only)

**EBITDA**

Earnings before interest, taxes (income taxes only), depreciation and amortisation

**EEWärmeG**

Law to promote the use of renewable energies for heating (Act on the Promotion of Renewable Energies in the Heat Sector)

**EPRA**

European Public Real Estate Association – European association of listed property companies. It also represents financial analysts, investors, auditors and consultants in addition to companies.

**FFO/AFFO**

Funds from operations: Performance indicator for operating business and also a key control parameter of the company. FFO is used within the framework of value-orientated corporate management to show the funds generated, which are available to shareholders for investments, repayments and dividend distributions in particular. Adjusted for maintenance and modernisation expenditure not recognised as an expense in the financial year, this figure is known as AFFO.

**Gif**

Gesellschaft für immobilienwirtschaftliche Forschung e.V. (gif – Society of Property Researchers, Germany): gif promotes research and teaching in the property industry. It creates bridges between science and the economy, establishes standards to increase market transparency and advances the professionalisation of the industry.

**Government Commission on the German Corporate Governance Code**

The Government Commission set up by the German Minister of Justice in September 2001 passed the German Corporate Governance Code on 26 February 2002.

## **GRI**

The Global Reporting Initiative develops internationally recognised guidelines for sustainability reporting by incorporating a variety of stakeholders and is constantly adjusting these. The GRI is a partner to the United Nations Environment Programme (UNEP). The GRI Secretariat is based in Amsterdam.

## **Initiative Corporate Governance der deutschen Immobilienwirtschaft e.V.**

The Initiative's aim is to devise and establish principles of transparent and professional corporate governance in the property industry.

## **Institut der deutschen Wirtschaft e. V. (Cologne Institute for Economic Research)**

The Cologne Institute for Economic Research (IW) is supported by associations and private industry. On a scientific basis, it prepares analyses and statements on all issues of economic and social policy, the education and training system and social development. In addition to its own programme of work, it also performs research on behalf of third parties. Its employees are contacts from the worlds of politics, media, administration and other institutions.

## **Key performance indicators (KPIs)**

Special performance indicators or figures with which, for example, a company's performance in the field of sustainability is measured. This makes it more transparent and comparable.

## **LEED**

Leadership in Energy and Environmental Design – a standard developed in the United States of America for the development and planning of highly ecological buildings.

## **Like-for-like approach**

Comparison of same database for two or more years

## **LTV**

Loan-to-value: Represents the financial liabilities of the company as a proportion of the fair value of its investment property portfolio, taking into account cash and cash equivalents

## **NAV**

The net asset value reflects the economic equity of the company. It is determined by the fair values of the company's assets – essentially the value of properties – net of the borrowed capital.

## **REIT**

Abbreviated form for real estate investment trust. Listed company that invests solely in property. Facilitates indirect investment in properties for investors through the purchase of shares. The majority of profits are distributed. Taxation occurs at investor level only (tax transparency).

## **REIT equity ratio**

Corresponds to the equity coverage ratio in accordance with section 15 in conjunction with section 12(1) sentence 2 of the German REIT Act, i.e. the ratio of equity (on a fair value basis) to the fair value of immovable assets. The equity on fair value basis is calculated from the total reported equity and hidden reserves. At HAMBORNER, immovable assets consist of the property portfolio of the company and undeveloped land, consisting primarily of agricultural land and forests.

## **ZIA**

The German Property Federation (ZIA) is one of the most important interest groups in the industry. It represents around 175 direct members, including renowned companies from the worlds of property and finance plus 21 associations with a total of 37,000 members.



## Statement GRI Application Level Check

GRI hereby states that **HAMBORNER REIT AG** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 13 September 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 September 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



## GRI LEVEL

REPORT APPLICATION LEVEL		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	<b>PROFILE DISCLOSURES</b> OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	REPORT EXTERNALLY ASSURED	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	REPORT EXTERNALLY ASSURED	Same as requirement for Level B	
	<b>DISCLOSURES ON MANAGEMENT APPROACH</b> OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	<b>PERFORMANCE INDICATORS &amp; SECTOR SUPPLEMENT PERFORMANCE INDICATORS</b> OUTPUT	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\* Sector supplement in final version

\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

\*\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

## G3.1 Content Index – Construction and Real Estate Sector Supplement – GRI Application Level C

Application Level C		Assured by			
<b>STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES</b>					
<b>1. STRATEGY AND ANALYSIS</b>					
Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
1.1	Statement from the most senior decision-maker of the organization.	Fully	page 5		
<b>2. ORGANIZATIONAL PROFILE</b>					
Profile Disclosure	Disclosure	Level of Reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
2.1	Name of the organization.	Fully	page 4		
2.2	Primary brands, products, and/or services.	Fully	page 4		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	page 4		
2.4	Location of organization's headquarters.	Fully	page 38		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	page 4		
2.6	Nature of ownership and legal form.	Fully	page 4		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	page 4		
2.8 COMM	Scale of the reporting organization.	Fully	pages 18, 24		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	page 26		
2.10	Awards received in the reporting period.	Fully	"Silver Award" EPRA Annual Report Survey 2011/2012 2012/2013		
<b>3. REPORT PARAMETERS</b>					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	page 14		
3.2	Date of most recent previous report (if any).	Fully	This is the first report.		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	page 14,19		
3.4	Contact point for questions regarding the report or its contents.	Fully	page 38		
3.5	Process for defining report content.	Fully	pages 12,13		
3.6 COMM	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	No specific limitations on the scope or boundary of the report		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	No specific limitations on the scope or boundary of the report		
3.8 COMM	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	There were no joint ventures, subsidiaries...		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	This is the first report		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	This is the first report		
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	pages 34-37		
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Managing Board and departments (technical services, real estate management, accountancy, human resources & investor relations). The Managing Board is responsible for strategy setting and company development.		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Board and Supervisory Board are different persons.		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	There is a Supervisory Board.		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	page 11		
4.14 COMM	List of stakeholder groups engaged by the organization.	Fully	pages 10,11		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	pages 10,11		

**STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS****ECONOMIC**

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>ECONOMIC PERFORMANCE</b>			
EC1 COMM	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Not	
EC2 COMM	Financial implications and other risks and opportunities for the organization's activities due to climate change and other sustainability issues.	Fully	page 23, Hamborner responds with investments in energetic renovations and energy saving measures.
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	page 25
EC4	Significant financial assistance received from government.	Not	inapplicable
<b>MARKET PRESENCE</b>			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	Salary is according to company agreement and is above local minimum wage.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	page 11
EC7 COMM	Procedures for local hiring and proportion of senior management and all direct employees, contractors and sub-contractors hired from the local community at significant locations of operation.	Partially	partially on page 11
<b>INDIRECT ECONOMIC IMPACTS</b>			
EC8 COMM	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	page 11,26
EC9 COMM	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not	
<b>ENVIRONMENTAL</b>			
<b>MATERIALS</b>			
EN1 COMM	Materials used by weight, value or volume.	Not	inapplicable
EN2 COMM	Percentage of materials used that are recycled and reused input materials.	Not	inapplicable
<b>Energy</b>			
EN3 COMM	Direct energy consumption by primary energy source.	Fully	no direct energy consumption resulting from own generators, etc.
EN4 COMM	Indirect energy consumption by primary source.	Partially	19 – 21, only heat energy by source
CRE1	Building energy intensity.	Partially	page 21, only heat energy
EN5 COMM	Energy saved due to conservation and efficiency improvements.	Fully	page 23
EN6 COMM	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	page 23
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	page 21,23
<b>Water</b>			
EN8 COMM	Total water withdrawal by source.	Fully	page 22, only water provided by the municipalities (tap water) is used, no own wells, no using of rain water
EN9 COMM	Water sources significantly affected by withdrawal of water.	Not	Data cannot be determined at this time.
EN10 COMM	Percentage and total volume of water recycled and reused.	Not	Data cannot be determined at this time.
CRE2	Building water intensity.	Fully	page 22
<b>Biodiversity</b>			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	Data cannot be determined at this time.
EN12 COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not	inapplicable
EN13 COMM	Habitats protected or restored.	Not	inapplicable
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not	inapplicable
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	inapplicable
<b>EMISSIONS, EFFLUENTS AND WASTE</b>			
EN16 COMM	Total direct and indirect greenhouse gas emissions by weight.	Not	Data cannot be determined at this time.
EN17 COMM	Other relevant indirect greenhouse gas emissions by weight.	Not	Data cannot be determined at this time.
CRE3	Greenhouse gas emissions intensity from buildings.	Not	Data cannot be determined at this time.
CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity.	Not	Data cannot be determined at this time.
EN18 COMM	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not	Data cannot be determined at this time.
EN19	Emissions of ozone-depleting substances by weight.	Not	Data cannot be determined at this time.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not	Data cannot be determined at this time.
EN21 COMM	Total water discharge by quality and destination.	Not	Data cannot be determined at this time.
EN22 COMM	Total weight of waste by type and disposal method.	Not	Data cannot be determined at this time.
EN23	Total number and volume of significant spills.	Not	Data cannot be determined at this time.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	inapplicable

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>EMISSIONS, EFFLUENTS AND WASTE</b>			
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	inapplicable
<b>LAND DEGRADATION, CONTAMINATION AND REMEDIATION</b>			
CRE5	Land and other assets remediated and in need of remediation for the existing or intended land use according to applicable legal designations.	Not	inapplicable
<b>PRODUCTS AND SERVICES</b>			
EN26COMM	Initiatives to enhance efficiency and mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	page 23
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	inapplicable
<b>COMPLIANCE</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No fines
<b>TRANSPORT</b>			
EN29COMM	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Not	inapplicable
<b>OVERALL</b>			
EN30	Total environmental protection expenditures and investments by type.	Not	Data cannot be determined at this time.
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>			
<b>EMPLOYMENT</b>			
LA1COMM	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	Total workforce broken down by gender. page 26, 3 new employees (12.5 %), male, age 35-50, North Rhine-Westphalia, employee turnover 4 in total (16.6 %), 2 female, age over 51, North Rhine-Westphalia and 2 male, 1 age over 51, 1 age 35-50, North Rhine-Westphalia
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	
LA3COMM	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not	inapplicable
LA15	Return to work and retention rates after parental leave, by gender.	Not	
<b>LABOR/MANAGEMENT RELATIONS</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Not	inapplicable
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not	inapplicable
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not	inapplicable
LA7COMM	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	page 25
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system.	Not	
LA8COMM	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	page 25
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	page 25
<b>TRAINING AND EDUCATION</b>			
LA10COMM	Average hours of training per year per employee by gender, and by employee category.	Partially	no distinction by gender and employee category
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	page 24
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Not	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
LA13COMM	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	page 24
<b>EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
LA14COMM	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	page 25
<b>SOCIAL: HUMAN RIGHTS</b>			
<b>INVESTMENT AND PROCUREMENT PRACTICES</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Not	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not	
<b>NON-DISCRIMINATION</b>			
HR4COMM	Total number of incidents of discrimination and actions taken.	Fully	no incidents
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Not	

Indicator	Disclosure	Level of Reporting	Location of Disclosure
<b>CHILD LABOR</b>			
HR6COMM	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	page 24, all employees are older than 18 years
<b>PREVENTION OF FORCED AND COMPULSORY LABOR</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not	
<b>SECURITY PRACTICES</b>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not	
<b>INDIGENOUS RIGHTS</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	inapplicable
<b>ASSESSMENT</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not	
<b>REMEDATION</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not	
<b>SOCIAL: SOCIETY</b>			
<b>LOCAL COMMUNITIES</b>			
SO1COMM	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not	inapplicable
SO9COMM	Operations with significant potential or actual negative and positive impacts on local communities.	Not	inapplicable
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	inapplicable
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project.	Not	inapplicable
<b>CORRUPTION</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Partially	page 7, Corporate Governance
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Partially	page 7, Corporate Governance
SO4	Actions taken in response to incidents of corruption.	Partially	page 7, Corporate Governance
<b>PUBLIC POLICY</b>			
SO5COMM	Public policy positions and participation in public policy development and lobbying.	Fully	pages 12-13,26
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	none
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	none
<b>COMPLIANCE</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No fines or non-monetary sanctions
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>			
<b>CUSTOMER HEALTH AND SAFETY</b>			
PR1COMM	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not	
PR2COMM	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not	
<b>PRODUCT AND SERVICE LABELLING</b>			
PR3COMM	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Energy consumption certificate for every property
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	Fully	pages 27-29
PR4COMM	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	No incidents
PR5COMM	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not	Data cannot be determined at this time.
<b>MARKETING COMMUNICATIONS</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Not	inapplicable
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	No incidents
<b>CUSTOMER PRIVACY</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	No incidents
<b>COMPLIANCE</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No fines

## IMPRINT



### **HAMBORNER REIT AG**

Goethestrasse 45  
47166 Duisburg  
Tel.: +49 (0) 203 54405-0  
Fax: +49 (0) 203 54405-49  
info@hamborner.de  
www.hamborner.de

### **Contact for Sustainability & Investor Relations**

Sybille Schlinge  
Tel.: +49 (0) 203 54405-32  
E-mail: s.schlinge@hamborner.de

### **Concept, editing, project management:**

RUECKERCONSULT GmbH  
Wallstrasse 16  
10179 Berlin  
www.rueckerconsult.de

### **Overall design, infographics, realisation:**

WERBEWERK Werbeagentur GmbH  
Hardefuststrasse 9a  
50677 Cologne  
www.werbewerk.de

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