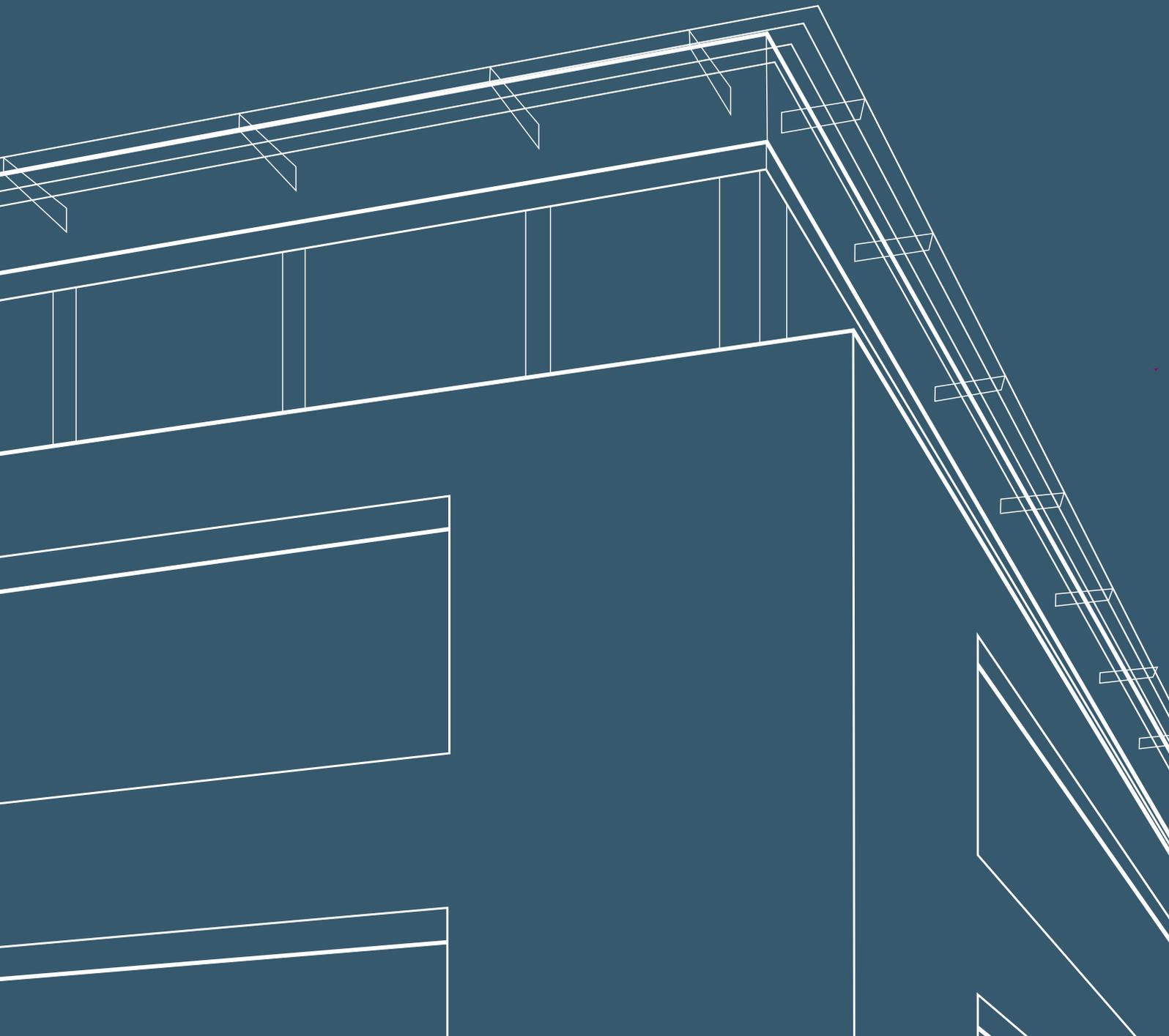


# INTERIM REPORT

FOR THE THIRD QUARTER 2010



## Key figures according to IFRS at a glance

in T€		
<b>From the profit and loss account</b>	<b>30.09.2010</b>	<b>30.09.2009</b>
Revenue from rents and leases	18,293	16,740
Net rental incomes	16,727	15,463
Operating result	9,155	8,236
Financial result	-4,470	-3,644
EBITDA	14,487	13,440
EBDA	7,239	9,276
EBIT	9,708	8,583
Funds from operations (FFO)	9,465	7,951
Result for the period	2,460	4,419
<b>From the balance sheet</b>	<b>30.09.2010</b>	<b>31.12.2009</b>
Balance sheet total	325,621	298,589
Non-current assets	313,463	260,116
Equity capital	143,149	155,297
Equity ratio in %	44.0	52.0
REIT equity ratio in %	54.2	67.2
Loan to Value (LTV) in %	42.1	34.3
<b>On the HAMBORNER share</b>	<b>30.09.2010</b>	<b>30.09.2009</b>
Earnings per share in €	0.11	0.19
Funds from operations (FFO) per share in €	0.42	0.35
Stock market price per no-par-value share in € (XETRA)	7.25	8.49
Price/FFO ratio	17.4	24.3
Market capitalisation	165,083	193,317
<b>Other data</b>	<b>30.09.2010</b>	<b>31.12.2009</b>
Fair value of the property portfolio	367,080	307,940
Net asset value (NAV)	219,502	236,059
Net asset value per share in €	9.64	10.37
Number of employees including the Managing Board	24	24

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The financial accounting of HAMBORNER REIT AG is carried out in accordance with IFRS (International Financial Reporting Standards) as they are to be applied in the European Union.

This interim report was issued on 11 November 2010.

## Introduction of the Managing Board

*Dear Shareholders,*

The property market in Germany is influenced by numerous factors. The confidence of investors and consumers in economic and political developments are part of this in particular, in addition to overall economic developments and the demographic factors. Therefore, the economic situation in Germany also had direct effects on the investment market. According to the German Bundesbank, the economy is recovering from the most serious economic slump of the post-war period and the economic data also forecasts a good trend at present. This is also reflected in the activity of the property market: The investment market is recovering after the transaction volume fell dramatically in the period from autumn 2008 to summer 2009.

And the "transaction volume" also rose at HAMBORNER REIT AG in the first three quarters of the year 2010. The company was able to invest approximately €62 million in attractive properties, which sensibly complement the portfolio and also promote diversification, particularly in south and south-west Germany. Further contracts for commercial buildings in Bad Homburg and Lemgo as well as for an office building in Ingolstadt were signed in the third quarter. Together with attractive financing terms and conditions, such investments result in appealing yields and thus increasing cash flows, which the company would also like to ensure on behalf of its shareholders with its further growth.

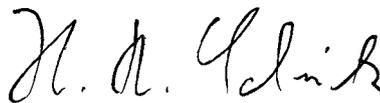
Against this background, the Managing Board and Supervisory Board resolved towards the end of the 3rd quarter to utilise the existing authorised capital in full and to carry out a capital increase. We were able to successfully implement this process. Through intensive preparation, numerous roadshows and discussions with investors from different sectors and countries, we were able to strengthen interest in the company's strategy and confidence in the substance and sustainability. All this resulted in oversubscription of the order book and offers us, with continuing sound performance, a good foundation for further growth.

But now it is time to make progress in the operating activities and to invest the resources which we have received from you profitably on your behalf – and we are on course to doing so.

We again emphatically thank you for your confidence, which was decisive in the successful execution of the capital increase and towards which we also continue to work.

Duisburg, November 2010

  
Dr. Rüdiger Mrotzek

  
Hans Richard Schmitz

# Interim Management Report

## Macroeconomic environment

The German economy is on the upturn in the judgement of leading German economic research institutes, and will significantly surpass the forecasts of the spring report. In their autumn report for 2010, the experts expect an increase in the gross domestic product by 3.5%, after the predictions were 1.5% hitherto. The reason for the more optimistic assessment is seen in the strong growth in exports and consumption. However, the US economy and the debt situation of individual euro countries could have a weakening impact on the recovery. Research economists predict a moderate increase in base rates by the European Central Bank towards the end of the coming year, provided that the economy stabilises in accordance with expectations over the course of next year. Positive stimuli for the labour market are anticipated from the discernibly increasing readiness of companies to invest. The number of unemployed people should fall below three million again for the first time since 1992.

## Report on the earnings, financial and asset situation

The earnings, financial and asset situation of HAMBORNER REIT AG developed well, in accordance with expectations, in the first nine months of the year 2010 under the influence of the general economic trends.

We achieved revenues amounting to 18,293 T€ from the management of our properties up to the end of September 2010. Compared with the corresponding period of the previous year, therefore, an increase of 1,553 T€ or 9.3% was recorded, which is apportionable to revenues from property additions in the fourth quarter 2009 and in the first nine months of the year 2010 at 1,839 T€ (11.0%). Revenues reduced to the extent of 68 T€ overall (-0.4%) due to sales of properties. Rents from properties that were in our portfolio both in the first nine months of the year 2009 and in the comparable period of the reporting year decreased by 218 T€ (-1.5%). Revenues from the charge passed on to tenants from incidental costs amount to 1,949 T€ and were thus above the comparative value of the corresponding period of the previous year by 122 T€ (6.7%).

The vacancy rate amounts to 2.3% as at the end of September (September 2009: 3.7%) and has thus reduced by 1.4 percentage points. The vacancies relate for the most part to leased areas in properties, for which we have rent guarantees. The economic vacancy rate adjusted by the income from the rent guarantees amounts to just 1.2% as at the end of September 2010 (September 2009: 1.06%).

Expenses amounting to 2,706 T€ (corresponding period of the previous year: 2,616 T€) accrued for the management of our properties in the first nine months of the reporting year. This corresponds to a rise of 3.4% and is mainly attributable to the expanded property portfolio.

The expenses for the maintenance of our property and building stock amount to 809 T€ as of 30 September 2010 and are thus above the comparative value of the corresponding period last year (488 T€) by 321 T€. The reason for the increase lies mainly in an alteration to an office building in Münster, which was carried out in the course of a new letting.

The net rental incomes derived from the preceding items amounts to 16,727 T€ and thus increased by 1,264 T€ or 8.2% compared with the comparable valuation of the previous period (15,463 T€).

Management and personnel costs amount to 2,651 T€ overall and are thus at the level of the corresponding period (2,643 T€). Whereas the administrative expenditure increased by 64 T€, essentially due to bank charges in connection with the leverage for investments, personnel expenses reduced by 56 T€.

Depreciations increased mainly as a result of the growth in the property portfolio and amount to 5,947 T€ in the reporting period after 4,857 T€ in the corresponding period of the previous year. The valuation for the reporting period includes non-scheduled depreciations amounting to 294 T€, which arose from the expert's interim valuation carried out for our portfolio properties as of 31 August 2010.

The other operating income amounts to 1,494 T€ as of 30 September 2010 after 827 T€ as of 30 September 2009. The increase arises essentially as the balance from a reversal of impairment adjustment in connection with the expert's interim valuation of the portfolio properties as of 31 August 2010 amounting to 1,169 T€ and the discontinuation of the income from the sale of investments included in this item at 677 T€ in the comparative period of the previous year.

The other operating expenses amount to 468 T€ and decreased by 86 T€ or 15.5%. The decrease arises as the balance from a reduction in the legal and consultancy costs by 167 T€, an increase in contributions by 21 T€ and in the remaining other operating expenses by 60 T€.

As of 30 September 2010 we achieved operating results amounting to 9,155 T€ after 8,236 T€ in the comparative period of the previous year. This corresponds to a rise of 919 T€ or 11.2%.

A contribution to profits of 553 T€ results from the sale of real estate, after 333 T€ was achieved (+66%) in the comparative period of the previous year. The sales related to three undeveloped plots of land with a surface of approximately 217,500 sq.m. as well as a commercial and residential building in Hamm.

Following conversion of the company into a Real Estate Investment Trust (REIT) and the sale of all participations carried out in this connection, the company no longer shows income from participations in 2010.

The financial result decreased by 826 T€ and amounts to -4,470 T€ in the reporting period. The decrease is first and foremost attributable to the further increase in the borrowed funds raised for the growth of the company and the associated interest payments (-4,557 T€ as of 30 September 2010 after 4,065 T€ in the comparative period of the previous year). On the financial investment side, interest income decreased by 334 T€ and amounts to 87 T€ in the reporting period. The cause of this is firstly the still low general interest rate level for investments and secondly the significantly reduced cash position, compared with the comparative period, due to cash outflow for investments and tax payments.

The taxes on income and profit shown in the reporting period essentially relate to the final taxation due to the conversion of the company to REIT status. With the attainment of REIT status, the company is exempt from trade and corporation tax in the future, but had to reveal the existing hidden reserves in the transition period and subject them to the final levying of taxes. Against the tax liability already established for this in the first quarter 2010 of €16.6 million, deferred taxes of €13.8 million were released on balance, so that a charge on earnings of approximately €2.8 million remained from this.

Therefore, as of 30 September 2010, a surplus for the period of 2,460 T€ arises after 4,419 T€ in the comparative period of the previous year. The earnings per share amount to approximately €0.11 in the first nine months of the year 2010 after approximately €0.19 in the first nine months of the previous year.

The FFO per share (disregarding sales proceeds) amounts to approximately €0.42 as of 30 September 2010 (comparative period: approximately €0.35).

As of 30 September 2010, the balance sheet equity ratio represents approximately 44% after approximately 52% as of 31 December 2009.

By 30 September 2010, a total of five properties in Erlangen, Hilden, Kamp-Lintfort, Stuttgart and Ingolstadt transferred into our ownership. The transfer of ownership took place on 30 September 2010 for the office building in Ingolstadt with a leased space of 5,600 sq.m. acquired with a purchase agreement dated 9 August 2010. The property is leased out to a reputable software producer over the long term.

In May 2010 a purchase agreement for a retail trade property in Freiburg was registered with a purchase price of approximately €11.4 million. The property will transfer into our ownership after completion – probably in 2012. Purchase agreements were signed in July and August 2010 respectively for two further properties in Bad Homburg and in Lemgo. The purchase price for the two properties amounts to €20.5 million combined. The transfer of benefits and encumbrances will probably be made for the office building in Lemgo in the middle of November and for the property in Bad Homburg at the year-end or in the 1st quarter 2011.

All the acquisition and incidental purchase expenses for the properties transferred into our ownership by 30 September 2010, including the prepayments for the registered purchases, amount to a total of €61.8 million as of 30 September 2010.

By notarial deed dated 17 August 2010, we sold a major land area of approximately 1.9 million sq.m. from our undeveloped existing holding. The sales price amounts to €2.1 million. The plots of land are predominantly used for forestry.

Cash positions decreased as of 30 September 2010 by €27.4 million compared with the previous financial statement reporting date, mainly due to the cash outflow for the property investments, the outflow of liquidity for the exit tax and the dividend payment for the financial year 2009, and amount to €10.5 million.

On the liabilities side, non-current and current financial liabilities and derivative financial instruments increased by €53.9 million compared with 31 December 2009 and amount to €167.5 million in total as of 30 September 2010.

### Risk report

As a real estate company, HAMBORNER REIT AG with a nationally-dispersed property portfolio is exposed to various risks which may have an impact on the earnings, financial and asset situation. The company commissioned an expert interim valuation of its portfolio properties as of 31 August 2010. The valuation changes resulting therefrom have already been taken into account in the present result for the period as of 30 September 2010. Furthermore, no significant changes to the evaluation of risks for the company's business development have resulted from today's perspective compared with 31 December 2009. Therefore, the details provided in the management report 2009 under the section "Risk report" still apply.

Risks jeopardising the company's continued existence are not identifiable from today's perspective.

### Forecast report

HAMBORNER REIT AG is a commercial real estate company operating nationwide and will also maintain this orientation in the future. The company's strategy is focused on value-creating growth in the areas of the large-scale retail trade at heavily-frequented locations, commercial buildings in prime locations (so-called high street properties) and high-quality office buildings at established office locations. From today's perspective, the Managing Board of the company sees no reason to deviate from the forecasts published in the management report 2009. The Managing Board expects a further increase in revenue from the management of properties and buildings for the full year 2010 compared with the financial year 2009 with a continued low vacancy rate. We expect stable operating business developments overall for the fourth quarter 2010. The trend in property and building maintenance that had already emerged in the third quarter 2010 will continue in the fourth quarter 2010 as well and, if all goes according to plan, will result in higher expenses than in the first two quarters of the year.

### Supplementary report

The Managing Board of the company resolved on 23 September 2010, with the same-day approval of the Supervisory Board, to increase the company's share capital from authorised capital by €11,350,000 by issuing 11,350,000 new no-par-value shares made out to bearer without a nominal value against cash contribution. The new shares are entitled to dividends from 1 January 2010. Registration of the implementation of the capital increase was carried out in the Commercial Register on 11 October 2010. The company's share capital amounts to €34,120,000 after registration. The net issue proceeds from the capital increase are to be used to strengthen the equity capital base and the financial capacity of HAMBORNER REIT AG and will be utilised for growth by the company through the acquisition of additional properties within the framework of the investment strategy. The resolution on the offer price, subscription price, subscription ratio and the precise number of new shares to be issued was passed by the Managing Board with the agreement of the Supervisory Board on 7 October 2010.

The agreed purchase price amounting to €2.1 million for the forest land sold by purchase agreement dated 17 August 2010 accrued to us on 4 October 2010. Ownership transferred to the buyer on the same date.

## Interim financial statements of HAMBORNER REIT AG as of 30 September 2010

### Profit and loss account

in T€	01.01. – 30.09.2010	01.01. – 30.09.2009	01.07.-30.09.2010	01.07.-30.09.2009
Income from rents and leases	18,293	16,740	6,452	5,669
Income from passing on incidental costs to tenants	1,949	1,827	603	677
Current operating expenses	-2,706	-2,616	-887	-941
Property and building maintenance	-809	-488	-357	-218
<b>Net rental income</b>	<b>16,727</b>	<b>15,463</b>	<b>5,811</b>	<b>5,187</b>
Administrative expenditure	-681	-617	-253	-204
Personnel costs	-1,970	-2,026	-657	-658
Amortisations of intangible assets, tangible fixed assets and properties held as a financial investment	-5,947	-4,857	-2,340	-1,662
Other operating income	1,494	827	1,187	31
Other operating expenses	-468	-554	-132	-167
	-7,572	-7,227	-2,195	-2,660
<b>Operating result</b>	<b>9,155</b>	<b>8,236</b>	<b>3,616</b>	<b>2,527</b>
Result from the sale of properties	553	333	489	83
Results from investments	0	14	0	0
<b>Earnings before income and taxes (EBIT)</b>	<b>9,708</b>	<b>8,583</b>	<b>4,105</b>	<b>2,610</b>
Interest income	87	421	11	67
Interest payments	-4,557	-4,065	-1,704	-1,395
<b>Financial result</b>	<b>-4,470</b>	<b>-3,644</b>	<b>-1,693</b>	<b>-1,328</b>
<b>Earnings before tax (EBT)</b>	<b>5,238</b>	<b>4,939</b>	<b>2,412</b>	<b>1,282</b>
Taxes on income and profit	-2,778	-520	3	-179
<b>Result for the period</b>	<b>2,460</b>	<b>4,419</b>	<b>2,415</b>	<b>1,103</b>
Earnings per share (in €)	0.11	0.19	0.11	0.05

## Statement of income and expense recognised in equity

in T€	01.01. – 30.09.2010	01.01. – 30.09.2009	01.07. – 30.09.2010	01.07. – 30.09.2009
<b>Net earnings for the period</b>	<b>2,460</b>	<b>4,419</b>	<b>2,415</b>	<b>1,103</b>
Adjustment of the revaluation reserve due to divestment	0	-129	0	0
Unrealised profits/losses (-) from the revaluation of derivative financial instruments	-4,043	-2,321	-741	-971
Release of deferred taxes on derivative financial instruments	-1,240	0	0	0
Income/expense (-) recognised in equity	-5,283	-2,450	-741	-971
<b>Total result for the period</b>	<b>-2,823</b>	<b>1,969</b>	<b>1,674</b>	<b>132</b>

The expenses recorded directly in the equity capital relate to value changes from interest rate swaps, which are used for the management of risks from interest rate fluctuations. Corresponding market value changes are entered in the equity capital (revaluation reserve) without affecting the operating result, where adequate risk limitation efficiency is available and documented. In the half-year under review, the deferred taxes formed for this in the past were released as a result of the attainment of tax exemption and were also recorded in the revaluation reserve without affecting the operating result.

## Balance sheet assets

in T€	30.09.2010	31.12.2009
<b>Non-current assets</b>		
Intangible assets	41	6
Tangible fixed assets	142	151
Properties held as a financial investment	312,893	257,386
Financial assets	30	38
Other assets	357	365
Deferred tax assets	0	2,170
	<b>313,463</b>	<b>260,116</b>
<b>Current assets</b>		
Trade receivables and other assets	1,090	487
Income tax receivables	46	44
Bank deposits and cash balances	10,548	37,942
	<b>11,684</b>	<b>38,473</b>
Non-current assets held for disposal	474	0
	<b>12,158</b>	<b>38,473</b>
<b>Total assets</b>	<b>325,621</b>	<b>298,589</b>

## Balance sheet liabilities

in T€	30.09.2010	31.12.2009
<b>Equity capital</b>		
Subscribed capital	22,770	22,770
Capital reserve	-900	0
Retained earnings		
Legal reserve	2,277	2,277
Other retained earnings	104,575	104,575
Revaluation reserve	-11,877	-6,594
Unappropriated surplus		
Profit brought forward	23,844	27,196
Profit for the period	2,460	5,073
	26,304	32,269
	<b>143,149</b>	<b>155,297</b>
<b>Non-current liabilities and provisions</b>		
Financial liabilities and derivative financial instruments	152,504	109,052
Deferred tax liabilities	0	14,708
Trade accounts payable and other liabilities	3,816	4,075
Provisions for pensions	5,516	5,603
Other provisions	720	702
	<b>162,556</b>	<b>134,140</b>
<b>Current liabilities and provisions</b>		
Financial liabilities and derivative financial instruments	15,036	4,620
Income tax liabilities	21	402
Trade accounts payable and other liabilities	3,076	1,877
Other provisions	1,783	2,253
	<b>19,916</b>	<b>9,152</b>
<b>Total equity capital, liabilities and provisions</b>	<b>325,621</b>	<b>298,589</b>

## Cash flow statement

in T€	01.01. – 30.09.2010	01.01. – 30.09.2009
<b>Cash flow from operating activity</b>		
Result before tax (EBT)	5,239	4,939
Write-downs/write-ups (-)	4,779	4,834
Financial result	4,470	3,630
Change in provisions	-538	-849
Book profits (-) / losses (+) (offset) from the disposal of tangible fixed assets, investment properties and non-current assets held for disposal	-541	-347
Book profits (-) / losses (+) (offset) from the disposal of financial assets	0	-678
Other non-cash expenditure (+) / income (-)	8	-71
Change in receivables and other assets	-469	-549
Change in liabilities	-562	-807
Dividend received	0	14
Interest inflows	107	611
Tax payments	-16,936	-847
	<b>-4,443</b>	<b>9,880</b>
<b>Cash flow from investment activity</b>		
Investments in intangible assets, tangible fixed assets and investment properties	-60,993	-39,118
Proceeds from disposals of tangible fixed assets, investment properties and non-current assets held for disposal	1,616	358
Proceeds from disposals of financial assets	8	691
	<b>-59,369</b>	<b>-38,069</b>
<b>Cash flow from financing activity</b>		
Dividend payments	-8,425	-7,969
Net inflow of funds from the acceptance of financial liabilities	52,605	23,800
Net outflow of funds for the repayment of financial liabilities	-2,797	-2,550
Interest outflows	-4,691	-3,916
Payments for transaction costs of the capital increase	-274	0
	<b>36,418</b>	<b>9,365</b>
<b>Changes in the cash fund</b>	<b>-27,394</b>	<b>-18,824</b>
<b>Cash fund on 1 January</b>	<b>37,942</b>	<b>54,012</b>
Bank deposits and cash balances	37,942	54,012
<b>Cash fund on 30 September</b>	<b>10,548</b>	<b>35,188</b>
Bank deposits and cash balances	10,548	35,188

## Statement of changes in the equity capital

in T€	Subscribed capital	Capital reserve	Retained earnings			Unappropriated surplus		Total equity capital
			Legal reserve	Other retained earnings	Revaluation reserve	Carry-forward	Surplus	
<b>Position at 1 January 2009</b>	<b>22,770</b>	<b>0</b>	<b>2,277</b>	<b>104,575</b>	<b>-4,737</b>	<b>17,824</b>	<b>17,341</b>	<b>160,050</b>
Carry-forward to new account						17,341	-17,341	0
Distribution of profit for 2008						-7,969		-7,969
Income/expenses directly entered in the equity capital					-2,450			-2,450
Result for the period 01.01. – 30.09.2009							4,419	4,419
<b>Overall result for the period 01.01. – 30.09.2009</b>					<b>-2,450</b>		<b>4,419</b>	<b>1,969</b>
<b>Position at 30 September 2009</b>	<b>22,770</b>	<b>0</b>	<b>2,277</b>	<b>104,575</b>	<b>-7,187</b>	<b>27,196</b>	<b>4,419</b>	<b>154,050</b>
Income/expenses directly entered in the equity capital					593			593
Result for the period 01.10. – 31.12.2009							654	654
<b>Overall result for the period 01.10. – 31.12.2009</b>					<b>593</b>		<b>654</b>	<b>1,247</b>
<b>Position at 31 Dec 2009</b>	<b>22,770</b>	<b>0</b>	<b>2,277</b>	<b>104,575</b>	<b>-6,594</b>	<b>27,196</b>	<b>5,073</b>	<b>155,297</b>
Carry-forward to new account						5,073	-5,073	0
Distribution of profit for 2009						-8,425		-8,425
Costs of the capital increase		-900						-900
Income/expenses directly entered in the equity capital					-5,283			-5,283
Result for the period 01.01. - 30.09.2010							2,460	2,460
<b>Overall result for the period 01.01. – 30.09.2010</b>					<b>-5,283</b>		<b>2,460</b>	<b>-2,823</b>
<b>Position at 30 September 2010</b>	<b>22,770</b>	<b>-900</b>	<b>2,277</b>	<b>104,575</b>	<b>-11,877</b>	<b>23,844</b>	<b>2,460</b>	<b>143,149</b>

## Notes to the interim financial statements

### Information on HAMBORNER

HAMBORNER REIT AG is a stock exchange-listed public limited company (Security Identification Number 601300) with its registered office in Duisburg, Germany. The present interim report of HAMBORNER REIT AG for the third quarter 2010 and the period 1 January to 30 September 2010 was published on 11 November 2010. The interim financial statements are prepared in euros (€), whereby all amounts – unless otherwise stated – are shown in thousands of euros (T€). Minor differences may arise with computations of totals and percentage figures due to roundings.

### Fundamental principles of reporting

This interim report of HAMBORNER REIT AG as of 30 September 2010 is consistent with the International Financial Reporting Standards (IFRS), as applicable in the European Union. It was prepared above all in compliance with the provisions of International Accounting Standard 34 on interim reporting as well as the requirements of German Accounting Standard No. 16 of the Accounting Standards Committee of Germany (DRSC, Deutsches Rechnungslegungs Standards Committee e.V.) on interim reporting and takes into account the requirements of Arts. 37w and 37x of the German Securities Trading Act (WpHG). It contains a reduced scope of reporting compared with the individual financial statements.

The interim financial statements as of 30 September 2010 are based on the same accounting and valuation methods and calculation rules as the individual financial statements in accordance with IFRS as of 31 December 2009. The income statement had already been adjusted in the individual financial statements for the financial year 2009 for better presentation of the earnings situation on the basis of the breakdown suggestions customary for real estate companies of the European Public Real Estate Association (EPRA). Therefore, in the present interim report, the figures of the corresponding period have been adjusted to the current itemisation method.

On the occasion of the capital increase we had our property portfolio valued as of 31 August 2010 by an independent expert in accordance with internationally acknowledged standards. Calculation of the property market values was carried out according to the discounted cash flow (DCF) method. These values were again subjected to a critical review by us as of 30 September 2010. However, no circumstances have arisen in this regard which would have resulted in a significantly different valuation.

The Managing Board is satisfied that the interim report contains all significant information required to fully explain the changes in the earnings, financial and asset situation of HAMBORNER REIT AG since the last balance sheet date.

In view of the authorisation granted by the general shareholders' meeting on 5 June 2008 and 9 June 2009 as well as the resolution of the Managing Board and agreement of the Supervisory Board on 23 September 2010, HAMBORNER REIT AG increased its share capital by issuing 11,350,000 new shares against a cash contribution. The subscribed capital hereby increases from €22,770,000.00 to €34,120,000.00. The new shares are fully entitled to a share in profits from 1 January 2010. The capital increase was entered in the Commercial Register on 11 October 2010.

The interim report was neither audited in accordance with Section 317 of the German Commercial Code nor subjected to an audit review by a person qualified for the audit of financial statements.

### Significant transactions with closely associated companies and persons

No transactions subject to a reporting requirement were effected in the period from 1 January to 30 September 2010.

### Explanatory notes on the income statement 1 January – 30 September 2010

Selected significant changes to the items in the income statement from 1 January to 30 September 2010 compared with the income statement in the same period of the previous year (hereinafter referred to as the previous year) are explained below.

The other operating income amounts to 1,494 T€ after 827 T€ as of 30 September 2009. The difference results mainly from the write-ups on the property assets effected in the reporting period amounting to 1,168 T€. On the other hand, the revenues from investment sales, which positively affected the result in the corresponding period of the previous year to the extent of 677 T€, have been lost.

We realised a result of 553 T€ (previous year: 333 T€) in the reporting period from the sale of properties. The sale of an undeveloped plot of land in the 3rd quarter 2010 with a book profit of 485 T€ essentially contributed to this result.

### Explanatory notes to the balance sheet as of 30 September 2010

Selected significant changes in the balance sheet items as of 30 September 2010 compared with the balance sheet on the reporting date of the previous financial year (31 December 2009) are explained below.

The change to the item "Investment properties" amounting to €55.5 million resulted as the balance from additions of €61.8 million, the reclassification in the item "Non-current assets held for sale" amounting to €1.5 million, write-ups amounting to €1.1 million as well as disposals and depreciations in the reporting period amounting to €5.9 million.

The privilege of tax exemption for HAMBORNER REIT AG is associated with the attainment of REIT status. As a result, the existing deferred taxes were offset against the tax burden from the final levying of taxes or released against the revaluation reserve without affecting the operating result.

In the area of current assets, trade receivables and other assets increased by 603 T€ and amounted to 1,090 T€. The change resulted mainly from the accrual of payments made in advance for ground rents and interest on loans, property levies and insurance premiums.

The "Non-current assets held for sale" shown on 30 September 2010 amounting to 474 T€ related to agricultural and silvicultural areas, which transferred to a buyer in the 4th quarter 2010. The sales price amounted to approximately € 2.1 million.

As a result of the revaluation of interest rate derivatives and the release of deferred taxes, the revaluation reserve changed by -5,283 T€ compared with 31 December 2009 and amounts to -11,877 T€.

We show a capital reserve of -900 T€ as of 30 September 2010 for the costs of the capital increase. These costs are offset against the share premium payments in the context of the capital increase. The issue proceeds accrued to the company in October 2010.

A dividend of 8,425 T€ was distributed from the profit brought forward of the previous year by resolution of the general shareholders' meeting of 10 June 2010. An unappropriated surplus amounting to 26,304 T€ arises, taking into account a surplus for the period amounting to 2,460 T€ for the period from 1 January to 30 September 2010.

Non-current and current financial liabilities and derivative financial instruments rose by €53.9 million. The increase mainly resulted from the repayment of long-term property financing amounting to €42.5 million and bridging finance of €10.1 million for the current property additions, as well as from the revaluation of interest rate derivatives as of 30 September 2010 at €4.0 million. On the other hand, redemption payments amounting to €2.8 million were made in the reporting period.

Non-current and current trade accounts payable and other liabilities rose by 940 T€ to 6,892 T€. The increase resulted essentially from purchase price retentions in connection with property acquisitions amounting to 996 T€ as well as from land transfer tax liabilities of 389 T€ for land purchases not yet executed. On the other hand, payments for outstanding land transfer tax liabilities amounting to 531 T€ had a reducing effect.

The payment of tax liabilities of previous assessment periods resulted in a decrease in the liabilities from taxes on income by 381 T€ to 21 T€ as of 30 September 2010.

The decrease in the non-current and current other provisions was based essentially on the decrease in provisions for bonus payments, for legal and consultancy costs and Supervisory Board remuneration, as well as for outstanding invoices.

#### **Explanatory notes to the cash flow statement**

The development of cash flows is shown in the cash flow statement, separated according to cash inflows and money outflows from the operating activity, the investment activity and the financing activity.

The cash flow from the operating activity showed a negative amount in the period from 1 January to 30 September 2010, mainly due to the payments for the exit tax.

In the calculation of the cash flow from the investment activity, the additions in the tangible fixed assets were reduced by the investments not yet impacting on cash flow, which essentially result from payments not yet due for land transfer tax and from purchase price retentions.

The cash flow from the financing activity amounting to €36.4 million essentially resulted from the borrowing for the properties purchased in the reporting period, taking into account interest payments and scheduled redemption payments. In addition, approximately €8.4 million was distributed to the shareholders of the company in the reporting period.

## Assurance of the legal representatives

We declare, to the best of our knowledge, that the interim financial statements convey a picture of the net worth, financial position and earnings of the company corresponding to the actual circumstances in accordance with the accounting principles to be applied for interim reporting and that, in the interim management report, the course of business including the operating results and the position of the company are portrayed in such a way that a picture corresponding to the actual circumstances is conveyed and the significant opportunities and risks for the probable development of the company in the remaining financial year are described.

Duisburg, 11 November 2010

The Managing Board



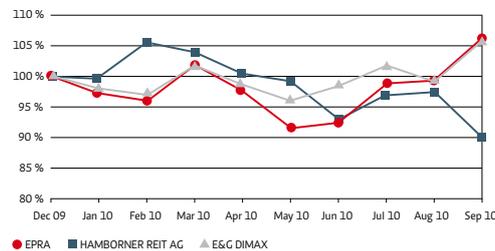
Dr. Rüdiger Mrotzek



Hans Richard Schmitz

## Supplementary information

### The HAMBORNER REIT AG share



The stock market year 2010 has offered investors in shares a mixed environment so far: most stock indices quoted at a similar level at the end of the third quarter compared with their levels at the beginning of the year, but have been exposed to intense fluctuations in the meantime.

The HAMBORNER share held firm in the first quarter 2010, but also had to bow to the pressure on the stock markets in the second quarter – also influenced by emerging uncertainties in the euro zone – and closed at €7.50 as of 30 June 2010. The value recovered at the start of the third quarter, but had to suffer reductions again at the end of September. The share closed at a price of €7.25 as of 30 September 2010 (-3.3% on the price as of 30 June 2010). The market capitalisation was €165.1 million on that reporting date.

The "E&G DIMAX" published by the banking firm Ellwanger & Geiger rose in comparison in that period by approximately 7.5%, the EPRA index by approximately 14.5% and the DAX by approximately 4%.

<b>Name/acronym</b>	HAMBORNER REIT AG / HAB
<b>Security Identification Number/ISIN</b>	601300 / DE0006013006
<b>Number of shares</b>	22,770,000 units
<b>Share capital</b>	€22,770,000
<b>Transparency standard</b>	Prime standard
<b>Designated sponsor</b>	DZ-Bank and West LB
<b>Free float</b>	35.69%
<b>Market capitalisation</b>	€165.1 million

As announced in the report for the 1st half-year 2010, we significantly stepped up our Investor Relations activity, including in the run-up to the capital increase. Roadshows were conducted in Düsseldorf, Cologne, Munich, Amsterdam, Basel, Brussels, London, Paris, Vienna and Zurich, in the context of which we visited a multitude of different investors. The feedback from the discussions was mainly very positive, just as the great demand in the context of our capital measure shows. The capital increase facilitates further profitable growth for the company and in addition results in greater liquidity in the share. This is in turn a prerequisite for the inclusion of the value in other indices such as the S-DAX or the EPRA index also monitored internationally by investors. We will continue to work on this objective.

In October we were a guest of the Property Share Initiative in Frankfurt and in November we will also be represented there at the German Equity Forum.

All the up-to-date information on HAMBORNER REIT AG is at your disposal, as always, at [www.hamborner.de](http://www.hamborner.de).

### Financial Calendar 2010/2011

11 November 2010	Interim report for 3rd quarter 2010
29 March 2011	Annual report 2010
12 May 2011	Interim report for 1st quarter 2011
17 May 2011	Annual general shareholders' meeting 2011
18 May 2011	Payment of dividend for the financial year 2010

### Forward-looking statements

The present report contains statements directed at the future, e.g. on the macroeconomic development in Germany, on the future situation of the property industry and on our own probable overall development. These statements are based on current assumptions and estimates of the Managing Board, which were carefully made on the basis of all information available at the present time. Should the assumptions underlying the statements and forecasts not come true, actual results may differ from those currently anticipated.

This report also appears in German. The consolidated financial statements were prepared and adopted in German. The English publication is a translation of the German financial statements. The German version shall prevail.

### Publisher's note

**Publisher:**

The Managing Board of HAMBORNER REIT AG, Duisburg

**Position at:**

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