

Q3  
**2018**



INTERIM REPORT  
AS OF  
**30 SEPTEMBER 2018**

## KEY FIGURES AT A GLANCE (IFRS)

€ thousand		
<b>FROM THE INCOME STATEMENT</b>		
	<b>30 Sept. 2018</b>	<b>30 Sept. 2017</b>
Income from rents and leases	62,499	54,638
Net rental income	55,543	48,865
Operating result	26,550	23,615
Financial result	-11,409	-11,089
EBITDA	51,616	48,121
EBDA	40,207	37,032
EBIT	26,550	26,794
Funds from operations (FFO)	40,207	33,853
Net profit for the period	15,141	15,705
- thereof result from the sale of investment property	0	3,179
<b>FROM THE STATEMENT OF FINANCIAL POSITION</b>		
	<b>30 Sept. 2018</b>	<b>31 Dec. 2017</b>
Total assets	1,202,646	1,173,503
Non-current assets	1,171,129	1,114,033
Equity	528,334	548,159
Equity ratio	in % 43.9	46.7
REIT equity ratio	in % 55.5	59.0
Loan-to-value (LTV)	in % 43.7	39.6
<b>ON HAMBORNER SHARES</b>		
	<b>30 Sept. 2018</b>	<b>30 Sept. 2017</b>
Number of shares outstanding	79,717,645	79,717,645
Basic = diluted earnings per share	in € 0.19	0.20
Funds from operations (FFO) per share	in € 0.50	0.42
Stock price per share (Xetra)	in € 9.10	9.15
Market capitalisation	725,431	729,416
<b>THE HAMBORNER PORTFOLIO</b>		
	<b>30 Sept. 2018</b>	<b>31 Dec. 2017</b>
Number of properties	78	74
Fair value of property portfolio	1,454,420	1,362,600
Vacancy rate (including rent guarantees)	in % 1.1	1.4
Weighted remaining term of leases in years	6.2	6.6
<b>OTHER DATA</b>		
	<b>30 Sept. 2018</b>	<b>30 Sept. 2017</b>
Net asset value (NAV)	809,234	758,430
Net asset value per share	in € 10.15	9.51
Number of employees including Management Board	38	39

# CONTENTS

<b>4</b>	<b>LETTER FROM THE MANAGEMENT BOARD</b>
<b>5</b>	<b>INTERIM MANAGEMENT REPORT</b>
5	General Economic Conditions
5	Report on Result of Operations, Net Asset Situation and Financial Position
7	Report on Risks and Opportunities
7	Forecast Report
<b>8</b>	<b>CONDENSED INTERIM FINANCIAL STATEMENTS OF HAMBORNER REIT AG AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018</b>
8	Condensed interim income statement
9	Condensed interim statement of comprehensive income
10	Condensed interim statement of financial position
12	Condensed interim statement of cash flows
13	Condensed interim statement of changes in equity
14	Notes on the condensed interim financial statements
<b>16</b>	<b>RESPONSIBILITY STATEMENT</b>
<b>17</b>	<b>ADDITIONAL INFORMATION</b>

The financial reporting of HAMBORNER REIT AG is in accordance with IFRS (International Financial Reporting Standards) as applicable in the European Union.

This interim report was published on 8 November 2018.

## LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,  
LADIES AND GENTLEMEN,

We are delighted to today present the report on the first nine months of the 2018 financial year. HAMBORNER REIT AG has continued the good operational performance of the first half of the year and systematically pursued its objectives in the third quarter. Income from rents and leases increased by 14.4% year-on-year to €62.5 million in the first nine months of this year. Our key control figure, funds from operations (FFO), was €40.2 million as at the end of the third quarter, 18.8% above the previous year's figure.

After ownership of three retail properties in Cologne, Bonn and Düsseldorf was transferred to us at the beginning of the year, we added another high-quality property in Darmstadt to our portfolio in the second quarter. This is a retail and office property that has been let to the food retailer REWE on a long-term lease and other office tenants of good credit standing. The property was transferred to HAMBORNER on 20 April 2018. The total investment volume in the current year amounts to €86.5 million. The total value of the HAMBORNER portfolio was €1.45 billion as at 30 September 2018.

As at the end of the third quarter of 2018, we completed the contract negotiations for the purchase of a further retail and office property in Bamberg and signed the corresponding purchase agreement on 1 October 2018. The purchase price of the property was €15.0 million. Ownership of the property is expected to transfer in the middle of 2019. We have likewise maintained our good contacts with project developers in recent months and, on 24 October 2018, signed the purchase agreement for two office properties that will be built at established office locations in Aachen and Bonn in the coming months. The transfer of ownership and the payment of the purchase price of €51.1 million in total will take place after the properties are completed – presumably as at the end of 2019.

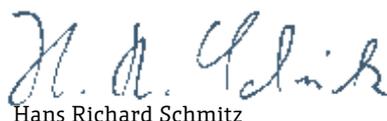
We have also been active as a seller. An agreement for the sale of our property in Brunnthal was signed on 18 October 2018. The sale price was €11.2 million. With a residual carrying amount of €10.2 million, the book profit will amount to €1.0 million. Ownership of the property is expected to transfer at the end of the year. Furthermore, we signed the sale contracts for a total of around 200 thousand m<sup>2</sup> of undeveloped land at a sale price of €0.8 million in October. The gain on the disposal will amount to around €0.6 million and is expected to be recognised before the end of this year.

We would like to take this opportunity to thank you for your confidence, and we look forward to further success in the rest of the year.

Duisburg, November 2018



Dr Rüdiger Mrotzek



Hans Richard Schmitz

# INTERIM MANAGEMENT REPORT

## General Economic Conditions

In their autumn report for 2018, the leading economic research institutes still have the German economy on track for growth, albeit at a slightly slower rate than before. Accordingly, the growth forecast for gross domestic product in 2018 was reduced from 2.2% to currently 1.7%. An increase in gross domestic product of 1.9% is expected for the coming year. This reflects the rising international risks, in particular in connection with trade conflicts and the growing shortage of skilled workers on the German labour market. Experts expect consumer prices to rise by roughly the same amount, by 1.8% in 2018 and 2.0% in 2019.

The labour market is still in good condition. After 44.3 million in 2017, the number of people in employment is expected to rise to 44.9 million in the current year and 45.3 million in 2019. The number of people out of work is set to fall to 2.3 million in 2018 and 2.2 million in 2019, corresponding to an unemployment rate of 5.2% in 2018, gradually declining to 4.5% by 2020.

## Report on Result of Operations, Net Asset Situation and Financial Position

As expected, the result of operations, net asset situation and financial position of HAMBORNER REIT AG were good in the first nine months of 2018.

### Result of Operations

Income from rents and leases amounted to €62,499 thousand by the end of September 2018 (previous year: €54,638 thousand). The increase as against the same period of the previous year was therefore €7,861 thousand or 14.4%. €7,678 thousand (14.1%) of this growth resulted from the property acquisitions of 2017 and the first nine months of the current financial year. The rental income from properties that were in our portfolio in both the first nine months of this year and the same period of 2017 (like-for-like) increased by €533 thousand (1.1%). Rental income declined by a total of €350 thousand (0.6%) as a result of property disposals in the previous year.

The economic vacancy rate including agreed rent guarantees was 1.1% in the first nine months of the reporting year (previous year: 1.5%). Not including rent guarantees, the vacancy rate was 1.6% (previous year: 1.7%).

The company generated income incidental costs charged to tenants of €9,874 thousand, up €1,425 thousand (16.9%) on the figure for the same period of the previous year (€8,449 thousand). At the same time, expenses for the management of properties increased by €2,034 thousand (18.1%) to €13,286 thousand (previous year: €11,252 thousand) by the end of September 2018.

The expenses for the maintenance of the land and property portfolio amounted to €3,544 thousand for the first nine months of 2018, and were €574 thousand higher than in the previous year (€2,970 thousand). The expenses relate to minor ongoing maintenance and various planned measures. There were also significant maintenance expenses of €807 thousand (previous year: €324 thousand) in the first nine months in connection with new leases and lease renewals.

At €55,543 thousand, the net rental income derived from the above items is €6,678 thousand or 13.7% higher than the value for the same period of the previous year (€48,865 thousand).

Administrative and personnel expenses totalled €4,159 thousand in the reporting period, up €90 thousand or 2.2% on the previous year's level (€4,069 thousand). Administrative expenses increased by €21 thousand (2.2%) as against the previous year and personnel expenses rose by €69 thousand (2.2%). The operating cost ratio, i.e. administrative and personnel expenses to income from rents and leases, declined further as a result of the low rise in administrative and personnel expenses relative to rental income, and was 6.7% (previous year: 7.4%).

Depreciation and amortisation expenses rose by €3,739 thousand to €25,066 thousand in the reporting period after €21,327 thousand in the same period of the previous year as a result of property additions in particular.

Other operating income amounted to €993 thousand in the period from January to September (previous year: €957 thousand). The income includes €501 thousand (previous year: €550 thousand) in compensation payments from tenants for the early termination of leases.

Other operating expenses amounted to €761 thousand in the first nine months of the reporting year (previous year: €811 thousand). This item includes costs of public relations work of €168 thousand (previous year: €127 thousand) and membership fees of €132 thousand (previous year: €130 thousand). Furthermore, €217 thousand (previous year: €219 thousand) relates to input tax adjustments due to the conclusion of VAT-exempt leases (section 15a of the Umsatzsteuergesetz (UStG – German VAT Act), which were passed on to tenants or compensated for by corresponding rent adjustments.

Thus, as at 30 September 2018, the company generated an operating result of €26,550 thousand after €23,615 thousand in the same period of the previous year.

No properties were sold in the first three quarters of 2018. The company generated earnings of €3,179 thousand in the same period of the previous year from the disposal of two properties and undeveloped land.

The financial result is €-11,409 thousand as against €-11,089 thousand in the same period of the previous year. €-11,118 thousand (previous year: €10,946 thousand) of this relates to interest expenses on loans. While interest expenses from borrowing additional loans for the pro rata debt financing of property acquisitions increased by €1,821 thousand, the like-for-like interest expense on the loans fell by €1,649 thousand or 16.3%. In particular, this was as a result of lower interest rates on renewed or refinanced loans.

A net profit for the period of €15,141 thousand was generated in the first nine months of the current year after €15,705 thousand in the same period of the previous year. The decline resulted in particular from the sale of properties and the associated book profits in the previous year, whereas there were no disposals in the current reporting period. Funds from operations (FFO), i.e. the operating result before depreciation and amortisation expenses and not including proceeds from disposals, increased by 18.8% and amounted to €40,207 thousand in the reporting period (previous year: €33,853 thousand). This corresponds to FFO per share of 50 cents (previous year: 42 cents).

#### **Net Asset Situation and Financial Position**

Three retail properties in Bonn, Düsseldorf and Cologne with a purchase price of €43.7 million were already added in the first half of the reporting year, in addition to a retail and office property in Darmstadt at a purchase price of €42.8 million.

The item "Non-current assets held for sale" relates to a property in Brunthal (residual carrying amount: €10,227 thousand) and 178 thousand m<sup>2</sup> of undeveloped land (residual carrying amount: €176 thousand). The corresponding sale agreements were signed in October 2018.

The updated fair value of the developed property portfolio was €1,454.4 million as at the end of the quarter (31 December 2017: €1,362.6 million).

The company had cash and cash equivalents of €17.9 million on 30 September 2018 as against €58.1 million as at 31 December 2017. Cash outflows for investments in the property portfolio (€-97.0 million), interest and principal repayments for loans (€-44.3 million) and the dividend payment for the 2017 financial year (€-35.9 million) were essentially offset by cash inflows from operating activities (€49.0 million; previous year: €42.8 million) and the issue of promissory note loans (€75.0 million). In addition to its cash and cash equivalents as at 30 September 2018, the company also has financing commitments of €74.0 million at its disposal.

Equity amounted to €528.3 million as at 30 September 2018 after €548.2 million as at 31 December 2017. The reported equity ratio as at the end of the period was 43.9% after 46.7% as at 31 December 2017. The REIT equity ratio was 55.5% after 59.0% as at 31 December 2017.

In the first nine months of the reporting year, current and non-current financial liabilities increased by a net amount of €54.5 million as a result of the issue of promissory note loans in March in particular, and amounted to €650.2 million as at 30 September 2018 after €595.7 million as at 31 December 2017. The average borrowing rate for loans in place and those agreed but not yet utilised is 2.2%.

The fair value of derivative financial instruments was €-1.7 million as at 30 September 2018, having improved further as against 31 December 2017 (€-2.5 million).

The net asset value (NAV) of the company was €809.2 million as at 30 September 2018 (31 December 2017: €808.9 million). This corresponds to NAV per share of €10.15 (31 December 2017: €10.15). NAV per share was up by 6.7% as against the same date of the previous year (30 September 2017: €9.51). NAV is determined by the fair values of the company's assets – essentially the value of its properties – net of borrowed capital.

### **Report on Risks and Opportunities**

As a property 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 result of operations, net assets situation and financial position. There are not currently any new significant changes in the assessment of risks to, and opportunities for, the business development of the company as against 31 December 2017. The comments made in the "Report on Risks and Opportunities" in the 2017 management report therefore still apply.

No risks to the continuation of the company as a going concern are currently discernible.

### **Forecast Report**

As a real estate company, HAMBORNER REIT AG held a portfolio of 78 commercial properties as at 30 September 2018. In future, the company's strategy will be geared towards value-adding growth in the fields of retail, high street and office properties.

We are standing by our basic estimates for future business prospects as published in the 2017 annual report. Following the successful first nine months of the year, we are now forecasting a rise in income from rents and leases of around 12% for 2018 as a whole. At 13% to 15%, we expect FFO to see a higher rise than forecast in the last interim report.

CONDENSED INTERIM FINANCIAL STATEMENTS OF HAMBORNER REIT AG  
AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

CONDENSED INTERIM INCOME STATEMENT

€ thousand	1 Jan. – 30 Sept. 2018	1 Jan. – 30 Sept. 2017	1 July – 30 Sept. 2018	1 July – 30 Sept. 2017
Income from rents and leases	62,499	54,638	21,165	18,811
Income from passed-on incidental costs to tenants	9,874	8,449	3,459	2,878
Real estate operating expenses	-13,286	-11,252	-4,076	-3,537
Property and building maintenance	-3,544	-2,970	-1,255	-1,181
<b>Net rental income</b>	<b>55,543</b>	<b>48,865</b>	<b>19,293</b>	<b>16,971</b>
Administrative expenses	-968	-947	-245	-240
Personnel expenses	-3,191	-3,122	-1,098	-1,060
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-25,066	-21,327	-8,472	-7,465
Other operating income	993	957	147	95
Other operating expenses	-761	-811	-179	-232
	<b>-28,993</b>	<b>-25,250</b>	<b>-9,847</b>	<b>-8,902</b>
<b>Operating result</b>	<b>26,550</b>	<b>23,615</b>	<b>9,446</b>	<b>8,069</b>
Result from the sale of investment property	0	3,179	0	575
<b>Earnings before interest and taxes (EBIT)</b>	<b>26,550</b>	<b>26,794</b>	<b>9,446</b>	<b>8,644</b>
Interest income	0	80	0	26
Interest expenses	-11,409	-11,169	-3,817	-3,847
<b>Financial result</b>	<b>-11,409</b>	<b>-11,089</b>	<b>-3,817</b>	<b>-3,821</b>
<b>Net profit for the period</b>	<b>15,141</b>	<b>15,705</b>	<b>5,629</b>	<b>4,823</b>
Basic = diluted earnings per share in €	0.19	0.20	0.07	0.06

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

€ thousand	1 Jan. – 30 Sept. 2018	1 Jan. – 30 Sept. 2017	1 July – 30 Sept. 2018	1 July – 30 Sept. 2017
<b>Net profit for the period as per the income statement</b>	<b>15,141</b>	<b>15,705</b>	<b>5,629</b>	<b>4,823</b>
Items reclassified to profit or loss in future if certain conditions are met:				
Unrealised gains/losses (–) on the revaluation of derivative financial instruments	777	2,413	223	727
Items not subsequently reclassified to profit or loss:				
Actuarial gains/losses (–) on defined benefit obligations	130	180	0	0
<b>Other comprehensive income for the period</b>	<b>907</b>	<b>2,593</b>	<b>223</b>	<b>727</b>
<b>Total comprehensive income for the period</b>	<b>16,048</b>	<b>18,298</b>	<b>5,852</b>	<b>5,550</b>

Other comprehensive income relates to actuarial gains or losses on defined benefit obligations and the effective portion of changes in the fair value of interest rate swaps used to manage the risk of interest rate fluctuations (cash flow hedge).

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

€ thousand	30 Sept. 2018	31 Dec. 2017
<b>NON-CURRENT ASSETS</b>		
Intangible assets	497	507
Property, plant and equipment	3,143	3,156
Investment property	1,166,114	1,109,235
Financial assets	1,182	926
Other assets	193	209
	<b>1,171,129</b>	<b>1,114,033</b>
<b>CURRENT ASSETS</b>		
Trade receivables and other assets	3,175	1,365
Cash and cash equivalents	17,939	58,105
Non-current assets held for sale	10,403	0
	<b>31,517</b>	<b>59,470</b>
<b>Total assets</b>	<b>1,202,646</b>	<b>1,173,503</b>

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

€ thousand	30 Sept. 2018	31 Dec. 2017
<b>EQUITY</b>		
Issued capital	79,718	79,718
Capital reserves	391,194	391,194
Retained earnings	57,422	77,247
	<b>528,334</b>	<b>548,159</b>
<b>NON-CURRENT LIABILITIES AND PROVISIONS</b>		
Financial liabilities	623,527	552,979
Derivative financial instruments	1,701	2,109
Trade payables and other liabilities	1,724	1,716
Pension provisions	6,179	6,578
Other provisions	2,258	2,338
	<b>635,389</b>	<b>565,720</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Financial liabilities	26,649	42,682
Derivative financial instruments	38	406
Trade payables and other liabilities	10,206	14,230
Other provisions	2,030	2,306
	<b>38,923</b>	<b>59,624</b>
<b>Total equity, liabilities and provisions</b>	<b>1,202,646</b>	<b>1,173,503</b>

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

€ thousand	1 Jan. – 30 Sept. 2018	1 Jan. – 30 Sept. 2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	15,141	15,705
Financial result	11,409	11,089
Depreciation, amortisation and impairment (+)/write-ups (-)	25,066	21,327
Change in provisions	-730	-811
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-1	-3,185
Change in receivables and other assets not attributable to investing or financing activities	-1,795	-1,250
Change in liabilities not attributable to investing or financing activities	-43	-38
	<b>49,047</b>	<b>42,837</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in intangible assets, property, plant and equipment and investment property	-97,020	-183,734
Proceeds from disposals of property, plant and equipment and investment property	1	14,298
Proceeds from disposals of financial assets	3	11
Proceeds from the short-term financial management of cash investments	0	50,000
Interest received	0	106
	<b>-97,016</b>	<b>-119,319</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-35,873	-34,279
Proceeds from borrowings of financial liabilities	88,000	145,500
Repayments of borrowings	-33,372	-7,805
Payments for cash collateral for financial liabilities	0	-4,191
Interest payments	-10,952	-10,770
	<b>7,803</b>	<b>88,455</b>
<b>Changes in cash funds</b>	<b>-40,166</b>	<b>11,973</b>
<b>Cash funds on 1 January (= cash and cash equivalents)</b>	<b>53,914</b>	<b>25,335</b>
Cash and cash equivalents (with a remaining term of up to three months)	53,914	25,335
Restricted cash and cash equivalents	4,191	0
Fixed-term deposits (with a remaining term of more than three months)	0	50,000
<b>Cash and cash equivalents on 1 January</b>	<b>58,105</b>	<b>75,335</b>
<b>Cash funds on 30 September</b>	<b>13,748</b>	<b>37,308</b>
Cash and cash equivalents (with a remaining term of up to three months)	13,748	37,308
Restricted cash and cash equivalents	4,191	4,191
<b>Cash and cash equivalents on 30 September</b>	<b>17,939</b>	<b>41,499</b>

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

€ thousand	Issued capital	Capital reserves	Retained earnings		Total equity
			Revaluation surplus	Other retained earnings	
<b>As at 1 January 2017</b>	<b>79,718</b>	<b>391,194</b>	<b>-9,850</b>	<b>100,249</b>	<b>561,311</b>
Distribution of profit for 2016 (€0.43 per share)				-34,279	-34,279
Net profit for the year 1 Jan. – 30 Sept. 2017				10,882	10,882
Other comprehensive income 1 Jan. – 30 Sept. 2017			1,866		1,866
<b>Total comprehensive income 1 Jan. – 30 Sept. 2017</b>			<b>1,866</b>	<b>10,882</b>	<b>12,748</b>
<b>As at 30 September 2017</b>	<b>79,718</b>	<b>391,194</b>	<b>-7,984</b>	<b>76,852</b>	<b>539,780</b>
Net profit for the year 1 Oct. – 31 Dec. 2017				6,801	6,801
Other comprehensive income 1 Oct. – 31 Dec. 2017			1,578	0	1,578
<b>Total comprehensive income 1 Oct. – 31 Dec. 2017</b>			<b>1,578</b>	<b>6,801</b>	<b>8,379</b>
<b>As at 31 December 2017</b>	<b>79,718</b>	<b>391,194</b>	<b>-6,406</b>	<b>83,653</b>	<b>548,159</b>
Distribution of profit for 2017 (€0.45 per share)				-35,873	-35,873
Net profit for the year 1 Jan. – 30 Sept. 2018				15,141	15,141
Other comprehensive income 1 Jan. – 30 Sept. 2018			907		907
<b>Total comprehensive income 1 Jan. – 30 Sept. 2018</b>			<b>907</b>	<b>15,141</b>	<b>16,048</b>
<b>As at 30 September 2018</b>	<b>79,718</b>	<b>391,194</b>	<b>-5,499</b>	<b>62,921</b>	<b>528,334</b>

# NOTES ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

## Information on HAMBORNER

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. This interim report of HAMBORNER REIT AG for the first nine months of 2018 was published on 8 November 2018. The interim financial statements have been prepared in euro (€), whereby all amounts – unless stated otherwise – are reported in thousands of euro (€ thousand). Minor rounding differences can occur in totals and percentages.

## Principles of Reporting

This interim report of HAMBORNER REIT AG as at and for the period ended 30 September 2018 has been prepared in accordance with those International Financial Reporting Standards (IFRS (including IAS 34)) applicable to interim financial reporting as adopted by the European Union, the requirements of the German Accounting Standard No. 16 of DRSC (German Accounting Standards Committee) on interim reporting and in accordance with the requirements of section 37w of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The scope of its reporting is condensed compared to the IFRS separate financial statements as at 31 December 2017.

The interim financial statements as at and for the period ended 30 September 2018 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2017. The accounting standards effective from 1 January 2018 that have been endorsed by the EU and revised were complied with. However, the application of these accounting standards had no significant impact on the interim financial statements.

This interim report was neither audited by an auditor in accordance with section 317 HGB nor reviewed by an auditor.

In the opinion of the Management Board, the interim report contains all the significant information needed to understand the changes in the result of operations, net asset situation and financial position of HAMBORNER REIT AG since the last annual financial statements as at and for the year ended 31 December 2017.

## Material Transactions in the First Nine Months of 2018

Ownership of the properties in Bonn, Düsseldorf and Cologne (2 January 2018) and Darmstadt (20 April 2018) was transferred in the first nine months of the reporting year. The investment volume not including incidental costs of acquisition amounted to €86.5 million.

To finance its further growth, the company issued promissory note loans with a total volume of €75.0 million in March. The loans have terms of five or seven years.

## Other Selected Notes

In the process of preparing these interim financial statements, we reviewed the fair values of our investment properties as calculated by an independent expert as at 31 December 2017. The fair value of the property in Brunthal reported under "Non-current assets held for sale" was increased by €70 thousand and adjusted in line with the sale price. The write-down of €0.8 million for a leasehold improvement on the property in Hallstadt taken into account by the expert as at 31 December 2017 has been reversed as the corresponding work was completed as at the end of the reporting period. Furthermore, the fair value of the property acquired in Kiel at the end of the previous year following a project development was increased by €1.3 million as a long-term lease was secured for some of the space still vacant. The review did not identify any further factors affecting the fair value of those properties that would have led to a significantly different valuation as at 30 September 2018. Therefore, the estimated fair values as at 31 December 2017 continue to be reasonable for these interim financial statements. Property additions in Bonn, Düsseldorf, Cologne and Darmstadt after 31 December 2017 were also valued by an independent expert and included in reporting accordingly.

Owing to the rise in capital market interest rates, the discount rate used to measure pension obligations already increased to 1.82% as at 31 March 2018 (31 December 2017: 1.64%). This interest adjustment caused pension provisions to fall by €130 thousand, which was recognised in the revaluation surplus.

With the exception of derivatives recognised at fair value, all assets and liabilities are measured at amortised cost.

For the assets and liabilities recognised at amortised cost, except for the financial liabilities, the carrying amounts of the financial assets and liabilities in the statement of financial position are a good approximation of their fair value.

The fair values of financial liabilities are equal to the present values of the payments associated with the liabilities, taking into account the current interest rate parameters (level 2 under IFRS 13) as at the end of each reporting period, and amount to €669,983 thousand as at 30 September 2018 (31 December 2017: €595,661 thousand).

The derivative financial instruments reported in the statement of financial position are measured at fair value. These are exclusively interest rate hedges. The fair values result from discounting the expected future cash flows over the residual term of the contracts on the basis of observable market interest rates or yield curves (level 2 under IFRS 13).

#### **Significant Related Party Transactions**

There were no reportable transactions with related parties in the first nine months of 2018.

#### **Events after the End of the Reporting Period**

The purchase agreement for a food retail and office property in Bamberg with Edeka as the main tenant was signed on 1 October 2018 at a purchase price of €15.0 million. The annual rental income amounts to €0.8 million. Ownership of the property is expected to transfer in the middle of 2019.

An agreement for the sale of a property in Brunthal was signed on 18 October 2018. With a sales price of €11.2 million and a residual carrying amount of €10.2 million, the book profit will be around €1.0 million. Ownership of the property is expected to transfer before the end of the reporting year.

The purchase agreement for the acquisition of two office properties in Aachen and Bonn was notarised on 24 October 2018. The provisional purchase price of the properties yet to be built is €51.1 million. The transfer of ownership is expected after the properties are completed in late 2019/early 2020.

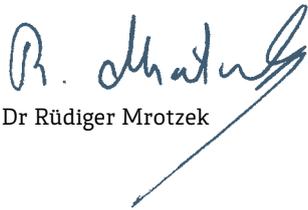
Also in October 2018, contracts were signed for the sale of a total of around 200 thousand m<sup>2</sup> of undeveloped land at a sale price of €0.8 million. The gain on disposal expected to be recognised before the end of 2018 will amount to around €0.6 million.

## RESPONSIBILITY STATEMENT

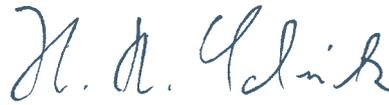
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the net asset situation, financial position and result of operations of the company, and the interim management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company for the remaining months of the financial year.

Duisburg, 8 November 2018

The Management Board



Dr Rüdiger Mrotzek



Hans Richard Schmitz

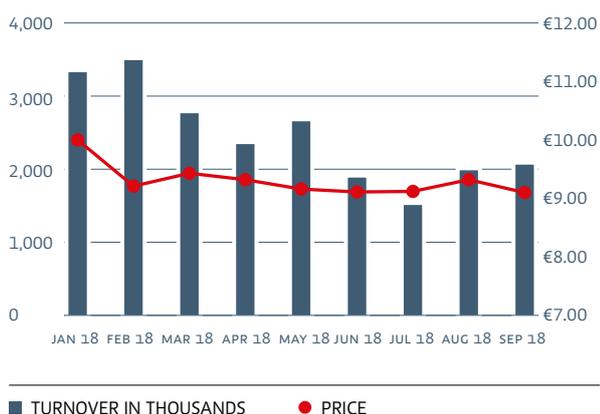
## ADDITIONAL INFORMATION

### General Development on the Capital Market

Despite a promising start to 2018, national and international stock markets reported losses over the course of the year. The DAX hit a new all-time high of 13,597 points in January 2018, but was unable to continue its positive development in the months that followed. In the wake of geopolitical and economic uncertainty, in particular as a result of escalating global trade disputes and growing political and monetary uncertainty in Europe, the DAX repeatedly fell below 12,000 points over the course of the year. However, the market stabilised by the end of the third quarter and the benchmark index ended September at 12,247 points.

### HAMBORNER REIT AG Shares

#### Development of HAMBORNER shares



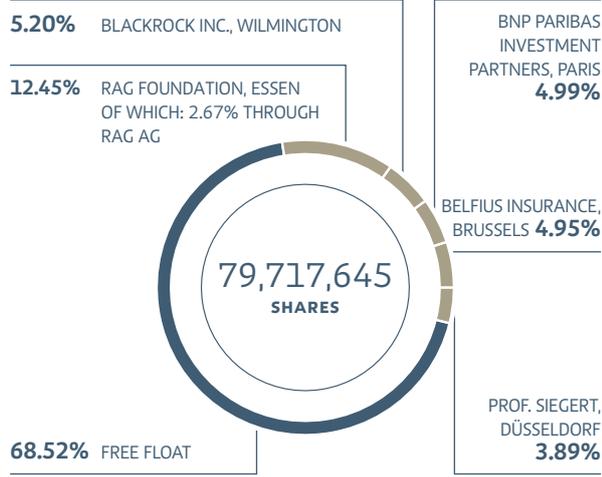
In line with the performance of the DAX, Hamborner's shares failed to continue their early good performance as the year progressed. After reaching a high for the year at €10.08 at the end of January, the share price followed the general market and industry trend down to €9.00 as at the end of the first quarter. The shares then began to track sideways and remained largely stable despite market uncertainty. The share price was €9.10 as at the end of the third quarter, around 8% softer than the closing price for 2017 and approximately 10% below NAV, which had been €10.15 as at 30 September 2018.

As a result of the growing uncertainty on the markets, there was a discernible increase in investor reluctance, hence there was also a significant decline in share turnover. An average of around 118,000 shares were traded per day in the first nine months of this year. This figure had been 182,000 in the same period of the previous year. Market capitalisation was around €725 million as at 30 September 2018.

<b>Name/code</b>	HAMBORNER REIT AG/ HAB
<b>SCN/ISIN</b>	601300/ DE0006013006
<b>Number of shares</b>	79,717,645
<b>Share capital</b>	€79,717,645
<b>Index</b>	SDAX/EPRA Index
<b>Designated sponsor</b>	HSBC, ODDO SEYDLER
<b>Free float</b>	68.52%
<b>Market capitalisation</b>	€725.4 million

### Shareholder Structure

#### Shareholder structure as at 30 September 2018



## Sustainability Report

After publishing our first sustainability report in 2013, we are delighted to have released a follow-up report this year as well. In our sustainability reporting, we would like to share with you our understanding of the interconnectedness of the economic, ecological and social dimensions of sustainable corporate governance, and to further enhance our claim to transparent reporting. The 2017/2018 sustainability report is available on our homepage [www.hamborner.de](http://www.hamborner.de) in the Sustainability section.

## General Information

Transparency and reporting are a top priority in our investor relations activities. The latest information, presentation documents and corporate disclosures can therefore be accessed at any time on our homepage [www.hamborner.de](http://www.hamborner.de) in the Investor Relations section. There you can also join our mailing list to receive a newsletter with all the key information on our company directly by e-mail.

## FINANCIAL CALENDAR 2018/2019

8 November 2018	Quarterly financial report 30 September 2018
7 February 2019	Provisional figures for the 2018 financial year
27 March 2019	Annual report 2018
2 May 2019	Quarterly financial report 31 March 2019
7 May 2019	Annual General Meeting 2019
10 May 2019	Payment of dividend for the 2018 financial year
1 August 2019	Half-year financial report 30 June 2019
7 November 2019	Quarterly financial report 30 September 2019

## Forward-looking Statements

This report contains forward-looking statements, e.g. on general economic developments in Germany and the company's own probable business performance. These statements are based on current assumptions and estimates by the Management Board, which were made diligently on the basis of all information available at the respective time. If the assumptions on which statements and forecasts are based are not accurate, the actual results may differ from those currently anticipated.

## ABOUT THIS PUBLICATION

### Published by:

The Management Board of HAMBORNER REIT AG, Duisburg

### Date of publication:

November 2018

**HAMBORNER REIT AG**

Goethestrasse 45

47166 Duisburg

Tel.: +49 203 54405-0

Fax: +49 203 54405-49

[info@hamborner.de](mailto:info@hamborner.de)

[www.hamborner.de](http://www.hamborner.de)