

# Company presentation

March 2022



# Agenda

- 1. HAMBORNER at a glance**
- 2. Portfolio Overview**
- 3. Asset Management**
- 4. Financials**
- 5. Sustainability /ESG**
- 6. Appendix**



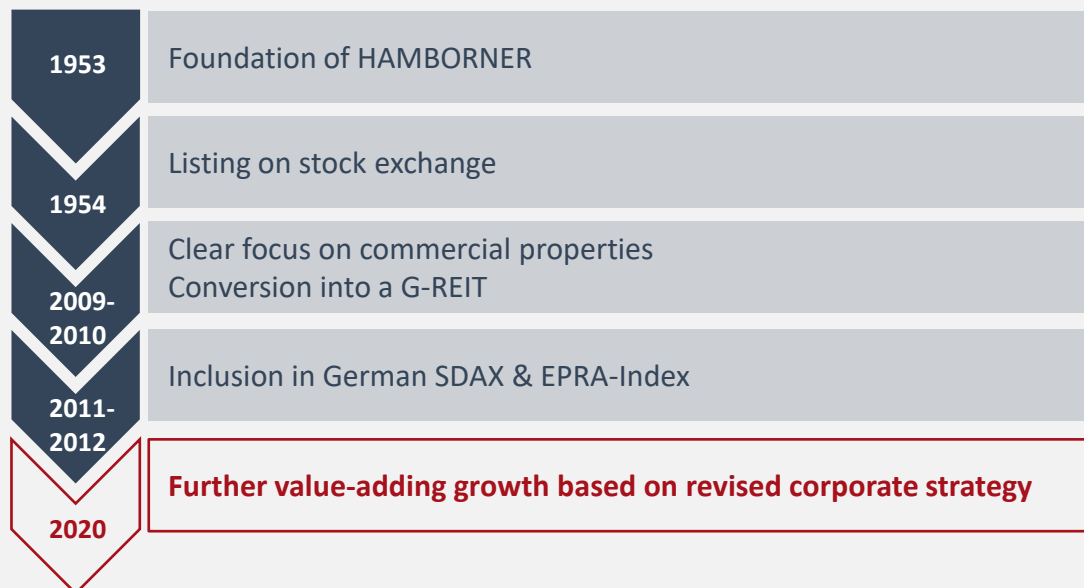
# 1. HAMBORNER at a glance





# Company profile

## History



## Portfolio Data *(as of 31 December 2021)*

Portfolio volume	€1,604m
Number of assets	68
WALT	6.1 years
Occupancy rate (EPRA)	98.0%

## Company profile

- Public commercial property company
- Profitable and diversified German-wide property portfolio
- Two-pillar portfolio structure with focus on food-anchored retail and office properties
- Stable and predictable cash flows
- Lean and efficient corporate structure
- Strong internal asset and property management
- Sustainable and attractive dividend policy

## Key Financials *(as of 31 December 2021)*

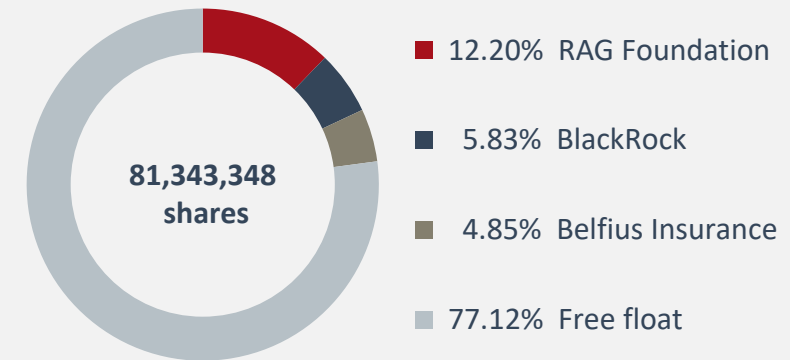
FFO yield 2021	6,5%
NAV per share	€12.11
REIT equity ratio	61.0%
LTV	41.3%



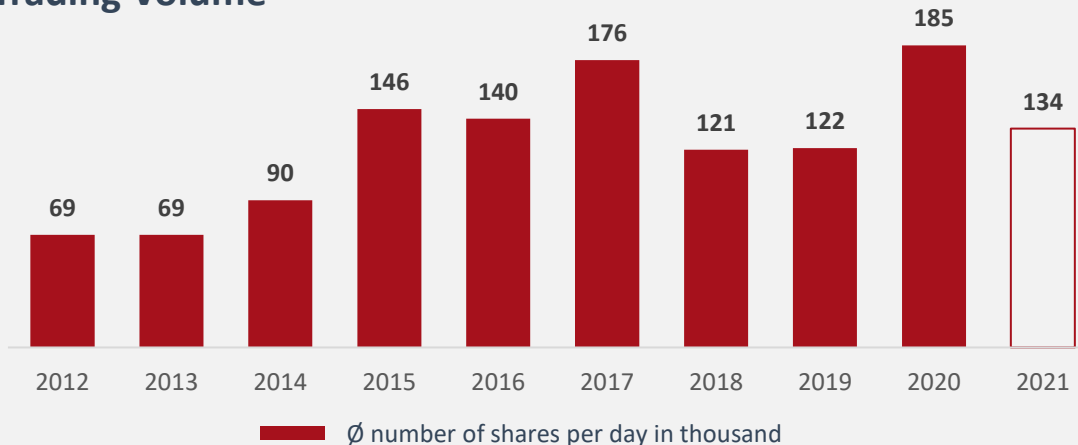
## The HAMBORNER Share

Current share price	€9.70 (as of 15 March 2022)
Market capitalisation	€789m (as of 15 March 2022)
WKN/ISIN	A3H2333 / DE000A3H2333
Ticker symbol	HABA
Class of shares	Registered Share
Exchange segment	Prime Standard
Indices	SDAX, EPRA, RX REIT

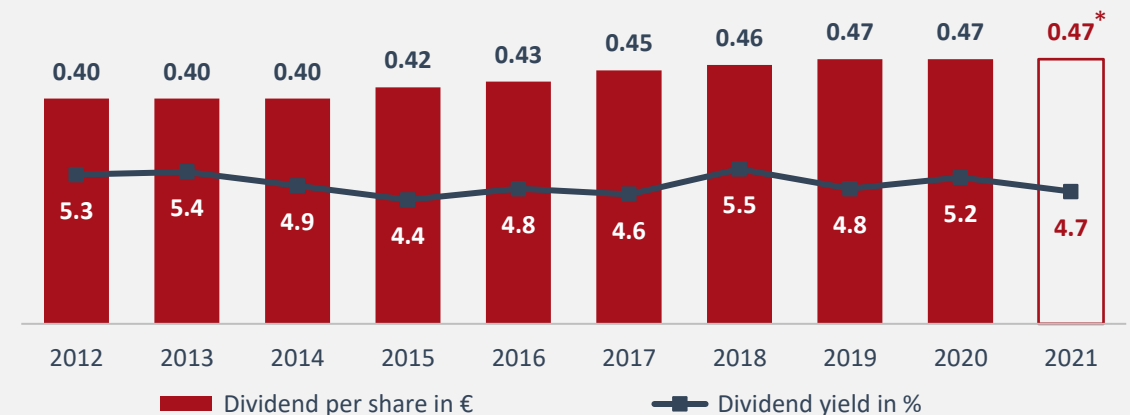
## Shareholder structure



## Trading Volume



## Dividend per Share and Dividend Yield



\* Proposal to AGM 2022



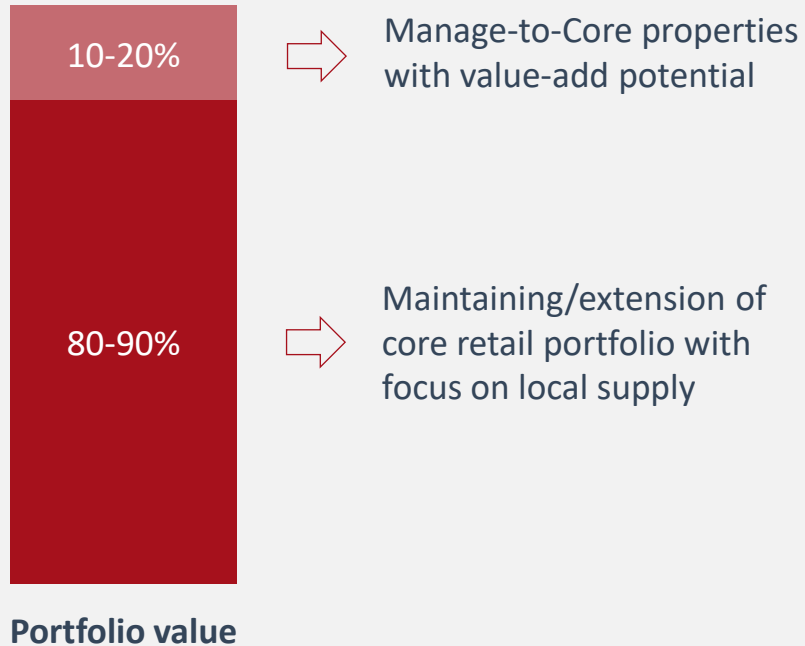
## 2. Portfolio Overview



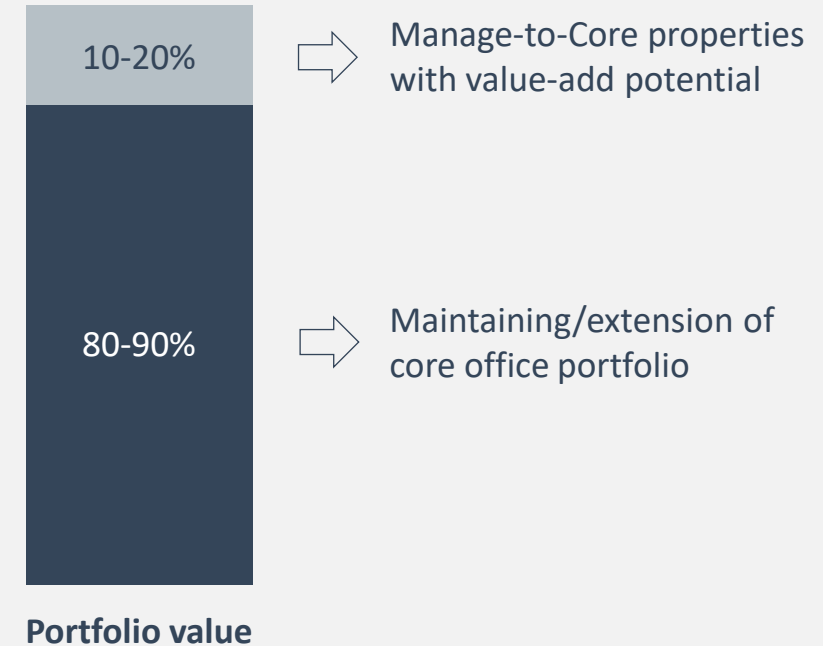
Office property Münster



## Retail Portfolio



## Office Portfolio



- ➡ Two-pillar portfolio structure with focus on food-anchored retail and office assets with Core characteristics
- ➡ Gradual addition of selected Manage-to-Core properties with value-add potential
- ➡ Continuous asset rotation as part of active portfolio management approach



# Portfolio Management Approach

Asset classes	<ul style="list-style-type: none"><li>▪ Retail</li><li>▪ Office</li></ul>
Risk profile	<ul style="list-style-type: none"><li>▪ Core</li><li>▪ Manage-to-Core</li></ul>
Lot size	<ul style="list-style-type: none"><li>▪ &gt; €10m (retail)</li><li>▪ &gt; €20m (office)</li></ul>
	<ul style="list-style-type: none"><li>▪ Focus on core investments</li><li>▪ Addition of selected Manage-to-Core properties with larger asset management need (refurbishment, reletting, repositioning etc.)</li><li>▪ Realization of value potential within existing portfolio (incl. selective development activity)</li><li>▪ If applicable, participation in investment partnerships (co-investments, joint ventures)</li></ul>
Portfolio management approach	<ul style="list-style-type: none"><li>▪ Active portfolio management approach ('buy-hold-sell')</li><li>▪ Constant portfolio streamlining in line with strategic parameters</li><li>▪ Interlocking of performance indicators from capital market and property perspective</li><li>▪ Investments following defined sustainability strategy</li></ul>





## Portfolio Metrics

	Retail	Office	Total Portfolio <sup>(1)</sup>	Portfolio share Manage-to-core <sup>(2)</sup>
Number of properties	40	28	<b>68</b>	3
Fair value	€874.2m	€729.8m	<b>€1,604.0m</b>	€72.9m
Leased area	368,039 m <sup>2</sup>	230,177 m <sup>2</sup>	<b>598,215 m<sup>2</sup></b>	27,198 m <sup>2</sup>
Annualized rent	€46.6m	€35.4m	<b>€82.0m</b>	€4.5m
Annualized rental yield	5.3%	4.9%	<b>5.1%</b>	6.2%
EPRA vacancy rate	2.1%	1.9%	<b>2.0%</b>	13.0%
WALT	6.9 years	5.1 years	<b>6.1 years</b>	3.4 years
Like for like development 31 December 2021 to 31 December 2020 <sup>(3)</sup>				
Rents	-1.8%-points	3.1%-points	<b>0.2%-points</b>	
EPRA vacancy rate	0.8%-points	-0.6%-points	<b>0.3%-points</b>	
WALT	-0.6 years	0.1 years	<b>-0.3 years</b>	

(1) Including sold high-street properties in Lemgo and Siegen with expected transfer of ownership in Q2 2022 / Excluding acquisition of DIY store in Freiburg with transfer of ownership carried out in March 2022

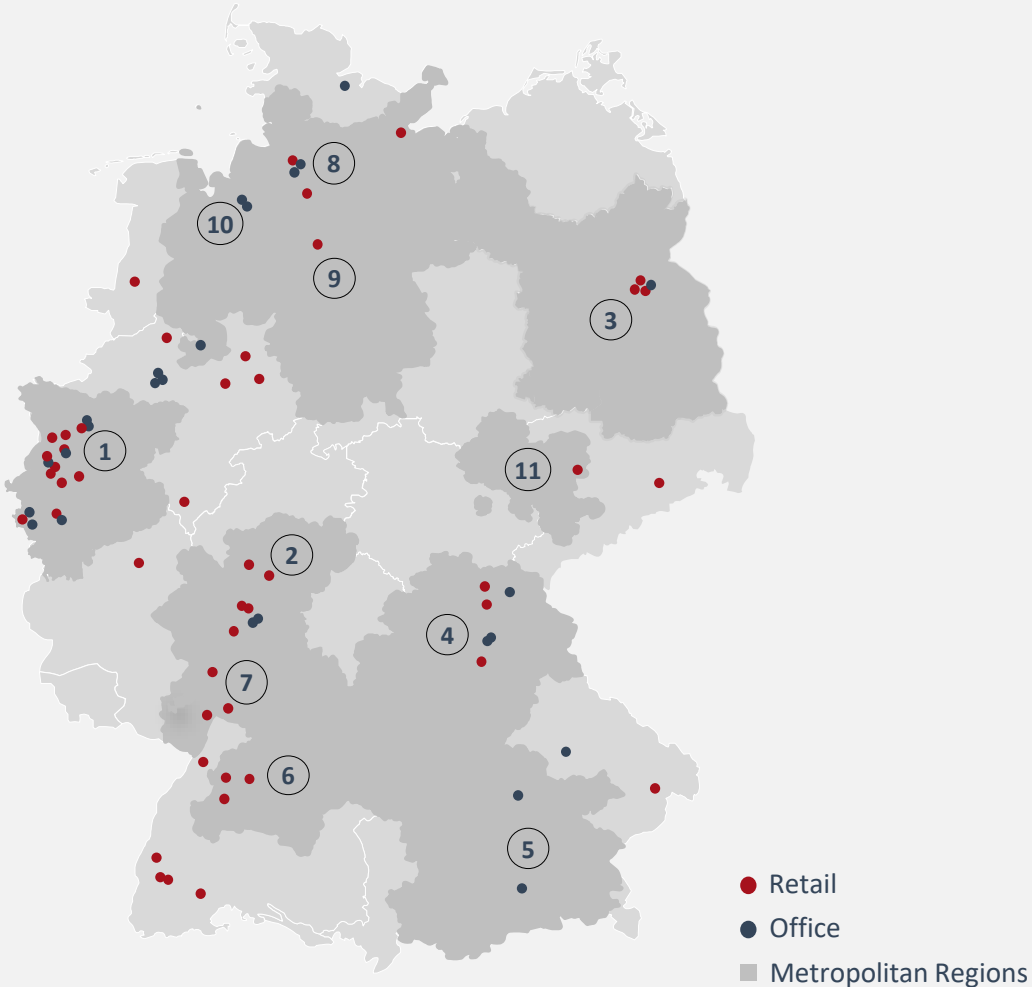
(2) Office properties in Mainz and Stuttgart as well as retail property in Lübeck

(3) Excluding acquisitions and disposals in 2020 and 2021

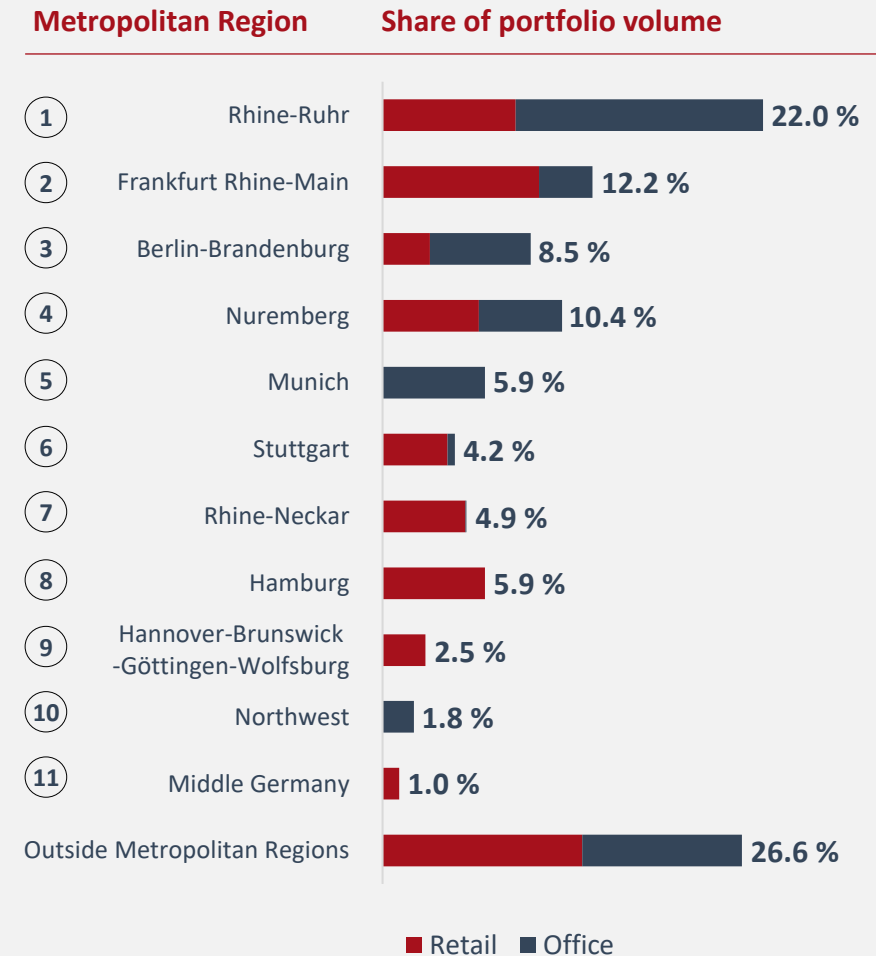


# Geographical Portfolio Structure

## Geographical Focus (Metropolitan Regions in Germany)

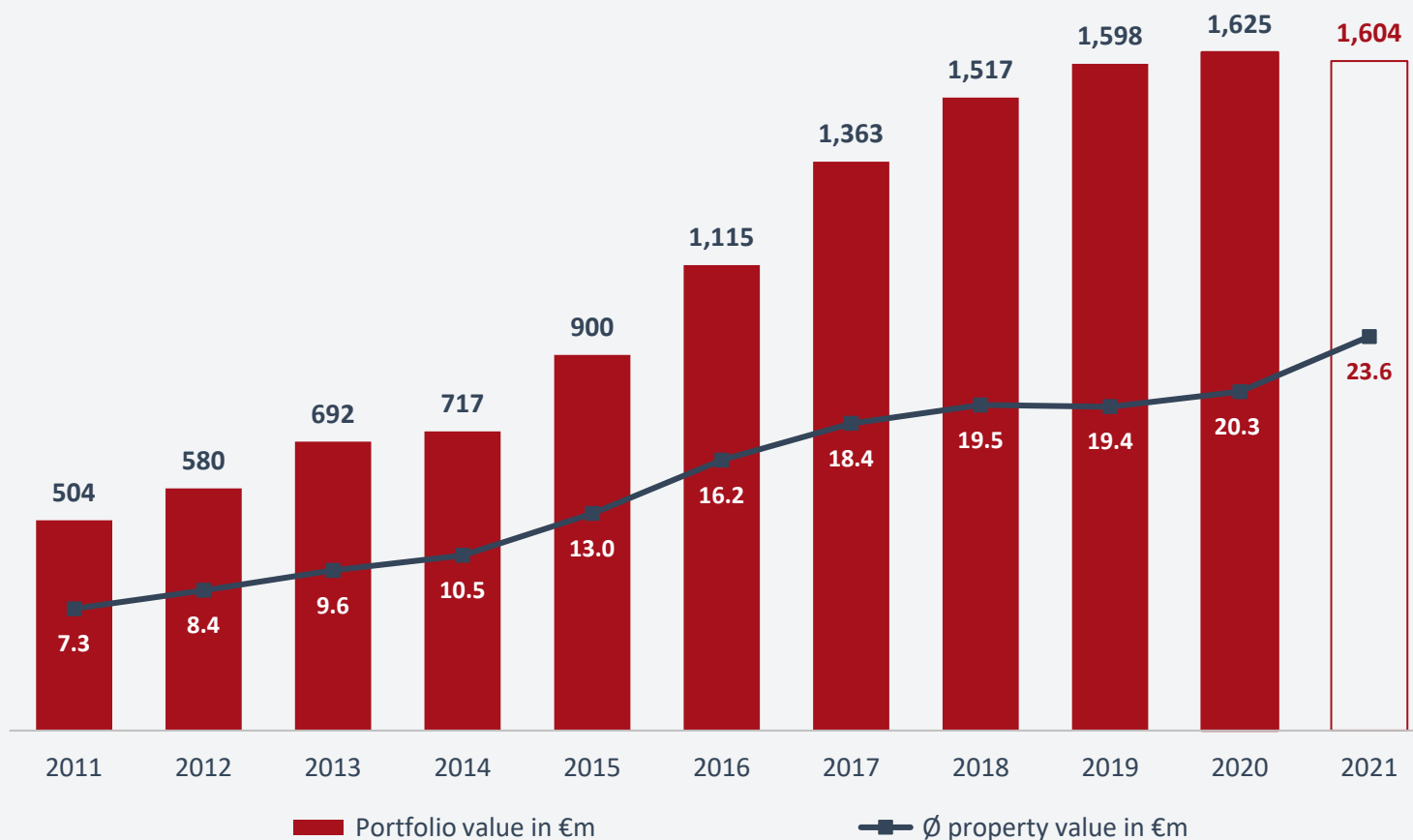


## Portfolio by Metropolitan Regions





## Portfolio value and average property value



## Comments

- Continuous value-adding portfolio growth since conversion into a G-REIT in 2010
- Average annual **growth rate** of **12.3%** over the last ten years
- **Average property value** of **€23.6m** allows cost-effective portfolio and asset management
- **Operating cost ratio** at **9.6%** in 2021
- Further increase of average value due to disposal of numerous smaller non-strategic assets
- Combination of two-pillar portfolio strategy and investment focus on metropolitan regions forms the basis for future value-adding growth



# Investments 2021

## Mainz



## Stuttgart



## Münster



## Freiburg



Asset type	Office (Single-tenant)	Office (Multi-tenant)	Office (Multi-tenant)	Retail (Single-tenant)
Investment approach	Manage-to-Core	Manage-to-Core	Core	Core
Year of construction	1994	1991	2021	2018
Leased area	7,748 m <sup>2</sup>	5,929 m <sup>2</sup>	6,328 m <sup>2</sup>	10,660 m <sup>2</sup>
Remaining lease term	2.2 years <sup>(1)</sup>	2.1 years <sup>(1)</sup>	8.7 years <sup>(1)</sup>	12.0 years <sup>(2)</sup>
Occupancy rate	100%	93%	100% <sup>(3)</sup>	100%
Annual rental income	€1.3m	€0.9m	€1.1m	€1.1m
Purchase price	€18.6m	€18.2m	€23.9m	€18.9m
Gross initial yield	6.6%	4.6%	4.4%	5.6%
Transfer of possession	29 March 2021	3 September 2021	17 December 2021	15 March 2022

(1) As of 31 December 2021

(2) As of date of signing

(3) Including rent guarantees





## Recent acquisition

### Kempten



(1) As of 31 December 2021

### Key Data

Asset type	Retail (DIY)
Investment approach	Core
Year of construction	2011
Leased area	17,400 m <sup>2</sup>
Remaining lease term	10.0 years <sup>(1)</sup>
Occupancy rate	100%
Annual rental income	€1.5m
Purchase price	€29.8m
Gross initial yield	approx. 5.2%
Transfer of possession	Q2 2022e





## Transactions since strategy update in July 2020<sup>(1)</sup>

### Portfolio as of 30 June 2020

Assets	83
Portfolio Volume	€1,631m
Ø value per asset	€19.9m
Ø age of asset	26.6 years

**21**

Disposals

**+3.5%**

Ø premium to fair value

**€194.6m**

Total sales volume

### Portfolio as of 30 March 2022

Assets	68
Portfolio Volume	€1,609.3m
Ø value per asset (+21,1%)	€24.1m
Ø age of asset (-30.8%)	18.4 years

**6**

Acquisitions

**5.4%**

gross initial yield

**€123,2m**

Total acquisition volume

(1) Calculation based on signed and closed transactions and includes revaluation effects



### 3. Asset Management

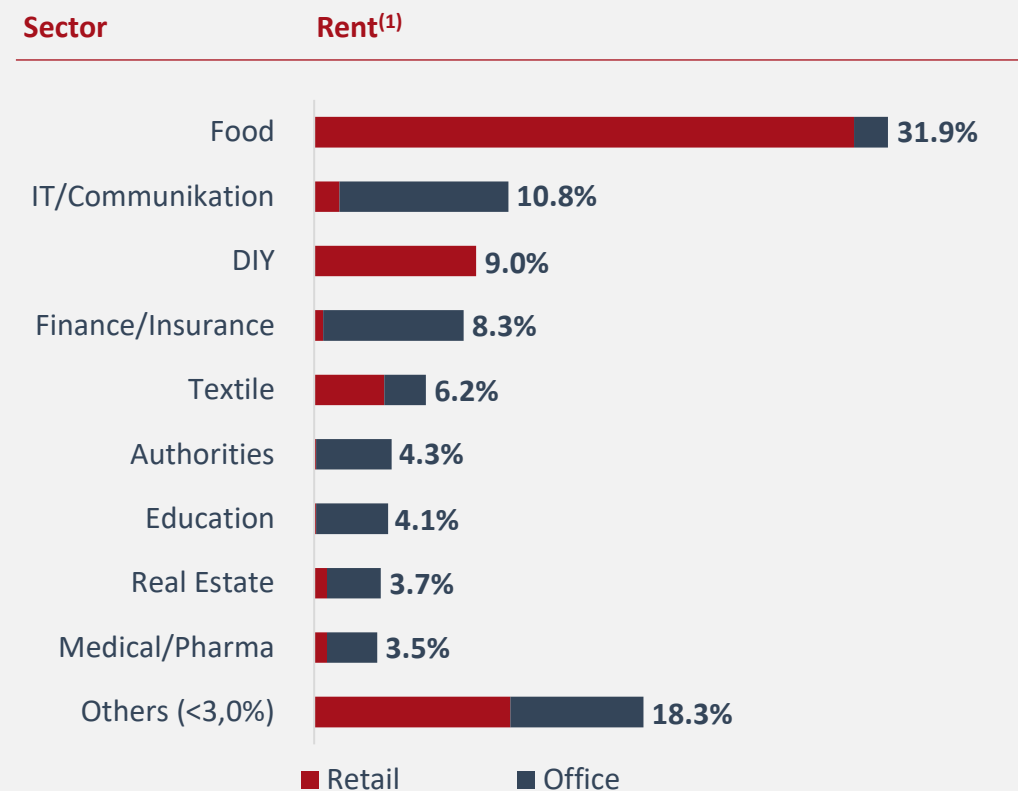


Retail property 'Rondo Steinheim' Hanau

## Top-10 tenants (as of 31 December 2021)

Tenant	Sector	Rent <sup>(1)</sup>
EDEKA	Food retail	11.8%
Kaufland	Food retail	7.1%
REWE	Food retail	5.9%
OBI	DIY	5.5%
Jobcenter	Agency of unemployment	3.4%
Barmer	Insurance	2.5%
Globus	DIY	2.2%
Netcologne	IT / Communication	2.2%
Real	Food retail	1.9%
ALDI	Food retail	1.7%
<b>Total</b>		<b>44.2%</b>

## Sector distribution (as of 31 December 2021)



(1) % of annualized rents (including rent guarantees)

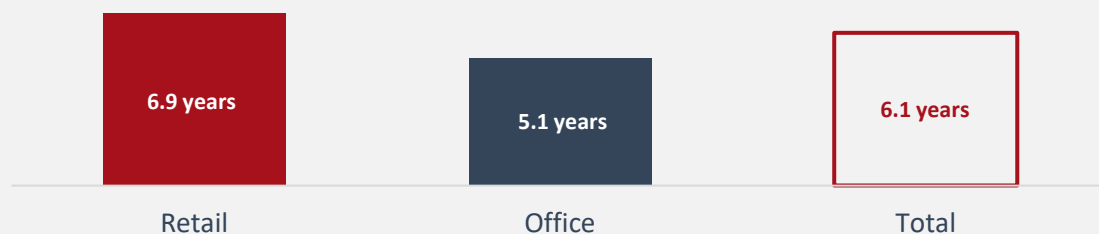
- ➡ Further diversification of tenant structure incl. reduction of textile exposure (YoY -220 bps)
- ➡ Share of tenant REAL decreased to 1.9% (YoY -330 bps) as a result of transfer of spaces in Gießen and Celle



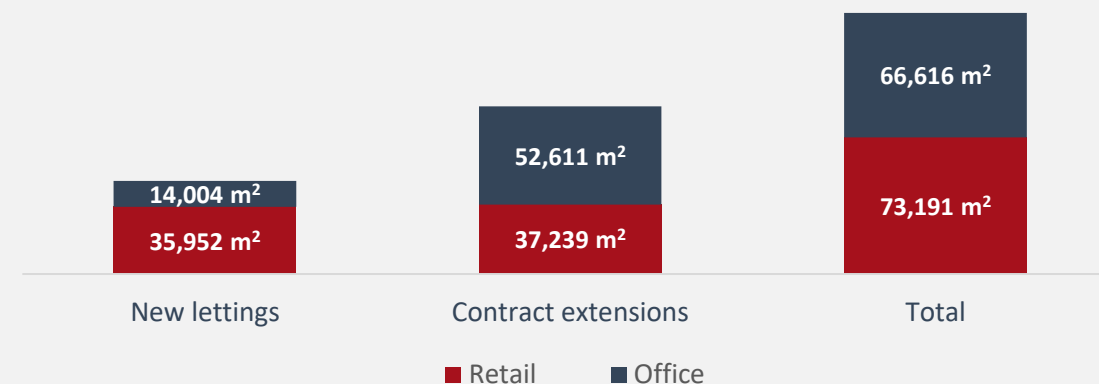


## Lease contracts

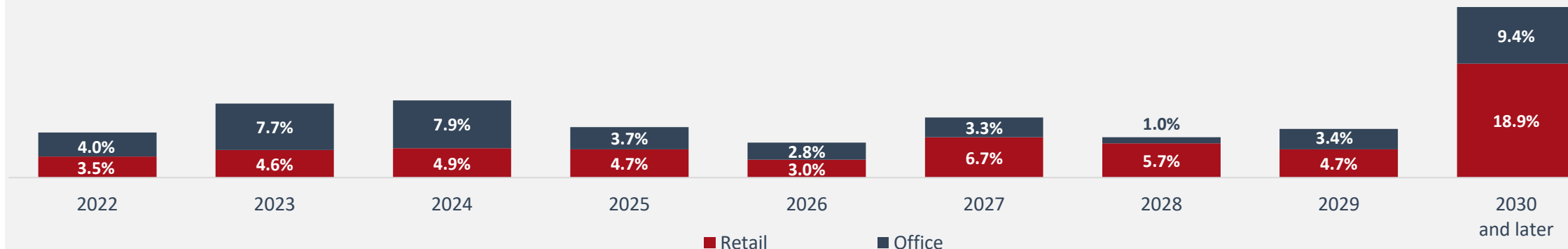
### Weighted average lease expiry (as of 31 December 2021)



### Letting result 2021



### Lease expiry schedule (as of 31 December 2021; % of annual rents)

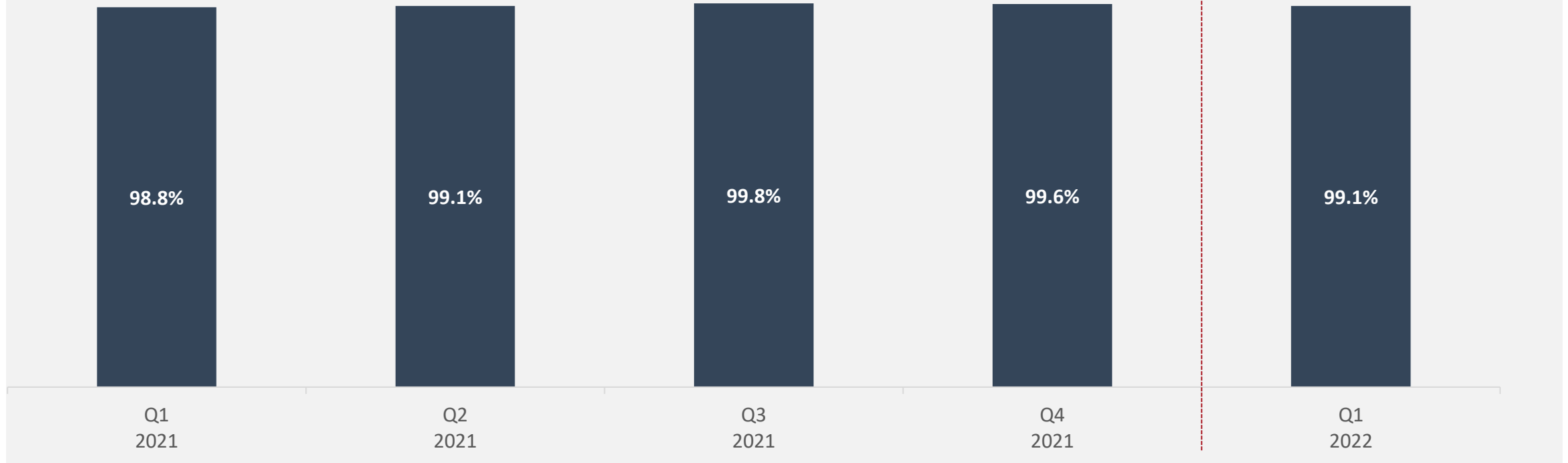


- ➡ Total WALT remains at comfortable level of 6.1 years
- ➡ Limited amount of further expiring leases in 2021 – next larger letting volumes from 2023 onwards



## Corona impact

### Rent collection rates<sup>(1)</sup> (as of 30 March 2022)



- ➡ Despite lockdown phase with far-reaching opening restrictions consistently high rent collection rates in 2021
- ➡ Average rent collection rate at 99.3% in 2021

(1) Including ancillary costs and VAT

## 4. Financials



Office property/Medical center Regensburg

Key figures	2021	2020	Change
<b>Profit and loss statement</b>			
Income from rents and leases	€84.4m	€88.2m	-4.3%
Operating result	€31.8m	-€0.9m	n/a
Profit for the period	€54.3m	-€9.3m	n/a
<b>Key KPIs</b>			
Funds from Operations (FFO)	€53.1m	€55.6m	-4.5%
Funds from Operations (FFO) per share	€0.65	€0.69	-5.8%
Key figures	31 December 2021	31 December 2020	Change
<b>Financial KPIs</b>			
REIT equity ratio	61.0%	54.5%	+6.5%-points
Loan to Value (LTV)	41.3%	44.5%	-3.2%-points
<b>EPRA metrics</b>			
EPRA Net Asset Value (NAV) per share	€12.11	€11.05	+9.6%
EPRA Net Tangible Assets (NTA) per share	€12.10	€11.05	+9.5%





## Funds from operations (FFO)

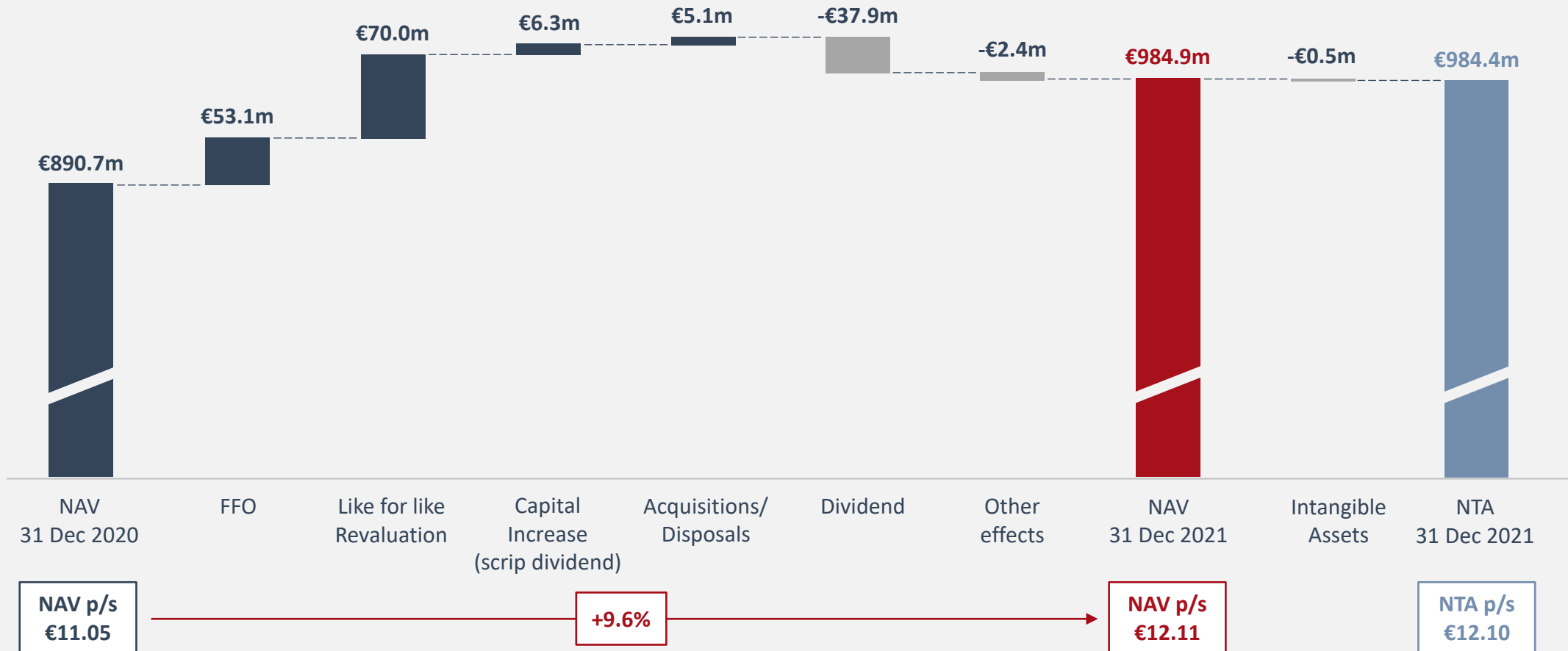
	in k€	2021	2020	Change
1	Income from rents and leases	84,360	88,193	-4.3%
	Income from passed on costs	14,021	14,145	-0.9%
	Operating expenses	-17,967	-18,605	-3.4%
2	Maintenance expenses	-5,787	-4,636	+24.8%
	Net rental income	74,627	79,097	-5.7%
3	Administrative expenses	-2,139	-1,477	+44.8%
	Personnel expenses	-5,968	-5,417	+10.2%
4	Other operating income	3,341	1,742	n/a
5	Other operating expenses	-2,826	-2,893	-2.3%
	Interest expenses	-13,915	-15,443	-9.9%
	FFO	53,120	55,609	-4.5%
	- Capex	-1,544	-982	+57.2%
	AFFO	51,576	54,627	-5.6%
	FFO per share in € <sup>(1)</sup>	0.65	0.69	-5.2%
	AFFO per share in € <sup>(1)</sup>	0.63	0.68	-7.4 %

	Comments
1	Decline in rental income mainly due to property disposals (€-7.1m) Rent decrease partly offset by portfolio additions (€+3.3m)
2	Lower than expected costs essentially related to postponement of maintenance measures in connection with follow-on leases for REAL locations
3	Increase mainly results from higher expenses for cash deposits (€0.6m)
4	Includes compensation payment of €+2.2m in connection with early termination of rental agreement; FFO adjustment due to impairment reversal for Gießen property (€-2.1m)
5	Includes pandemic-related rent reductions in an amount of €1.2m

(1) Based on number of shares at the end of the respective reporting period; increased number of shares due to scrip dividend offers in Q4 2020 and Q2 2021



## NAV development 2021



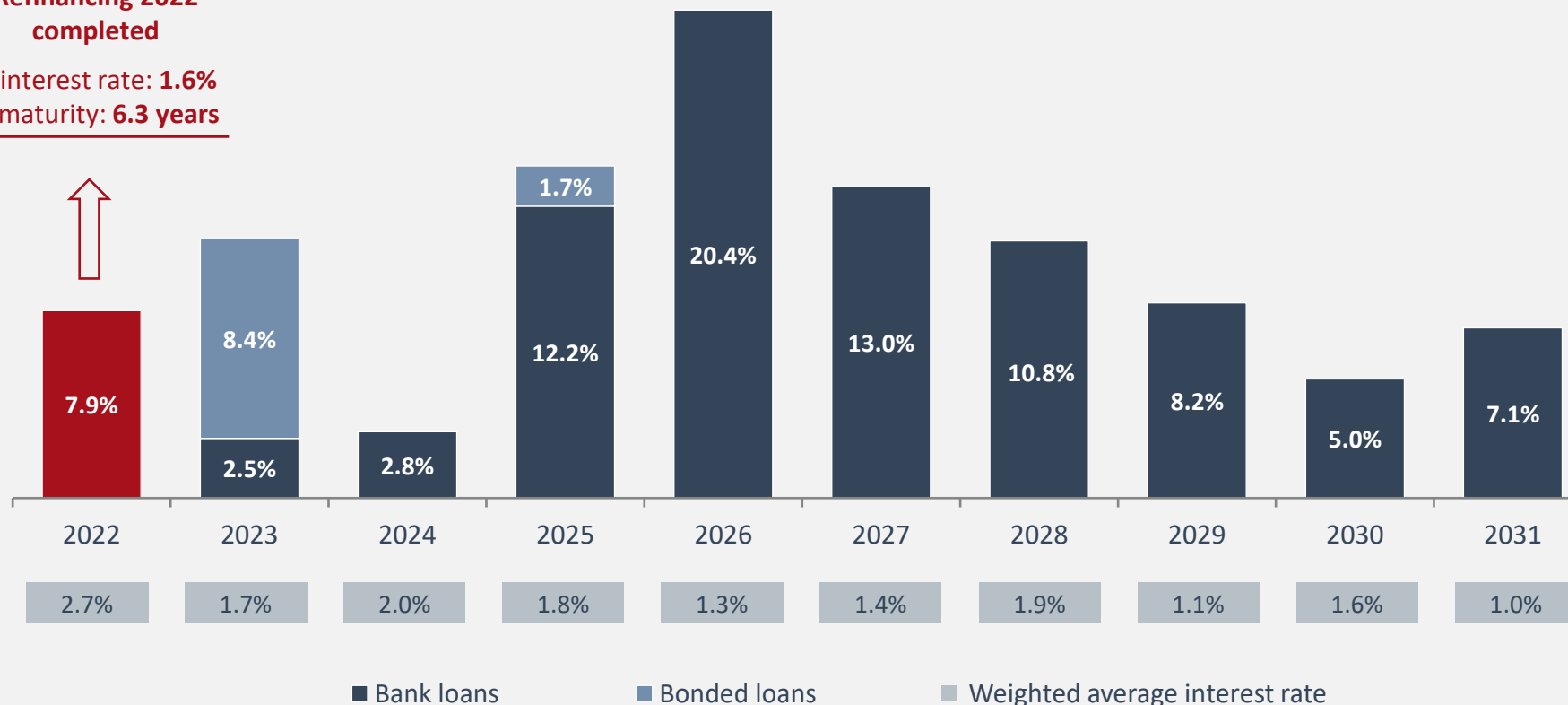
➡ Positive NAV development mainly driven by portfolio revaluation as well as stable earnings situation



# Financial situation

## Expiration of financial liabilities (as of 31 December 2021)

**Refinancing 2022  
completed**  
Ø interest rate: **1.6%**  
Ø maturity: **6.3 years**



**61.0%**

REIT Equity ratio

**41.3%**

LTV

**€747.5m**

Financial liabilities<sup>(1)</sup>

**1.60%**

Ø Cost of debt<sup>(1)</sup>

**4.9 years**

Ø maturity of debt<sup>(1)</sup>

**7.7x**

EBITDA/Interest coverage

(1) As of 31 December 2021 (incl. loans concluded but not yet utilized)

## Guidance 2022

€84.0 – 86.0m

Rental income

€46.5m – €50.5m

FFO

~Previous year's level

NAV per share

## Mid-term outlook

~€2.0bn

Target portfolio size

~€100.0m

Ø annual acquisition volume



## 5. ESG Strategy



Nachhaltiges Gebäude  
DGNB Zertifikat in Platin



Office property Neu-Isenburg



## Strategic development and guidelines

- Integration of sustainability/ESG criteria into overall strategy
- Implementation of strategic sustainability programme
- Planning and controlling of sustainability activities by internal sustainability committee
- Intensification of dialogue with relevant stakeholders about key sustainability/ESG topics and integration of lessons learned in the further development of the (sustainability/ESG) strategy
- Definition of short, mid and long-term targets based on ESG KPIs, taking into account feasibility and (cost) efficiency
- Continuous performance measurement for sustainability/ESG management activities and permanent reporting

## Key Action Areas



➔ Focus on business-relevant topics and selected effective measures to optimize ESG performance

## HAMBORNER supports the United Nations Sustainable Development Goals. Mid-term targets by 2030 are set to:



- Increase substantially the share of renewable energy
- Double the global rate of improvement in energy efficiency



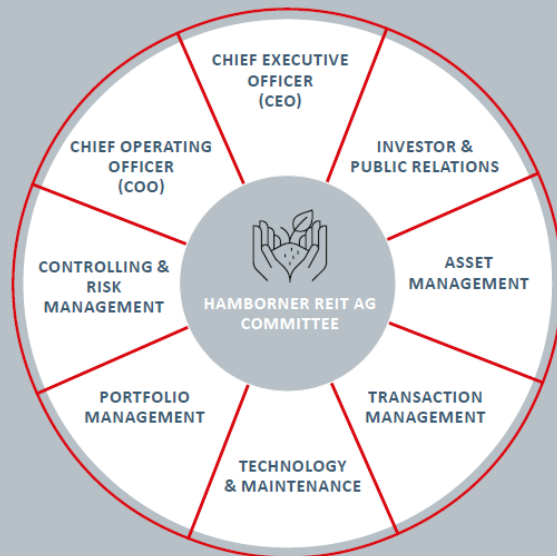
- Integrate climate change measures into national policies, strategies and planning



- Encourage and promote effective public, public-private and civil society partnerships



## Sustainability Management System



- Sustainability Management Programme is implemented to incentivize a proactive participation in ESG management
- Sustainability Committee consisting of Management Board members and the ESG Officers from individual business areas
- Management of internal departmental sustainability activities, monitoring of necessary data management and optimization of cross-departmental processes

### Management Board

CEO

COO/CFO

- Ongoing reporting of all relevant ESG issues to management board
- Decision-making and activity planning in the scope of regular Sustainability Committee meetings



- Company-wide implementation of decisions
- Continuous monitoring of all sustainability activities

### Internal participation:

ESG officers from relevant business areas



Investor & Public Relations



Asset Management



Transaction Management



Technology & Maintenance



Portfolio Management



Controlling & risk Management

### External participation:

Stakeholders and partners of HAMBORNER



Tenants



Bankers



Society



Employees



Service providers











Shareholders



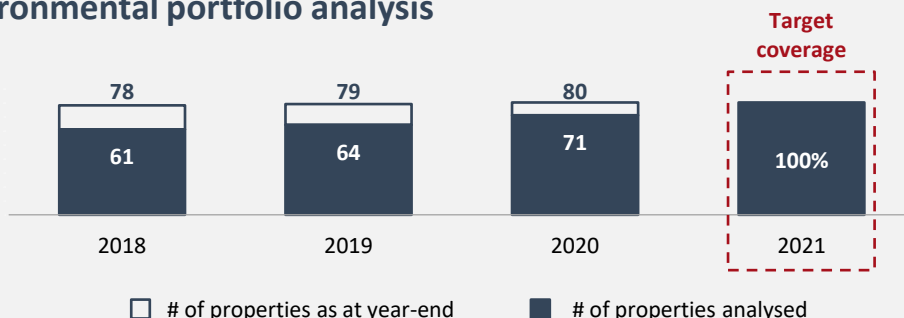
States & local authorities



# Environmental Sustainability


Key Action Area	Progress 2020/2021	Status <sup>(1)</sup>	Next steps / short- to medium-term targets
 <b>Environmental Management &amp; Climate Protection</b>	<ul style="list-style-type: none"> <li>Data management optimisation and database expansion</li> </ul>		<ul style="list-style-type: none"> <li>Ongoing systematization of recording and analysis of ESG data</li> </ul>
	<ul style="list-style-type: none"> <li>Creation of detailed report on carbon footprint for headquarters and carbon emissions in connection with operating activities there</li> <li>Compensating for emissions caused by investing in a certified climate protection project and achieving climate neutrality</li> </ul>		<ul style="list-style-type: none"> <li>Implementation of identified measures for further reducing carbon emissions at headquarters</li> </ul>
	<ul style="list-style-type: none"> <li>Preparations for setting up full carbon footprint reporting throughout the property portfolio</li> </ul>		<ul style="list-style-type: none"> <li>Full recording of consumption data (energy, water, waste) and calculation of resulting carbon emissions (using digital measurement infrastructure in the medium term)</li> </ul>
	<ul style="list-style-type: none"> <li>Improved ecological portfolio performance figures</li> </ul>		<ul style="list-style-type: none"> <li>Definition of additional environmental KPIs and deriving specific decarbonization targets</li> </ul>
 <b>Portfolio Quality &amp; Optimisation</b>	<ul style="list-style-type: none"> <li>Systematic review of ESG criteria within the framework of property acquisitions and project developments</li> </ul>		<ul style="list-style-type: none"> <li>Application and ongoing enhancement of drawn up catalogue of criteria from December 2021 onwards</li> </ul>
	<ul style="list-style-type: none"> <li>Modernisation and energy efficiency measures</li> </ul>		<ul style="list-style-type: none"> <li>Implementation of necessary measures to raise environmental and efficiency standards of buildings</li> </ul>


## Environmental portfolio analysis



➔ Ongoing expansion of data monitoring with full portfolio coverage and intended carbon footprint reporting for 2021 reporting year

## Development of key environmental portfolio figures 2020

  
**Heating energy consumption**  
**-4.8%**  
*like-for-like*

  
**Electricity consumption**  
**-6.9%**  
*like-for-like*



  
**Water consumption**  
**-15.0%**  
*like-for-like*

➔ Continuous reduction of energy and water consumption by selected portfolio modernization and further energy efficiency improvements





# Employee development & Governance

Key action area	Progress 2020/2021	Status <sup>(1)</sup>	Next steps / short- to medium-term targets
 Employee development	<ul style="list-style-type: none"> <li>Enhanced flexibility of working model</li> </ul>	100%	<ul style="list-style-type: none"> <li>Review and implementation of further measures to enhance employer attractiveness</li> </ul>
	<ul style="list-style-type: none"> <li>Implementation of employee development programme and increase in average training hours per employee to 17 (+55% YoY)</li> </ul>	57%	<ul style="list-style-type: none"> <li>Active training measures and increase in average hours of training per employee to at least 30 by 2025</li> </ul>
	<ul style="list-style-type: none"> <li>Employee satisfaction rate of 82 %</li> </ul>	96%	<ul style="list-style-type: none"> <li>Increase in satisfaction rate to at least 85% by 2023</li> </ul>
	<ul style="list-style-type: none"> <li>Implementation of occupational health and safety concept</li> </ul>	100%	<ul style="list-style-type: none"> <li>Maintaining high standards through regular review and preventive measures</li> </ul>
 Corporate governance & dialogue	<ul style="list-style-type: none"> <li>Ongoing development of corporate governance standards in line with ESG criteria</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Implementation of ESG criteria in risk management system</li> <li>Revision and active marketing of green leases</li> </ul>
	<ul style="list-style-type: none"> <li>Implementation and publication of codes of conduct for employees and business partners</li> </ul>	100%	<ul style="list-style-type: none"> <li>Possibly formulation of other or more detailed codes, basic declarations and guidelines depending on stakeholder requirements</li> </ul>
	<ul style="list-style-type: none"> <li>Intensification of dialogue with ESG rating agencies</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Continuous improvement of rating results</li> </ul>
	<ul style="list-style-type: none"> <li>Increased transparency and reporting standards</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Closer adherence to EPRA Sustainability Best Practices (sBPR) (possibly separate sBPR report)</li> </ul>

## Key social KPIs 2020

Employee satisfaction rate

82%

CPD hours per employee

+55%

Employee fluctuation rate<sup>(2)</sup>

8%

Average years of service

9.2 years

Employee injury rate<sup>(2)</sup>

0%

Employee sickness rate<sup>(2)</sup>

3%

➔ Continuation of employee development programme to further enhance employee satisfaction and employer attractiveness

➔ Ongoing optimization of governance standards in line with ESG strategy as well as regulatory and market requirements








## 6. Appendix










## Top-10 properties (1/2)

	Munich	Berlin	Cologne	Mannheim	Karlsruhe
					
<b>Asset type</b>	Office	Office	Office	Retail	Retail
<b>Year of acquisition</b>	2013	2013	2017	2016	2012
<b>Purchase price</b>	€40.2m	€33.0m	€48.9m	€80.0m	€37.0m
<b>Fair value<sup>(1)</sup></b>	€80.1m	€77.1m	€76.9m	€76.9m	€56.0m
<b>Annual rents</b>	€2.6m	€2.5m	€2.9m	€4.0m	€2.7m
<b>WALT<sup>(1)</sup></b>	2.9	2.8	9.3	2.8	12.9
<b>Main tenants</b>	Estée Lauder, Giorgio Armani	Schneider Electric, BLS Energieplan	NetCologne, Instone Real Estate	Real	Edeka, BrandMaker

(1) As of 31 December 2021



## Top-10 properties (2/2)

	Hanau	Hallstadt	Aachen	Celle	Erlangen
					
Asset type	Retail	Retail	Office	Retail	Office
Year of acquisition	2017	2017	2020	2015	2011
Purchase price	€37.5m	€40.4m	€37.4m	€35.2m	€27.9m
Fair value <sup>(1)</sup>	€46.7m	€43.9m	€41.6m	€39.9m	€38.0m
Annual rents	€2.0m	€2.5m	€2.0m	€2.0m	€2.1m
WALT <sup>(1)</sup>	10.7	5.1	9.8	9.8	3.1
Main tenants	Rewe, Aldi	tegut, Müller	AOK, Barmer	Kaufland, Tedox	Nutricia, Siemens Healthcare

(1) As of 31 December 2021

<b>Annual report 2021</b>	17 March 2022
<b>Quarterly financial statement Q1 2022</b>	26 April 2022
<b>Annual General Meeting 2022</b>	28 April 2022
<b>Dividend payment</b>	3 May 2022
<b>Half-year financial report 2022</b>	9 August 2022
<b>Quarterly financial statement Q3 2022</b>	10 November 2022





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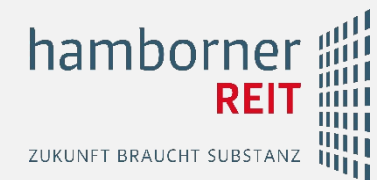
### HAMBORNER REIT AG

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