

Q2  
2017

HALF-YEAR  
FINANCIAL REPORT

30 JUNE 2017

## KEY FIGURES AT A GLANCE

<b>€ thousand</b>		
<b>FROM THE INCOME STATEMENT</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Income from rents and leases	35,827	29,924
Net rental income	31,893	26,934
Operating result	15,546	13,318
Financial result	-7,268	-6,949
EBITDA	32,012	26,701
EBDA	24,744	19,752
EBIT	18,150	15,782
Funds from operations (FFO)	22,140	17,288
Net profit for the period	10,882	8,833
<b>FROM THE STATEMENT OF FINANCIAL POSITION</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Total assets	1,056,490	1,006,760
Non-current assets	1,024,885	922,819
Equity	539,780	561,311
Equity ratio in %	51.1	55.8
REIT equity ratio in %	61.1	67.8
Loan-to-value (LTV) in %	37.7	30.1
<b>ON HAMBORNER SHARES</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
Number of shares outstanding	79,717,645	62,002,613
Basic = diluted earnings per share in €	0.14	0.14
Funds from operations (FFO) per share in €	0.28	0.28
Stock price per share in € (Xetra)	8.99	9.73
Market capitalisation	716,662	603,285
<b>THE HAMBORNER PORTFOLIO</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Number of properties	71	69
Fair value of property portfolio	1,214,260	1,115,010
Vacancy rate in % (including rent guarantees)	1.5	1.3
Weighted remaining term of leases in years	6.4	6.7
<b>OTHER DATA</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Net asset value (NAV)	751,333	768,486
Net asset value per share in €	9.42	9.64
Number of employees including Management Board	35	34

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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 August 2017.

## LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,  
LADIES AND GENTLEMEN,

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After our positive business performance in 2016 and the subsequent successful start to the new financial year, today we look back on the first half of 2017 in our half-year financial report.

Operating performance was again highly positive in the first half of the year. Income from rents and leases amounted to €35.8 million in the first six months of this year, an increase of 19.7% compared to the same period of the previous year. Funds from operations (FFO), the key operating performance indicator, increased strongly by 28.1% to €22.1 million over the same period.

After the fair value of our property assets rose to over €1 billion as at the end of 2016, our portfolio has continued to grow again in the first half of 2017. Ownership of a state-of-the-art, high-quality office property in Cologne – the O<sup>3</sup> – was transferred to us right at the beginning of the year. Furthermore, two more attractive, large-scale retail properties were acquired at the end of the first quarter – “market Oberfranken” in Hallstadt/Bamberg and “Kaufland” in Berlin-Marzahn. The total investment volume amounted to €108.8 million. In the second quarter we signed the purchase agreement for a new building in Ratingen. The office property with a purchase price of €34.4 million was built at an established office location in recent months and has now been in our possession since 11 July 2017.

We also remained active as a seller in the first half of 2017. Ownership of the Kasslerfelder Kreisel property in Duisburg, which was sold in 2016, was transferred to the buyer as at 1 April 2017. Also, the sales agreement for our retail property in Minden was signed in July. Following the additions and disposals in the first half of the year, HAMBORNER had a portfolio of 71 properties with a fair value of more than €1.2 billion as at 30 June 2017.

We have every confidence for the rest of the year. Given the positive business trend in the first half of the year, we are able to raise our previous forecast for income from rents and leases and for operating earnings (FFO). We are now assuming an increase in income from rents and leases of between 18% and 20%, and growth in FFO to between around €44 million and €45 million. This would correspond to FFO per share of between around €0.55 and €0.56.

We would like to take this opportunity to thank all our shareholders for their confidence, and we look forward to a successful second half of 2017.

Duisburg, July 2017

  
Dr Rüdiger Mrotzek

  
Hans Richard Schmitz

# INTERIM MANAGEMENT REPORT

## General Economic Conditions

The slightly accelerated economic growth of the German economy in the first quarter of 2017 of 0.6%, measured as gross domestic product, is expected to have continued at a similar rate in the second quarter. Leading economic research institutes expect growth of between 1.3% and 1.8% for 2017 as a whole in their current forecasts.

According to the German Federal Ministry of Economics, the most important pillar of the German economy will continue to be private consumer spending, which is benefiting from the good labour market situation despite a normalisation of consumer prices (up 1.6% compared to June 2016). Around 2.5 million people were out of work in June 2017 according to the German Federal Employment Agency. This corresponds to an unemployment rate of 5.5%. The number of people in employment rose by 0.6 million as against the previous year to 44.2 million.

## 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 half of 2017.

### Result of Operations

Income from rents and leases climbed by €5,903 thousand or 19.7% as against the same period of the previous year to €35,827 thousand in the first half of 2017 (€29,924 thousand). Income from property additions in 2016 and the first half of 2017 in particular contributed €6,239 thousand (20.9%) to this figure. Rental income from properties that were in our portfolio in both the first six months of 2016 and the reporting half-year (like-for-like) was roughly on par with the previous year's level at €9 thousand. Income declined by a total of €345 thousand (1.2%) as a result of property disposals.

The vacancy rate, including agreed rent guarantees, is still at a very low level of 1.5% (previous year: 1.4%) in the reporting period. Not including rent guarantees, the vacancy rate was 1.7% (previous year: 1.7%).

Income from passing on incidental costs to tenants amounted to €5,571 thousand, €1,641 thousand (41.8%) higher than in the same period of the previous year (€3,930 thousand). Real estate operating expenses increased by €1,790 thousand (30.2%) to €7,715 thousand (previous year: €5,925 thousand) by the end of June 2017.

The expenses for the maintenance of our land and property portfolio amounted to €1,790 thousand in the first half of the year, up €795 thousand on the figure for the previous year (€995 thousand). The costs relate predominantly to minor ongoing maintenance and minor planned measures. In addition to the larger property portfolio, the increase in maintenance expenses compared to the previous year is due in particular to the fact that most of the measures planned for the previous year were carried out in the second half of the year.

At €31,893 thousand, the net rental income derived from the above items is €4,959 thousand or 18.4% higher than the value for the same period of the previous year (€26,934 thousand).

Administrative and personnel expenses totalled €2,679 thousand, up €174 thousand or 6.7% on the previous year's level (€2,595 thousand). Administrative expenses increased by €37 thousand (5.5%) as against the previous year and personnel expenses rose by €137 thousand (7.1%). 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 7.7% (previous year: 8.7%).

Depreciation and amortisation expenses rose by €2,943 thousand to €13,862 thousand in the reporting period after €10,919 thousand in the same period of the previous year as a result of property acquisitions in particular.

Other operating income amounted to €862 thousand in the first half of 2017 (previous year: €467 thousand). This includes a compensation payment of €550 thousand from a tenant for the early termination of a rental agreement at the property in Linzer Str., Bremen. Furthermore, other operating income includes €113 thousand in compensation, reimbursements and costs passed on in connection with property management plus €37 thousand from the reversal of provisions.

Other operating expenses amounted to €578 thousand in the first half of 2017 (previous year: €569 thousand). This item includes membership fees of €130 thousand (previous year: €109 thousand) and costs of public relations work of €107 thousand (previous year: €156 thousand). Furthermore, €146 thousand (previous year: €141 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.

The operating result for the first half of 2017 amounted to €15,546 thousand after €13,318 thousand in the same period of the previous year.

The company generated earnings of €2,604 thousand (previous year: €2,464 thousand) from the disposal of properties in the first half of the year. Gains on disposals in the half-year period relate to the sale of a property in Duisburg and around 98 thousand m<sup>2</sup> of undeveloped land. The figure for the previous year related to the sale of three smaller portfolio properties.

The financial result is €-7,268 thousand as against €-6,949 thousand in the same period of the previous year. At €-7,322 thousand (previous year: €-6,950 thousand), the interest expenses included in the financial result increased as against the same period of the previous year on account of the utilisation of further loans to finance property acquisitions in particular.

The first half of the year closed with a net profit for the period of €10,882 thousand after €8,833 thousand in the same period of the previous year. FFO (funds from operations), i.e. the operating result before depreciation and amortisation expenses and not including proceeds from disposals, increased substantially by 28.1% and amounted to €22,140 thousand in the reporting period (previous year: €17,288 thousand). With 17,715,032 more shares outstanding than in the same period of the previous year following the capital increase in September 2016, FFO per share is on par with the previous year at €0.28.

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

An office property in Cologne (purchase price: €48.9 million), "market Oberfranken" in Hallstadt/Bamberg (purchase price plus leasehold improvements: €43.7 million) and a Kaufland store in Berlin (purchase price: €16.2 million) were added to the property portfolio in the first quarter of the reporting year.

Furthermore, we signed the purchase agreement for a newly built office property in Ratingen on 15 May 2017. The purchase price of the fully let property is €34.4 million with annual rental income of €1.9 million. Ownership was transferred on 11 July 2017.

Moreover, ownership of the properties in Hanau, Passau and Kiel, for which purchase agreements were signed in the previous year, has yet to be transferred. The transfer of the risks and rewards of ownership is expected in the second half of 2017 after the properties have been completed and the other requirements have been met.

Ownership of the property in Duisburg, Kasslerfelder Kreisel, reported under "Non-current assets held for sale" as at 31 December 2016 were transferred to the buyer on 1 April 2017. With a residual carrying amount of €7.2 million and a sale price of €9.5 million, the book profit amounted to €2.3 million.

The updated fair value of the developed property portfolio taking into account the above changes was €1,214.3 million as at the end of the quarter under review (31 December 2016: €1,115.0 million).

The company had cash and cash equivalents of €29.1 million on 30 June 2017 as against €75.3 million as at 31 December 2016. Cash outflows for investments in the property portfolio (€-115.4 million), the dividend payment for the 2016 financial year (€-34.3 million) and interest and principal repayments for loans (€-14.9 million) were essentially offset by cash inflows from operating activities (€29.1 million) and the utilisation of loans to finance property acquisitions (€79.5 million). In addition to its cash and cash equivalents as at 30 June 2017, the company also has other financing commitments of €122.4 million at its disposal.

In terms of equity and liabilities, equity amounted to €539.8 million as at 30 June 2017 after €561.3 million as at 31 December 2016. The reported equity ratio as at the end of the period was 51.1% after 55.8% as at 31 December 2016. The REIT equity ratio was 61.1% after 67.8% as at 31 December 2016.

Current and non-current financial liabilities increased by a net amount of €71.8 million as a result of the utilisation of loans in the first half of 2017 in particular, and amounted to €486.3 million as at the end of the first half of the year after €414.5 million as at 31 December 2016. The average borrowing rate for loans in place and those agreed but not yet utilised is 2.6% and has therefore declined further.

The fair value of derivative financial instruments was €-3.8 million as at 30 June 2017, having improved further as against 31 December 2016 (€-5.5 million).

The net asset value (NAV) of the company was €751.3 million as at the end of first half of the year (31 December 2016: €768.5 million). This corresponds to NAV per share of €9.42. The decline as against 31 December 2016 (€9.64) was largely as a result of the dividend of €0.43 per share distributed in May. NAV is determined by the fair values of the company's assets – essentially the value of properties – net of the borrowed capital.

## **Report on Risks and Opportunities**

As a property company with a portfolio spread across the whole of Germany, HAMBORNER REIT AG is exposed to a number of risks 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 2016. The comments made in the report on risks and opportunities in the 2016 management report therefore still apply.

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

## Forecast Report

As an asset manager for commercial properties, HAMBORNER REIT AG held a portfolio of 71 properties as at 30 June 2017. In future, the company's strategy will be geared towards value-adding growth in the fields of large-scale retail, high street commercial properties and office properties.

We are standing by our basic estimates for future business prospects as published in the 2016 annual report. However, following the addition of the property in Ratingen, we are now assuming an increase in income from rents and leases of between 18% and 20%, and growth in FFO to between around €44 million and €45 million for 2017 as a whole. This would correspond to FFO per share of between around €0.55 and €0.56.



CONDENSED INTERIM FINANCIAL STATEMENTS OF HAMBORNER REIT AG AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2017

CONDENSED INTERIM INCOME STATEMENT

€ thousand	1 Jan. – 30 June 2017	1 Jan. – 30 June 2016	1 April – 30 June 2017	1 April – 30 June 2016
Income from rents and leases	35,827	29,924	18,179	15,257
Income from passed-on incidental costs to tenants	5,571	3,930	2,863	1,981
Real estate operating expenses	-7,715	-5,925	-3,485	-3,340
Property and building maintenance	-1,790	-995	-1,025	-554
<b>Net rental income</b>	<b>31,893</b>	<b>26,934</b>	<b>16,532</b>	<b>13,344</b>
Administrative expenses	-707	-670	-363	-358
Personnel expenses	-2,062	-1,925	-1,007	-1,024
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-13,862	-10,919	-7,126	-5,561
Other operating income	862	467	78	88
Other operating expenses	-578	-569	-233	-218
	<b>-16,347</b>	<b>-13,616</b>	<b>-8,651</b>	<b>-7,073</b>
<b>Operating result</b>	<b>15,546</b>	<b>13,318</b>	<b>7,881</b>	<b>6,271</b>
Result from the sale of investment property	2,604	2,464	2,273	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>18,150</b>	<b>15,782</b>	<b>10,154</b>	<b>6,271</b>
Interest income	54	1	34	1
Interest expenses	-7,322	-6,950	-3,724	-3,570
<b>Financial result</b>	<b>-7,268</b>	<b>-6,949</b>	<b>-3,690</b>	<b>-3,569</b>
<b>Earnings before taxes (EBT)</b>	<b>10,882</b>	<b>8,833</b>	<b>6,464</b>	<b>2,702</b>
Basic = diluted earnings per share in €	0.14	0.14	0.08	0.04

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

€ thousand	1 Jan. – 30 June 2017	1 Jan. – 30 June 2016	1 April – 30 June 2017	1 April – 30 June 2016
<b>Net profit for the period as per the income statement</b>	<b>10,882</b>	<b>8,833</b>	<b>6,464</b>	<b>2,702</b>
Items reclassified to profit or loss in future if certain conditions are met:				
Unrealised gains/losses (-) on the revaluation of derivative financial instruments	1,686	908	821	855
Items not subsequently reclassified to profit or loss:				
Actuarial gains/losses (-) on defined benefit obligations	180	-700	180	-700
<b>Other comprehensive income for the period</b>	<b>1,866</b>	<b>208</b>	<b>1,001</b>	<b>155</b>
<b>Total comprehensive income for the period</b>	<b>12,748</b>	<b>9,041</b>	<b>7,465</b>	<b>2,857</b>

Other comprehensive income for the period relates to actuarial 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 June 2017	31 December 2016
<b>NON-CURRENT ASSETS</b>		
Intangible assets	508	488
Property, plant and equipment	3,233	3,017
Investment property	1,014,997	916,249
Advance payments on investment property	5,000	2,000
Financial assets	927	834
Other assets	220	231
	<b>1,024,885</b>	<b>922,819</b>
<b>CURRENT ASSETS</b>		
Trade receivables and other assets	2,476	1,412
Cash and cash equivalents	29,129	75,335
Non-current assets held for sale	0	7,194
	<b>31,605</b>	<b>83,941</b>
<b>Total assets</b>	<b>1,056,490</b>	<b>1,006,760</b>

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

€ thousand	30 June 2017	31 December 2016
<b>EQUITY</b>		
Issued capital	79,718	79,718
Capital reserves	391,194	391,194
Retained earnings	68,868	90,399
	<b>539,780</b>	<b>561,311</b>
<b>NON-CURRENT LIABILITIES AND PROVISIONS</b>		
Financial liabilities	444,329	393,588
Derivative financial instruments	2,622	4,402
Trade payables and other liabilities	2,127	2,327
Pension provisions	7,025	7,387
Other provisions	2,912	3,030
	<b>459,015</b>	<b>410,734</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Financial liabilities	41,941	20,876
Derivative financial instruments	1,205	1,111
Trade payables and other liabilities	13,503	11,158
Other provisions	1,046	1,570
	<b>57,695</b>	<b>34,715</b>
<b>Total equity, liabilities and provisions</b>	<b>1,056,490</b>	<b>1,006,760</b>

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

€ thousand	1 Jan. – 30 June 2017	1 Jan. – 30 June 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	10,882	8,833
Financial result	7,268	6,949
Depreciation, amortisation and impairment (+)/write-ups (-)	13,862	10,919
Change in provisions	-888	-792
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-2,604	-2,464
Change in receivables and other assets not attributable to investing or financing activities	-1,029	-780
Change in liabilities not attributable to investing or financing activities	1,619	-312
	<b>29,110</b>	<b>22,353</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in intangible assets, property, plant and equipment and investment property	-115,439	-69,551
Proceeds from disposals of property, plant and equipment and investment property	9,797	7,746
Proceeds from disposals of financial assets	10	2
Proceeds from the short-term financial management of cash investments	50,000	0
Interest received	11	1
	<b>-55,621</b>	<b>-61,802</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-34,279	-26,041
Proceeds from borrowings of financial liabilities	79,500	79,670
Repayments of borrowings	-7,600	-5,954
Payments for cash collateral for financial liabilities	-4,191	0
Interest payments	-7,316	-6,776
	<b>26,114</b>	<b>40,899</b>
<b>Changes in cash funds</b>	<b>-397</b>	<b>1,450</b>
<b>Cash funds on 1 January</b>	<b>25,335</b>	<b>27,133</b>
Cash and cash equivalents (with a remaining term of up to three months)	25,335	27,133
Fixed-term deposits (with a remaining term of more than three months)	50,000	0
<b>Cash and cash equivalents on 1 January</b>	<b>75,335</b>	<b>27,133</b>
<b>Cash funds on 30 June</b>	<b>24,938</b>	<b>28,583</b>
Cash and cash equivalents (with a remaining term of up to three months)	24,938	28,583
Restricted cash and cash equivalents	4,191	0
<b>Cash and cash equivalents on 30 June</b>	<b>29,129</b>	<b>28,583</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 2016</b>	<b>62,003</b>	<b>247,259</b>	<b>-12,057</b>	<b>108,869</b>	<b>406,074</b>
Distribution of profit for 2015 (€0.42 per share)				-26,041	-26,041
Net profit for the period 1 Jan. – 30 June 2016				8,833	8,833
Other comprehensive income 1 Jan. – 30 June 2016			208		208
<b>Total comprehensive income 1 Jan. – 30 June 2017</b>			<b>208</b>	<b>8,833</b>	<b>9,041</b>
<b>As at 30 June 2016</b>	<b>62,003</b>	<b>247,259</b>	<b>-11,849</b>	<b>91,661</b>	<b>389,074</b>
Capital increases	17,715	148,806			166,521
Costs of capital increases		-4,871			-4,871
Net profit for the period 1 July – 31 Dec. 2016				8,588	8,588
Other comprehensive income 1 July – 31 Dec. 2016			1,999		1,999
<b>Total comprehensive income 1 July – 31 Dec. 2016</b>			<b>1,999</b>	<b>8,588</b>	<b>10,587</b>
<b>As at 31 December 2016</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 period 1 Jan. – 30 June 2017				10,882	10,882
Other comprehensive income 1 Jan. – 30 June 2017			1,866		1,866
<b>Total comprehensive income 1 Jan. – 30 June 2017</b>			<b>1,866</b>	<b>10,882</b>	<b>12,748</b>
<b>As at 30 June 2017</b>	<b>79,718</b>	<b>391,194</b>	<b>-7,984</b>	<b>76,852</b>	<b>539,780</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 half of 2017 was published on 8 August 2017. 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 may occur in totals and percentages.

## Principles of Reporting

This interim report of HAMBORNER REIT AG as at and for the period ended 30 June 2017 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 presentation of information in these interim financial statements has been condensed compared to the separate IFRS financial statements as at 31 December 2016, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

The interim financial statements as at and for the period ended 30 June 2017 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2016. The accounting standards applicable from 1 January 2017 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 subjected to a review. In accordance with the resolutions of the Annual General Meeting on 10 May 2017, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was commissioned to perform the review. Deloitte GmbH Wirtschaftsprüfungsgesellschaft prepared a corresponding certificate of its review that has been published with this report.

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 2016. The significant changes and transactions in the first half of the year are presented in the interim management report of this document.

## Material Transactions in the First Half of 2017

Ownership of the properties in Cologne (2 January 2017), Hallstadt (23 March 2017) and Berlin (31 March 2017) was transferred in the first half of 2017. The investment volume not including incidental costs of acquisition amounted to €108.8 million.

The risks and rewards of ownership of the property in Duisburg, Kasslerfelder Kreisel, reported under “Non-current assets held for sale” as at 31 December 2016 were transferred to the buyer on 1 April 2017.

## Other Selected Notes

During 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 2016. 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 June 2017. Therefore, the estimated fair values as at 31 December 2016 continue to be reasonable for these interim financial statements. Property additions in Cologne, Hallstadt and Berlin after 31 December 2016 were also valued by an independent expert and included in the fair value measurement disclosure accordingly.

On 30 June 2017, there were obligations arising from notarised purchase agreements for properties in Hanau, Kiel, Passau and Ratingen to pay a total purchase price of €107.5 million. The purchase prices will fall due on fulfilment of the conditions.

Owing to the rise in capital market interest rates, the discount rate used to measure pension obligations increased to 1.75% as at 30 June 2017 (31 December 2016: 1.53%). This interest adjustment caused pension provisions to fall by €180 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 €506,319 thousand as at 30 June 2017 (31 December 2016: €441,464 thousand).

The derivative financial instruments reported in the statement of financial position are measured at fair value. These are exclusively interest 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).

To replace collateral in the form of property liens for a loan borrowed in 2009 to finance the Kasslerfelder Kreisel property in Duisburg sold in the reporting year, an amount of €4,191 thousand was transferred to an account pledged to the financing bank. This amount is reported under "Cash and cash equivalents". As the company cannot access the pledged account directly, the corresponding amount does not constitute cash funds in accordance with IAS 7. For this reason, the "Cash and cash equivalents" item in the statement of financial position and the cash funds shown in the statement of cash flows as at 30 June 2017 differ by an amount of €4,191 thousand.

### **Significant Related Party Transactions**

There were no reportable transactions with related parties in the first half of 2017.

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

Ownership of the office property in Ratingen was transferred to the company on 11 July 2017 following payment of the purchase price of €34.4 million.

The agreement for the sale of a retail property in the city centre of Minden was signed on 18 July 2017. The sale price is €4.5 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, 31 July 2017

The Management Board



Dr Rüdiger Mrotzek



Hans Richard Schmitz

## CERTIFICATE OF REVIEW

To HAMBORNER REIT AG, Duisburg

We have reviewed the condensed interim financial statements, comprising the condensed income statement, the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of cash flows, the condensed statement of changes in equity and condensed notes, together with the interim management report of HAMBORNER REIT AG, Duisburg, for the period from 1 January 2016 to 30 June 2016, which are part of the half-year financial report in accordance with section 37w WpHG (Wertpapierhandelsgesetz – German Securities Trading Act). The preparation of the condensed interim financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim management report in accordance with the requirements of the WpHG applicable to interim management reports, is the responsibility of the Managing Board of the company. Our responsibility is to issue a report on the condensed interim financial statements and on the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim financial statements of HAMBORNER REIT AG, Duisburg, have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim management reports.

Düsseldorf, 3 August 2017

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Künemann)  
Wirtschaftsprüfer  
(German Public Auditor)

(Neu)  
Wirtschaftsprüfer  
(German Public Auditor)

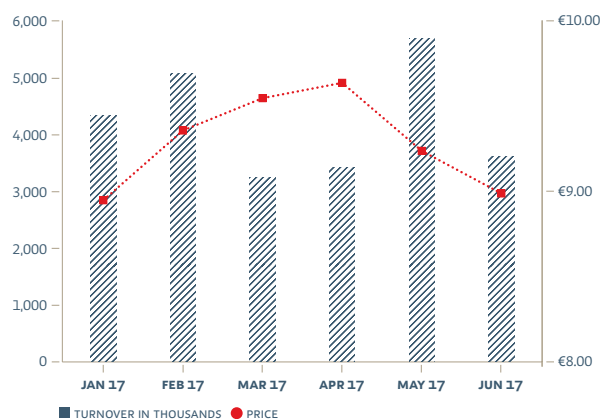
## ADDITIONAL INFORMATION

### General Development on the Capital Market

The German stock markets performed well in the first half of 2017. After beginning the year at 11,598 points, the DAX rose above 12,000 points in March and ended the first quarter at 12,313 points. Bolstered by positive economic and corporate data in addition to waning political uncertainty after the elections in the Netherlands and France, the DAX continued its winning streak to reach a new all-time high of 12,952 points in the middle of June. Despite the consistently positive sentiment, the DAX then began a correction and fell to 12,325 points by the end of the first half of the year.

<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
<b>Free float</b>	69.06%
<b>Market capitalisation</b>	€716.7 million

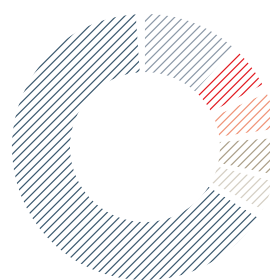
### HAMBORNER REIT AG shares



The price performance of HAMBORNER shares was volatile in the first half of the year. After the shares had been quoted at €9.04 at the start of the year, their price climbed to their highest point for the first half of the year at €9.94 at the start of May. Following the distribution of the dividend for the 2016 financial year of €0.43 per share on 15 May 2017 and the further rise in uncertainty concerning the future interest rate policy of the European Central Bank, the shares were unable to maintain this price level and fell to €8.99 by the end of the first half of the year. This corresponds to a decline of 0.6% compared to the start of the year.

By contrast, the trend in stock turnover was highly positive in the first half of the year. With an average of around 203,000 shares traded per day, the trading volume was significantly higher than the average figure for 2016 (around 145,000 shares). Market capitalisation was around €717 million as at 30 June 2017.

### Shareholder Structure as at 30 June 2017



- **69.06%** Free float
- **12.45%** RAG Foundation, Essen  
Of which: 2.67% through  
RAG Aktiengesellschaft, Herne
- **4.99%** BNP Paribas Investment Partners, Paris
- **4.95%** Belfius Insurance, Brussels
- **4.66%** BlackRock Inc., Wilmington
- **3.89%** Prof. Siegert, Düsseldorf

### Annual General Meeting 2017

Our Annual General Meeting was held in Mülheim/Ruhr on 10 May 2017. It resolved a dividend of €0.43 per share for the 2016 financial year. The dividend yield based on the closing price as at 31 December 2016 was therefore around 4.8%.

### General Information

Transparency and reporting are highly important in our investor relations activities. Information on resolutions by the Annual General Meeting, general presentation documents and all 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 2017/2018

8 August 2017	Half-year financial report 30 June 2017
9 November 2017	Quarterly financial report 30 September 2017
21 March 2018	Annual report 2017
25 April 2018	Quarterly financial report 31 March 2018
26 April 2018	Annual General Meeting 2018

### 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.

## PUBLISHING INFORMATION

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