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2018 | 2019

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SUSTAINABILITY  
REPORT

# HAMBORNER REIT AG AT A GLANCE

GRI 102-1 | GRI 102-2  
 GRI 102-4 | GRI 102-5  
 GRI 102-7

HAMBORNER REIT AG is a listed public limited company that operates exclusively in the property sector and is positioned as a portfolio holder for high-yield commercial properties. The company has a high-value real estate portfolio that stretches across Germany and serves as the basis for generating sustainable rental income. 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's property portfolio had a fair value of approximately €1.5 billion as at 31 December 2018.

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.

## Selection of material indicators for reporting according to GRI standards

Performance indicator		2018	2017	2016
FFO	€ million	52.7	44.7	36.1
Net asset value	€ million	860.2	808.9	768.5
REIT equity ratio	%	56.4	59.0	67.8
Market value of property portfolio	€ million	1,517.3	1,362.6	1,115.0
Heating energy consumption*	kWh/m <sup>2</sup> of usable floor area	62.2	66.1	62.3
Water consumption*	m <sup>3</sup> /m <sup>2</sup> of usable floor area	0.38	0.32	0.27
Employee development, number of employees as at 31 December (not including Management Board)		38	36	32

\* Based on the respective analysis portfolio for the relevant year.

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## LETTER FROM THE MANAGEMENT BOARD

### DEAR READERS,

GRI 102-14

Many companies are increasingly focused on exercising corporate responsibility. For us, corporate responsibility means doing business sustainably and successfully. In order for us to continue achieving our overarching goal of profitable, value-adding growth in future, our business decisions need to take into account not only economic aspects, but also ecological, social and societal aspects as well as the needs of our internal and external stakeholders.

In recent years, we have intensively addressed the topic of sustainability, communicating with many stakeholders on topics relating to sustainability and gaining important insights into the requirements and needs of the various stakeholder groups. These findings form the basis of the sustainability concept that we wish to share with you in greater detail in this, our seventh sustainability report. In this report, the aspects of sustainability that are most important to HAMBORNER and its stakeholders are discussed in depth and the developments in the economy, ecology, social affairs and integrity areas of activity are presented.

At this point, we are delighted to report on some of the progress we have made in our main areas:

- / In 2018, our economic sustainability key indicators improved significantly. Rents and leases increased by 12.6%, FFO by 17.7% and NAV by 6.3%.
- / We again distributed an increased dividend of €0.46 per share to our shareholders for 2018. Based on the share price at the end of 2018, this represents a dividend yield of 5.5%.
- / We further expanded the data pool for the like-for-like ecological analysis of the portfolio, which again shows lower consumption of heating energy and water at our existing properties.
- / Our existing properties are increasingly supplied with general electricity from renewable energies. We have taken another big step towards our aim of switching our entire supply to green electricity by 2020.
- / We have added sustainability clauses to our standard leases so that they now satisfy green lease requirements.
- / In 2018, our headcount increased to 38 employees.

We intend to continue to regularly revise and add details to our materiality analysis in future. In this way, we are pursuing our medium-term goal of further specifying our management approaches for our four main areas of activity – economy, ecology, social affairs and integrity – while formulating additional specific sustainability targets for the future. At the same time, we are gradually optimising our sustainability approach and ensuring that it is anchored even more strongly within our corporate strategy.




**HANS RICHARD SCHMITZ**  
MEMBER OF THE  
MANAGEMENT BOARD OF  
HAMBORNER REIT AG

**DR. RÜDIGER MROTZEK**  
MEMBER OF THE  
MANAGEMENT BOARD OF  
HAMBORNER REIT AG

We wish you an insightful read and thank you for the trust you have placed in us and the good cooperation we have enjoyed over the past year.

HAMBORNER REIT AG

The Management Board

  
Dr Rüdiger Mrotzek

  
Hans Richard Schmitz

## ABOUT THIS REPORT

### PRINCIPLES OF REPORTING

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

GRI 102-12 | GRI 102-54

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 Central Real Estate Committee (ZIA). The company also follows the recommendations of the Government Commission on the German Corporate Governance Code and is a member of the Initiative Corporate Governance der deutschen Immobilienwirtschaft.

GRI 102-46 | GRI 102-48  
GRI 102-50 | GRI 102-52

The report is based on data and information from the period 1 January to 31 December 2018 and is entitled "Sustainability Report 2018/2019". It is an update of the previous year's report, which was published in October 2018 and covered the 2017 financial year.

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 head of Investor and Public Relations. The key economic figures are taken from the audited IFRS annual financial statements of HAMBORNER REIT AG for the 2018 financial year.

### GRI 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, adapting it for the property industry. The GRI has defined internationally recognised and applicable standards for sustainability reports that HAMBORNER REIT AG follows. This report was prepared in accordance with the "core" option offered under GRI. This means that it covers the aspects and indicators material to sustainable governance. It also applies the EPRA Best Practices Recommendations, which were specially developed for the property sector, to its sustainability reporting.

Reporting in accordance  
with GRI

CORE

## ZIA SUSTAINABILITY CODE – VOLUNTARY COMMITMENT

Under the banner of the Federation of German Industries (BDI), the German Central Real Estate Committee (ZIA), as an interest group, has taken on the social, economic and environmental responsibility of the property sector. The Sustainability Council of the ZIA has 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 is making this voluntary commitment. Further information on the ZIA Sustainability Code can be found at: <http://www.zia-deutschland.de/themen/corporate-social-responsibility>.

### 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 a long-term asset manager for office and retail property, the “Operating & Letting” cluster is key to HAMBORNER and is the foundation of our sustainability concept.

Long-term asset manager of profitable commercial properties

### Property Industry Activities



CLUSTER 1  
**PRODUCING**



CLUSTER 2  
**OPERATING &  
 LETTING**



CLUSTER 3  
**INVESTING**



CLUSTER 4  
**FINANCING**



CLUSTER 5  
**USING**



CLUSTER 6  
**ADVISING**



CLUSTER 7  
**RESEARCHING &  
 TEACHING**

## LIKE-FOR-LIKE APPROACH

In our reporting we have not just published the absolute figures for the 2018 financial year. To ensure comparability 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 those data for property that was owned by the company throughout the 2018 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.

## MEASURING SUSTAINABILITY

GRI 102-45 | GRI 102-46

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. Measurements are based on the following information:

- / for economic reporting: the IFRS separate financial statements of HAMBORNER REIT AG for the 2018 financial year. The company's annual financial statements as at 31 December 2018 were issued unqualified audit opinions by the auditor Deloitte Wirtschaftsprüfungsgesellschaft
- / for environmental reporting: the consumption data recorded for 2018
- / for social reporting: the annual financial statements as at 31 December 2018, contractual employment regulations, memberships, and internal and external policies



# ABOUT HAMBORNER REIT AG

## BUSINESS MODEL

HAMBORNER REIT AG is a listed public limited company that operates exclusively in the property sector and is positioned as a portfolio holder for high-yield commercial properties. HAMBORNER REIT AG's investments concentrate on large-scale retail properties in locations with high footfall, high-quality office properties at established office locations and high street properties. 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.

GRI 102-2 | GRI 102-3  
GRI 102-4 | GRI 102-5

The corporate strategy of HAMBORNER is geared towards value-adding growth and optimisation 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 acquire commercial properties throughout Germany and hold them in the long term. It is not currently planning to acquire assets outside Germany.

### Focus large-scale retail, office and high street

The focus on various types of use in commercial property forms the basis for the sustainable corporate strategy of HAMBORNER REIT AG. The company focuses on a balanced mix of large-scale retail properties, office properties and high street properties.

**3** asset classes as a basis  
for long-term business success

Large-scale retail properties ensure HAMBORNER a steady cash flow from usually long-term leases, thus forming the basis for stable and ongoing dividend distributions. When it comes to large-scale retail properties, we pay close attention to market and location analysis in the context of investment decisions to ensure that our tenants have an excellent market positioning. Our specialist stores and speciality retail parks are in locations with high footfall, exclusive or locations that are difficult to duplicate, offer ample parking and are easily reached by public transport or by car.

HAMBORNER's office buildings are characterised by a modern, high standard and a location in excellently developed commercial and technology parks, in city centres and attractive peripheral areas. Contracts with office tenants offer increased protection against inflation as their rent is usually fully index-linked.

HAMBORNER's high street properties are stores that are found at the locations with the highest footfall. Our 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.

### Focus on Germany

GRI 102-2 | GRI 102-4  
 GRI 102-6

HAMBORNER REIT AG's business activities are not only related to property classes but also geographically concentrated. The company's strategic focus is exclusively on Germany. The focus is on the cities and regions in Germany with good socio-economic conditions such as positive population development and projections, a low unemployment rate and strong purchasing power. These are predominantly cities in the west, southwest and south of the country.

In terms of the size classes of cities, we feel there are attractive investment opportunities not just in the top five or top seven cities in Germany, but also in the medium-sized cities in particular – where the population exceeds 60,000 for high street properties in cities 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 the risk-return profiles of these properties are more lucrative than in the conurbations.

### SUPPLY CHAIN

GRI 102-9 | GRI 102-10

As a property company, we are dependent on the supply of certain services in day-to-day operations. Thus, we are working closely with a range of suppliers, service providers and other companies. Relationships to suppliers and service providers exist mainly at the following stages of the value chain:

Value chain	Suppliers
Acquisitions	Project developers, civil engineers, surveyors, estate agents, lawyers, tax consultants
Rental and tenant improvements	Estate agents, architects, engineers, businesses in the skilled trades
Building operations	Facility managers, utilities, businesses in the skilled trades, centre managers
Renovation and modernisation	Architects, engineers, businesses in the skilled trades

### ORGANISATIONAL STRUCTURE

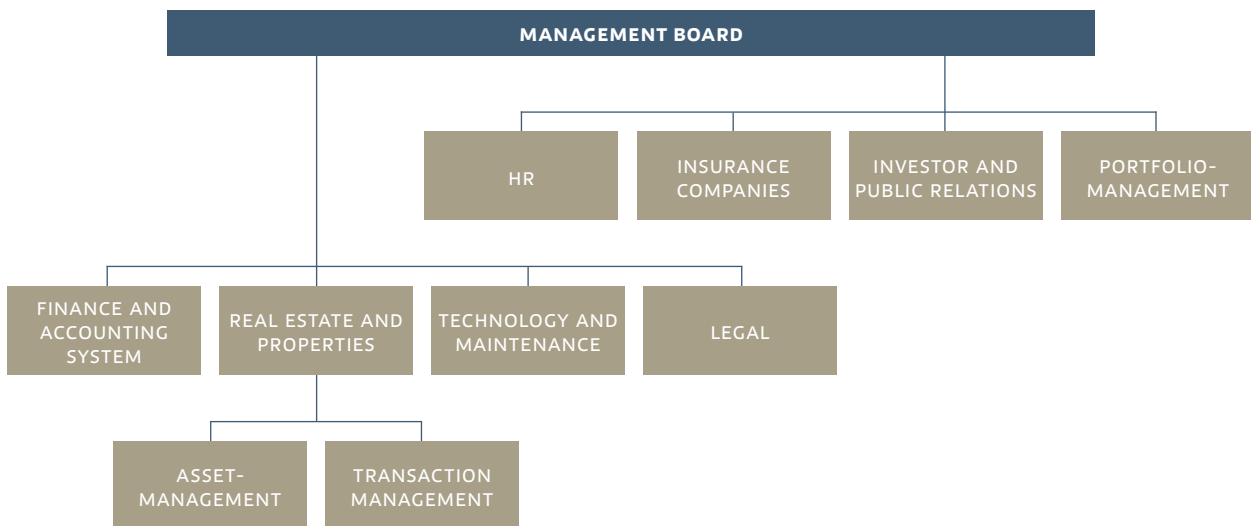
GRI 102-2 | GRI 102-3  
 GRI 102-8

Streamlined and efficient 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 property holder. In particular, these include purchase and sale decisions and decisions on portfolio modernisation and investment. In addition to portfolio management, both asset and property management are directed centrally from the Duisburg location. Only infrastructural building services and individual centre management activities are outsourced to external providers at the respective property location. HAMBORNER does not maintain any branch offices.

Below the level of the Management Board, all decisions relevant to value and earnings are prepared by managers and their employees in four staff offices and four divisions. In total, HAMBORNER REIT AG employed 38 people as at 31 December 2018, not including the Management Board.

**HAMBORNER management structure**



**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 the end of 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.

GRI 102-10 | GRI 102-18

The Management Board is monitored and advised 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. Furthermore, 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. Ms Bärbel Schomberg has been the Chairwoman of the Supervisory Board since April 2018. The Supervisory Board has formed an Executive Committee, an Audit Committee and a Nomination Committee. Further information on the composition and operating procedures of the Supervisory Board and its committees can be found in our 2018 annual report and the corporate governance declaration on our website.

# SUSTAINABILITY APPROACH

## SUSTAINABILITY STRATEGY

GRI 103-1 | GRI 103-2  
GRI 103-3

HAMBORNER has positioned itself as a portfolio holder of commercial properties. Not least on account of our long-term planning and investment horizon, responsible and sustainable corporate governance is a core element of our business.

The focus of HAMBORNER's business activities is the generation of sustainable rental income, which is distributed to our shareholders in the form of continuously increasing dividends. Thus, HAMBORNER's strategy takes all measures and efforts into account that contribute to the generation of appropriate and attractive distributions over a sustainable period and in the long term.

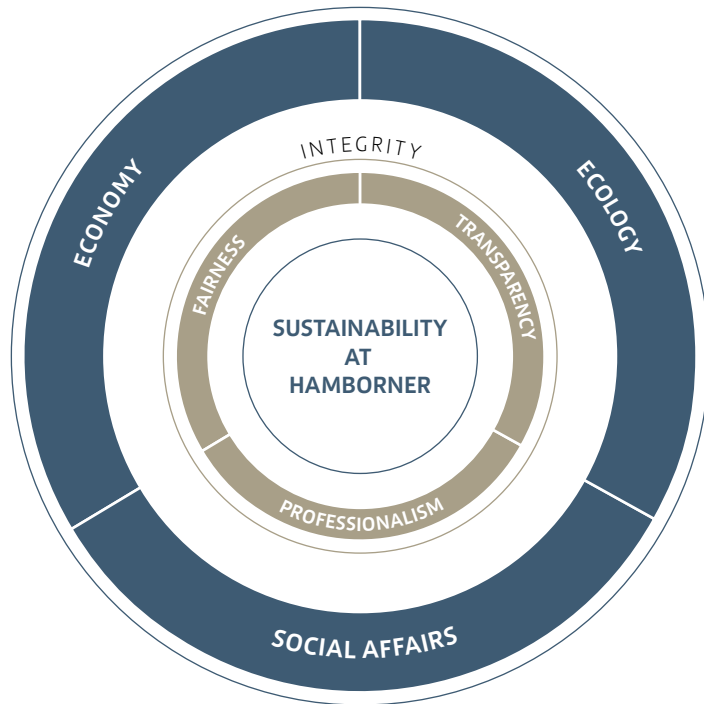
The basis for achieving sustainable cash flows is a modern property portfolio that can also be managed cost-effectively from an environmental point of view and meets tenants' needs. Both our shareholders and our backers and stakeholders value the consideration of environmental and social aspects in our business activities. Long-term corporate success can be ensured only if economic, environmental and social aspects are implemented in the corporate strategy and in all business processes.

However, at HAMBORNER, aspects relevant to sustainability play a key role not just internally, but within the entire value chain as well. We carefully select our business partners and review them with regard to sustainability aspects and compliance with legal provisions and environmental, safety and social standards.

Close ties and intensive dialogues with our stakeholders (shareholders, tenants, suppliers, service providers, authorities and employees) form an important basis for our business decisions. Regular active communication makes it possible to take the individual needs of different stakeholders into account, and to identify short- and long-term trends and thereby to adjust corporate and sustainability strategy accordingly.

Our sustainability strategy is formulated and evolved at the top level of management under the direct responsibility of the Management Board. The issues related to sustainability and the relevant processes implemented in the individual divisions and staff offices. The Management Board pursues the goal of permanently anchoring and gradually optimising the sustainability approach in corporate strategy.

The following diagram illustrates the sustainability concept of HAMBORNER REIT AG:



### THREE DIMENSIONS OF SUSTAINABILITY

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, society and the environment can benefit equally in the long term. In addition to energy efficient buildings and the use of environmentally friendly materials, the locations of the properties, the tenant mix and customer focus are also important. 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, social sustainability indicators and characteristics at both company and building level play a crucial role in responsible and sustainable management.

3 dimensions  
of sustainability

#### Economic sustainability

The economic sustainability of a property company is reflected in the long-term development of the company's performance indicators. However, these largely depend on the long-term economic success of properties. A crucial factor for a reliable dividend policy by a listed property company is the positive development in the fair values of its properties and the generation of sustainable rental income. Furthermore, the financing structure and financing conditions are material factors in economic success, especially for investment-driven and therefore capital-intensive property companies.

### Environmental sustainability

The basis for the economically sustainable success of a property company is taking environmental aspects into account when it comes to buying properties. Throughout a property's entire lifetime, property companies seek to improve a building's energy efficiency and reduce its water consumption when performing maintenance and modernisation work. 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 ensure the enduring attractiveness of their buildings and thereby their long-term letting at market 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. In addition to the company-related key indicators, social sustainability also includes the buildings themselves. Instead of providing figures or information on specific measures, at building level it is certain characteristics such as the quality of stay, accessibility and urban integration of the building that make it sustainable. 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.

## INTEGRITY AS A BASIS FOR SUSTAINABLE GOVERNANCE

GRI 102-16

The principle of integrity form the basis of our sustainable corporate governance in each of the three dimensions of sustainability, "economy", "ecology" and "social affairs". Compliance with this principle is the basis of our actions in respect of the environment and our stakeholders.

As a listed company, HAMBORNER is in the special public interest and manages the equity invested by its shareholders. The company's reputation and the trust of its stakeholders are the essential basis for sustainable economic, environmental and social success. Upholding the principles of ethics and integrity is therefore at the heart of the work of HAMBORNER's Management Board and employees.

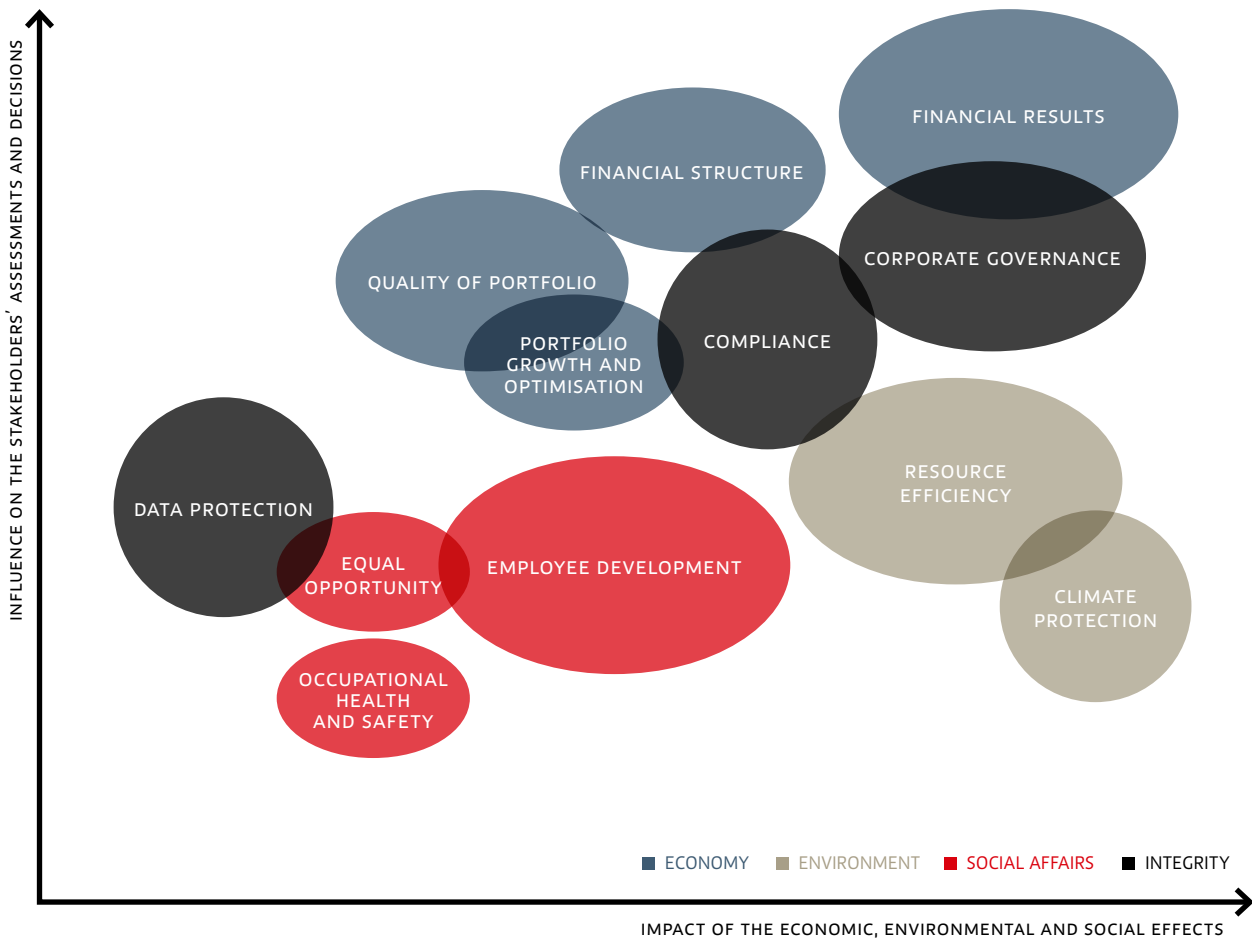
## MATERIALITY ANALYSIS

The Management Board and employees of HAMBORNER held discussions with a number of internal and external stakeholders over the reporting year. The dialogue takes place in different ways: in personal discussions, via electronic media, by telephone, at information events, working meetings, conferences or at roadshows. As in previous years, HAMBORNER documented and prioritised the concerns of the various stakeholder groups. Based on the expectations and needs of our stakeholders and the results of an ongoing analysis of additional challenges and risks relevant to us, we have created a materiality matrix.

## MATERIALITY MATRIX

The materiality matrix shows the aspects relevant to sustainability that are of particular importance to our stakeholders and illustrates their significance on an economic, environmental and social level. At the same time, the matrix reflects the relationship between individual dimensions of sustainability.

GRI 103-1



What is special about the economic dimension is its close interweaving 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. The resulting lower operating costs facilitate the letting of properties, and thus ultimately contribute to a positive trend in the buildings' value. The environmental dimension of sustainability is also closely linked to social aspects. For example, by promoting equal opportunities and targeted education and training of employees, both the motivation of the workforce and the innovative strength and efficiency of the company can be increased. Ultimately, this results in positive effects on economic sustainability indicators.

GRI 102-49

In total, twelve key topics were identified as part of the analysis process. Nine of the twelve parameters are assigned to the area of economics, ecology and social affairs. Three other focal areas have also been identified, which can be classified in the "Integrity" area of activity. Based on the results of the materiality analysis, the performance indicators for the individual areas were also critically analysed to enable more targeted management of sustainability in the company.

The following table gives you an overview of the key issues identified and describes the performance indicators and the measures necessary to control and improve the respective parameters:



## MATERIALITY PARAMETERS

GRI 102-47 | GRI 103-1

Areas	Parameter	Material measures	Performance indicators
<b>Economy</b>	Growth and optimisation of portfolio	Continuous expansion of the property portfolio and targeted portfolio optimisation by selling properties that do not fit the strategy	Development of the fair value of the property portfolio and the net asset value (NAV)
	Financial results	Generating sustainable cash flows as the basis for ongoing dividend distributions	Development of rental income, funds from operations (FFO) and dividend per share
	Financing structure	Solid, long-term financial structure with balanced remaining terms and loans with standard market interest rates	Development of REIT equity ratio, loan-to-value (LTV) and average financing costs
	Quality of portfolio	Ongoing increase in the quality of the property portfolio through targeted maintenance and modernisation measures	Development of maintenance and capital expenditure (CAPEX)  Development of vacancy rate
<b>Environment</b>	Energy efficiency	Increasing the resource efficiency of existing buildings through energetic modernisation of existing properties and acquisition of new buildings with sustainability certification	Development of heating, electricity and water consumption  Number of certified properties
	Climate protection	Targeted measures to reduce greenhouse gas emissions	Development of CO <sub>2</sub> emissions
<b>Social affairs</b>	Employee development	Quantitative and qualitative development of workforce: adapting the organisation to company growth by creating more jobs and providing targeted training and education for employees	Development in number of employees and number of training hours
	Equal opportunities	Ongoing development in employment and remuneration structure, taking diversity and equality into account	Development in percentage of women in management positions and the composition of the remuneration system
	Occupational health and safety	Ongoing improvement of the standards in occupational health and safety	Implementing training and preventive measures
<b>Integrity</b>	Corporate governance	Ongoing development of corporate governance standards	Systematically implementing the German Corporate Governance Code and issuing a declaration of compliance
	Compliance	Establishing compliance principles in business processes	Implementing and developing the compliance policy and providing training courses
	Data protection	Implementing data protection regulations	Improving documentation standards and providing training courses

Further information on our control and risk management system can be found in our current annual report

GRI 102-11

## MANAGEMENT APPROACH AND CONTROLLING SYSTEM

Long-term and sustainable growth taking the needs of our stakeholders into account is the basis of HAMBORNER REIT AG's business model and at the same time the basis for the company's management system. In addition to economic factors, the management system takes environmental and social factors into account and includes the development of social, political and regulatory conditions. The company's management system is geared towards contributing to the achievement of its goals and to improve materiality indicators on an ongoing basis. At company level, corporate governance is based on the development of long-term performance indicators. The remuneration of the Management Board is closely linked to the long-term development of these central performance indicators.

### Risk management

To guarantee sustained, positive corporate development, 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 position of the company. The system is closely integrated into operational procedures, comprises several stages and is described in detail in a company policy. Ongoing risk reporting, streamlined organisational structures and transparent decision-making channels ensure that the Management Board is directly included in all risk-relevant transactions. Detailed information on the company's control and risk management system and a detailed description of the remuneration system can be found in our 2018 annual report.

### Growth and yields as a basis

The focus of our long-term development will continue to be on the ongoing value-adding growth of the company through the yield-oriented expansion of our property portfolio and increasing the attractiveness and efficiency of our properties. As a result, sustainable yields are expected to be generated for our shareholders in the future. At the same time, the needs of our stakeholders are expected to be met by gradually improving our key indicators relevant to sustainability. In the short to medium term, we intend to further broaden the dialogue with our internal and external stakeholders, and to gear our business and sustainability strategy even more closely to the needs of stakeholders.

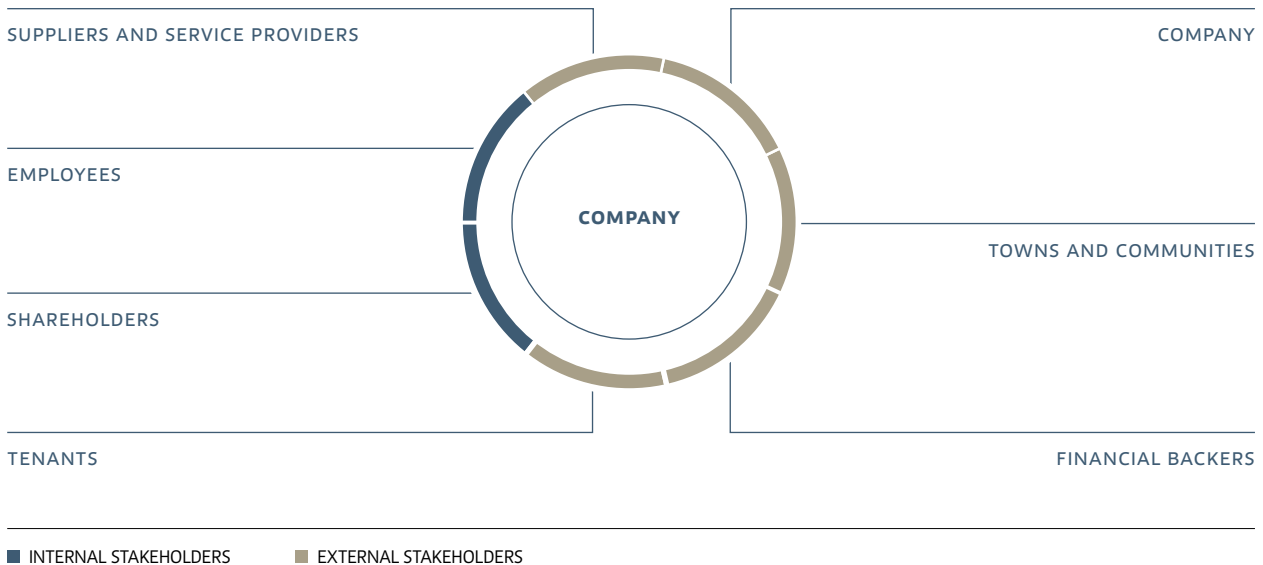
Furthermore, we intend to revise and add details to our materiality analysis on a regular basis with the medium-term goal of specifying the management approaches for the economy, ecology, social affairs and integrity areas of activity. In the long term, a further specification of the management approaches at the level of the individual materiality parameters is planned. Thus, the efficiency of the materiality approaches is expected to be reviewed by the Management Board on a regular basis and should be increased taking the respective stakeholder and the division involved into account. Ultimately, we are aiming to improve our services in the key areas of sustainability on an ongoing basis and to formulate specific sustainability goals in the future.

The stakeholders of HAMBORNER REIT AG and their needs and requirements are described in detail in the chapters below. Subsequently, the key aspects in the four areas identified economy, ecology, social affairs and integrity are illustrated and existing management approaches are explained.

# STAKEHOLDERS

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

## Stakeholders



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.

Identification and consideration of the needs of all stakeholders

The composition of our stakeholders arises directly from our activities as a company. Our external stakeholders include tenants, suppliers, service providers and financial backers, not to mention society in general and the towns and communities in which our properties are located. Above and beyond this, HAMBORNER is at the service of its internal stakeholders, its shareholders and employees.

GRI 102-40 | GRI 102-42  
GRI 102-43 | GRI 102-44

Regular discussion with all stakeholders is part of our corporate culture and a key element of our sustainability strategy. Thanks to a constant dialogue, we are able to identify the demands and expectations of individual stakeholder groups and incorporate them into our business strategy.

## INTERNAL STAKEHOLDERS

### Shareholders

**Our shareholders expect long-term value added, a balanced financing structure, reliable and transparent reporting and regular dialogue with management.**

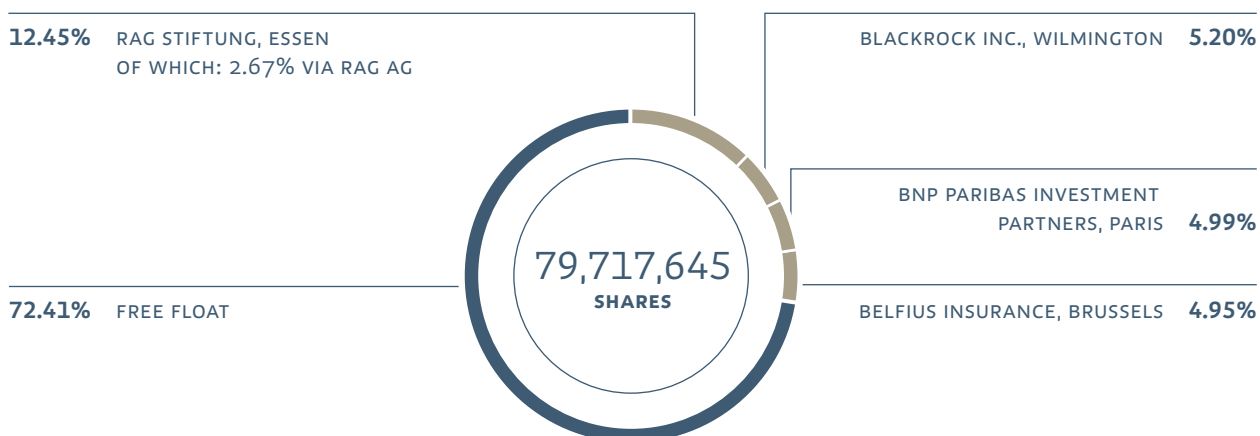
Active, continuous and transparent and dependable communication with shareholders is a matter of high importance at HAMBORNER. In our investor relations activities we therefore regularly report on strategy, current business developments and our company's prospects for the future. Our goal is to give shareholders a comprehensive impression of our company, enable a fair company valuation and shore up confidence in the company.

Direct contact with our shareholders is particularly important to us. In addition to regular reporting in annual and interim reports and in press releases on current issues, we report on our company's development in a number of one-on-one talks and telephone calls. We also talk with private and institutional investors at roadshows, capital market and investor conferences in Germany and abroad and on property tours. Both the head of Investor Relations and HAMBORNER's Management Board are happy to take and answer shareholders' questions.

Our shareholders are regularly supplied with the latest information not just in personal discussions but also on the Internet. HAMBORNER can also be contacted directly on its website, an option used by many shareholders to share information.

#### Shareholder structure as at 30 June 2019

GRI 102-5



## Employees

**Employees expect their employer to treat them fairly, offer training and professional development opportunities, ensure equal opportunities, good working conditions and fair pay.**

In our offices in Duisburg we offer our employees an attractive, motivating and modern working environment. Equal opportunities, advancement through education and training and taking into account individual requirements – for example by offering flexible working hours – count among HAMBORNER'S core values. Diversity is an area of concern which we are working intensively and – where possible – we deliberately ensure a balanced ratio of male and female employees and a balanced age distribution. Furthermore, we are focussing more on occupational health and safety to offer our employees high standards in this area.

## EXTERNAL STAKEHOLDERS

### Tenants

**Tenants expect us to ensure that the properties they use are in perfect condition, and to make fast, reliable decisions in the context of asset and property management.**

In our interactions with our tenants, it is important to us to build up long-term relationships and to be a reliable contact at all phases of the lease. 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 and the Technology and Maintenance division are therefore engaged in a continuous dialogue with our tenants.

### The public, society and politics

**Companies are part of society, should adhere to relevant norms and principles and contribute to the positive and sustainable development of society. Property companies in particular are expected to proactively contribute to society in cooperation with local councils and administrations.**

Wherever possible, we engage smaller and medium-sized companies and firms from the catchment area of our properties to perform modernisation and maintenance work. We see our responsibility to the public and to 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), in the European Public Real Estate Association (EPRA) and in the Institut für Corporate Governance der deutschen Immobilienwirtschaft (ICG), we are focussing more on the property sector in the areas of sustainability and corporate governance.

GRI 102-13

### Financial backers

**Our financial backers expect stable and sustainable corporate development, an appropriate return on their investment, transparent and complete transmission of relevant financial information and on-time fulfilment of payment obligations.**

In terms of financing, we have been working trustingly with major banks, cooperative banks, savings banks and insurance companies for years. Our properties are located in 60 cities in Germany. When financing our investments, we also work with local banks at the respective locations.

To ensure the proper fulfilment of our contractual obligations and the conditions for possible follow-up financing, we remain in close contact with our contacts over the entire duration of the business relationship and adjust our reporting to the information needs of our financial backers.

### Suppliers and service providers

**Suppliers and service providers expect clear and fair business relationships, adherence to orders and contracts and the payment of receivables on time.**

As a property company, we cannot and do not intend to provide all services and activities of our day-to-day operations ourselves, and rely on the services of other companies, suppliers and service providers. We follow the principle of awarding contracts for goods and services transparently, and only after comparing the services of a number of providers. 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. Furthermore, when making selections we ensure that our contractors use environmentally friendly products and processes as far as economically and technically feasible.

We have clear and fair work and service contracts with our suppliers. We also maintain long-term and cooperative business relationships with businesses in the skilled trades in addition to our facility management service providers. We take it for granted that we settle our payment obligations on time.

# ECONOMIC SUSTAINABILITY

## MATERIAL ASPECTS AND MANAGEMENT APPROACH

- / Generating sustainable cash flows as the basis for dividend distributions
- / Ongoing expansion and optimisation of the property portfolio
- / Solid, long-term financial structure
- / Increase in quality of portfolio

The focus of HAMBORNER's business activities is the realisation of sustainable cash flows, which is distributed to our shareholders in the form of continuously increasing dividends. To attain this target, numerous other economic factors should be taken into account. In our view and in the opinion of stakeholders, in particular this includes a high-quality, cost-efficient property portfolio and a solid financial position and results of operations. The economic parameters relevant to sustainability identified in the materiality analysis form the basis of the company's management system. At company level, corporate governance is based primarily on the performance indicators funds from operations (FFO) and net asset value (NAV) per share.

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 dividend payments. In particular, key operating value drivers and factors influencing development of FFO include rental income, operating expenses, personnel expenses, maintenance and interest expenses. HAMBORNER calculates its FFO conservatively without including income from disposals.

In addition to the increase of FFO, HAMBORNER's corporate strategy is to increase NAV (net asset value) through value-adding investments in the property portfolio. NAV reflects the company's asset strength and thus is a key sustainability indicator for us. It is determined by the fair values of the company's assets net of the borrowed capital. Thus, the development of our property portfolio significantly influences NAV as a performance indicator.

The REIT equity ratio is the key performance indicator for the development of HAMBORNER's financial structure, and not least because of the minimum capital requirements of the German REIT Act. The REIT Act stipulates the company must maintain a minimum equity ratio of 45%. As HAMBORNER's focus is on maintaining the REIT status in the long term, the company's capital structure is managed via the REIT equity ratio and thus strives to keep the ratio above the statutory level at approximately 50%. In addition to the REIT equity ratio, loan-to-value (LTV) is another key ratio for assessing the capital structure. The LTV reflects the solvency and is a measure of the stability of the company. The lower the value, the lower the level of debt and thus the company's interest expenses as well.

More detailed information on the composition and development of our economic sustainability key indicators can be found in the 2018 annual report at <https://www.hamborner.de/investor-relations/finanzberichte.html>

GRI 103-1 | GRI 103-2  
GRI 103-3

The REIT equity ratio is to be kept at around

50%

In addition to the yield-oriented expansion of the property portfolio, the focus of our business activity is on the continuous optimisation of our portfolio. A key part of portfolio management is regularly reviewing our existing properties in line with aspects relevant to sustainability in order to identify optimisation opportunities. Targeted renovation and modernisation work contribute towards sustainably increasing the quality and attractiveness of the property portfolio. In the materiality analysis, maintenance and modernisation expenses and the vacancy rate were identified as an appropriate indicator for measuring the quality of the portfolio.

## PORTFOLIO DEVELOPMENT

GRI 201-1

As part of our growth strategy, we invested €118.6 million in 2018 and acquired five properties. As in previous years, aspects relevant to sustainability were taken into account even more in investment decisions. All the properties acquired are in perfect technical condition and satisfy the very latest energy standards. The buildings have very low vacancies and the rental space has been leased to well-known companies of good credit standing on long-term leases. You can find detailed information on the acquisition properties in our 2018 annual report.

Active and efficient portfolio management takes more than just the yield-driven expansion of our property portfolio – it also demands the regular review of our existing properties with regard to their consistency with strategy, their risk-return profile and the sustainability of rental income and cash flows. In 2018, we identified and sold one property that was no longer in line with the strategy due to the asset type and the rental situation. The sale price amounted to €11.2 million and was higher than the fair value of the property.

Fair value of the property portfolio as at 31 December 2018 around

€ 1.5 billion

Our entire property portfolio was again valued by a third-party expert, Jones Lang LaSalle SE, as at the end of 2018. This determined the market values of all properties already in the portfolio and those recently acquired. In 2018, it found that the total value of our property portfolio has increased by €154.7 million to €1,517.3 million. In particular, this rise is due to additions to fair value from acquisitions and the increase of €40.0 million in the value of the like-for-like portfolio. It is also interesting that the fair value of the properties acquired in 2018 was €5.4 million higher than the purchase prices by the end of the year.

### Net asset value (NAV)

In 2018, property additions and growth in fair value positively impacted NAV. In 2018, HAMBORNER's NAV increased by €51.3 million to €860.2 million. This resulted in a 6.3% higher NAV per share of €10.79 compared to the previous year.

Increase in NAV to around

€ 860.2 million



## QUALITY OF PORTFOLIO

In addition to the targeted expansion of its property portfolio, HAMBORNER is continuously investing in its existing portfolio to maintain its high quality standards in the long term and to keep pace with its tenants' growing needs. In the 2018 financial year, we increased our modernisation and maintenance expenses again and invested a total of approximately €7.4 million in our buildings (previous year: €7.2 million). 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. Maintenance expenses amounted to €5.5 million (previous year: €4.3 million) and capital expenditure to €1.9 million (previous year: €2.9 million).

GRI 201-1

### Vacancy rate

The high quality of our property portfolio and the efficiency of our asset and property management are reflected in particular in our vacancy rate, which has been at a consistently low level for years. In the 2018 financial year, the ratio was 1.3%, taking agreed rent guarantees into account (previous year: 1.4%). Not including rent guarantees, the vacancy rate was 1.8% (previous year: 1.6%).

**1.3%**  
vacancy rate  
in the 2018 financial year

## FINANCIAL RESULTS

In addition to the development of the asset structure, the company's income situation also plays an important role for us and our stakeholders. In the materiality analysis, we identified income from rents and leases and the funds from operations (FFO) as key indicators for assessing the result of operations.

GRI 201-1

### Income from rents and leases

HAMBORNER's income from rents and leases amounted to €83.4 million in 2018, an increase of €9.3 million or 12.6% compared to 2017. On a like-for-like basis – i.e. comparing the properties that were held in the portfolio throughout both 2017 and 2018 – income from rents and leases was up by 0.6% year-on-year overall at €66.1 million. Uncollectable receivables and individual value adjustments were still at a very low level in the reporting year at around €72 thousand (previous year: €248 thousand).

### Funds from operations (FFO)

In 2018, FFO amounted to €52.7 million and was thus 17.7% higher than the FFO in 2017 (€44.7 million) and approximately 46% above the figure in 2016. This corresponds to FFO per share of €0.66. Thus, the FFO per share exceeded the highest value to date of €0.56 from 2016 and climbed to a new record level. The increase illustrates that the capital increases in recent years have contributed to the value-adding growth of the company.

## FINANCIAL STRUCTURE

### REIT equity ratio

GRI 201-1

The key ratio for assessing and managing the company's finance structure is the REIT equity ratio. The REIT equity ratio expresses the ratio of equity on a fair value basis to the market value of immovable assets – i.e. essentially the fair value of the property portfolio. At 56.4% (previous year: 59.0%), the ratio was well above the legally required minimum value of 45% and over the target rate of 50% defined by HAMBORNER as at 31 December 2018.

### Loan-to-value (LTV)

Loan-to-value (LTV) a key ratio for measuring the company's debt ratio is defined by the company's net debt liabilities in relation to the fair value of the property portfolio. LTV was 39.6% as at 31 December 2017 (previous year: 30.1%). Due to the minimum capital requirements of the German REIT Act and the target equity ratio of 50%, HAMBORNER's LTV will remain at a level below 50%.

## DEVELOPMENT OF SELECTED ECONOMIC FIGURES

€ thousand		2018	2017	2016
<b>FROM THE INCOME STATEMENT</b>				
Income from rents and leases		83,402	74,085	61,818
Net rental income		73,553	65,357	56,008
Operating result		32,832	29,362	27,655
Financial result		-15,016	-14,855	-14,309
EBITDA		69,262	62,764	54,462
EBDA		54,246	47,909	40,153
EBIT		34,416	32,538	31,730
Funds from operations (FFO)		52,662	44,733	36,078
Net profit for the year		19,400	17,683	17,421
<b>FROM THE STATEMENT OF FINANCIAL POSITION</b>				
Total assets		1,209,806	1,173,503	1,006,760
Non-current assets		1,200,651	1,114,033	922,819
Equity		532,426	548,159	561,311
Equity ratio	in %	44.0	46.7	55.8
REIT equity ratio	in %	56.4	59.0	67.8
Loan-to-value (LTV)	in %	42.5	39.6	30.1
<b>ON HAMBORNER SHARES</b>				
Number of shares outstanding		79,717,645	79,717,645	79,717,645
Basic = diluted earnings per share	in €	0.24	0.22	0.26
Funds from operations (FFO) per share	in €	0.66	0.56	0.45
Stock price per share (Xetra)	in €			
Highest share price		10.08	9.94	10.76
Lowest share price		8.40	8.77	8.36
Year-end share price		8.41	9.90	9.04
Dividend per share	in €	0.46	0.45	0.43
Dividend yield in relation to the year-end share price	in %	5.5	4.5	4.8
Price/FFO ratio		12.7	17.6	20.0
Market capitalisation		670,425	789,205	720,648
<b>ON HAMBORNER PORTFOLIO</b>				
No. of properties		78	74	69
Fair value of property portfolio		1,517,260	1,362,600	1,115,010
Vacancy rate (incl. rent guarantees)	in %	1.3	1.4	1.3
Weighted remaining term of leases in years		6.2	6.6	6.7
<b>OTHER DATA</b>				
Net asset value (NAV)		860,226	808,944	768,486
Net asset value per share	in €	10.79	10.15	9.64
Number of employees not including Management Board		38	36	32



## FACTS

<b>LOCATION</b>	KARLSRUHE
<b>ADDRESS</b>	MENDELSSOHNPLATZ 1
<b>USAGE TYPE</b>	RETAIL / OFFICE
<b>PURCHASE PRICE</b>	€37.0 MILLION
<b>RENTAL SPACE</b>	15,200 M <sup>2</sup>
<b>RENTAL INCOME</b>	€2.5 MILLION P.A.
<b>MAIN TENANT</b>	EDEKA
<b>PARKING SPACES</b>	400
<b>MARKET VALUE AS AT 31 DEC. 2018</b>	€45.4 MILLION



A wide range of fruit and vegetables from the region

# 2037

As part of the modernisation work, the main tenant EDEKA extended its lease by a further 15 years





The entrance area of the new EDEKA-Markt store was modernised during 2019

#### EDEKA-MARKT STORE, KARLSRUHE

# "Scheck-In" – The format of the future

**Sustainable investments for sustainable rental income – modernisation of the retail property in Karlsruhe.**

In 2018, the EDEKA-Markt store at HAMBORNER'S property in Karlsruhe was extensively modernised. The shop floor of around 5,000m<sup>2</sup> now has an impressive new design. The owner family Scheck, which operates a total of 14 large supermarkets in high-growth regions in south-western Germany, took an entirely new approach to the renovation. The result was the "Scheck-In-Center" of the future.

The most notable innovations: The shop floor and service counters were refurbished using high-quality materials and upgraded to include innovative LED lighting. An efficient heat recovery system ensures resource-efficient air conditioning. The bakery, patisserie, snack bars and a modern food court are now operated in-house. Regular campaigns and culinary

events in a contemporary ambiance complete the offering and ensure a special shopping experience.

In an era of changing consumer behaviour and innovative discount stores that are increasing the pressure on traditional supermarkets, HAMBORNER decided to support the operator's innovative concept and intensify this long-standing business relationship. This goes far beyond simply meeting contractual obligations.

HAMBORNER made targeted investments in the rental space and the building infrastructure in order to further improve the attractiveness of the property.

In recognition of this commitment, Scheck followed up the modernisation work by extending the lease, which was due to expire in 2022, ahead of schedule by a further 15 years to 2037.

# ENVIRONMENTAL SUSTAINABILITY

## MATERIAL ASPECTS AND MANAGEMENT APPROACH

- / Continuous increase in the resource efficiency of properties
- / Supporting climate protection

GRI 103-1 | GRI 103-2  
GRI 103-3

In our materiality analysis, we have identified the resource efficiency of our buildings and climate protection as significant areas. The consumption of energy for heating, electricity and water are highly relevant for a cost-efficient and resource-efficient management of our properties and are therefore defined as key materiality indicators. At regular intervals, we check the energy and water consumption of our buildings and implement targeted maintenance measures to reduce the consumption further. Thus, we ensure attractiveness and long-term rental potential of our properties. However, the consumption analysis does not only comprise our portfolio properties, but also our company's administration building. Since last year we are also reporting in detail on energy and water consumption of our company.

In addition to the targeted increase of resource efficiency of the properties, both HAMBORNER and its stakeholders focus more on climate protection. For this reason, the issue will become more important in the context of sustainability management and greater attention will also be paid in reporting in the future. Targeted measures in individual properties and concepts across portfolios are expected to contribute to reducing greenhouse gas emissions in the future. We intend to take the increase in the relevance of climate protection into account by gradually increasing transparency on greenhouse gas emissions. Since the beginning of the year 2019 all relevant data relating to emissions are systematically recorded and analyzed. From next year onwards the results will be published in the form of a CO<sub>2</sub> footprint.

## RESOURCE CONSUMPTION OF HAMBORNER REIT AG

In 2018, HAMBORNER employed an average workforce of 37 people at its company headquarters in Duisburg. Further branches do not exist. In recent years, the company pledged its commitment to its traditional headquarters and extensively renovated its administrative building. The renovation of the building was carried out according to modern energy standards and using high-quality and sustainable materials. Of particular note is the advanced VRV air conditioning system with heat recovery technology, which is used throughout the building. VRV technology significantly reduces CO<sub>2</sub> emissions compared to conventional heating and cooling technology and also allows employees to regulate it individually to suit their needs. The combination of modern offices and communal spaces and communication rooms creates a pleasant working atmosphere that benefits all HAMBORNER employees. The extensive modernisation and expansion of the administrative building paved the way for further sustainable growth of the company.

The following table provides an overview of the energy and water consumption of HAMBORNER REIT AG.

	2018	2017	2016	Change since 2016
<b>Heating energy consumption</b>				
Total consumption in kWh	42,321	113,800	101,518	- 58.3%
in kWh/m <sup>2</sup>	26.0	69.8	140.2	- 81.5%
in kWh/employee	1,144	3,347	2,985	- 61.2%
<b>Electricity consumption</b>				
Total consumption in kWh	120,200	95,068	81,518	+ 47.5%
in kWh/m <sup>2</sup>	73.7	58.3	112.6	- 34.5%
in kWh/employee	3,248	2,796	2,397	+ 35.5%
<b>Water consumption</b>				
Total consumption in m <sup>3</sup>	490	292	361	+ 52.9%
in m <sup>3</sup> /m <sup>2</sup>	0.30	0.18	0.50	- 40.0%
in m <sup>3</sup> /employee	13.2	8.6	10.6	+ 24.5%
Usable floor area in m <sup>2</sup>	1,630	1,630	724	
Number of employees (annual average)	37	34	33	

GRI 302-1

Administration building Duisburg-Hamborn: The renovation and expansion in 2016 led to increased consumption. The commissioning of the new heating and cooling system resulted in significant savings in heating energy consumption at the expense of electricity consumption. From 1 January 2020 electricity is exclusively obtained from renewable energies.

## ANALYSIS OF THE PROPERTY PORTFOLIO

In order to continuously monitor the environmental impact of the use of our portfolio properties, we have analysed the data for the consumption of energy for heating, electricity and water for 2012 to 2018. The overwhelming majority of our tenants once again provided us with their consumption data for the 2018 reporting year.

No. of properties	2018	2017	2016
<b>As at 31 Dec.</b>	78	74	69
<b>Heating energy consumption analysis</b>			
Properties with usable data for the reporting year	53	62	55
Properties with usable data for two years	51	50	51
<b>Electricity consumption analysis</b>			
Properties with usable data for the reporting year	61	68	60
Properties with usable data for two years	59	56	49
<b>Water consumption analysis</b>			
Properties with usable data for the reporting year	59	63	58
Properties with usable data for two years	46	48	54

The current data collection is still not complete. We will work on further expanding the analysis portfolio in the years ahead and on convincing more tenants to cooperate on data collection. For this purpose, in the course of the introduction of "Green leases" contractual agreements for the regular exchange of consumption data should be negotiated with the tenants (see page 35).

## HEATING ENERGY CONSUMPTION IN 2018

GRI 302-2 | GRI 302-3  
GRI 302-4

Heating energy consumption of the analysis portfolio of 53 properties amounted to 27,015,451 kWh in 2018. With a total usable area in the properties of around 435,000 m<sup>2</sup> (71% of the HAMBORNER portfolio), average consumption amounts to 62.2 kWh per m<sup>2</sup>. This corresponds to a decrease of 5.9% compared with the previous year.

Average consumption in kWh per m <sup>2</sup> of usable floor area	Portfolio	Office	Commercial
2017: 62 properties, 487,539 m <sup>2</sup> of usable floor area	66.1	65.9	66.2
2018: 53 properties, 434,393 m <sup>2</sup> of usable floor area	62.2	62.9	61.9

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

The like-for-like analysis portfolio for heating energy consumption in 2017 and 2018 comprises a total of 51 properties. The 36 retail/commercial and 15 office properties account for around two-thirds of the properties in our portfolio as a whole in 2018, and have a total usable area of 419,593 m<sup>2</sup>. The analysis included 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 59% and 35%. In total, the 51 properties used 26,796,402 kWh for heating in 2018. The figure for 2017 had been 27,091,857 kWh, and is therefore 1.1% lower.

## ELECTRICITY CONSUMPTION IN 2018

GRI 302-2 | GRI 302-3  
GRI 302-4

The sub-portfolio for the analysis of electricity consumption in 2018 consists of 61 properties. In terms of total usable space, the sub-portfolio includes 494,355 m<sup>2</sup>. This corresponds to around 81% of the total leasable area of the HAMBORNER portfolio.

Shared and tenant electricity consumption of 32,570,873 kWh was registered in 2018. In the previous year, 2017, the figure was 34,381,385 kWh. The reduction is mainly due to the analysis portfolio which has decreased by 7 properties compared to the previous year and to the less comprehensive database at the level of individual properties. However, it is not appropriate to state an average value for the entire sub-portfolio here as there is still only data on general electricity consumption for some of the properties, and general electricity consumption cannot be shown relative to the total usable floor area of the sub-portfolio. We are still pursuing the goal of expanding data collection to consumption at portfolio and individual property level, and of acquiring additional data on electricity usage by our tenants.



## Greenhouse gas emissions

Converted into CO<sub>2</sub> emissions, the total electricity consumption of the 61 properties in the current sub-portfolio of 34,381,385 kWh corresponds to 17,263 tonnes of CO<sub>2</sub> in 2018. In the previous year the 68 properties under consideration recorded CO<sub>2</sub> emissions of 18,222 tonnes. In converting our electricity consumption data, we use the CO<sub>2</sub> conversion factor published by the German Federal Environment Agency for the Germany electricity mix of 0.53 kg per kWh (value for 2017 and 2018). In 2017, we set the course for greenhouse gas emissions to be reduced further and started a tendering procedure for the supply of general electricity to our existing properties in the future. After the procedure was completed in spring 2018, we have stipulated by contract that all existing properties in which HAMBORNER is responsible for supplying the common areas will be supplied with general electricity from renewable energies by 2020.

## Year-on-year comparison of electricity consumption

Of the 61 properties in total, there are usable data for 59 for the 2017 and 2018 reporting year. The like-for-like portfolio grew by seven properties compared to the previous year. The total usable space of the sub-portfolio was increased by around 58,000 m<sup>2</sup> to a total of 483,325 m<sup>2</sup>. This now corresponds to 76% of the properties of the HAMBORNER portfolio. The total electricity consumption recorded in the 59 buildings amounted to 32,406,820 kWh in 2018. Total consumption of 31,572,619 kWh was registered for the same sub-portfolio in 2017. Electricity consumption was therefore up by 2.6% in total year-on-year.

GRI 302-2 | GRI 302-3  
GRI 302-4

## Greenhouse gas emissions in the like-for-like portfolio

In the 2018 reporting year, the 59 properties in the like-for-like portfolio recorded CO<sub>2</sub> emissions of 17,176 tonnes. In 2017, CO<sub>2</sub> emissions of the same properties amounted to 16,860 tonnes. This corresponds to an increase of greenhouse gas emissions of 1.9%.

## WATER CONSUMPTION IN 2018

The sub-portfolio for the analysis of water consumption in 2018 comprised 59 properties. The total usable space of the sub-portfolio under consideration was around 478,000 m<sup>2</sup>. The water consumption by the 59 properties analysed amounted to 180,601 m<sup>3</sup> in 2018. Based on the total usable area, average consumption was 0.38 m<sup>3</sup>/m<sup>2</sup>. Compared to the previous year, water consumption climbed by a total of 18% (2017: 0.32 m<sup>3</sup>/m<sup>2</sup>).

GRI 303-1

Average consumption in m <sup>3</sup> /m <sup>2</sup> of usable floor area	Portfolio	Office	Commercial
<b>2017:</b> 63 properties, usable area of 478,988 m <sup>2</sup>	0.32	0.30	0.33
<b>2018:</b> 59 properties, usable area of 477,811 m <sup>2</sup>	0.38	0.31	0.41

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

Water consumption data for the like-for-like comparison of 2017 and 2018 was available for a total of 46 properties (previous year: 48 properties). In terms of both the number of properties and usable space, the properties account for around 60% of the total HAMBORNER portfolio. Total water consumption in 2018 amounted to 116,442 m<sup>3</sup> in the 17 office and 29 commercial properties. Water consumption for the same sub-portfolio was 119,575 m<sup>3</sup> in 2017. This corresponds to a decline of 2.6% in total as against the previous year. Consumption in the office properties under consideration was down 14.3% on the previous year, while water consumption was up 2.7% in the office properties analysed.

### RESOURCE CONSUMPTION OF THE PROPERTY PORTFOLIO

#### Energy and water consumption in 2018 (compared to 2017, like-for-like)

	2018	2017
<b>Heating energy consumption</b>		
Number of buildings analysed	51	51
Total kWh	26,796,402	27,091,857
<b>Electricity consumption</b>		
Number of buildings analysed	59	59
Total kWh	32,406,820	31,572,619
<b>Water consumption</b>		
Number of buildings analysed	46	46
Total m <sup>3</sup>	116,442	119,575

INTERVIEW

# Green Leases

Tenants and landlords of commercial properties are facing new challenges when it comes to using and managing their offices and business premises sustainably. A shared frame of reference for sustainable and ecological leases can help to remedy this situation.



The HAMBORNER Management Board  
Dr Rüdiger Mrotzek and  
Hans Richard Schmitz

## What are green leases?

**DR MROTZEK** Green leases are an important element in the realisation of our sustainability strategy. They are leases whose particular features are aimed at encouraging tenants and landlords to use and manage properties sustainably. Specific contractual provisions give rise to ecological as well as economic advantages for both parties. Our tenants typically benefit from cost savings, while our properties become more attractive on the market as a result.

## How is a green lease structured?

**SCHMITZ** We have added various sustainability clauses to our standard leases for commercial and office space. These are based on recommended provisions developed by a project group of property and legal experts headed by the German Property Federation (ZIA). The clauses include provisions on using and managing the leased property sustainably during normal operations, reducing consumption, waste and emissions, and realising construction and modernisation measures.

## Can you give an example of one of these clauses?

**DR MROTZEK** In the past, the exchange of information on sustainable building operations was viewed with scepticism by some tenants. This was especially the case for tenant energy, water and waste consumption data, which we are unable to access directly. We have added a general clause to our leases to ensure the regular exchange of data in future, making it easier for us to evaluate a property's consumption and emissions.

## To what extent is this being accepted by your tenants?

**SCHMITZ** The response to the sustainability clauses has been broadly positive, as most of our tenants are already looking at ways of conserving resources and reducing operating costs and have developed their own sustainability strategies. And where this is not the case, "green" clauses are an ideal way of initiating a dialogue with tenants on topics relating to sustainability.

### GREEN LEASES – A WIN-WIN SITUATION FOR TENANTS AND LANDLORDS

- / Contribution to environmental and climate protection by reducing emissions and waste
- / Cost savings as a result of lower consumption
- / More attractive properties for sale and financing
- / Pre-empting future legislative changes in the area of climate protection Substantial contribution towards implementing CSR strategies
- / Improved working environment for building users
- / Greater transparency, efficiency and cooperation

Source:  
German Property Federation (ZIA)

# SOCIAL SUSTAINABILITY

## MATERIAL ASPECTS AND MANAGEMENT APPROACH

- / Ongoing employee development
- / Promoting equal opportunities
- / Ensuring high occupational health and safety standards

GRI 103-1 | GRI 103-2  
GRI 103-3

In terms of social sustainability, we identified employee development as a key area of activity in the materiality analysis. For this reason, we pay particular attention to both the quantitative and the qualitative development of our staff. To continue on our growth path and ensure business success in the future, we need a sufficient number of qualified and committed employees at each operational level and in each division. To gain such employees for HAMBORNER and keep them at the company on a long-term basis, we intend to position ourselves as an attractive and reliable employer offering our employees interesting development prospects. Thus, it is important to us that all employees are supported and trained in line with their individual ideas and their respective professional requirements. In the materiality analysis, we defined the development in the number of employees and the average number of training hours per employee as indicators for measuring progress in employee development.

In addition to employee development, the topic of equal opportunities was identified as another key area of activity. HAMBORNER REIT AG stands for appreciating and treating all employees fairly regardless of their gender, age, social background, or ethnic background. We promote the diversity of our staff and endeavour to create a balanced employment structure and eliminate diversity barriers. We are also striving for the appropriate inclusion of women in appointments to management positions. We also do not differentiate based on age or gender when it comes to the remuneration of our employees. The nature of the remuneration structure and the percentage of women in management positions are defined as indicators of our progress at the level of promoting equal opportunities at HAMBORNER.

GRI 403-1

In the future, occupational health and safety is another area of activity that is expected to become more important in the context of sustainability management. As the employer, HAMBORNER bears responsibility for its employees' health and safety and strives to offer them a working environment in which they are protected from risks to their health. Targeted preventive and training measures are designed to prevent accidents and work-related illnesses and to maintain its individual workforce in the long term. For this purpose, HAMBORNER has created a Work Health and Safety Committee that consists of our safety officers, the Management Board, a representative of the Works Council, a company doctor and external security experts.

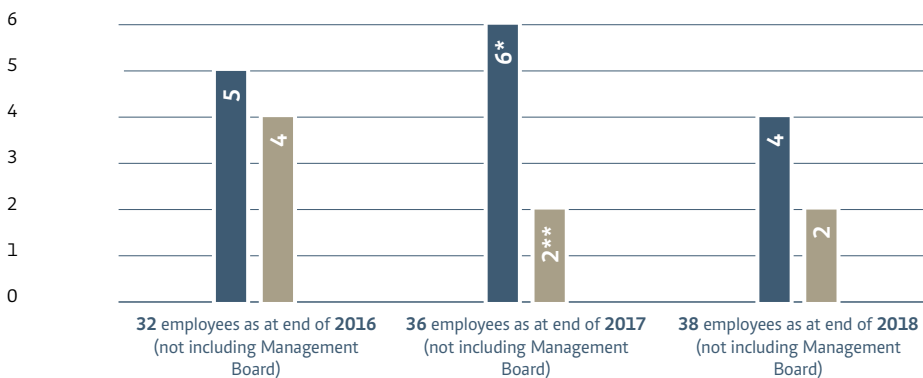
## EMPLOYEE DEVELOPMENT

HAMBORNER REIT AG is a growth-oriented company that, in addition to the Management Board, had 38 employees in total as at the end of 2018 (previous year: 36 employees). 35 employees worked full-time, while three employees worked part-time. As in previous years, HAMBORNER also employed a trainee. The following chart gives an overview of the changes within the HAMBORNER workforce:

GRI 102-8

### New hires / departing employees

GRI 401-1 | GRI 401-3



■ JOINED ■ LEFT

\* Including the return of an employee from parental leave.

\*\* Including an employee taking parental leave.

As we intend to continue on our growth path, we will review our personnel capacities on a regular basis in the future and increase the individual divisions and departments in a targeted manner as required.

The employee turnover at HAMBORNER is at a consistently low level. The average length of service at our company is 8.9 years as at the end of 2018 and has increased slightly compared to the previous year (8.7 years).

GRI 401-1

Average employee tenure:

**8.9** years

In 2018, our employees completed 9.8 hours on average of external training. Average training hours decreased compared to 2017 (18.7 hours) and were on the same level as in the year 2015 (10.3 hours). In the future, all employees are also expected to have access to personnel development measures and receive targeted support if necessary. Individual requirements are determined by the heads of division and department responsible in regular employee reviews and in close consultation with the Management Board. Our ultimate goal is to recognise our employees' potential, to systematically promote their skills and to make better use of their skills.

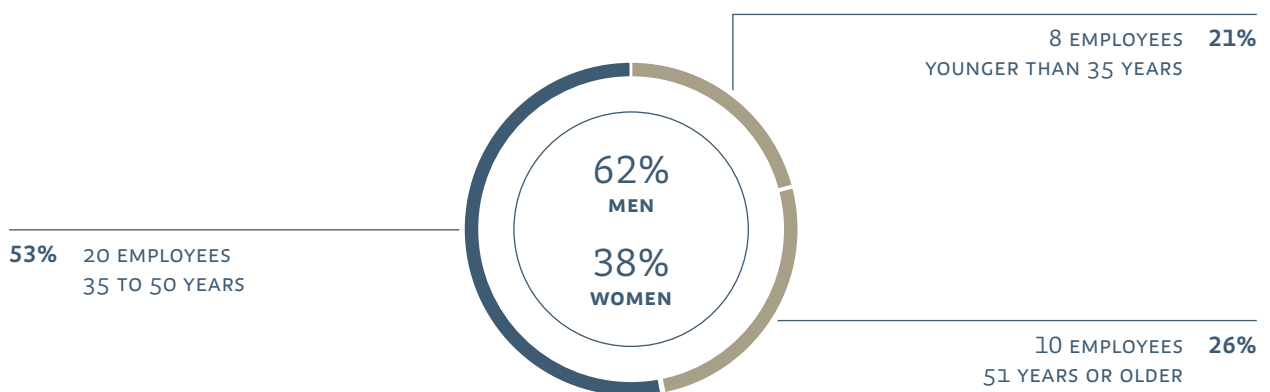
GRI 404-1 | GRI 404-3

**9.8**  
training hours per employee

Employees are focusing more on work/life balance when selecting their employer. To strengthen the long-term commitment of our employees and to increase the appeal of HAMBORNER as an employer, our corporate policy is geared towards creating the preconditions for a work/life balance. We offer different working time models, individual part-time agreements and reducing weekly hours on a transitional basis to respond to our employees' family situation in a flexible manner.

## EQUAL OPPORTUNITIES

### Age structure



The total number of HAMBORNER employees as at 31 December 2018 was 38.

#### GRI 102-8 | GRI 405-1

In 2018, staff at HAMBORNER broke down as 38% female and 62% male. Thus, the percentage of female employees remains almost unchanged compared to 2017 (39%). As in the past, we value a balanced age structure within our workforce. At the end of 2018, 53% of our employees were in the 35-to-50-year-old age range, 26% of employees were 51 or older and 21% of the workforce was younger than 35.

#### GRI 405-1

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. Back in March 2015, a gender quota target of 30% was set for appointments to the Supervisory Board. 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 Supervisory Board also set a gender quota target of 30% for the Management Board that should be achieved by 30 June 2022. 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 Management Board, though this had not been met as at the end of 2018. Achievement of this target must be seen in the context of staffing requirements in terms of the new vacancies to be filled.

In terms of employee remuneration, different basic salaries have been agreed with employees based on their respective job profiles. No distinction is made between the sexes or on the basis of age or race. All employees receive a fair and competitive remuneration, which is reviewed on a regular basis and adjusted to individual performance and qualifications or changed regulatory conditions if necessary.

GRI 405-2

## OCCUPATIONAL HEALTH AND SAFETY

As an employer, HAMBORNER has a particular responsibility for the health and safety of its employees. The definition of our own area of business in our sustainability approach emphasises the importance of occupational health and safety for our company. The focus is on preventing occupational accidents and work-related illnesses as much as possible and maintaining the ability of each individual employee to work on a long-term basis.

Not only do we ensure strict compliance with all statutory regulations and provisions, we also ensure that risks to our employees' health are reduced by regular preventive measures. In 2018, our safety officers carried out another site inspection and the Occupational Safety Committee met for its annual meeting. We also trained our employees as part of a training course in the areas of occupational safety, fire and health protection. Several in-house first-aiders provide additional safety in day-to-day business. Modern equipment is available to them for the first aid of employees. Our employees could also consult our company doctor if necessary.

GRI 403-1

Since occupational accidents and accidents when travelling for business cannot be completely prevented, in addition to the statutory accident insurance we have taken out a group accident insurance policy for employees who travel on business.

## COMMITMENT

GRI 102-12 | GRI 102-13

HAMBORNER is not only committed to its employees as an employer. As a property company, we are also responsible for the social and urban surroundings of our properties. Our properties are part of their cities and communities, and therefore have a significant influence on their respective cityscapes. Thus, it is important to us, when carrying out modernisation work and refurbishments for example, that we respect the corresponding city and preservation statutes and guarantee the protection of historic façades. This ensures – also in our interests – the upholding of a uniform cityscape and an adequate integration of our properties into their surroundings.

HAMBORNER had 78 properties in 60 cities in Germany as at the end of 2018. We maintain contacts going back years with local authorities and offices at a number of locations. We regularly take part in local business initiatives, interest groups and marketing measures to increase the attractiveness of locations and footfall for our properties.

The Management Board and employees of HAMBORNER are members of various organisations and interest groups that aim to foster the issues of sustainability and corporate governance in the property sector. Furthermore, we are involved in political work as a member of committees. We are actively involved in association work with the aim of being well informed of future developments in the property sector and being able to shape them as well.

Another part of our company's social commitment is supporting social projects in the area directly surrounding our company. As in previous years, in 2018 we supported different projects, which promote educating and developing the skills of young people.

It is also a matter of major 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 (IW) is a fixed part of our corporate commitment. A description of the initiatives mentioned here can be found in the glossary on page 44.



# INTEGRITY

## MATERIAL ASPECTS AND MANAGEMENT APPROACH

- / Ongoing development of corporate governance standards
- / Comprehensively establishing compliance principles in business processes
- / Systematically implementing data protection regulations

In our most recent materiality analysis, three focal points have been identified in close consultation with our stakeholders, which can be classified in a newly defined area of activity called "Integrity". These are the areas of corporate governance, compliance and data protection. In the future, greater attention will be paid to them as part of our sustainability management. The principle of integrity forms the basis of our sustainable corporate governance in each of the three dimensions, "Economy", "Ecology" and "Social affairs". As a listed company, we are in the special public interest. Upholding the principles of ethics and integrity is therefore at the heart of our work. Complying with these principles promotes the trust of our stakeholders, ensures the company's reputation and is the basis for sustainable economic, environmental and social success.

GRI 102-16 | GRI 103-1  
GRI 103-2 | GRI 103-3

At the centre of the "Integrity" area of activity is the ongoing further development of our corporate governance structures. Corporate governance has traditionally been a high priority for the Management Board and Supervisory Board of HAMBORNER. Under corporate governance, we understand the responsible management and monitoring of a company geared to long-term corporate success. This includes not only complying with all relevant statutory regulations, but also adhering to recognised standards of good and responsible corporate governance. The main guideline for the management and control of our company is the German Corporate Governance Code. Since the Code came into effect in 2002, the Management Board and Supervisory Board of HAMBORNER have regularly discussed its recommendations and suggestions. In the future, we also intend to implement all recommendations – as far as possible and necessary – and thoroughly deal with the suggestions of the Code. Furthermore, HAMBORNER is a member of the Initiative Corporate Governance der deutschen Immobilienwirtschaft and is obligated to comply with the principles of value-oriented corporate governance. The development of our corporate governance standards can be found in the annual declaration of compliance, the corporate governance report in our annual report and the corporate governance declaration on our website.

The principles of value-oriented corporate governance can be viewed at [www.ICG-Institut.de/grundsätze](http://www.ICG-Institut.de/grundsätze)

In addition to improving the corporate governance structures, developing the compliance principles and establishing them in our business processes in the long term is a key part of our sustainability approach. Establishing compliance management directly at the level of the Management Board illustrates that this topic is highly relevant for our company. The Management Board of HAMBORNER is fully committed to compliance and has developed an extensive compliance management system that is expected to ensure that HAMBORNER's business activities are always in line with the law and internal policies and regulations. At the same time, acting responsibly should be established in the way our employees think and act in the long term.

A detailed description of the principles of our compliance management system can be found in our current annual report.

The compliance management system of HAMBORNER is based on three pillars: prevention, investigation and response. In particular, prevention measures include training all employees and a detailed compliance policy. Through regular communication as part of training and ongoing expansion and specification of the guideline, we expect to raise awareness for the topic of compliance and keep employees up-to-date with the respective regulations. Another fundamental part of our efforts in ensuring legal compliance and preventing damage to the company is that information about potential misconduct reaches the Management Board and the Supervisory Board. For this reason, the Management Board has developed a whistleblowing system, which enables the investigation of misconduct and legal violations in the company. The system forms the second pillar of HAMBORNER's compliance management. Immediate responses and definite consequences in case of misconduct form the third pillar of the compliance management system. After a full and comprehensive investigation of the compliance breach has been carried out, disciplinary measures are applied. The measures are clearly defined in the compliance policy. They take the respective legal situation into account and are based on the gravity of the breach and the damage suffered by the company.

Another key issue of compliance that HAMBORNER has also defined as a material area of activity is data protection. Handling the data of our tenants, business partners and employees in a legally compliant and responsible manner plays an important role at HAMBORNER. For years, the Management Board has been focusing heavily on the issue of data protection and appointed a data protection officer back in 2011. They report directly to the Management Board and are involved in the entire data processing procedure. They advise and support all divisions to implement data protection regulations. Furthermore, they are available as a contact person for internal and external parties in the event of complaints or indications regarding a possible breach of data protection. To guarantee data protection in the future, ensuring legal conformity on a long-term basis is at the heart of our activities. This includes improving data protection standards on an ongoing basis, both in terms of documentation and IT security. At the same time, all employees are expected to be aware of regular on-site and online training for data protection and be promptly informed on current legal developments.

## CORPORATE GOVERNANCE

The Corporate Governance Code and its implementation were discussed at the Supervisory Board meeting on 13 November 2018. This meeting also discussed current developments in the field of corporate governance and approved the declaration of compliance for the 2018 financial year. According to this the company complied with all recommendations of the Code in 2018 with one exception. A chairman or spokesperson will not be appointed to the Management Board as recommended by the Code, as the Management Board consists of just two people.

On 6 November 2018, the Government Commission on the German Corporate Governance Code presented a fundamentally revised draft of the Code intended to streamline and restructure its regulations with the aim of further increasing the Code's relevance and its acceptance among companies and investors. In the course of the code reform, the Management Board and the Supervisory Board intensively addressed the changes and the necessary resulting adjustments at HAMBORNER. The completion of the current reform process and the publication of the new version of the Code in the electronic Federal Gazette is provisionally scheduled for autumn 2019. The Management Board and the Supervisory Board will issue the next declaration of compliance in December 2019.

## COMPLIANCE

In 2018, the focus of our compliance activities was on the ongoing development and improvement of our compliance management system and, in particular, on the further intensification of prevention measures to avoid compliance breaches. In order to anchor the subject in our work routine and to give our employees confidence in dealing with matters of compliance, all employees were kept comprehensively informed on any relevant legal changes in the scope of a training and were further sensitised for compliance-related topics.

In the 2018 reporting year, there were again no indications of possible compliance breaches at HAMBORNER. The electronic whistleblowing system, which was implemented in 2017 and can be used by both employees and external parties to provide information on potential misconduct or violations of the law that would have an impact on the company, has not yet been used.

## DATA PROTECTION

In the area of data protection, 2018 was marked by the implementation of the General Data Protection Regulation (GDPR) of the European Union, which came into effect on 25 May 2018. We handled the regulation promptly and made corresponding adjustments to our business processes and data protection formalities. Required technical and organisational measures were also implemented. The process was directed by the Management Board and accompanied and closely monitored by our data protection officer. All employees were comprehensively informed on the new regulations during a training course. The focus of our future activities will be on improving our standard of documentation. For this purpose, both the processes related to data protection and the register of processing operations are reviewed annually and adjusted. In 2018, the measures to implement the GDPR were also subject to internal audit. As in previous years, HAMBORNER had no complaints or violations of data protection in the 2018 reporting year.

## GLOSSARY: IMPORTANT TERMS AND ABBREVIATIONS

<b>CAPEX</b>	Capital expenditure
<b>Cash flow</b>	Net total of the inflows and outflows of cash in a period
<b>Compliance</b>	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.
<b>Corporate governance</b>	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.
<b>EBIT</b>	Earnings before interest and taxes (income taxes only)
<b>EBITDA</b>	Earnings before interest, taxes (income taxes only), depreciation and amortisation
<b>EPRA</b>	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.
<b>FFO</b>	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.
<b>gif e. V.</b>	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.
<b>Government Commission on the German Corporate Governance Code</b>	The Government Commission set up by the German Minister of Justice in September 2001 passed the first version of the German Corporate Governance Code on 26 February 2002.
<b>GRI</b>	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.
<b>Institut für Corporate Governance der deutschen Immobilienwirtschaft e. V. (ICG – Corporate Governance in the German Property Sector Initiative)</b>	The Initiative's aim is to devise and establish principles of transparent and professional corporate governance in the property industry.
<b>Institut der deutschen Wirtschaft e. V. (IW)</b>	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.
<b>Like-for-like approach</b>	Comparison of same data pool for two or more years
<b>LTV</b>	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
<b>Material aspects</b>	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.
<b>NAV</b>	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.
<b>REIT</b>	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).
<b>REIT equity ratio</b>	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.

# GRI CONTENT INDEX

GRI 102-55

This report was prepared on the basis of the GRI guidelines. The following index shows which GRI 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.

GRI 102-56

Furthermore, the EPRA Best Practices Recommendations and the German Central Real Estate Committee Sustainability Guideline recommend reporting on specific key performance indicators. The table therefore also provides an overview of which of these key performance indicators EPRA or the ZIA recommend reporting.

GRI Standard	Note	Page	Notes on omissions and further information	EPRA	ZIA
<b>GRI 102 GENERAL DISCLOSURES</b>					
<b>Organizational Profile</b>					
102-1	Name of the organization	2		✓	✓
102-2	Activities, brands, products, and services	2, 9, 10		✓	✓
102-3	Location of headquarters	9, 10, 13		✓	✓
102-4	Location of operations	9, 10		✓	✓
102-5	Ownership and legal form	2, 9, 20		✓	✓
102-6	Markets served	10		✓	✓
102-7	Scale of the organization	2		✓	✓
102-8	Information on employees and other works	10, 37, 38		✓	✓
102-9	Supply chain	10			✓
102-10	Significant changes to the organization and its supply chain	10, 11		✓	✓
102-11	Precautionary principle or approach	18			✓
102-12	External initiatives	6, 40			✓
102-13	Membership of associations	21, 40			✓
<b>Strategy</b>					
102-14	Statement from senior decision-maker	4-5		✓	✓
<b>Ethics and Integrity</b>					
102-16	Values, principles, standards, and norms of behavior	14, 41			✓
<b>Governance</b>					
102-18	Governance structure	11		✓	✓
<b>Stakeholder Engagement</b>					
102-40	List of stakeholder groups	19			✓
102-41	Collective bargaining agreements		In 2018 no employee was covered by collective agreements		
102-42	Identifying and selecting stakeholder	19			✓
102-43	Approach to stakeholder engagement	19			✓
102-44	Key topics and concerns raised	19		✓	✓

GRI Standard	Note	Page	Notes on omissions and further information	EPRA	ZIA
<b>Reporting Practice</b>					
102-45	Entities included in the consolidated financial statements	8	Annual report 2018		
102-46	Defining report content and topic boundaries	6, 8		✓	✓
102-47	List of material topics	17		✓	✓
102-48	Restatement of information	6			
102-49	Changes of reporting	16			
102-50	Reporting period	6		✓	✓
102-51	Date of most recent report	48			
102-52	Reporting cycle	6		✓	✓
102-53	Contact point for questions regarding the report	48			
102-54	Claims of reporting in accordance with the GRI Standards	6		✓	✓
102-55	GRI content index	45ff.		✓	✓
102-56	External assurance	45	No external assurance	✓	
<b>GRI 200 ECONOMIC PERFORMANCE</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 23f.		✓	✓
103-2	The management approach and its components	12ff., 23f.		✓	✓
103-3	Evaluation of the management approach	12ff., 23f.		✓	✓
<b>GRI 201 Economic Performance</b>					
201-1	Direct economic value generated and distributed	24-27			
<b>GRI 300 ENVIRONMENTAL DISCLOSURES</b>					
<b>Energy</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	30		✓	✓
103-2	The management approach and its components	30		✓	✓
103-3	Evaluation of the management approach	30-31		✓	✓
<b>GRI 302 Energy</b>					
302-1	Energy consumption inside of the organization	30		✓	
302-2	Energy consumption outside of the organization	31-34		✓	
302-3	Energy intensity	31-34		✓	
302-4	Reduction of energy consumption	31-34		✓	
<b>Water</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 30		✓	✓
103-2	The management approach and its components	12ff., 30		✓	✓
103-3	Evaluation of the management approach	12ff., 30		✓	✓
<b>GRI 303 Water</b>					
303-1	Water sources significantly affected by withdrawal of water	33f.		✓	

GRI Standard	Note	Page	Notes on omissions and further information	EPRA	ZIA
<b>GRI 400 SOCIAL TOPICS</b>					
<b>Employment</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 36		✓	✓
103-2	The management approach and its components	12ff., 36		✓	✓
103-3	Evaluation of the management approach	12ff., 36		✓	✓
<b>GRI 401 Employment</b>					
401-1	New employee hires and employee turnover	37		✓	
401-2	Benefits provided to full-time employees that are not to temporary or part-time employees				
401-3	Parental leave	37			
<b>Occupational Health and Safety</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 36		✓	✓
103-2	The management approach and its components	12ff., 36		✓	✓
103-3	Evaluation of the management approach	12ff., 36		✓	✓
<b>GRI 403 Occupational Health and Safety</b>					
403-1	Workers representation in health and safety committees	36, 39		✓	
<b>Training and Education</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 36		✓	✓
103-2	The management approach and its components	12ff., 36		✓	✓
103-3	Evaluation of the management approach	12ff., 36		✓	✓
<b>GRI 404 Training and Education</b>					
404-1	Average hours of training per year per employee	37		✓	
404-3	Percentage of employees receiving regular performance and career development reviews	37		✓	
<b>Diversity and Equal Opportunity</b>					
<b>GRI 103 Management Approach</b>					
103-1	Explanation of the material topic and its boundary	12ff., 36		✓	✓
103-2	The management approach and its components	12ff., 36		✓	✓
103-3	Evaluation of the management approach	12ff., 36		✓	✓
<b>GRI 405 Diversity and Equal Opportunity</b>					
405-1	Diversity of governance bodies and employees	38f.		✓	
405-2	Ratio of basic salary and remuneration of women to men	39		✓	

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GRI 102-53

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September 2019

This sustainability report contains among other things forward-looking statements based on certain assumptions and expectations as at the time of publication of this sustainability report. They therefore entail risks and uncertainties and are contingent on factors that HAMBORNER REIT AG can neither influence nor predict with certainty at the current time. These include future market conditions and economic developments, the behaviour of other market participants, the achievement of expected synergy effects and legal and political decisions. HAMBORNER does not guarantee the accuracy or completeness of the information provided here.