

# INTERIM STATEMENT

Third quarter of 2023

# I KEY FINANCIAL RATIOS

## € 66.2 MILLION

INCOME FROM RENTS AND LEASES

## € 42.2 MILLION

FUNDS FROM OPERATIONS

Key financial ratios  
Interim statement for third quarter of 2023  
Further information

IN € THOUSAND		1. JAN. TO 30. SEP. 2023	1. JAN. TO 30. SEP. 2022
<b>From the income statement</b>			
Income from rents and leases		66,233	63,196
Net rental income		57,457	54,320
Operating result		11,993	19,646
Financial result		-9,285	-9,757
EBITDA		52,561	47,203
EBIT		11,988	19,822
Funds from operations (FFO)		42,209	37,270
Period result		2,703	10,065
of which resulting from the sale of investment property		-5	176
		<b>30 SEP. 2023</b>	<b>31 DEC. 2022</b>
<b>From the statement of financial position</b>			
Total assets		1,176,468	1,288,425
Non-current assets		1,128,846	1,142,813
Equity		438,294	473,604
Equity ratio	in %	37.3	36.8
REIT equity ratio	in %	56.5	59.6
EPRA Loan-to-value (LTV)	in %	42.4	39.1
		<b>30 SEP. 2023</b>	<b>30 SEP. 2022</b>
<b>On HAMBORNER shares</b>			
Number of shares outstanding		81,343,348	81,343,348
Basic = diluted earnings per share	in €	0.03	0.12
Funds from operations (FFO) per share	in €	0.52	0.46
Stock price per share (Xetra)	in €	6.45	7.06
Market capitalisation		524,665	574,284
		<b>30 SEP. 2023</b>	<b>31 DEC. 2022</b>
<b>On the HAMBORNER portfolio</b>			
Number of properties		67	66
Fair value of the property portfolio		1,542,220	1,608,600
Vacancy rate (including rent guarantees)	in %	2.7	2.1
EPRA vacancy rate	in %	2.7	1.9
Weighted remaining term of leases in years		6.5	6.5
<b>Other data</b>			
Net asset value (NAV)		875,476	964,829
Net asset value per share	in €	10.76	11.86
EPRA Net Tangible Assets (NTA)		875,159	964,383
EPRA Net Tangible Assets per share (NTA)	in €	10.76	11.86
Number of employees including Management Board		50	51

# REPORT ON RESULTS OF OPERATIONS, NET ASSET SITUATION AND FINANCIAL POSITION

## Results of operations

As at the end of September, HAMBORNER REIT had generated income from rents and leases of €66,233 thousand (previous year: €63,196 thousand) from managing its properties. The difference of €3,037 thousand is the result of rent increases following property additions (€1,190 thousand) and rent losses as a result of property disposals (€484 thousand). On the other hand, rental income from properties that were in our portfolio both in the first nine months of 2022 and in the reporting half-year (like-for-like) was above the previous year's level at €2,103 thousand (3.4%). This is largely due to index-based rent increases.

The change to the risk provisions formed in the previous years for rent reductions in connection with the COVID-19 pandemic resulted in income €228 thousand higher than the previous year.

The vacancy rate remains at a low level. Including agreed rent guarantees, it was 2.7% in the year under review (previous year: 2.2%). Not including rent guarantees, the vacancy rate was 3.0% (previous year: 2.5%).

Income from incidental costs charged to tenants amounted to €11,989 thousand, 13.4% higher than in the same period of the previous year (€10,569 thousand). Real estate operating expenses increased by 11.5% to €15,394 thousand (previous year: €13,811 thousand) by the end of September 2023.

The expenses for the maintenance of our land and property portfolio came to €5,371 thousand in the first nine months of the reporting year, €263 thousand above the equivalent value in the previous year

(€5,634 thousand). The expenses relate to minor ongoing maintenance and various planned maintenance measures.

At €57,457 thousand, the net rental income derived from the above items is €3,137 thousand or 5.8% higher than the value for the same period of the previous year (€54,320 thousand).

Administrative and personnel expenses totalled €5,977 thousand, down €6 thousand or 0.1% on the previous year's level (€5,983 thousand). Administrative expenses decreased by €12 thousand to €1,563 thousand (previous year: €1,575 thousand). Personnel expenses increased by €6 thousand to €4,414 thousand (previous year: €4,408 thousand).

The operating cost ratio, i.e. administrative and personnel expenses to income from rents and leases, fell to 9.0% (previous year: 9.5%).

Depreciation and amortisation rose by €12,656 thousand to €40,037 thousand in the reporting period (previous year: €27,381 thousand). This is particularly due to the impairment of properties based on the valuation by Jones Lang LaSalle as at 30 June 2023 in the amount of €12,508 thousand for the properties in Lübeck, Stuttgart, Freiburg and Kempten.

Other operating income amounted to €2,237 thousand in the first nine months of the reporting year (previous year: €816 thousand). €1.1 million of this relates to compensation from tenants in connection with the termination of contracts. Of this amount, €790 thousand relates to the early termination by a tenant of a lease for the property in Mainz. The sale of the property in Mosbach also resulted in a write-up of €536 thousand.

Other operating expenses amounted to €1,687 thousand in the first nine months of 2023 (previous year: €2,126 thousand). The item consists partly of legal and consulting costs of €888 thousand (previous year: €791 thousand), expenses for investor relations and public relations work of €342 thousand (previous year: €370 thousand) and membership costs of €70 thousand (previous year: €63 thousand). In addition, the item includes write-downs and loss allowances on trade receivables of €178 thousand (previous year: €371 thousand). The decrease in write-downs on receivables is primarily due to the termination of COVID-19 restrictions on tenants' businesses.

The company's operating result at the end of September 2023 came to €11,993 thousand, after €19,646 thousand in the same period of the previous year.

A result of €-5 thousand (previous year: €176 thousand) was generated from the disposal of properties. The result relates to the sale of the property in Mosbach.

The financial result is €-9,285 thousand as against €-9,757 thousand in the same period of the previous year.

Interest income came to €1,325 thousand (previous year: €0 million). Interest income in the first nine months of the reporting year stems mainly from overnight and fixed-term cash deposits with terms of up to two months.

Interest expenses of €-10,610 thousand consist mainly of interest expenses from loans and have increased by €745 thousand compared to the previous year. This increase is mainly due to refinanced loans with higher loan volumes and increased variable interest rates (€1,281 thousand). By contrast, scheduled loan repayments and loan expiries led to an interest expense decrease (€536 thousand).

The first nine months closed with a net profit for the period of €2,703 thousand after €10,065 thousand in the same period of the previous year. Funds from operations (FFO), i.e. the operating result before depreciation, amortisation and reversals, and not including proceeds from disposals, amounted to €42,209 thousand in the reporting period (previous year: €37,270 thousand). This corresponds to FFO per share of 52 cents (previous year: 46 cents).

## Net asset situation and financial position

The transfer of ownership of the real estate properties in Hanau and Offenburg took place on 20 July 2023. The purchase price volume totalled €23.6 million with annualised rents of €1.6 million.

The transfer of ownership of the property sold in Mosbach took place on 2 May 2023. The purchase price was €1.5 million.

The updated fair value of the developed property portfolio as at 30 September 2023 was €1,542.2 million (31 December 2022: €1,608.6 million).

As at 30 June 2023, the property assets were revalued by the external expert Jones Lang LaSalle to take account of current developments on the property transaction markets. This revaluation resulted in the fair value of the properties already in the portfolio as at 31 December 2022 (like-for-like comparison) being reduced by €91.2 million (5.7%) as at the half-year point.

Current and non-current trade receivables and other assets increased by €1.2 million and now total €13.3 million (31 December 2022: €12.1 million).

They include gross receivables from rent in arrears and billed incidental costs totalling €1.6 million (31 December 2022: €1.5 million). As part of the valuation as at 30 September 2023, write-downs were recognised in the amount of the expected losses of €0.3 million (31 December 2022: €0.3 million).

Other assets comprise granted building cost subsidies due to follow-up leases for the Real locations in Celle, Gießen and Mannheim in the amount of €8.6 million. Of this amount, the remaining term amounts to €8.0 million over one year. The agreed amounts will be spread out on a straight-line basis over the term of the leases in the form of a reduction in rents.

The company had cash and cash equivalents of €42.6 million on 30 September 2023 (31 December 2022: €142.0 million). The bank balances of €11.9 million pledged to the financing bank as at 31 December 2022 to redeem loans secured by mortgages on sold properties are freely available again as at the reporting date due to the provision of substitute collateral by the newly acquired properties.

Equity amounted to €438.3 million as at 30 September 2023, compared with a value of €473.6 million as at 31 December 2022. The reported equity ratio was 37.3% as at the end of the period after 36.8% as at 31 December 2022. The REIT equity ratio was 56.5% compared with a value of 59.6% as at 31 December 2022.

At the Annual General Meeting on 27 April 2023, it was decided that €38.2 million of the net retained profit under German commercial law (HGB) for the 2022 financial year should be used to distribute a dividend of €0.47 per share.

Non-current and current financial liabilities decreased by a net amount of €74.2 million as against 31 December 2022, due chiefly to the partial repayment of the promissory note loans taken out in 2018 in the amount of €62.5 million and scheduled repayments in the first nine months of 2023, and amounted to €696.5 million as at 30 September 2023, compared with €770.7 million as at 31 December 2022. The average borrowing rate for all loans in place is 1.9%. The corresponding average remaining term is 4.3 years.

Current and non-current trade payables and other liabilities decreased by €1.5 million compared to 31 December 2022, rising from €33.9 million to €32.4 million. The item also includes lease liabilities pursuant to IFRS 16 for leaseholds of €15.0 million (31 December 2022: €15.2 million) and building cost subsidies of €4.4 million (31 December 2022: €5.9 million) that have yet to be disbursed in connection with follow-on leases for the Real locations in Gießen and Mannheim. In addition, the item includes liabilities from services that have been delivered but not yet invoiced of €3.5 million, liabilities from rental deposits of €2.0 million, liabilities from land transfer

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taxes of €0.9 million, as well as purchase price retentions of €0.9 million and retentions for rental guarantees of €0.6 million.

The net asset value (NAV) of the company was €875.5 million at the end of the third quarter (31 December 2022: €964.8 million). This corresponds to NAV per share of €10.76 (31 December 2022: €11.86).

# REPORT ON RISKS AND OPPORTUNITIES

As a real estate company with a portfolio distributed across the whole of Germany, HAMBORNER REIT AG is exposed to a number of risks and opportunities that could affect its results of operations, net asset situation and financial position. With the exception of the matters described below, there are currently no significant changes in the assessment of the risks to, and opportunities for, the business development of the company as against 31 December 2022. The comments made therefore still apply, with the following amendments:

## **NATIONAL AND INTERNATIONAL MARKET ENVIRONMENT RISKS**

The national and international markets are significantly affected by the ongoing war in Ukraine and its economic consequences. On top of this, the impact of the conflict that has recently broken out in the Middle East remains to be seen. The steep rise in energy and consumer prices seen recently is abating further. Overall, however, prices remain high. Inflation is predicted to fall to around 6% in the current year. In the coming year, inflation is expected to show a significant slowdown to below 3%. In view of the geopolitical uncertainties, GDP forecasts for 2023 have again been revised downwards. The leading economic research institute's estimate for the development of GDP is currently -0.6%.

## **LETTING RISKS AND OPPORTUNITIES**

If inflation remains high, there is a chance that the index-based rental and lease increases will be higher than forecast. At the same time, however, there is a risk that tenants will not be able to afford the index increases and that rental increases cannot be realised in practice.

## **VALUATION RISKS**

The market values of properties declined many times in the first half of 2023 across all types of use. As a result, the company had its portfolio revalued as at 30 June 2023. The transaction volume remains at a low level. Nevertheless, real estate markets remain uncertain and the interest rate environment for property financing remains volatile. For this reason, it is not possible to rule out a further decline in the market values of properties up to the end of the year. The risk of a further minor value adjustment at the end of the year has been taken into account in the current forecast.

Additional value adjustments by the end of the year are possible nevertheless. The risk of this occurring is considered to be moderate.

# I FORECAST REPORT

Notwithstanding the difficult macroeconomic conditions described in the report on risks and opportunities, HAMBORNER adheres to the fundamental assessments published in the 2022 Annual Report with regard to future business development.

Given that business development in the first nine months was in line with plans, income from rents and leases of between €88.0 million and €89.0 million is still expected for 2023 as a whole.

At the same time, the company anticipates slightly higher operating income (FFO) of €53.0 million to €54.0 million (previous forecast: €51.0 million to €53.0 million) on the basis of current income and expense projections compared to the most recently published full-year forecast. The increase is due in particular to reduced unplanned maintenance costs in the current financial year and a postponement of maintenance and modernisation work until 2024.

Taking into account the external valuation of the property portfolio carried out as at 30 June 2023, the company expects that the NAV per share as at 31 December 2023 will be between 7.0% and 12.0% below the level of the previous year (31 December 2022: €11.86). In view of the persistently dynamic and uncertain market environment, the range given in the forecast takes into account further possible value adjustments as part of the regular external portfolio valuation at the end of 2023.

Furthermore, the forecast did not take into account any additional property transactions in the further course of the year.

# PRINCIPLES OF REPORTING

The HAMBORNER REIT AG interim statement as at 30 September 2023 is in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. It was prepared in line with the regulations of the International Accounting Standard (IAS) 34 on interim financial reporting. In deviation from IAS 34, however, no notes to the financial statements are provided.

There were no changes to the accounting policies used in the separate IFRS financial statements as at 31 December 2022. The accounting standards endorsed and revised by the EU, which are mandatory effective from 1 January 2023, were observed. This did not result in any material changes to the interim financial statements as at 30 September 2023.

This report contains forward-looking statements, for example concerning general economic developments in Germany, the future situation of the property industry and the forecast business performance of HAMBORNER REIT AG. These statements are based on current assumptions and estimates by the company, which were made carefully on the basis of all information available at the relevant time. If the assumptions on which statements and forecasts are based are not accurate, the actual results may differ from those currently anticipated.



# INTERIM STATEMENT AS AT 30 SEPTEMBER 2023

## Income statement

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

IN € THOUSAND	1. JAN. TO 30. SEP. 2023	1. JAN. TO 30. SEP. 2022	1. JUL. TO 30. SEP. 2023	1. JUL. TO 30. SEP. 2022
Income from rents and leases	66,233	63,196	22,559	21,318
Income from incidental costs passed on to tenants	11,989	10,569	4,317	3,564
Real estate operating expenses	-15,394	-13,811	-4,683	-4,045
Property and building maintenance	-5,371	-5,634	-2,625	-2,347
<b>Net rental income</b>	<b>57,457</b>	<b>54,320</b>	<b>19,568</b>	<b>18,490</b>
Administrative expenses	-1,563	-1,575	-483	-400
Personnel expenses	-4,414	-4,408	-1,527	-1,421
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-40,037	-27,381	-9,198	-9,153
Other operating income	2,237	816	384	407
Other operating expenses	-1,687	-2,126	-701	-715
	-45,464	-34,674	-11,525	-11,282
<b>Operating result</b>	<b>11,993</b>	<b>19,646</b>	<b>8,043</b>	<b>7,208</b>
Result from the sale of investment property	-5	176	0	175
<b>Earnings before interest and taxes (EBIT)</b>	<b>11,988</b>	<b>19,822</b>	<b>8,043</b>	<b>7,383</b>
Interest income	1,325	0	313	0
Interest expenses	-10,610	-9,757	-3,443	-3,249
<b>Financial result</b>	<b>-9,285</b>	<b>-9,757</b>	<b>-3,130</b>	<b>-3,249</b>
<b>Period result</b>	<b>2,703</b>	<b>10,065</b>	<b>4,913</b>	<b>4,134</b>
Basic = diluted earnings per share (in €)	0.03	0.12	0.06	0.05

## Statement of comprehensive income

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

IN € THOUSAND	1. JAN. TO 30. SEP. 2023	1. JAN. TO 30. SEP. 2022	1. JUL. TO 30. SEP. 2023	1. JUL. TO 30. SEP. 2022
<b>Period result as per the income statement</b>	<b>2,703</b>	<b>10,065</b>	<b>4,913</b>	<b>4,135</b>
Items not subsequently reclassified to profit or loss in future:				
Actuarial gains / losses (-) on defined pension obligations	218	1,951	0	496
<b>Other comprehensive income</b>	<b>218</b>	<b>1,951</b>	<b>178</b>	<b>496</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,921</b>	<b>12,016</b>	<b>5,091</b>	<b>4,631</b>

Other comprehensive income for the period relates to actuarial gains on defined pension commitments in the amount of €218 thousand due to the increase in the actuarial interest rate to 4.47% as at the end of the reporting period (31 December 2022: 3.89%).

**Statement of financial position – assets**

**AS AT 30 SEPTEMBER 2023**

IN € THOUSAND	30 SEP. 2023	31 DEC. 2022
<b>Non-current assets</b>		
Intangible assets	317	446
Property, plant and equipment	2,740	2,833
Investment property	1,115,445	1,129,160
Financial assets	2,048	1,930
Other assets	8,296	8,444
	<b>1,128,846</b>	<b>1,142,813</b>
<b>Current assets</b>		
Trade receivables and other assets	5,034	3,654
Cash and cash equivalents	42,588	141,958
	<b>47,622</b>	<b>145,612</b>
<b>TOTAL ASSETS</b>	<b>1,176,468</b>	<b>1,288,425</b>

**Statement of financial position – liabilities**

IN € THOUSAND	30 SEP. 2023	31 DEC. 2022
<b>Equity</b>		
Issued capital	81,343	81,343
Capital reserves	335,573	346,071
Retained earnings	21,378	46,190
	<b>438,294</b>	<b>473,604</b>
<b>Non-current liabilities and provisions</b>		
Financial liabilities	646,617	668,150
Trade payables and other liabilities	16,212	16,317
Pension provisions	3,885	4,250
Other provisions	3,133	3,142
	<b>669,847</b>	<b>691,859</b>
<b>Current liabilities and provisions</b>		
Financial liabilities	49,850	102,555
Trade payables and other liabilities	16,207	17,540
Other provisions	2,270	2,867
	<b>68,327</b>	<b>122,962</b>
<b>TOTAL LIABILITIES</b>	<b>1,176,468</b>	<b>1,288,425</b>

## Statement of cash flows

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2023

IN € THOUSAND	1. JAN. TO 30. SEP. 2023	1. JAN. TO 30. SEP. 2022
<b>Cash flow from operating activities</b>		
Period result	2,703	10,065
Financial result	10,037	9,362
Depreciation and amortisation (+)/reversals (-)	39,501	27,381
Change in provisions	-752	-193
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	0	-194
Change in receivables and other assets not attributable to investing or financing activities	-1,231	-1,192
Change in liabilities not attributable to investing or financing activities	-569	-1,131
	<b>49,689</b>	<b>44,098</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets, property, plant and equipment and investment property	-27,356	-53,505
Proceeds from disposals of property, plant and equipment and investment property	1,500	18,388
	<b>-25,856</b>	<b>-35,117</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-38,231	-38,231
Proceeds from borrowings of financial liabilities	13,500	22,071
Repayments of borrowing	-88,494	-43,178
Payments (-)/proceeds (+) for cash collateral for financial liabilities	11,846	30,207
Cash flow from lease liabilities	-697	-669
Interest payments	-9,281	-9,559
	<b>-111,357</b>	<b>-39,359</b>
<b>Cash-effective changes to cash funds</b>	<b>-87,524</b>	<b>-30,378</b>
<b>Cash funds on 1 January</b>	<b>130,112</b>	<b>83,978</b>
Cash and cash equivalents (with a remaining term of up to three months)	130,112	83,978
Restricted cash and cash equivalents	11,846	59,429
<b>Cash and cash equivalents on 1 January</b>	<b>141,958</b>	<b>143,407</b>
<b>Cash funds on 30. September</b>	<b>42,588</b>	<b>53,600</b>
Cash and cash equivalents (with a remaining term of up to three months)	42,588	53,600
Restricted cash and cash equivalents	0	29,222
<b>Cash and cash equivalents on 30 September</b>	<b>42,588</b>	<b>82,822</b>

## Statement of changes in equity

IN € THOUSAND	ISSUED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS		EQUITY TOTAL
			IAS 19 Reserve Pension provisions	Other retained earnings	
<b>As at 1 January 2022</b>	<b>81,343</b>	<b>346,071</b>	<b>-4,324</b>	<b>74,284</b>	<b>497,374</b>
				-38,231	-38,231
Net profit for the period 1 Jan. to 30 Sep. 2022				10,065	10,065
Other comprehensive income 1 Jan. to 30 Sep. 2022			1,951		1,951
<b>Total comprehensive income 1 Jan. to 30 Sep. 2022</b>			<b>1,951</b>	<b>10,065</b>	<b>12,016</b>
<b>As at 30 September 2022</b>	<b>81,343</b>	<b>346,071</b>	<b>-2,373</b>	<b>46,118</b>	<b>471,159</b>
Net profit for the period 1 Oct. to 31 Dec. 2022				3,249	3,249
Other comprehensive income 1 Oct. to 31 Dec. 2022			-804		-804
<b>Total comprehensive income 1 Oct. to 31 Dec. 2022</b>			<b>-804</b>	<b>3,249</b>	<b>2,445</b>
<b>As at 31 December 2022</b>	<b>81,343</b>	<b>346,071</b>	<b>-3,177</b>	<b>49,367</b>	<b>473,604</b>
Transfer from capital reserves		-10,498		10,498	0
Distribution of profit for 2022 (€0.47 per share)				-38,231	-38,231
Net profit for the period 1 Jan. to 30 Sep. 2022				2,703	2,703
Other comprehensive income 1 Jan. to 30 Sep. 2022			218		218
<b>Total comprehensive income 1 Jan. to 30 Sep. 2022</b>			<b>218</b>	<b>2,703</b>	<b>2,921</b>
<b>As at 30 September 2023</b>	<b>81,343</b>	<b>335,573</b>	<b>-2,959</b>	<b>24,337</b>	<b>438,294</b>

# FINANCIAL CALENDAR / PUBLICATION DETAILS

## FINANCIAL CALENDAR 2023 / 2024

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9 November 2023 Interim statement, 30 September 2023

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8 February 2024 Provisional figures for the 2023 financial year

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14 March 2024 2023 Annual Report

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23 April 2024 Interim statement, 31 March 2024

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25 April 2024 2024 Annual General Meeting

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## PUBLICATION DETAILS

### Published by

The Management Board of HAMBORNER REIT AG, Duisburg

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