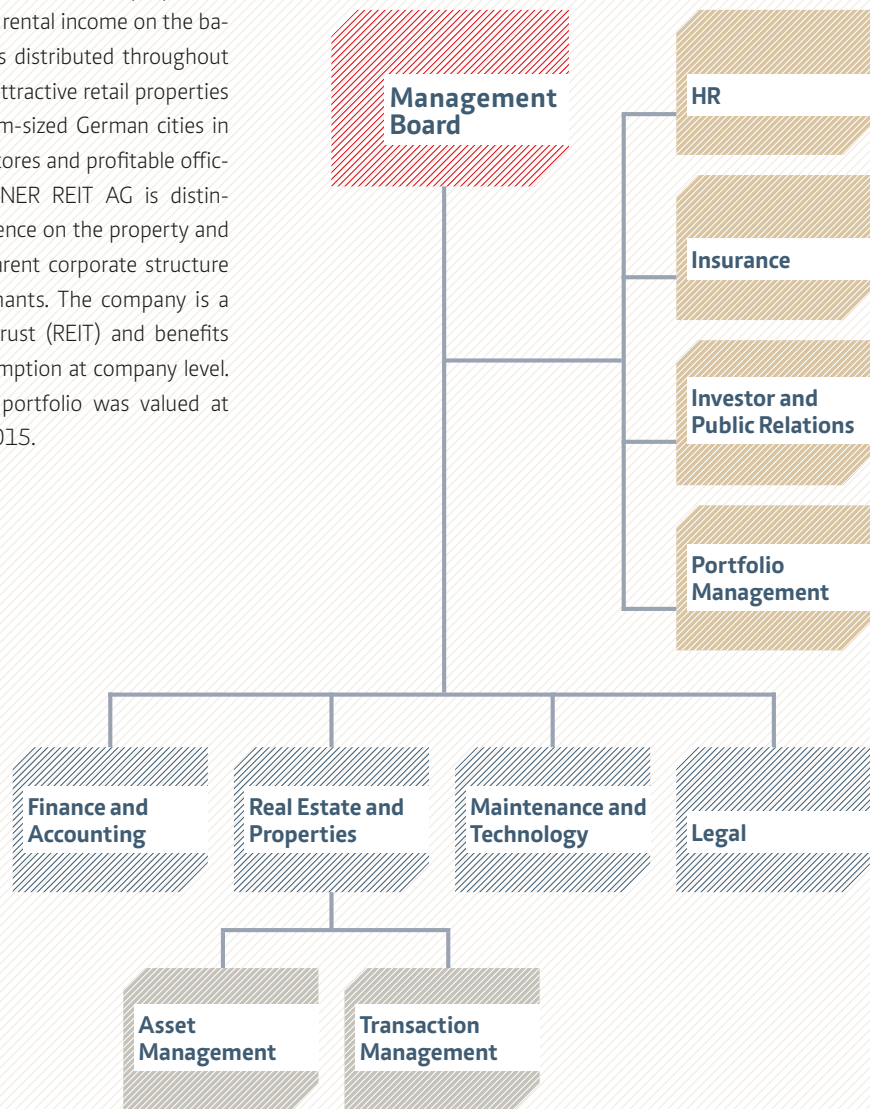


SUSTAINABILITY REPORT
2016

HAMBORNER REIT AG AT A GLANCE

HAMBORNER REIT AG is a listed public 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 specialist stores 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. HAMBORNER REIT AG's property portfolio was valued at €900 million as at 31 December 2015.

HAMBORNER Governance structure



Selection of material indicators for reporting according to G4, core option

Performance indicator		2015	2014	2013
FFO	€ million	29.2	24.6	23.8
Net asset value	€ million	564.7	394.5	375.3
LTV	%	35.0	43.3	43.7
Market value of property portfolio	€ million	900.0	717.5	691.8
Heating energy consumption*	kWh/m ² of usable floor area	57.7	60.5	81.1
Water consumption*	m ³ /m ² of usable area	0.26	0.25	0.23
Employee development, Number of employees as at 31 December not including Management Board		31	29	25

*Based on the respective analysis portfolio for the relevant year

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LETTER FROM THE MANAGEMENT BOARD

Dear Readers,

For the fourth year in a row, we are now supplementing our annual report with a sustainability report. As in the past, we are basing this on the guidelines of the Global Reporting Initiative (GRI). These form a framework for internationally comparable reporting principles for governance geared towards economic, environmental and social sustainability.

For the first time this year, we are reporting according to the fourth generation of the GRI standards, G4, which is replacing previous reporting in line with G3. The conditions most significant to HAMBORNER and its stakeholders are moving more to the fore (materiality): In the description of our strategy we explain our management approach and organisational structure in addition to identifying which aspects and indicators are material to HAMBORNER.

In the sections on stakeholders, we go into our relationships with customers, suppliers, employees, financial markets, politicians, society and the environment – essentially responsible interaction with all of our company's stakeholders. Here we also comment on the value chain and our relationships with suppliers.

The levels A, B and C used in G3 reporting have been dispensed with under the new G4 format. Instead, companies can choose to report according to the "Core" option or the "Comprehensive" option. We have opted for the core version. The progress report sets out specifically what this means.

One thing that has not changed, however, is that the reporting is merely a form of a presentation. What matters more than the reporting itself is the commitment to doing sustainable business and establishing this in our corporate philosophy and strategy. Sustainability is a top priority. As the Management Board of HAMBORNER REIT AG, we are committed to this. For only if the Management Board and executives act responsibly will all the employees of a company do the same. We teach our employees to act accordingly, and provide them with a roadmap in our own compliance policy. We continue to develop our property portfolio in line with economic and environmental considerations. In order to ensure the sustainable and continued existence of the company, we are working every day to improve our economic performance indicators. Together with the Supervisory Board, we follow the recommendations of the German Corporate Governance Code and, for example, have set up tar-

gets for the non-discriminatory employment of women and men in management positions, in the Management Board and in the Supervisory Board. Safeguarding equal opportunities and the training of our employees are things we take for granted in our company. In dealing with our stakeholders, we make sure of fair cooperation, the avoidance of conflicts of interest and, with our suppliers, compliance with laws and regulations, insofar as is possible for us to do so.

We are delighted that we achieved our financial and non-financial goals in 2015 as well:

- HAMBORNER grew as planned in 2015. With the performance of two capital increases and gross issue proceeds of around €143 million, we increased the value of our portfolio to around €900 million by purchasing six high-yielding properties, thereby also increasing the net asset value of our portfolio to around 43%. The net asset value per share climbed by around 5%.
- We grew income from rents and leases by 12% and FFO by 19%.
- We increased our dividend to shareholders by 5% to €0.42 per share, equivalent to a dividend yield of 4.4% based on the year-end share price.
- In March 2015 the Supervisory Board set a gender quota of 30% as a target for the composition of the Management Board and the Supervisory Board. The current Supervisory Board already meets this quota now.
- Comparing the properties analysed, we improved the environmental performance indicators of our buildings. Heating energy consumption decreased from 60.5 kWh/m² to 57.7 kWh/m², electricity consumption fell from 19.8 million kWh to 18.7 million kWh and water consumption remained virtually constant at 0.26 m³/m² (0.25 m³/m² in 2014).
- We further increased our headcount. Since the end of 2012, the number of employees – not including the Management Board – has risen by approximately 30% from 24 to 31.
- In 2015 our employees participated in an average of 5.2 hours of training.



We intend to continuously develop our earnings figures and the value of our property portfolio in the short, medium and long term. Our actions will focus on results-driven growth.

We will take our social, political and demand-induced aspiration of increased energy efficiency in buildings into account in both the qualitative development of our portfolio and in our acquisitions. In the medium to long term, we are striving to further enhance the already significantly improved environmental performance indicators of our buildings. We will consider equal opportunities for both sexes in our future human resources planning.

Our new sustainability report will provide you with information on many other areas in which we have made progress. We wish you an insightful read and thank you for the trust you have shown and the good cooperation over the past year.

HAMBORNER REIT AG
The Management Board

Dr. Rüdiger Mrotzek

Hans Richard Schmitz

THREE PROPERTY CLASSES FOR SUSTAINABLE BUSINESS SUCCESS

BUSINESS MODEL

HAMBORNER REIT AG is a listed public company that now operates exclusively in the property sector and is positioned as a portfolio holder for high-yield commercial properties. HAMBORNER REIT AG's investments essentially concentrate on large-scale retail properties in locations with high footfall, high street properties and high-quality office buildings at established office locations. The company has its headquarters in Duisburg. The company is a registered real estate investment trust (REIT) and benefits from corporation and trade tax exemption at company level.

The corporate strategy of HAMBORNER is geared towards value-adding growth through the yield-driven expansion of its commercial property portfolio in the stated property segments, while at the same time maintaining its regional diversification. Through this objective, the company intends to generate high yields and reduce its portfolio risks with the aim of guaranteeing a consistent and attractive dividend distribution in future. Project development by the company itself is not part of its business strategy. It also does not perform services for third parties. HAMBORNER's strategy is to hold commercial properties throughout Germany. It is not currently planning to acquire assets outside Germany.

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 high street properties are therefore usually in pedestrianised areas. Retailers here benefit from the shopping experience that draws large numbers of people into shopping centres and the spontaneous purchases that go beyond the weekly shop. The mix of types of use in commercial property is a sign of a sustainable corporate strategy. Large-scale retail ensures HAMBORNER a steady cash flow from rental income, thus forming the basis for ongoing dividend distributions. High street properties offer the potential for further value growth. Office properties have greater protection against inflation as their rents are usually fully indexed.

When it comes to large-scale retail properties, we pay close attention to market and location analysis prior to investment decisions to ensure that our tenants have a preferred market positioning. Our specialist stores and retail parks are located at lively and exclusive or hard-to-duplicate locations that have ample parking and that can be easily reached by public transport or by car.

The criteria for our office buildings are a modern, high standard of quality and a location in excellently developed commercial and technology parks, in city centres and attractive peripheral areas.

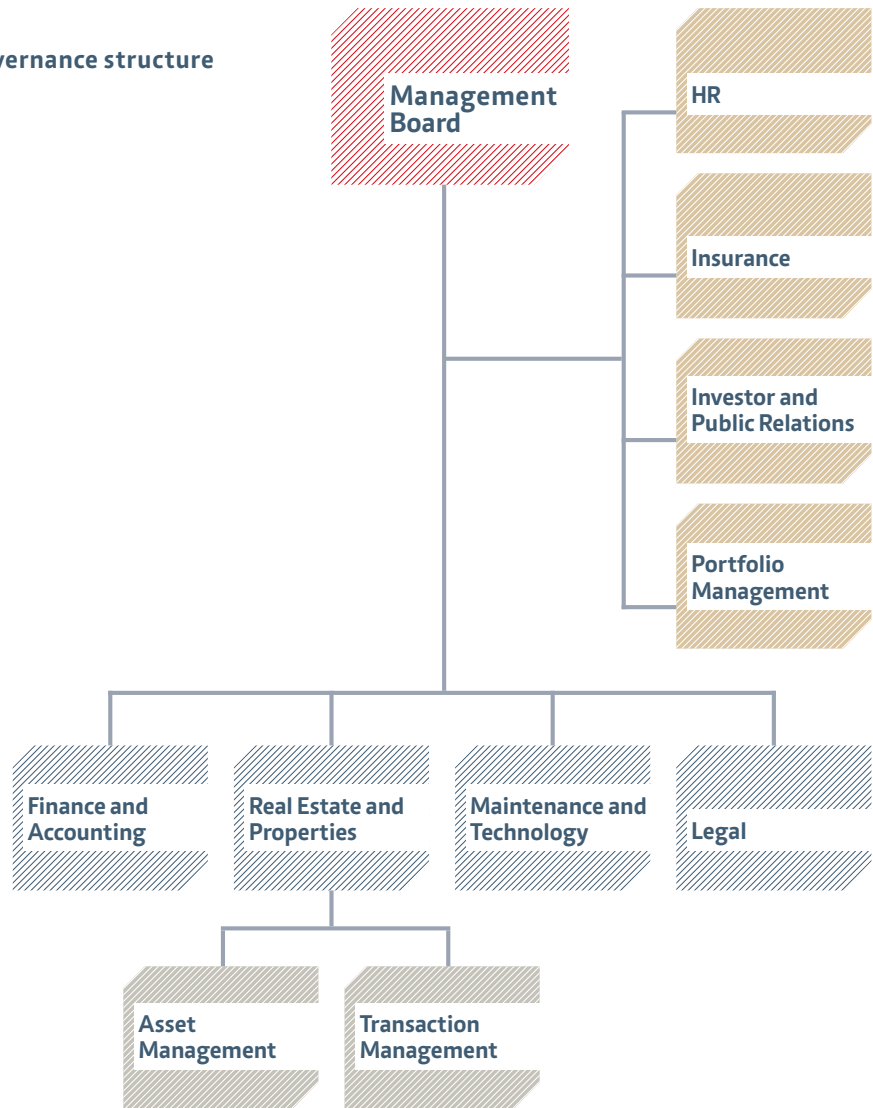


Job centre, Aachen

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 rate and strong purchasing power. 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 large-scale retail property and 100,000 for office buildings. This approach has the advantage that market prices at these locations are subject to less fluctuation and higher returns are usually possible there than in the conurbations.

HAMBORNER Governance structure



MANAGEMENT APPROACH AND ORGANISATIONAL STRUCTURE

HAMBORNER REIT AG is centrally managed from its headquarters in Duisburg. This is where all strategic decisions are made with the perspective of a long-term owner. In particular, these include purchase and sale decisions and decisions on portfolio modernisation and investment. In addition, the achievable target rents for new leases are set and receivables management and the company's refinancing at a company and property level are controlled centrally from the Duisburg location.

Below the level of the two-person Management Board, all decisions relevant to value and earnings are processed and prepared by managers and their employees in the four staff offices and four divisions. Overall, HAMBORNER REIT AG employed 31 people as at 31 December 2015, not including the Management Board. We work with long-term partners in our rental and operational, infrastructural property management activities.

In accordance with the Articles of Association of HAMBORNER REIT AG, decisions by the Management Board are monitored by a nine-member Supervisory Board.

GOVERNANCE AND OVERSIGHT

HAMBORNER REIT AG is managed by a two-member Management Board. Dr Rüdiger Mrotzek has been a member of the Management Board of HAMBORNER REIT AG since 2007 and is the director of the areas Finance/Accounting, Controlling, Taxes, Portfolio Management, Transaction Management, HR, IT/Internet, Risk Management, Controlling and Equity Investments. Hans Richard Schmitz has been a member of the Management Board of HAMBORNER REIT AG since December 2008. He is the director for Asset Management, Technology/Maintenance, Legal, Investor Relations/Public Relations, Corporate Governance, Insurance and Corporate Services.

Details of the assignment of responsibilities are regulated in the Rules of Procedure for the Management Board.

The Management Board is overseen by a nine-member Supervisory Board to which the Management Board reports in regular Supervisory Board meetings and in ongoing talks. The Supervisory Board also approves the implementation of certain transactions stipulated in the company's Articles of Association and its Rules of Procedure. In addition to approving transactions, the Supervisory Board handles the reports of the Management Board on general business development and on financial, investment and personnel planning. The Supervisory Board also monitors the company's compliance with corporate governance and compliance provisions in addition to risk management. Dr. Eckart John von Freyend has been the Chairman of the Supervisory Board since 2007. Furthermore, the Supervisory Board has three committees: the Executive Committee, the Audit Committee and the Nomination Committee. The submitted HGB and IFRS annual financial statements of the company as of 31 December 2015 were issued unqualified audit opinions by the auditor Deloitte & Touche Wirtschaftsprüfungsgesellschaft.

CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of HAMBORNER have issued a declaration of compliance with the German Corporate Governance Code in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act), most recently in December 2015, and published this on the company's website.

https://www.hamborner.de/fileadmin/user_upload/004_investor_relations/corporate_governance/entsprechenserklaerung/dokumente/de/entsprechenserklaerung_dezember_2015.pdf

HAMBORNER is also a member of "Initiative Corporate Governance der deutschen Immobilienwirtschaft".

HAMBORNER REIT AG has likewise presented the key elements of its corporate governance structures in its corporate governance declaration. These include the declaration of compliance of the Management Board and the Supervisory Board, key governance practices that go beyond the legal requirements, the operating procedures of the Management Board and the Supervisory Board and the composition and operating procedures of their committees.

The corporate governance declaration can be found on our website at <https://www.hamborner.de/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung.html>

Furthermore, the auditor obtained a certificate of independence that confirms that, in the 2015 financial year, there were no conflicts of interest as defined by item 5.5.3 of the German Corporate Governance Code.

A detailed description of the structure and function of the Supervisory Board and the Management Board including their duties, activities and remuneration can be found in the corporate governance report, a section of the 2015 annual report (from p. 12 onwards). The annual report can be downloaded from our website at <https://www.hamborner.de/investor-relations/finanzdaten-finanzberichte/finanzberichte.html> The full corporate governance report can also be found on the Internet at

https://www.hamborner.de/fileadmin/user_upload/004_investor_relations/corporate_governance/corporate%20governance%20bericht/dokumente/de/hamborner_reit_ag-corporate_governance_bericht_2015_de.pdf

RISK MANAGEMENT

To reduce risk, we have always tailored our business policy to avoid business areas with particularly high risk potential. In order to restrict risk, we have implemented a risk management system for the timely identification and handling of risks that could be of significance to the economic position of the company. It complies with the legal specifications and is subject to regular review. It is adjusted or added to appropriately in line with changing economic conditions. The early risk detection system is examined by the auditor as part of the audit of the annual financial statements in accordance with section 317(4) HGB. The company's internal risk management system is closely integrated into operational procedures – particularly the planning and controlling processes – and comprises several stages. This is described in more detail in a company policy. These potential risks are divided into external and internal risk areas. In turn, the possible characteristics of the individual risk areas are assessed in terms of their risk impact (e.g. loss of assets, decreased income, higher expenses), their estimated probability, a possible threat to the company as a going concern, possible counterstrategies, leading indicators in place and options for obtaining information. Furthermore, responsibility for all individual characteristics of the risk fields is defined. Quarterly internal risk reporting focuses on selected material risks and those that pose a threat to the company as a going concern. Here we take into account general economic risks, market risks, rental risks, risks arising from the economic and environmental quality of properties, rent default risks, interest rate risks, legal risks and risks of employee turnover.

Reporting, streamlined organisational structures and transparent decision-making channels ensure that the Management Board is directly included in all risk-relevant transactions.

CONTROLLING SYSTEM

The company's controlling system is geared towards achieving its goals. It extends from standardised investment analyses for individual properties to integrated budget and medium-term planning at company level (earnings, assets and cash flow planning). Monthly controlling reports provide a timely indication of any deviations from planning; corresponding variance analyses are used to devise alternative courses of action. Our governance at company level is based on the performance indicators calculated using IFRS figures for funds from operations (FFO) and net asset value (NAV) per share. In particular, key operating value drivers and factors influencing the development of FFO include rental income, the vacancy rate, personnel expenses, maintenance and interest expenses. Improvements in efficiency due to growth are expressed by the operating cost ratio, i.e. the ratio of administrative and personnel expenses to rental income. The like-for-like development in the value of the portfolio significantly influences NAV as a performance indicator.

SAFEGUARDING THE FUTURE WITH SUSTAINABLE GOVERNANCE

CRITERIA FOR THE SUSTAINABLE AND CONTINUED EXISTENCE OF THE COMPANY

A key factor for the economic success of this investment-driven business strategy is a solid financing structure at attractive terms and with balanced loan maturities. Furthermore, the continuous optimisation of operating costs and the ongoing maintenance of our properties are crucial for new leases and long-term tenant loyalty in order to provide enduringly attractive rental terms, consisting of basic rent and rent plus utilities. In the development of the property portfolio through acquisitions of new buildings, the sustainability certification of properties is becoming more and more important as a growing number of companies take existing building certification into account when deciding to rent in a new location. Political and legal requirements for the environmental quality of buildings are also increasingly vital for the future security of our property portfolio. The intended business growth, the continuous improvement in the quality of our property portfolio and generating annual earnings for the dividend and for reinvestment demand the constant qualitative and quantitative development of our employees and their skills. We see this as a key management task for HAMBORNER REIT AG.

MEASURING SUSTAINABILITY

Measuring and comparing performance indicators for sustainability is a top priority at HAMBORNER for effective management. We measure the achievement of our sustainability goals based on selected key performance indicators. The selection of the key aspects, indicators and figures we report on is described in depth in the section on materiality indicators, from page 15/16 of this report. All data relate to the period from 1 January 2015 to 31 December 2015. Measurements are based on

- **for economic reporting:** the IFRS separate financial statements of Hamborner REIT AG for the 2015 financial year
- **for environmental reporting:** the consumption data recorded for 2015
- **for social reporting:** the annual financial statements as at 31 December 2015, contractual employment regulations, memberships, and internal and external policies

SIGNIFICANCE OF SUSTAINABLE GOVERNANCE TO THE BUSINESS MODEL

The business model described above and the strategy presented have a direct influence on our short, medium and long-term action in terms of sustainable governance:

	Short-term	Medium-term	Long-term
Quantitative growth of property portfolio including portfolio adjustment for non-strategic properties	+++	+++	+++
Qualitative growth through acquisition of new building projects with sustainability certification and modernisation of buildings	+	++	+++
Generation of sustainable results for distribution and reinvestment	+++	+++	+++
Solid financial structure	+++	+++	+++
Reduction of energy costs	+++	++	+
Employee growth	+	++	++
Employee training and equal opportunities	+++	+++	+++

+ = significant, ++ = more significant, +++ = very significant

PRINCIPLES OF REPORTING

The fourth sustainability report published by HAMBORNER REIT AG gives our stakeholders an insight into the economic, environmental and social aspects that are essential for us in terms of sustainable governance and which form the basis for ensuring the continued existence of our company in the long term and from generation to generation.

In implementing sustainable governance, HAMBORNER is guided by international and national sustainability standards and the guidelines of the Global Reporting Initiative (GRI), the European Public Real Estate Association (EPRA) and the German Property Federation (ZIA). In addition, the company follows the recommendations of the Government Commission for the German Corporate Governance Code and is a member of Initiative Corporate Governance der deutschen Immobilienwirtschaft.

For the first time, the reporting for the 2015 financial year is based on the new G4 GRI standard, and we are reporting in accordance with the "Core" option. We are focusing on the essential aspects and indicators that are relevant to our business model. In addition, the recommendations of the Sustainability Code of the ZIA have been included in reporting where we find it useful.

The report is based on data and information from the period 1 January 2015 to 31 December 2015 and is entitled "Sustainability Report 2016". It builds on the 2015 Sustainability Report published in September 2015, which reported on the 2014 financial year and transitions from the reporting standard GRI G3 to GRI G4. HAMBORNER reports annually on the progress in implementing its sustainability strategy.

The Investor Relations department is available to answer any questions on the sustainability report.

The information in the report, which is presented under the chosen "in accordance" core option, is summarised in the notes to the report from page 47.

The report is not currently audited by a third party. The economic performance indicators are derived from the audited IFRS annual financial statements of Hamborner REIT AG for the 2015 financial year. Furthermore, all data in the report are based on our own sources and research.

GRI G4 REPORTING STANDARDS WITH INDUSTRY-SPECIFIC ZIA AND EPRA RECOMMENDATIONS



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 G4 Framework, which measures companies' economic, environmental and social performance. It also applies the EPRA Best Practices Recommendations and the Construction and Real Estate Sector Supplement (CRESS), which were specially developed for the property sector, to its sustainability reporting.

This sustainability report was prepared "in accordance" with the core option offered under GRI G4. This means that it covers the aspects and indicators material to sustainable governance. Sustainability reporting "in accordance" with the GRI G4 comprehensive option is inexpedient for HAMBORNER as its management is based on the material and meaningful indicators for the fields of the economy, the environment and society.

CHANGES IN REPORTING UNDER THE GRI G4 STANDARD

The key changes in the reporting according to GRI G4 are the focus on material aspects, the detailed description of the business model, the organisational structure and the management approach. Furthermore, GRI G4 is aimed at reflecting the expectations of a company's stakeholders, at taking into account the value and supply chains with regard to sustainability criteria, describing the measures taken to avoid risks and compliance with ethical principles and integrity.

All of these specifications are covered in this report.

ZIA SUSTAINABILITY CODE – VOLUNTARY COMMITMENT

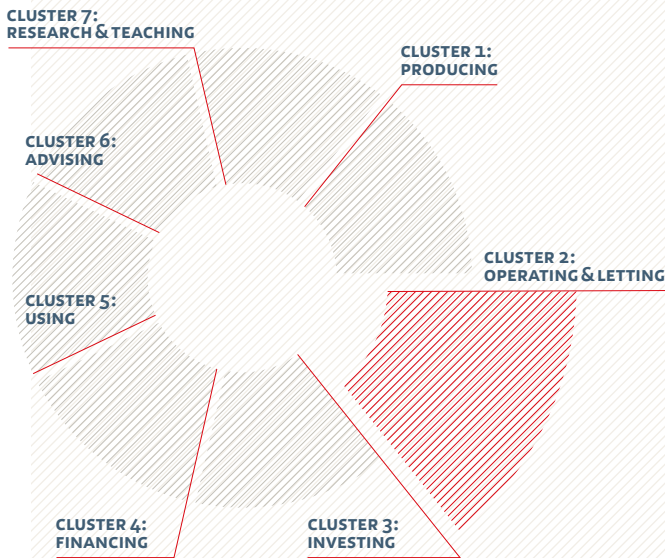
Under the banner of the Voice of German Industry (BDI), the German Property Federation (ZIA), as a unified and comprehensive interest group, has taken on the social, economic and environmental responsibility of the property sector – the sector is today the third-largest branch of industry in Germany. 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 Sustainability Council of 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:

<http://www.zia-deutschland.de/themen/corporate-social-responsibility/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 involve 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 annual reports. In doing so, we concentrate on verifiable facts and operate on the basis of an industry standard that we actively help to disseminate.
9. To allow 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 a sustainable company, we help to propagate adherence to the principles of sustainability inside and outside the property industry.



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 and 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.

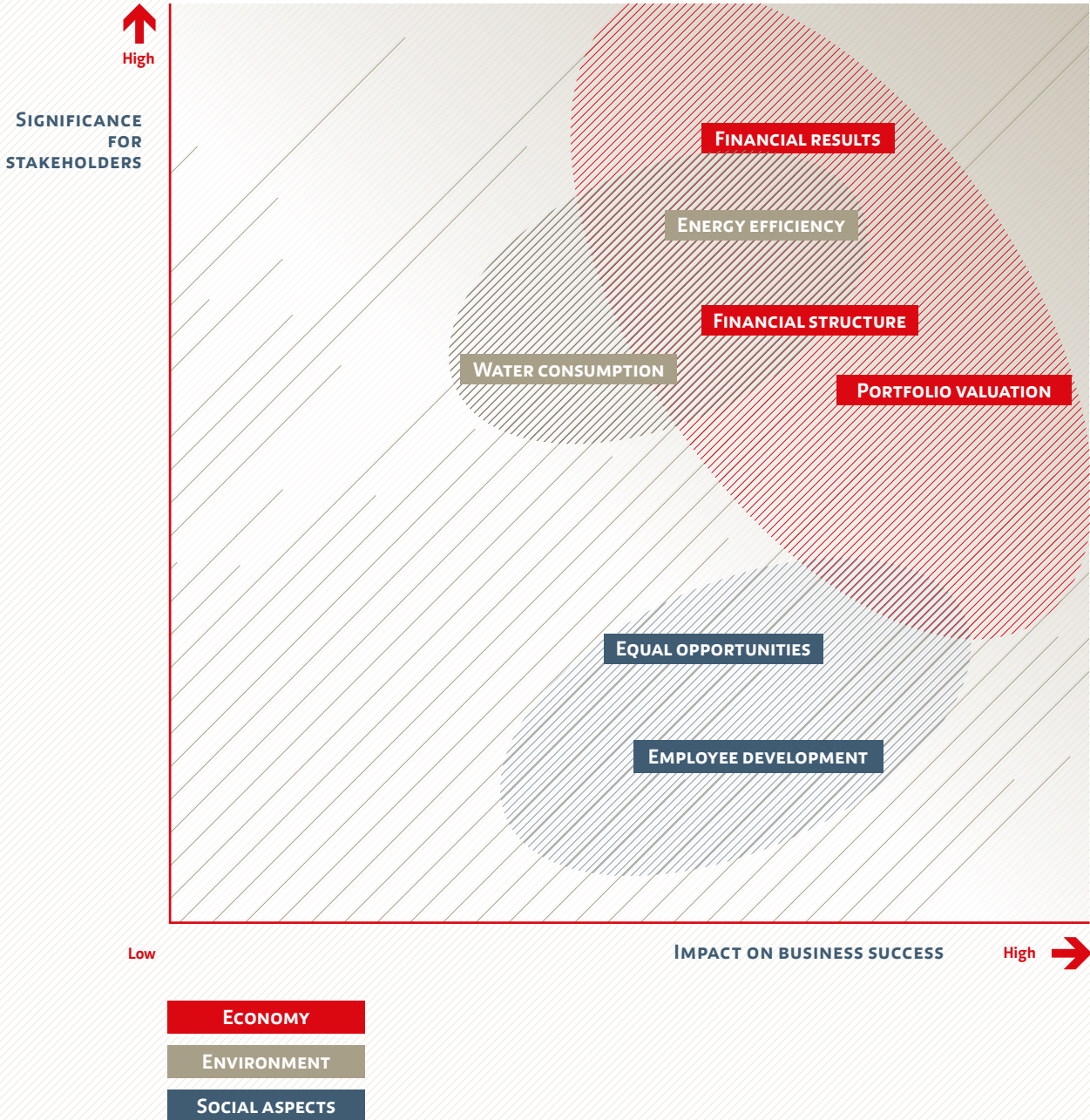
LIKE-FOR-LIKE APPROACH

In our reporting, we have not just published the absolute figures for the 2015 financial year. To ensure comparable reporting with previous years and to document the development of key performance indicators, we have applied a like-for-like approach where appropriate. This approach takes into account only the data for properties that were owned by the company for the whole of the 2015 reporting year and the previous year. Properties bought or sold during the reporting period are not included. The change in performance indicators therefore relates precisely to the same portfolio and changes are not distorted by additions or disposals.

REFERENCE PORTFOLIO FOR ENVIRONMENTAL REPORTING

The consumption data for properties were recorded and analysed by us and, in some cases, provided by the tenants. The reference portfolio for the reporting of environmental performance indicators differs depending on the type of energy. For heating energy consumption, there are data for 58 properties for the 2015 reporting year. At €761 million, the market value of this reference portfolio as determined by a surveyor represents around 85% of the value of the portfolio as a whole as at 31 December 2015 (€900 million). The analysis of electricity consumption in 2015 is also based on 58 properties, though not the same ones as for the heating energy analysis. This portfolio accounts for 88% of the market value of the total portfolio of 69 properties as at 31 December 2015. Water consumption data for 2015 is available for 61 (90% of the value of the total portfolio).

Materiality matrix



MATERIALITY INDICATORS

In addition to the portrayed importance of sustainable governance to the business model, we held talks with a range of internal and external stakeholders in the reporting year. Based on the expectations of our stakeholders and the results of an ongoing analysis of other challenges and risks relevant to us, we have created a materiality matrix. This contains the economic, environmental and social issues that are important for both the success of HAMBORNER and for its stakeholders.

From the materiality matrix, we derived materiality parameters for sustainability reporting in accordance with the GRI G4 standard.

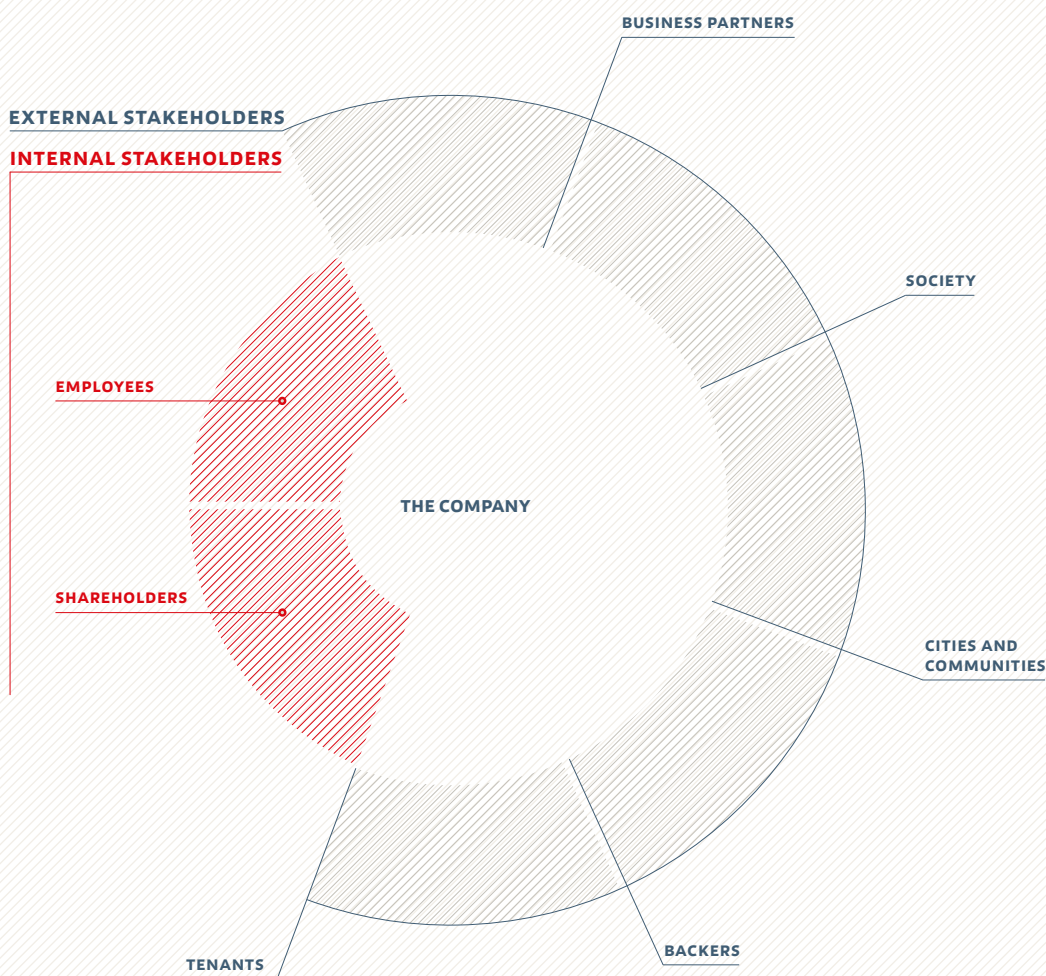
Materiality parameter

Category	Aspects	Materiality aspects	Indicators
Economic	Quantitative growth of property portfolio including portfolio adjustment for non-strategic properties	Increasing market capitalisation and stock liquidity	Development of market value
	Generation of sustainable results for dividend distribution and reinvestment	Increasing of rental income and FFO, reduction of vacancies	Development of FFO
	Increasing net asset value (NAV) of the company	Increasing net asset value through acquisitions of new properties and value performance	Change in net asset value
	Solid, long-term financial structure consisting of equity and debt with balanced remaining terms and loans with standard market interest rates	Stable REIT equity ratio, appropriate loan-to-value ratio	Development of REIT equity ratio and LTV
Environmental	Qualitative growth through acquisition of new building projects with sustainability certification and modernisation of buildings	Reduction of operating costs, contributing to CO ₂ reductions in Germany, holding properties at market conditions in line with environmental aspects	Development of heating consumption
			Development of electricity consumption
Social	Employee growth	Offering additional, secure employment and adjusting the organisation to business growth	Development of water consumption
	Employee training and equal opportunities	Safeguarding the necessary staff competencies and contributing to equal opportunities	Development in number of employees
			Development of training days
			Development of the staff's proportion concerning women

The data and information relevant to sustainability were recorded and analysed by the Accounting and Real Estate & Properties divisions. The information was merged and the sustainability report was created by the Investor and Public Relations department.

RESPONSIBLE INTERACTION DEFINES OUR ACTIONS

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



An economically, environmentally 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 environmental and social objectives ensure the continued existence of the company from an economic perspective.

The composition of our stakeholders arises directly from our activities as a company. Our tenants, business partners and backers, not to mention society in general and the towns and communities in which our properties are located, rightly expect to have their different needs taken into consideration. Above and beyond this, HAMBORNER is at the service of its shareholders and employees, who form the basis for successful governance.

We are in a continuous dialogue with all our stakeholders. We have compiled the expectations learned from this for each stakeholder.

INTERNAL STAKEHOLDERS

Shareholders

Shareholders expect the company to have a transparent and fast information policy, a close dialogue, sustainable earnings growth, continuous increases in value and pronounced management dependability.

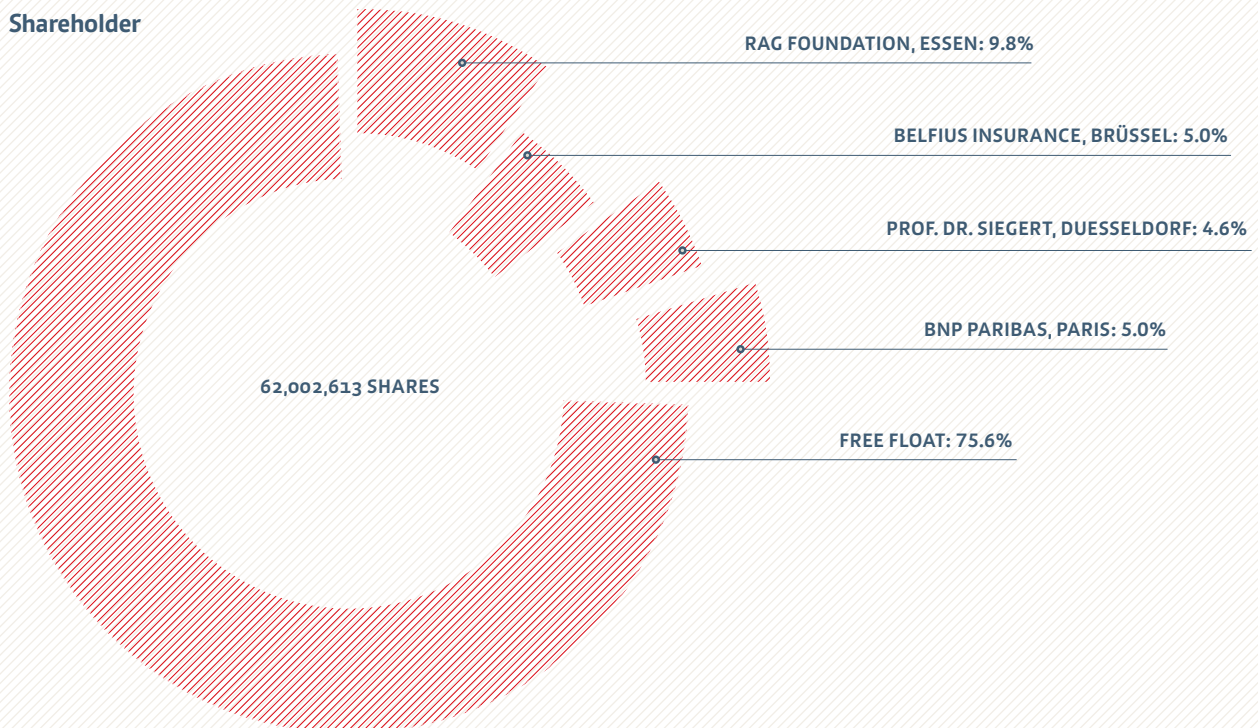
Direct contact with our shareholders is at the core of our investor relations activities. For recommendations and advice concerning governance, our shareholders can contact the investor relations department at any time. The annual and interim reports, press releases and ad hoc disclosures on the latest issues concerning the company ensure the necessary transparency, which is the basis for shareholder confidence. We fulfil our shareholders' earnings expectations with the ongoing distribution of an attractive dividend. For example, the dividend yield for 2015 based on the closing price as at 31 December 2015 was around 4.4%. From 2008 to 2015, we have increased the value of our portfolio from €273 to €900 million and grew our market capitalisation from €131 to €596 million over the same period. Only companies that generate positive returns in the long term can also reliably satisfy their social and environmental duties and obligations over time.

Employees

Employees expect their employer to treat them fairly, offer development opportunities, equal opportunities and good working conditions.

We have steadily increased the number of our employees to 31 as at 31 December 2015. In our new offices in Duisburg we offer them an attractive, motivating and modern working environment. Equal opportunities, advancement through training and taking into account individual requirements – for example by offering flexible working hours – count among HAMBORNER's core values. Diversity is another area of concern and – where possible – we deliberately ensure a balanced ratio of male and female, experienced and younger employees.

Shareholder



EXTERNAL STAKEHOLDERS

Tenants

Tenants expect us to ensure the perfect technical condition of the properties they use, quick decisions in asset and property management within a dialogue and reliable long-term leases.

In 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 quickly devise individual solutions to problems. Our asset and property management is engaged in a continuous dialogue with our tenants. Our average remaining lease term was almost seven years as at 31 December 2015.

Our tenants include a number of companies of good credit standing that operate throughout Germany, such as:



Edeka-Group



Kaufland Group



OBI



real,-



Jobcenter



REWE-Group



C&A



H&M



AREVA



SFC Energy

as at 31 Dec. 2015

The public, society and politics

Companies do not operate in a vacuum. They are part of society and have to face their challenges with responsibility. Companies are expected to fairly abide by social norms, to get involved in the political discussion and to respect rights and the law. Property companies in particular are expected to proactively contribute to the quality of urban life in cooperation with local councils and administrations.

Wherever possible, we engage smaller and medium-sized companies and businesses in the skilled trades from the catchment area of our properties to perform modernisation and maintenance work in order to bolster the local economy. We see our responsibility to the public and public administrations such as cities and communities in the ideal urban integration of our properties into their surroundings. When conducting redevelopment work we therefore strive to maintain and protect historical buildings and façades with the aim of preserving a uniform cityscape and ensuring the attractiveness of inner cities in the long term. For HAMBORNER, social responsibility also means being a member of organisations and interest groups. In the German Property Federation (ZIA), the European Public Real Estate Association (EPRA) and Initiative Corporate Governance der deutschen Immobilienwirtschaft, we lend the property sector greater weight on issues such as sustainability and corporate governance. We also follow the recommendations of the Government Commission for the German Corporate Governance Code.

Business partners and banks

Backers, suppliers and contractors expect clear and fair business relationships, adherence to orders and contracts and the payment of receivables on time.

In terms of financing, we have been working trustingly with major banks, cooperative banks, savings banks and insurance companies for years. We have clear and fair work and service contracts with our suppliers. We also maintain long-term and cooperative business relationships with construction and businesses in the skilled trades in addition to facility management service providers. We consider it a matter of course that we always settle our payment obligations on time.

SUSTAINABILITY IN THE SUPPLY CHAIN

As a property company, we cannot provide all services and activities of our day-to-day operations ourselves, and are dependent on our cooperation with other companies and suppliers. We follow the principle of awarding contracts for goods and services transparently, without discrimination and only after comparing the services of a number of providers.

Where possible and appropriate, we commission SMEs from the regions where our properties are located. The awarding of contracts requires that our suppliers comply with all legal regulations on issues such as occupational health and safety, working hours and the minimum wage. In ensure compliance with the provisions of the German Minimum Wage Act (MiLoG), we regularly and explicitly advise our suppliers of the applicable provisions of section 13 MiLoG. Furthermore, when selecting materials we ensure that our contractors use environmentally friendly products and processes as far as economically and technically feasible.

To preserve business secrets, we conclude confidentiality agreements with consultants and, if so required by legal provisions, add them to the company's list of insiders. This protects our employees and the employees of our business partners alike.

Supplier relationships exist mainly at the following stages of the value chain:

Value chain	Suppliers
Acquisitions	Consultants, project developers, civil engineers, surveyors, estate agents, lawyers, tax consultants
Rental and tenant	Estate agents, architects, engineers, construction companies, businesses in the skilled trades
Building operations	Facility managers, caretaker services, utilities, businesses in the skilled trades
Renovation and modernisation	Architects, engineers, construction companies, businesses in the skilled trades

ETHICS AND INTEGRITY

As a listed company, HAMBORNER is in the special public interest and, as a trustee, manages the equity invested by its shareholders. The company's reputation and the trust of our shareholders, employees, business partners, politicians and the public are the essential basis for sustainable economic, environmental and social success. Both demand the integrity of our management and our employees. Ethics and integrity are therefore at the heart of the work of HAMBORNER's Management Board and employees.

HAMBORNER regularly issues a declaration of compliance with the German Corporate Governance Code and undertakes to comply with Initiative Corporate Governance der Deutschen Immobilienwirtschaft's principles of proper and fair management in the property industry. Furthermore, HAMBORNER REIT AG has written its own compliance policy that applies to all employees. It regulates compliance with all provisions that concern conduct with respect to external stakeholders as well. These include legal and other regulations, contractual obligations and internal commitments, procedures and controls. Compliance comprises all areas and business processes, and applies to all management and employee levels. The policy is intended to protect employees against legal violations and breaches of contractual obligations, help to avoid conflicts between business and private interests and to protect the company against reputational damage and financial losses. The policy is regularly reviewed with regard to any changes in relevant legislation and updated if necessary.

The avoidance of conflicts of interest is regulated in item 4.3 of the German Corporate Governance Code in particular. It states that board members must not pursue personal interests when making decisions. In connection with their work, board members and employees must not demand or accept unlawful advantages from third parties either for themselves or for other persons, and they must not grant unlawful advantages to third parties.

Initiative Corporate Governance der Deutschen Immobilienwirtschaft's principles of proper management in the property industry contain the following regulations to which the Management Board and employees of HAMBORNER are committed:

- "Professionalism, transparency and fairness with regard to shareholders/trustors ("investors"), business partners, tenants, employees and the general public are the indispensable basis of entrepreneurial activity in the real estate sector, which constitutes an important part of the national economy. Compliance with these principles promotes confidence in the property industry."
- "Conflicts of interest between employees, members of the management, supervisory and advisory bodies on the one hand and the property company on the other hand or between the latter and the investors are avoided or disclosed by means of appropriate rules."
- "Companies that work in or for the real estate sector operate their business in the interests of investors or clients and are committed to the objective of increasing enterprise value/property assets."
- "The management has the necessary ability and adequate experience. It ensures the ongoing training of management, junior managers and skilled personnel."
- "Expert supervisory and advisory bodies increase the quality of decision-making in property transactions. These bodies are appointed accordingly, and are provided with anticipatory, clear and comprehensive information by the management."
- "The proper valuation of property assets is carried out by means of recognised valuation methods by qualified, independent experts on the basis of up-to-date and objective market information. The valuation method and its amendment, and the market values of the property portfolios, are suitably explained."
- "Real estate business usually involves a high capital commitment and long-term planning. For this reason, the establishment and continuing development of an internal control system and risk management are essential. The information policy is characterised by the principles of credibility and non-discrimination. Property companies provide information to institutional and private, domestic and foreign investors and other market participants in an objective, clear, comprehensive form and language appropriate to the addressee, and in suitable media."

PROGRESS AND ACHIEVEMENT

In the fourth year of sustainability reporting at HAMBORNER, we are able to report further progress in the gradual implementation of our sustainability strategy:

1. For the 2015 reporting year, we applied the updated recommendations of the Global Reporting Initiative (GRI) for the first time and are publishing our 2016 sustainability report in line with the G4 standard. We are therefore still following international standards in the disclosure of our sustainability information. The focus of reporting under G4 is the principle of "materiality". This means concentrating on aspects that reflect the key economic, environmental and social impact on the organisation and that have a material influence on stakeholders' decisions.
2. This year, we have chosen to report "in accordance" with the core option. At HAMBORNER this has replaced reporting according to G3 Level C, our previous reporting format. Reporting in accordance with G4 (core) means that we integrate information on the material impact on the economic, environmental, social and governance-related issues in the sustainability report. Furthermore, we report on our strategy, the management approach, the organisational structure, stakeholder expectations and our value and supply chain.

3. Information on the general and specific standard disclosures can be found in the following sections:

- **Business model, Management approach and organisational structure, Governance and oversight, Materiality indicators:** Strategy and analysis, organisational profile, governance, management approach, deriving and defining materiality
- **Reporting standards:** Report profile, indicators, industry-related general standard disclosures
- **Section Responsible Cooperation:** Stakeholder engagement, ethics and integrity, sustainability in the supply chain
- **Economic sustainability, environmental sustainability and social sustainability:** Industry-related specific standard disclosures

4. We have defined the following performance indicators as material aspects for HAMBORNER REIT AG:





- **Economic sustainability:** Financial results, financial structure, portfolio valuation, net asset value
- **Environmental sustainability:** Energy efficiency (heating and electricity), water consumption
- **Social sustainability:** Employee development, equal opportunities




In the section on reporting standards we explain the indicators with which we measure these aspects.


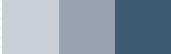




5. We have presented our progress in sustainability reporting in the table below. We initially focused on the materiality indicators and, in addition, have included progress in indicators from the previous year's report.




6. The achievement of our business objectives and an overview of the progress in sustainability reporting were summarised in the letter from the Management Board. This therefore also serves as the declaration by the most senior decision-making body in accordance with G4-I.

A) PROGRESS IN OUR MATERIAL SUSTAINABILITY AREAS




Goals	Measures and successes in 2015	Achievement
Improving financial results and financial structure	FFO, the company's most important control parameter was around €29.2 million or €0.47 per share in 2015, and therefore around 19% higher than FFO for 2014. FFO climbed by 23% as against 2013.	
	NAV, the second key financial performance indicator, was around €565 million or €9.11 per share as at the end of 2015. It was therefore up by 43% as against 2014, after rising by 5.1% in the previous year.	
	LTV, a further key financial performance indicator, was 35.0% in 2015 and therefore significantly lower than in the two preceding years (2014: 43.3%, 2013: 43.7%).	
	Since 1990 we have successively and significantly increased our distributed dividend – starting from €0.15 per share. In the 2015 financial year we raised the dividend by 5% to €0.42 per share – after €0.40 in the years 2012 to 2014. The dividend yield based on the closing price as at 31 December 2015 was 4.4%.	
	In February 2015, the Management Board and the Supervisory Board resolved a capital increase from authorised capital of 10% of the share capital. In doing so, the company found a new, long-term shareholder in the RAG Foundation. In June/July 2015, the Supervisory Board approved another capital increase to serve as a basis for further growth. The gross issue proceeds amounted to €40.9 million in February and €101.7 million in July.	
	Portfolio structure: Optimising the portfolio, maintaining and increasing the quality of properties	As a result of the acquisition of further properties, we increased the value of our portfolio to a total of around €900 million in 2015 after around €717 million in 2014 and €692 million in 2013. Acquisitions amounted to €156.7 million for six properties in the cities Aachen, Berlin, Celle, Fürth, Gießen and Neulsenburg. In line with our portfolio strategy, we sold four smaller properties with high administration requirements for a total disposal price of €8 million in 2015. Sales contracts were signed for four further properties.
	Several of our portfolio properties underwent energy modernisation. This included extensive work at office buildings in Bremen, Ingolstadt, Bad Homburg and Freiburg. Total modernisation and maintenance expenditure in 2015: around €4 million.	

-  Goal achieved
-  Ongoing/progress
-  Begun

Goals	Measures and successes in 2015	Achievement
	When making new investments, we consistently pay attention to economic, environmental and socio-cultural criteria. Among other things, the Aachen Job Centre, which has been in HAMBORNER's portfolio since March 2015, was awarded DGNB gold certification. This involved reviewing 40 sustainability criteria in the areas of the environment, the economy, technology, processes and location. The office property on EUREF Campus in Berlin and NuOffice in Munich received the LEED platinum certificate in 2013/2014. NuOffice in Munich was also presented with the Green Building Award.	
	The vacancy rate of our properties was down again in 2015: It is now 1.9% after 2.5% in 2013 and 2.3% in 2014. As in the previous year, rental losses amount to a marginal share of less than 0.1% of the total rental volume.	
Increasing energy efficiency and reducing water consumption	Based on the close cooperation and constant dialogue with our tenants, the analysis of consumption data for heating, electricity and water consumption for 2015 was expanded further. As a result, there is now data on heating energy consumption for 58 properties for 2015 (2014: 53).	
	Heating energy consumption of the analysis portfolio of 58 properties amounted to 21,216,231 kWh in 2015. Based on the total usable area, average consumption per m ² was down from 60.5 kWh in 2014 to 57.7 kWh in 2015 – a decline of 5%.	
	In the electricity consumption analysis, shared and tenant electricity consumption of 21,443,817 kWh was registered in 2015. This corresponds to CO ₂ emissions of 11,794,100 kg. Applying the like-for-like approach, the electricity consumption of the properties analysed was down by 5.5% from 2014 to 2015.	
	The water consumption of the properties analysed was 79,119 m ³ in the 2015 reporting year. This marks a year-on-year increase of around 5%. By contrast, average water consumption remained virtually constant compared to average consumption in 2014 at 0.26 m ³ /m ² (0.25 m ³ /m ²).	




-  Goal achieved
-  Ongoing/progress
-  Begun

Goals	Measures and successes in 2015	Achievement
Promoting equal opportunities	<p>Our personnel decisions are made independently of gender or age. 35% of positions were held by female employees in 2015. Around 32% of employees are 51 or older and around 16% of the staff is younger than 35.</p> <p>The Supervisory Board consists of nine members, three of them women, and thus meets the target set for the Supervisory Board of 30%. Gender quotas of 20% – to be met by 30 June 2017 – were set for the two management levels below the Management Board.</p>	
Employee development: – Supporting training – Taking into account individual employee requirements	<p>We offer our employees workshops, in-house training sessions and individual support. The time taken for external training participated in by employees averaged 5.2 hours per employee in 2015.</p>	
	<p>Our corporate policy allows employees to balance their work and family lives, e.g. by offering flexible hours or easily providing parental leave.</p> <p>30 employees were full-time in 2015, one was part-time. In 2015 employees' individual needs were discussed at works meetings, in meetings between the Works Council and the Management Board and in individual discussions – such as goal and salary negotiations.</p>	



-  Goal achieved
-  Ongoing/progress
-  Begun




B) FURTHER PROGRESS COMPARED TO INDICATORS FROM THE PREVIOUS YEAR'S REPORT

Our tenants

Goals	Measures and successes in 2015	Achievement
Maintaining/establishing and informing contacts	We constantly report to our investors, analysts and the press on our development and market trends. In addition to presentations and press releases, we took part in roadshows and conferences in Germany, Europe and the US once again in 25 days in 2015. We also presented our business model and strategy to 137 investors in individual meetings (previous year: 90).	
Creating win-win situations	Investment, revitalisation and the conversion of properties pay off for us and our tenants. In 2015, for example, the property in Linzer Strasse, Bremen, was extensively renovated and modernised. At the same time, a long-term lease was concluded with the FOM University of Applied Sciences, with the result that this property is now fully let.	
Using space	In cooperation with our tenants, we regularly respond to their individual requirements. Thus, in 2015, we eliminated the vacancy in one of our properties in Ingolstadt by converting food services space into office space. Conversion and modernisation work created new, attractive rental space in Bad-Homburg that was quickly let.	

Our employees

Goals	Measures and successes in 2015	Achievement
Trainees	We take our social responsibility seriously and since 2014 have been training young people in the profession of real estate agent. One trainee has worked at HAMBORNER since 2014.	
Occupational health and safety	The safety of our employees matters to us. In 2015, there was another site inspection with our safety officer. We also regularly take part in the meeting of the Work Health and Safety Committee and provide our employees with training on this subject. Our employees frequently take part in various safety training sessions and are issued certificates in return. Furthermore, employees were given the opportunity to consult a works doctor and to take an eye test with an optician (for people who work at computer screens) and a hearing test.	

-  Goal achieved
-  Ongoing/progress
-  Begun

Social environment

Goals	Measures and successes in 2015	Achievement
Engaging in national and international organisations	HAMBORNER is a member of Initiative Corporate Governance der deutschen Immobilienwirtschaft, the German Property Federation (ZIA) and the European Public Real Estate Association (EPRA). In addition, we are members of the Society of Property Researchers, Germany (gif) and the Cologne Institute for Economic Research. Alongside the requirements of the Global Reporting Initiative (GRI), the ZIA standards form the basis of our sustainability reporting.	
Working with local suppliers	We practice responsible sourcing and, when possible, hire local small and medium-sized enterprises. We follow the premise of awarding contracts for goods and services transparently, without discrimination and only after comparing the services of a number of providers. At the same time, we value the use of environmentally friendly products and processes.	
Corporate governance	Efficient cooperation between the Management Board and the Supervisory Board, respecting shareholder interests and transparent corporate communications are key for us. HAMBORNER is guided by the requirements of corporate governance and follows the recommendations of the German Corporate Governance Code. In December 2015, the Management Board and the Supervisory Board updated their declaration of compliance with the recommendations of the Government Commission for the German Corporate Governance Code in accordance with section 161 AktG.	

- Goal achieved
- Ongoing/progress
- Begun

SUSTAINABILITY HAS THREE DIMENSIONS

Companies that operate sustainably are characterised by economic, environmental and social future viability. This applies to companies in all sectors of the economy and the property industry in particular. Properties are especially long-lived economic assets and capital goods, in which most of life and work takes place. Their creation is highly resource-intensive, as is their management. Property companies are particularly challenged with bringing harmony to the economic, environmental and social perspectives so that shareholders, tenants, a city and the environment can benefit equally in the long term. In addition to energy efficient buildings and the use of environmentally friendly materials, what count are the locations of the properties, the 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

For property companies, like for all other branches of industry, economically sustainable business is expressed in the usual indicators. However, these depend on the long-term economic success of properties. A crucial factor for a reliable dividend policy and a for-profit, listed property company is the positive development of property values and rents. Furthermore, the financing structure and financing conditions are material factors in economic success, especially for investment-driven and therefore capital-intensive property companies. 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 environmental aspects. Operating costs, for example, are a place where economy and the environment meet: 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 value development of a building is aided by low operating costs. The economic sustainability of HAMBORNER REIT AG is therefore reflected in its financial results, its portfolio valuation, its financial structure and the development of its net asset value.

ENVIRONMENTAL SUSTAINABILITY

When performing maintenance and modernisation work, environmentally sustainable property companies seek to improve a building's energy efficiency and reduce its water consumption. Reduced energy consumption helps the environment by reducing greenhouse gas emissions and, like reducing water consumption, minimises operating costs for tenants. Only property owners that ensure a high efficiency of resources in their properties guarantee the enduring attractiveness of their buildings and thereby their long-term letting at fair prices. Accordingly, figures for the consumption of energy and water play an important part in the assessment of environmental sustainability.

SOCIAL SUSTAINABILITY

Social sustainability indicators relate to the reporting company and its employees. Measures taken to promote health, work/life balance and training result in higher employee satisfaction and lower staff turnover. 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 socially sustainable objectives. At HAMBORNER REIT AG, the indicators employee development, training and equal opportunities are particularly essential. In addition to company indicators, however, social sustainability also comprises the buildings themselves. Rather than figures or descriptions of specific measures, it is certain characteristics of buildings – such as social viability, accessibility and integration in to a city – that classify them as sustainable at building level. 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.

ECONOMIC SUSTAINABILITY



*T-Damm Center, Berlin
Area revitalisation: Historic market hall and modern shopping space*

MATERIAL ASPECTS

The basis for economically sustainable governance is an overview of a variety of economic criteria and performance indicators. A low vacancy rate, appropriate investment in repairs 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. 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 – to our shareholders. Nevertheless, our dividend policy is characterised by the fact that we have not reduced our distributions in the past 20 years and have instead continuously increased them.

In accordance with the G4 standard we have chosen, our sustainability reporting and our activities in the economic area are focused on the ongoing development in the value of our portfolio, a solid financial structure and the optimisation of the company's financial performance indicators.

The 2015 financial year was a successful one for the company in these respects.

PORTFOLIO VALUATION

Taking into account the acquisitions and purchases in 2015, the value of our portfolio increased by 25.7% to around €900 million. We acquired six properties in Aachen, Celle, Gießen, Fürth, Berlin and Neu-Isenburg. In addition, one property was acquired in each of Lübeck and Ditzingen in 2015; these were transferred to our portfolio in the current financial year. Aspects relevant to sustainability were taken into account even more in investment decisions and acquisition processes. For example, the job centre in Aachen acquired in 2015 received DGNB gold certification following the review of 40 sustainability criteria. The recently acquired building in Neu-Isenburg also has high energy efficiency values with its alternative heating and cooling system and its state-of-the-art photovoltaic and solar thermal plant.

Our lasting business success also means regularly reviewing our portfolio for properties no longer consistent with strategy. This

way we identified a total of four properties in 2015 that were no longer a good fit for HAMBORNER on account of their size, location, or management intensity and then sold them. Sales contracts were signed for four further properties last year.

As a basis for further growth, the Management Board and the Supervisory Board resolved a capital increase from authorised capital of 10% of share capital in February 2015. This led to gross issue proceeds of €40.9 million. Furthermore, the company secured a new, long-term shareholder in the RAG Foundation.

The Supervisory Board approved a further capital increase in June/July 2015. 16,681,000 shares were issued at a price of €8.50 each. The gross issue proceeds of €101.7 million are intended for the acquisition of additional properties.

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. We invested €4 million in the modernisation and maintenance of our buildings in the 2015 financial year. During the course of the year, several of our portfolio properties were modernised in line with the latest energy standards to ensure the continued rental potential of the buildings in the long term. Among other things, our property in Offenburg was equipped with a new, highly efficient cooling system.

The successful renovation of the T-Damm Center at the historic site in Berlin was also completed in 2015. HAMBORNER had acquired the property in 2014 and had it revitalised by the seller as the project developer. The space was handed over to the tenants at the end of 2015. The listed building on Tempelhofer Damm was built in the 1920s and was originally used as a tram depot. At the end of the 1990s it was converted into a market hall, though it failed to attract customers as it did not connect to the main traffic axis on Tempelhofer Damm. As part of the extensive renovation of the market hall by the developer, the building's historic fabric was preserved and added to with a modern new section that now connects it with Tempelhofer Damm. In implementing this project both the identity of the location was preserved and modern expectations for retail properties were met.

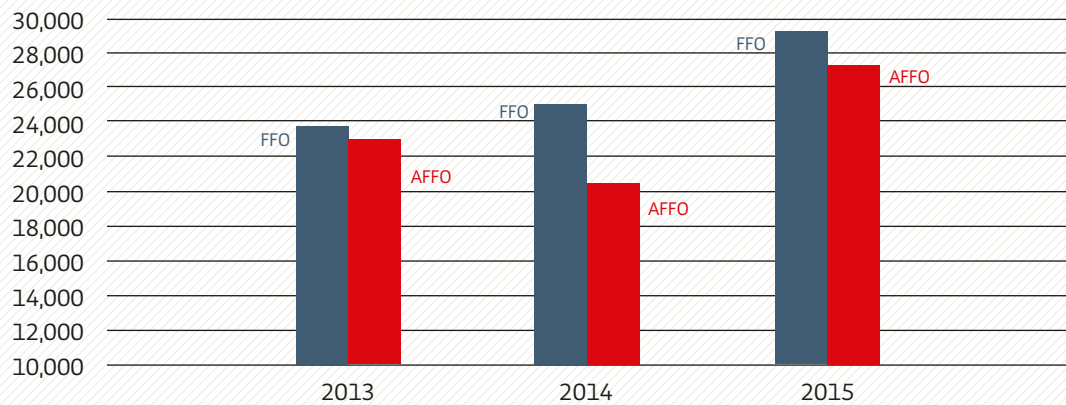
FINANCIAL STRUCTURE AND FINANCIAL RESULTS

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. In addition to the investments in new property projects in the past year, our business figures also reflect our growth in 2015. 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. For the purposes of the G4 standard we have defined funds from operations and net asset value as our material key performance indicators.

Funds from operations (FFO)

FFO is our company's most important control parameter. As an indicator of the sustainable performance of the company, this figure shows how much of the funds generated are 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. FFO in 2015 amounted to around €29.2 million or €0.47 per share and was therefore around 19% higher than the FFO for 2014 (around €24.6 million). FFO climbed by 23% as against 2013. In addition to FFO, we also report adjusted funds from operations (AFFO) by adjusting for maintenance and modernisation expenses capitalised (capex) and not recognised as an expense in the reporting year. This amounted to around €27.8 million in 2015 after around €20.5 million in the previous year and €22.8 million in 2013.

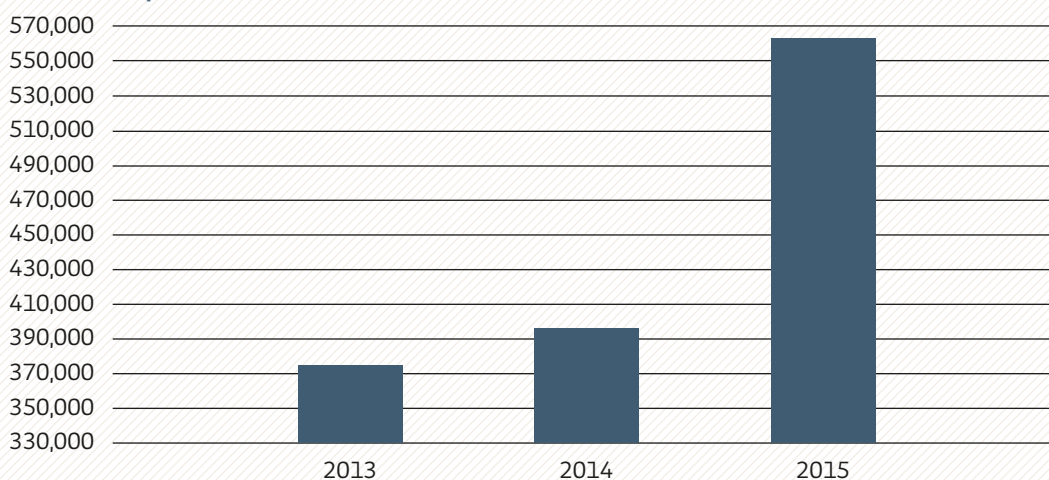
FFO development 2013 – 2015 [FFO/AFFO in € thousand]



Net asset value (NAV)

Net asset value (NAV) is an important economic indicator for value-oriented management and therefore a key performance indicator for us. 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. HAMBORNER's NAV was around €565 million or €9.11 per share as at the end of 2015, and was therefore 43% higher than in the previous year. 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.

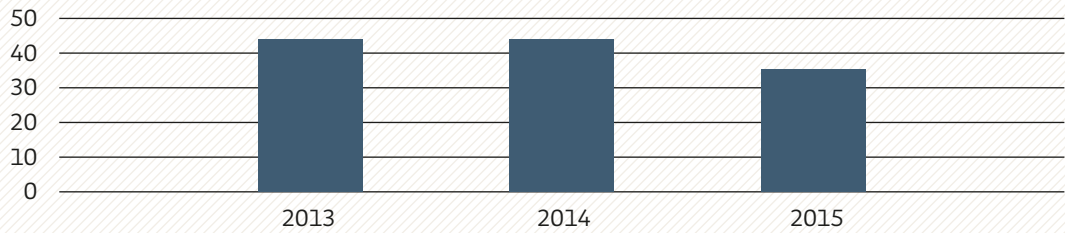
NAV development 2013 – 2015 [NAV in € thousand]



Loan-to-value (LTV)

In addition to these two performance indicators, loan-to-value (LTV) is another key ratio. It describes the 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 acquisition of further properties, HAMBORNER increased the value of its portfolio to a total of around €900 million in 2015 after around €717 million in 2014 and €692 million in 2013. Comparing net financial liabilities, which rose as a result of portfolio growth, to portfolio fair value, the company has a loan-to-value ratio of 35.0% (2014: 43.3%; 2013: 43.7%). 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.

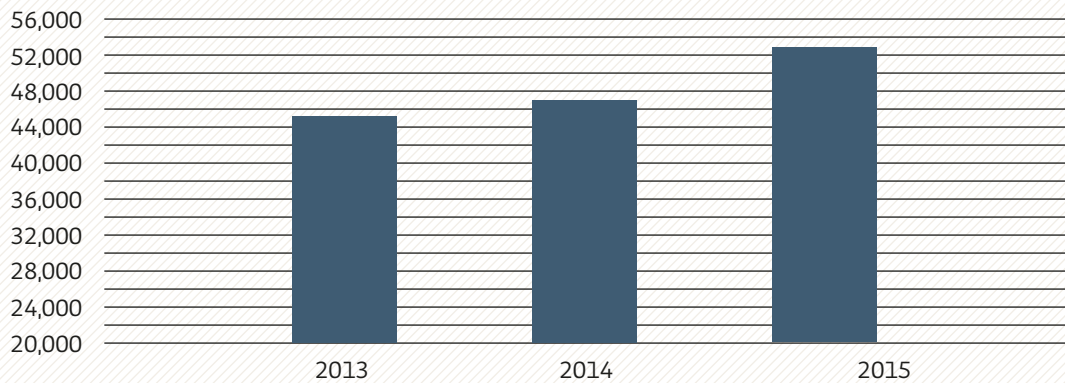
LTV development 2013 – 2015 [LTV in %]



Income from rents and leases, occupancy rate

In addition to the development of our financial structure, income from rents and leases and the occupancy rate play a significant role for us and our stakeholders in assessing the company's situation. HAMBORNER's income from rents and leases amounted to approximately €52.4 million in 2015. This figure therefore rose by €5.6 million compared to 2014 as a result of new investments. On a like-for-like basis – i.e. comparing the properties that were held in the portfolio throughout 2014 and 2015 – net rents amounted to €45.3 million in total, €0.5 million or 1.0% higher year-on-year (previous year: €44,8 million). As expected, uncollectable receivables and individual value adjustments were at a very low level in the reporting year at around €20 thousand (previous year: €15 thousand). The high letting rate of 98.1% including rent guarantees shows that HAMBORNER's tenant loyalty measures and letting activities are progressing successfully. The total vacancy rate of 1.9% in 2015 is below the previous year's level (2.3%).

Steady rise: Development in rent/lease income 2013 – 2015 [income in € thousand]



ECONOMY: SELECTED ECONOMIC PERFORMANCE INDICATORS

		2015	2014	2013
Number of properties managed		69 (at 55 locations)	68 (at 51)	72 (at 55)
Income from rents and leases	€ thou.	52,477	46,823	45,227
Net rental income	€ thou.	47,455	42,858	40,933
Operating result	€ thou.	23,634	19,893	20,416
EBITDA	€ thou.	45,936	48,422	37,149
EBIT	€ thou.	27,068	30,581	20,770
FFO	€ thou.	29,209	24,555	23,786
FFO yield	in %	5.2	6.2	6.3
Net profit for the year	€ thou.	13,775	17,109	8,521
Total assets	€ thou.	786,644	621,303	631,712
Equity	€ thou.	406,074	270,195	271,744
REIT equity ratio	in %	61.5	53.1	52.5
Loan-to-value (LTV)	in %	35.0	43.3	43.7
Market value of property portfolio	€ thou.	899,816	717,490	691,830
Net asset value (NAV)	€ thou.	564,707	394,548	375,337
Acquisitions/disposals	No.	8/8	5/8	4/1
Capex	€ thou.	1,443	4,006	1,029
Total vacancies	in %	1.9	2.3	2.5
Top ten tenants		EDEKA Kaufland OBI real German Federal Employment Agency, job centre Rewe C&A Mode H&M AREVA NP SFC Smart Fuel Cell	EDEKA Kaufland OBI C&A Mode H&M AREVA NP SFC Energy Estée Lauder C. Schneider Elect. Telefonica O2	EDEKA Kaufland OBI AREVA NP SFC Energy SFC Energy Schneider El. Telefonica O2 REWE Kaspersky Labs
Employees (excl. Management Board)	No.	31	29	25

ENVIRONMENTAL SUSTAINABILITY

MATERIAL ASPECTS

As a long-term asset manager, operating our properties efficiently and with low environmental impact is one of the main goals of our business activities. The consumption of energy for heating, electricity and water are highly relevant both in terms of environmental protection and of minimising operating costs. By our understanding of sustainability and within the context of reporting according to the G4 standard, these three consumption indicators are considered essential for an environmentally sustainable governance. We review the energy and water consumption of our buildings at regular intervals and carry out maintenance work to reduce these further. This way we can safeguard the attractiveness and long-term letting of our properties.

ANALYSIS PORTFOLIO

In order to continuously monitor the environmental impact of the use of our buildings, we have analysed the data for energy and water consumption for 2015 as well after 2012, 2013 and 2014. For the 2015 reporting period, the number of properties analysed was increased again compared to the last sustainability report. As a result, there is now data on heating energy consumption in 2015 for 58 properties. Last year it had been just 53 properties. This corresponds to around 86% of the properties in our overall portfolio as at 31 December 2015 (69 properties). Similarly, like in the past sustainability reports from 2013 to 2015, the analysis shows how consumption data have developed. This development cannot be extrapolated to future years for the same property database on account of acquisitions and disposals. We therefore present a current year-on-year comparison for each reporting year.

This analysis is based on the consumption data provided to us by our tenants. Thanks to the close cooperation with tenants, we have consumption data for the majority of the 69 properties for the years 2014 and 2015:

	2013	2014	2015
As at 31 Dec.	72	68	69
Heating energy consumption analysis			
Properties with usable data for the reporting year	42	53	58
Properties with usable data for two years	36	45	47
Electricity consumption analysis			
Properties with usable data for the reporting year	43	55	58
Properties with usable data for two years	34	47	41
Water consumption analysis			
Properties with usable data for the reporting year	43	61	61
Properties with usable data for two years	39	50	51

Our current data collection is not yet complete, particularly with regard to like-for-like comparisons of different years. But in the years ahead we will work on further expanding the analysis portfolio and convincing more tenants in our properties to cooperate on data collection.

HEATING ENERGY CONSUMPTION IN 2015

Heating energy consumption of the total analysis portfolio of 58 properties amounted to 21,216,231 kWh in 2015. The total usable area of the analysis portfolio is 367,626 m², and corresponds to 86% of the area of the overall portfolio. This results in an average consumption per m² of 57.7 kWh. This figure is down by 5% compared to 2014. Average consumption for commercial properties was reduced by 4% and for office properties by 5%.

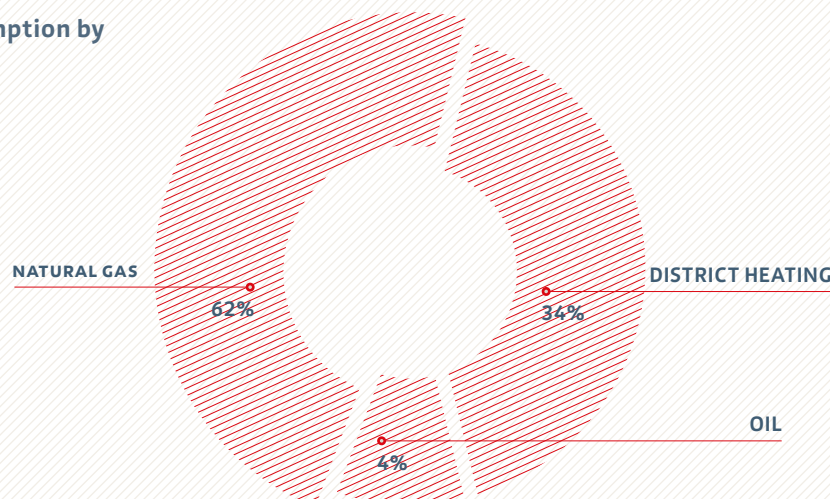
Average consumption in kWh per m ² of usable floor area	Portfolio	Office	Commercial
2015: 58 properties, usable area of around 368,000 m ²	57.7	53.5	59.3
2014: 53 properties, usable area of around 292,000 m ²	60.5	56.4	62.1

Year-on-year comparison of heating energy consumption

We have heating energy consumption data for 47 properties for 2014 and 2015. The 36 retail/commercial and 11 office properties account for around two-thirds of the properties in our portfolio as a whole in 2015. The analysis includes consumption data for 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 62% and 34%. In total, the 47 properties used 17,652,270 kWh for heating in 2015. In the previous year, 2014, this figure was 17,308,548 kWh.

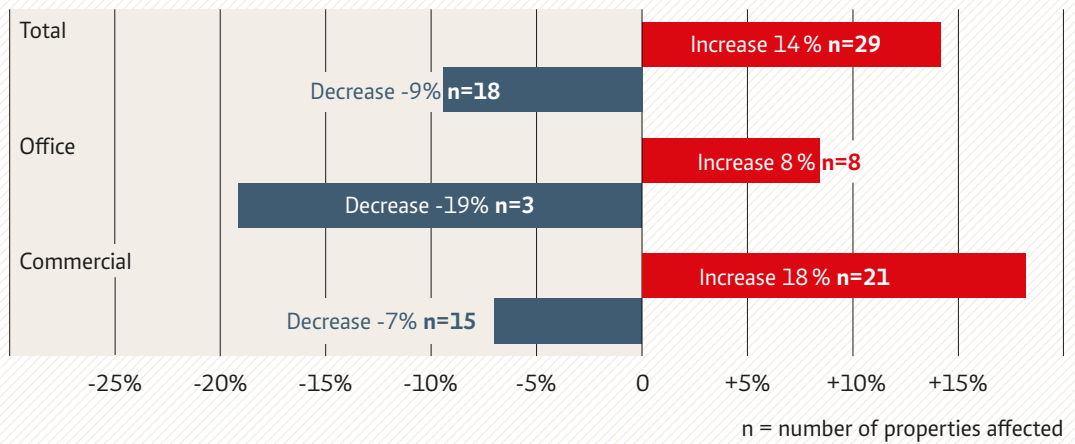
Heating energy consumption by energy source

Energy mix



Consumption of heating energy was up slightly by 2%. This was due to the temperature differences in 2014 and 2015. According to the German Weather Service, the average temperature for 2014 was a record for Germany at 10.3°C. In 2015, it dropped to 9.9°C and resulted in increased heating demand.

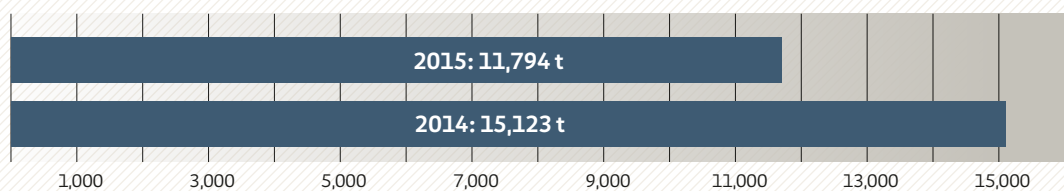
Heating consumption: Average increase/decrease (median)



ELECTRICITY CONSUMPTION 2015

The sub-portfolio for the analysis of electricity consumption in 2015 consists of 58 properties with a total usable floor area of 372,499 m². Shared and tenant electricity consumption of 21,443,817 kWh was registered for this portfolio in 2015. Three properties were added to the sub-portfolio compared to the previous year. It is not appropriate to state an average value for the entire sub-portfolio as general electricity consumption (for common areas) cannot be shown relative to the total usable floor area of the sub-portfolio. There are still only data on shared electricity for too many properties. Converted into CO₂ emissions, the total electricity consumption of the current sub-portfolio of 21,443,817 kWh corresponds to 11,794,100 kg of CO₂ per year. In the last sustainability report, the properties analysed recorded CO₂ emissions of 15,122,710 kg for 2014. Among other things, this results from more comprehensive data per property in 2014. To simplify the conversion of our electricity consumption data, we use the conversion factor published by the German Federal Environment Agency for the Germany electricity mix of 0.55 (value for 2010).

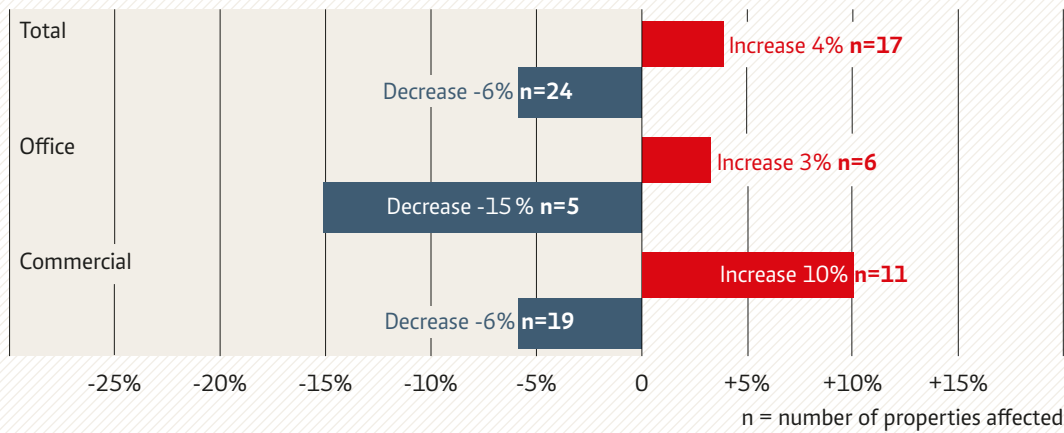
CO₂ emissions in t (metric tonnes) 2014 and 2015



Year-on-year comparison of electricity consumption

Of the 58 properties, there are usable data for 41 for the 2014 and 2015 reporting year. This includes properties for which there are only data on shared electricity and properties for which tenants reported their total electricity consumption. These 41 properties correspond to a share of around 59% by number of all the properties in the portfolio in 2015. Shared and tenant-based electricity consumption amounted to 18,700,244 kWh in total in the 41 buildings in 2015. Applying the like-for-like approach, electricity consumption amounted to 19,781,696 kWh in the previous year. Consumption dropped by 5.5% year-on-year from 2014 to 2015. This was largely due to the decline in consumption in commercial properties of 6.5%. The 11 office properties saw an increase in electricity consumption of 3.1% year-on-year.

Electricity consumption: Average increase/decrease (median)



WATER CONSUMPTION IN 2015

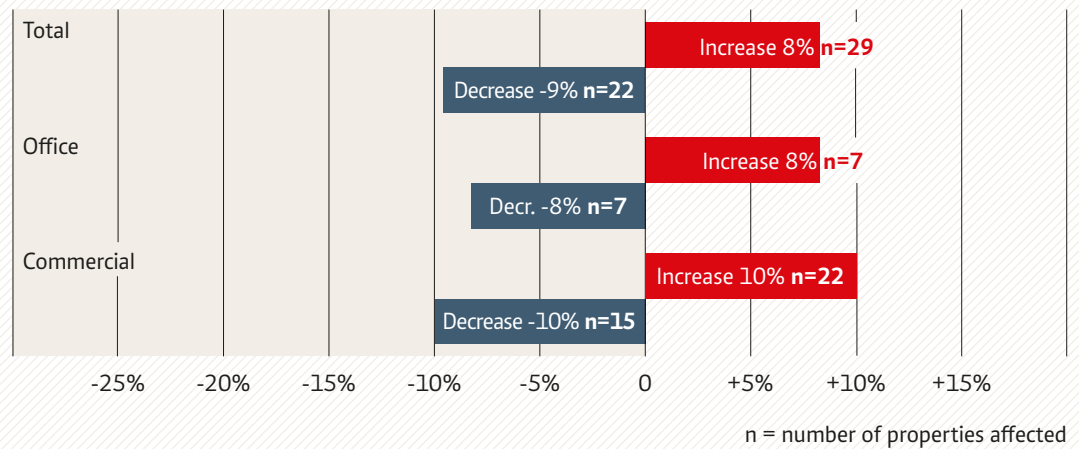
The water consumption by the 61 properties analysed amounted to 98,483 m³ in 2015. Average consumption for the 381,448 m² of total usable floor area in the analysis portfolio (around 90% of the area of the total portfolio) was 0.26 m³/m². Compared to the previous year, water consumption climbed slightly by 2% (2014: 0.25 m³/m²). Average consumption in the commercial properties remained constant at 0.28 m³/m².

Average consumption in m ³ /m ² of usable floor area	Portfolio	Office	Commercial
2015: 61 properties, usable area of around 381,000 m ²	0.26	0.21	0.28
2014: 61 properties, usable area of around 331,000 m ²	0.25	0.20	0.28

Year-on-year comparison of water consumption

Data for 51 out of 69 properties is available for the 2014/2015 comparative analysis of water consumption. This corresponds to around 74% of properties by number and over 68% by total area let. The water consumption of the properties analysed amounted to 79,119 m³ in total in 2015. Water consumption for the same database was 75,153 m³ in 2014. This marks an increase of around 5% as against the previous year. Comparing the consumption data of the 14 office buildings with the 37 commercial properties, the sharp rise in water consumption in office buildings is striking. It was up by roughly 14% year-on-year, while consumption in commercial properties barely changed with an increase of 2%.

Water consumption: Average increase/decrease (median)

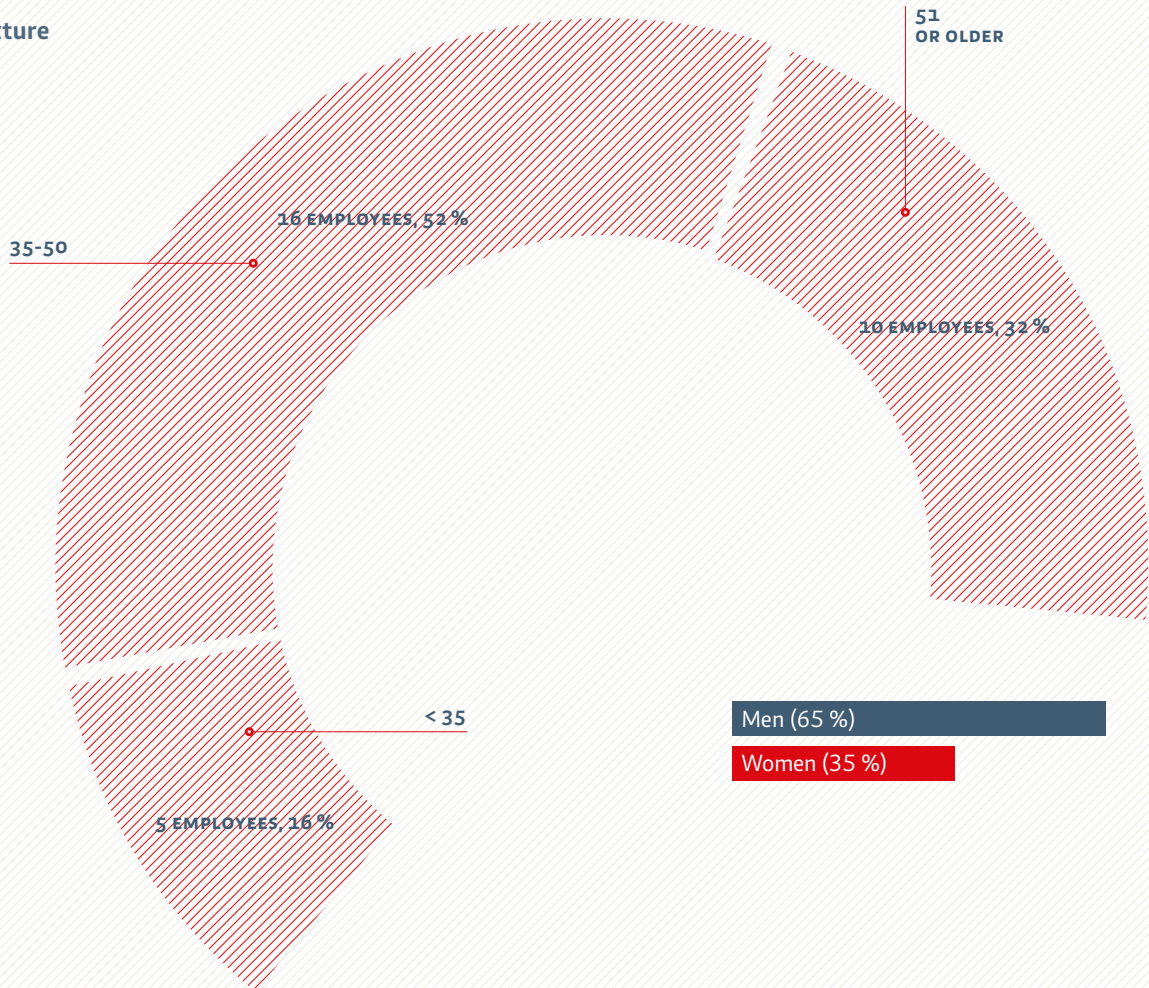


Consumption of resources in 2015 reporting year (compared to 2014, like-for-like)

	2015	2014
Building energy consumption for heating		
Number of buildings analysed	47	45
Total kWh	17,652,270	14,771,448
Electricity		
Number of buildings analysed	41	47
Total kWh	18,700,244	22,185,223
Building water consumption		
Number of buildings analysed	51	50
Total m ³	79,119	69,896

SOCIAL SUSTAINABILITY

Age structure



MATERIAL ASPECTS

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.

In the context of our social responsibility, there are two aspects in particular that we consider to be material, and on which we focus in this report in line with our decision to apply the GRI G4 standard: The first of these is equal opportunities for our employees. Regardless of gender, age, race or religion, only abilities and skills matter to us for our personnel decisions. Secondly, we value the professional development of our employees.

EQUAL OPPORTUNITIES

We are a growth-oriented company that, in addition to the Management Board, had 31 employees in total as at the end of 2015, including one trainee. 30 employees work full-time, one works part-time. The staff breaks down as 35% female and 65% male.

HAMBORNER is striving for the appropriate inclusion of women in appointments to Supervisory Board and management positions. We have already taken the relevance of this issue into account in the past, and in 2015 it was established in law by the German Act to Promote Equal Participation of Women and Men in Management Positions in the Private and Public Sector. At its meeting in March 2015 the Supervisory Board therefore set a target of 30% for the gender quota for the composition of the Management Board and the Supervisory Board. It is hoped that this will be implemented by 30 June 2017. The Supervisory Board currently consists of nine members in total, three of whom are women, and thus it already meets the target defined for the Supervisory Board in full. The Management Board has also addressed the stipulations of the law on the non-discriminatory participation of women and men in management positions and has set a gender quota target of 20% each for the two management levels below the Managing Board, to be implemented by 30 June 2017.

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 or on the basis of age or race.

HAMBORNER's corporate policy creates the preconditions to allow a work/life balance. By offering flexible working hours with half-days, parental leave or reducing weekly hours on a transitional basis as required, we give our staff the chance to combine their professional and family wishes. Furthermore, corporate policy also includes maintaining an equal mix of young and experienced employees. At present, 52% of our employees are in the 35 to 50 age range, 32% of employees are 51 or older and 16% of the workforce is younger than 35.

EMPLOYEE DEVELOPMENT

Above all, a crucial factor for the ongoing success of the company is a dependable, motivated and competent workforce that helps the company to achieve its goals and ensures its future positive development. It is important to us that all employees are supported and trained in line with their individual ideas and their respective professional requirements. In 2015 our employees participated in an average of 5.2 hours of external training.

Employees' individual needs are determined and discussed at works meetings and in meetings between the Works Council and the Management Board. We also take into account their requests in individual discussions such as goal and salary negotiations.

In addition to these two material aspects, the safety and pensions of our employees are important to us. In 2015, there was therefore another site inspection with our safety officer. We also regularly take part in the meeting of the Work Health and Safety Committee and provide our employees with training on this subject. Our employees receive annual training and certification for various work safety issues and have the opportunity to consult a works doctor.

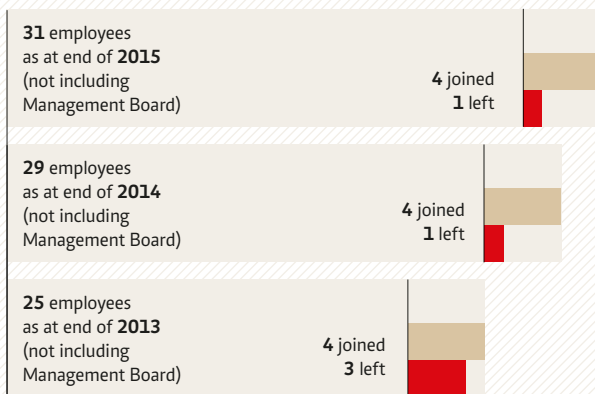
In addition to statutory accident insurance, we have taken out group accident insurance for employees who travel on business. Moreover, we pay savings schemes and anniversary bonuses.

As for pensions, many of our 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. The social benefits granted in 2015 amount to €19,543.13 in total.

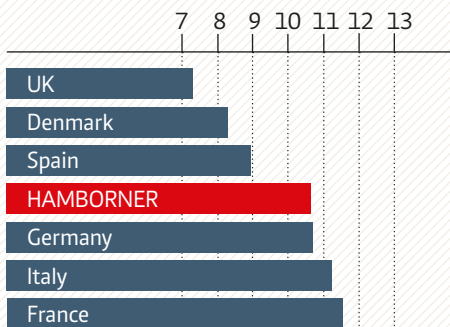
EMPLOYEE TURNOVER

We consider it commendable that employee turnover is at a consistently low level and that employees remain loyal to us for so long. According to the Institute for Employment Research (IAB) as at the time of the last survey in 2010, the average length of time employees spend in a job in Germany is approximately 11 years. 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 10.8 years. By European standards, Germany, and HAMBORNER, are in the middle of the field according to an IAB report covering the UK, Denmark, Spain, Italy and France. The averages in the UK, Denmark and Spain are significantly shorter than in Germany at 7.3, 8.2 and 8.9 years respectively, while in Italy and France they are a little higher at 11.2 and 11.5 years.

New hires / departing employees



Tenure in years



OUR SURROUNDINGS

Our properties are a part of their respective cities and communities, and therefore add to the cityscape. 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

We are 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, we are involved in 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 page 45.



Job centre, Aachen – DGNB gold certificate since 2016

OUTLOOK

SUSTAINABILITY GOALS

Our sustainability strategy is aimed at taking into account the interests of all stakeholders and finding a balance between their many different needs. In our fourth sustainability report we are continuing the documentation of our commitment and can report on the developments and progress affecting the respective stakeholders to varying degrees (see also pages 22 to 27). From this year, our sustainability activities and corresponding reporting focus on the seven aspects from the economic, environmental and social fields that we have defined as material. Our most important concerns are the continuous development of our financial results and structure, the further reduction of water and energy consumption and the development of our employees while taking into account equal opportunities. We intend to continue to focus on them in future and to work on their development. We will regularly report on our progress and the developments still pending. Regardless of these priorities, all of our business decisions will still follow sustainable principles, including those not explicitly highlighted in this report as material.

OUR NON-FINANCIAL PROMISE

The growing importance of non-financial information on social and environmental aspects of business activities is reflected in EU Directive 2014/95/EU of 22 October 2014. According to it, undertakings of a certain size will be required to disclose data on environmental, social and employee concerns, to respect human rights and to fight corruption from 2017. While HAMBORNER does not fall within its scope, non-financial issues are so important to our success that we will also take them into account and regularly provide information on them.



HAMBORNER headquarters, Duisburg – Interior

SUSTAINABLE PORTFOLIO OPTIMISATION

In expanding our portfolios, we pay strict attention to a balanced mix of economic, environmental and sociocultural criteria. This is true of project developments, new construction work and portfolio properties. The acquisitions of the “T-Damm Center” in Berlin-Tempelhof completed in 2015, the job centre in Aachen, which was awarded the “Gold” certificate by the German Sustainable Building Council (DGNB), and the conversion of our headquarters in Duisburg currently underway are three current examples of HAMBORNER’s sustainable outlook.

In recent years we have repeatedly taken advantage of market opportunities as they arise to sell smaller, labour-intensive properties that are no longer a good fit for our portfolio strategy. We leveraged the market environment, which has been particularly good for disposals lately, and sold four properties in 2015. We will continue to systematically implement this strategy of acquisition and sale activities in the coming years as well – in line with the material aspect of portfolio optimisation. We are handling the forthcoming sales in a targeted, yet calm, manner, as we are not controlled by pressure to sell. All the properties are let and therefore, for as long as they are a part of the portfolio, contribute to our rental income and FFO.

Furthermore, maintaining a stable dividend policy is a key factor in our sustainable business strategy. We paid a dividend of 42 cents per share for the 2015 financial year, thereby continuing our dividend-oriented, sustainability-driven business policy. We intend to uphold this strategy.

STEEPED IN TRADITION, MOVING AHEAD: HAMBORNER’S HEADQUARTERS

HAMBORNER will remain true to its name and its headquarters in the Duisburg quarter of Hamborn moving ahead as well. The building at Goethestrasse 45, which has served as the company’s headquarters since the early 1970s, was last year added to with a three-story extension. The HAMBORNER story, which now goes back more than 60 years, will be written here in the years ahead as well. Land already owned by the company was used for the extension. This not only meant lower costs, but it also avoids the unnecessary travel time that would have arisen from having offices at different locations.

The extension was built according to modern energy standards and using high-quality and sustainable materials. The new part of the building was completed and we moved in at the end of 2015. This will now be followed by the renovation and energy refurbishment of the old building in 2016. The reconstruction and expansion of the administrative building will create a total of 24 additional offices and a social area for the company’s employees, paving the way for further sustainable growth by the company. The building’s refurbishment is expected to be completed in late autumn 2016.

GLOSSARY: IMPORTANT TERMS AND ABBREVIATIONS

AFFO

Adjusted funds from operations (see also FFO)

CAPEX

Capital expenditure

Cashflow

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.

Corporate Governance

The entirety of organisational and content measures for the management and monitoring of companies. Legal and factual framework, above all with regard to the company's involvement in its environment and its relations with stakeholders.

CRESS

The Construction and Real Estate Sector Supplement is a supplement to the GRI guidelines specifically for the publication requirements of construction and real estate sector companies.

DGNB

The German Sustainable Building Council develops and promotes methods and solutions for sustainable planning, construction and use. The DGNB creates systems for the certification of sustainable buildings and issues corresponding certificates with the quality levels platinum, gold, silver and bronze.

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
(German Act on the Promotion of Renewable Energies in the Heat Sector)

EPRA

European Public Real Estate Association – European association of listed property companies. Financial analysts, investors, auditors and consultants are also represented here 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 in value-oriented corporate management to show the funds generated that are available for investments, repayments and dividend distributions to shareholders in particular. Adjusted for maintenance and modernisation expenditure not recognised as an expense in the financial year, this figure is known as AFFO.

G4 standard

Standard level in the preparation of sustainability reports according to the guidelines of the GRI – Global Reporting Initiative. The focus of reporting under G4 is the principle of “materiality”. This means concentrating on aspects that reflect the key economic, environmental and social impact on the organisation and that have a material influence on stakeholders’ decisions.

Companies can report according to the “Core” option or the “Comprehensive” option. The “Core” option contains the material elements of a sustainability report. It creates a background for an organisation to provide information on the impact of its economic, environmental, social and governance-related activities. The “Comprehensive” option requires additional standard disclosures on strategy and analysis, governance and the ethics and integrity of the organisation. Moreover, the organisation must report in more detail on its performance by reporting all the indicators related to the aspects identified as material.

gif e. V. (Society of Property Researchers Germany)

Gesellschaft für immobilienwirtschaftliche Forschung e.V. (gif): gif promotes property industry research and teaching. 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

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.

LEED

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

Like-for-like approach

Comparison of same database for two or more years

LTV

Loan to value: Describes 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

Material aspects

Material aspects are those that reflect the key economic, environmental and social impact of the organisation, or that decisively influence stakeholders' assessments and decisions. The identification of an aspect as material requires a qualitative analysis and a quantitative assessment and discussion.

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, primarily agricultural land and forests.

ZIA

The German Property Federation (ZIA) is one of the most important interest groups in the industry. It sees itself as the voice of the property industry and speaks with its members, including 25 associations, for 37,000 companies in the industry.

GRI G4 INDEX – “CORE” OPTION

Required general Standard Disclosures

General Standard Disclosures	"In accordance" – Core
	(This information should be disclosed in all cases)
Strategy and Analysis	G4-1
Organizational Profile	G4-3 bis G4-16
Identified Material Aspects and Boundaries	G4-17 bis G4-23
Stakeholder Engagement	G4-24 bis G4-27
Report Profile	G4-28 bis G4-33
Governance	G4-34
Ethics and Integrity	G4-56
General Standard Disclosures for Sectors	Required, if available for the organization's sector (*)

Required specific Standard Disclosures (DMA and indicators)

Specific Standard Disclosures	"In accordance" – Core
Generic Disclosures on Management Approach	For material Aspects only (*)
Indicators	At least one Indicator related to each identified material Aspect (*)
Branchenbezogene spezifische Standardangaben	Required, if available for the organization's sector and if material (*)

(*) REASONS FOR OMISSION

For Standard Disclosures with (*), reasons for omission may apply in exceptional cases.

In exceptional cases, if it is not possible to disclose certain required information, the report should clearly:

- a) Identify the information that has been omitted.
- b) Explain the reasons why the information has been omitted.

This report was prepared on the basis of the GRI G4 guidelines applying the “Core” option. The following index shows which G4 indicators and material aspects are covered in this report and on which page of this report they can be found. The information described has not been reviewed externally.

Furthermore, the EPRA Best Practice Recommendations and the Sustainability Guidelines of the German Property Federation (ZIA) recommend reporting specific key performance indicators.

The table therefore also shows which of the key performance indicators are recommended by EPRA and which by the ZIA.

GRI GENERAL STANDARD DISCLOSURES					
No.	Indicator	Page	Comments	EPRA	ZIA
Strategy and analysis					
G4-1	Statement from the most senior decision-maker of the organisation	4		✓	✓
Organisational profile					
G4-3	Name of the organisation	2		✓	✓
G4-4	Primary brands, products and services	6		✓	✓
G4-5	Organisation’s headquarters	6		✓	✓
G4-6	Number of countries where the organisation operates	7			✓
G4-7	Nature of ownership and legal form	6		✓	✓
G4-8	Markets served	6f			✓
G4-9	Scale of the organisation	4–6, 33		✓	✓
G4-10	Total number of employees by employment contract and gender	8, 39–41		✓	✓
G4-11	Percentage of total employees covered by collective bargaining agreements		not relevant		
G4-12	Organisation’s supply chain	20			✓
G4-13	Significant changes during the reporting period regarding the organisation’s size, structure, ownership	4, 5, 23, 29, 33		✓	✓
G4-14	Declaration whether the precautionary approach or principle is addressed by the organisation	34			
G4-15	Externally developed economic, environmental and social charters or principles endorsed by the organisation	12, 13, 20, 21			✓
G4-16	Memberships of associations	9, 12, 19, 27, 39			✓
Identified material aspects and boundaries					
G4-17	All entities included in the consolidated financial statements	9	check the pdf-link to the annual report		
G4-18	Explanation of the process for defining the report content	12			
G4-19	All material aspects	15–16			
G4-20	Material aspects within the organisation	18			
G4-21	Material aspects outside the organisation	19			
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	12, 14			
G4-23	Effect of any restatements of information provided in previous reports	23–27			

GRI GENERAL STANDARD DISCLOSURES					
No.	Indicator	Page	Comments	EPRA	ZIA
Stakeholder engagement					
G4-24	List of stakeholder groups engaged by the organisation	17			✓
G4-25	Basis for identification and selection of stakeholders with whom to engage	17			✓
G4-26	Organisation's approach to stakeholder engagement, including frequency of engagement	15, 17			✓
G4-27	Key topics and concerns that have been raised through stakeholder engagement	15, 18, 19			✓
Report profile					
G4-28	Reporting period	12		✓	✓
G4-29	Date of most recent previous report	12			
G4-30	Reporting cycle	12		✓	✓
G4-31	Contact point	12			
G4-32	GRI index	12, 47		✓	✓
G4-33	External assurance of report	12, 48			
Governance					
G4-34	Governance structure	8f			
Ethics and integrity					
G4-56	Organisation's values, principles, standards and norms of behaviour	20f		✓	✓

GRI SPECIFIC STANDARD DISCLOSURES					
No.	Indicator	Page	Comments	EPRA	ZIA
G4-DMA	Disclosures on management approach (DMA)	8			✓
Category: Economic					
G4-EC1	Direct economic value generated and distributed	30–33			✓
Category: Environmental					
G4-EN6	Reduction of energy consumption	34–38		✓	
Category: Social					
G4-LA13	Salary ratio of women to men	40			✓

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