hamborner REIT

ZUKUNFT BRAUCHT SUBSTANZ

QUARTERLY FINANCIAL REPORT
30 SEPTEMBER 2016

Q3

2016

KEY FIGURES AT A GLANCE (IFRS)

€ thousand		
FROM THE INCOME STATEMENT	**30 September 2016**	**30 September 2015**
Income from rents and leases	45,341	38,199
Net rental income	41,191	35,103
Operating result	20,645	18,069
Financial result	-10,657	-9,895
EBITDA	41,277	32,300
EBDA	30,620	22,405
EBIT	24,734	18,527
Funds from operations (FFO)	26,531	21,947
Net profit for the period	14,077	8,632
FROM THE STATEMENT OF FINANCIAL POSITION	**30 September 2016**	**31 December 2015**
Total assets	1,012,360	786,644
Non-current assets	890,594	752,046
Equity	556,574	406,074
Equity ratio in %	55.0	51.6
REIT equity ratio in %	68.3	61.5
Loan-to-value (LTV) in %	28.5	35.0
ON HAMBORNER SHARES	**30 September 2016**	**30 September 2015**
Number of shares outstanding	79,717,645	62,002,613
Basic = diluted earnings per share in €	0.23	0.16
Funds from operations (FFO) per share in €	0.33	0.35
Stock price per share in € (Xetra)	9.42	8.65
Market capitalisation	750,940	536,323
OTHER DATA	**30 September 2016**	**31 December 2015**
Fair value of property portfolio	955,470	899,816
Net asset value (NAV)	719,824	564,707
Net asset value per share in €	9.03	9.11
Number of employees including Management Board	34	33

CONTENTS

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 10 November 2016.

LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

We are delighted to present the report on the first nine months of the 2016 financial year today. HAMBORNER REIT AG has continued the good business performance of the first half of the year and systematically kept on pursuing its growth targets in the third quarter. Income from rents and leases increased by 18.7% year-on-year to €45.3 million in the first nine months of this financial year. Our key control figure, FFO, was €26.5 million as at the end of the third quarter, 20.9% above the previous year's figure.

After the transfers of ownership in the first half of this year of the Haerder Center in Lübeck and the DIY store in Ditzingen acquired in 2015, we have laid the foundation for further portfolio growth in the past third quarter of the year. In July, HAMBORNER signed the purchase agreement for an office property in Kiel, which will be built at an attractive and established office location in the city centre in the coming months. In addition, the purchase agreement for another building under construction in Hanau was signed at the beginning of September. The "Rondo Steinheim" retail centre is currently being built in a well-known commercial area in the Hanau district of Steinheim and is characterised by good connections and unique architecture. Ownership of the two new buildings with a total investment volume of €58.4 million is expected to be transferred to HAMBORNER's portfolio in mid-2017.

In addition to investing in these two new build projects, our company acquired two existing properties in Mannheim and Dortmund in the third quarter. With the acquisition of the "Kurpfalz Center" in Mannheim we have purchased a highly attractive retail centre and carried out the largest property investment in the company's history to date. The comprehensively modernised property with excellent building quality and appealing architecture is located at an established shopping centre in the east of Mannheim. The purchase price was €80.0 million. The high street building "DOMI", acquired in September, is located on Ostenhellweg, one of the main shopping streets in Dortmund's pedestrian zone, and has a purchase price of €30.9 million. While ownership of the property in Dortmund is scheduled to be transferred at the end of this year, the Kurpfalz Center has been owned by HAMBORNER since 1 October 2016 and is thus already contributing to the company's rental income and FFO.

In order to finance our further future growth, especially after acquiring the Kurpfalz Center, we carried out a capital increase in September and increased our share capital by 28.6%. All new shares were placed in the capital increase, thereby generating gross proceeds of €166.5 million. The company's successful growth course with further increases in rental income and FFO can thus continue.

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 2016


Dr Rüdiger Mrotzek


Hans Richard Schmitz

INTERIM MANAGEMENT REPORT

General Economic Conditions

In their autumn report, the leading economic research institutions are assuming stronger growth for the German economy than in the recent past. Experts are predicting an increase in gross domestic product of 1.9% for 2016 as a whole and growth of 1.4% for the coming year. The stable labour market and strong domestic consumption are cited as the main reasons for this.

The labour market is still in good condition. The number of people in employment rose further to 43.7 million in September 2016 and is expected to climb to 44 million in 2017. The number of people out of work was 2.6 million at the end of September of this year, with an unemployment rate of 5.9%. Institutes are forecasting a stable unemployment rate of 6.1% for 2017. Consumer prices could rise significantly again moving ahead. After just 0.4% for 2016 as a whole, the rate of inflation is set to climb to 1.4% in 2017.

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 2016.

Result of Operations

Income from rents and leases amounted to €45,341 thousand by the end of September 2016 (previous year: €38,199 thousand). The increase as against the same period of the previous year was therefore €7,142 thousand or 18.7%. €7,596 thousand (19.9%) of this growth resulted from the property acquisitions of 2015 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 2015 (like-for-like) also increased to €569 thousand (1.6%). As a result of property disposals, rental income declined by a total of €1,023 thousand (2.7%).

The economic vacancy rate including agreed rent guarantees was 1.4% in the first nine months of the reporting year (previous year: 2.2%). Not including rent guarantees, the vacancy rate was 1.7% (previous year: 2.3%).

The company generated income from passed-on incidental costs to tenants of €5,976 thousand, up €1,802 thousand (43.2%) on the figure for the same period of the previous year (€4,174 thousand). At the same time, operating expenses for the management of properties increased by €2,605 thousand (45.0%) to €8,400 thousand (previous year: €5,795 thousand) by the end of September 2016.

For the first nine months of 2016, the expenses for the maintenance of the land and property portfolio amounted to €1,726 thousand and were €251 thousand higher than in the previous year (€1,475 thousand). The costs relate predominantly to various minor planned measures and ongoing maintenance.

At €41,191 thousand, the net rental income derived from the above items is €6,088 thousand or 17.3% higher than the value for the same period of the previous year (€35,103 thousand).

Administrative and personnel expenses totalled €3,779 thousand in the reporting period, up €258 thousand or 7.3% on the previous year's level (€3,521 thousand). The administrative expenses increased by €36 thousand (4.1%) year-on-year. At the same time, personnel expenses climbed by €222 thousand or 8.4%. 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 8.3% (previous year: 9.2%).

Depreciation and amortisation expenses rose by €2,770 thousand to €16,543 thousand in the reporting period after €13,773 thousand in the same period of the previous year as a result of property additions in particular.

Other operating income amounted to €554 thousand in the period from January to September (previous year: €813 thousand). This included €169 thousand from the reversal of provisions (previous year: €51 thousand) and €309 thousand in compensation, reimbursements and expenses passed on in connection with property management.

Other operating expenses amounted to €778 thousand in the first nine months (previous year: €553 thousand). This item includes costs of public relations work of €250 thousand (previous year: €124 thousand) and membership fees of €110 thousand (previous year: €111 thousand). Furthermore, €211 thousand (previous year: €196 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 2016, the company generated an operating result of €20,645 thousand after €18,069 thousand in the same period of the previous year.

The company generated earnings of €4,089 thousand (previous year: €458 thousand) from the disposal of properties in the first three quarters of 2016. Sales in the year under review related to a property in Essen, ownership of which was transferred to the buyer in the third quarter of 2016, in addition to the properties already sold in Dinslaken, Duisburg and Solingen in the first quarter.

The financial result is €-10,657 thousand as against €-9,895 thousand in the same period of the previous year. At €-10,659 thousand (previous year: €-9,907 thousand), the amounts for interest expenses included in this increased as against the same period of the previous year on account of the utilisation of further loans to finance property acquisitions in particular.

A net profit for the period of €14,077 thousand was generated in the first nine months of the current year after €8,632 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 by 20.9% and amounted to €26,531 thousand in the reporting period (previous year: €21,947 thousand). With 17,715,032 (28.6%) more shares outstanding than in the same period of the previous year, this corresponds to FFO per share of 33 cents (previous year: 35 cents).

Net Asset Situation and Financial Position

Besides the additions of the properties in Lübeck and Ditzingen in February and June of this year, which were already reported in the first half of the year under review, four further purchase agreements for properties in Dortmund, Hanau, Kiel and Mannheim with a total purchase price volume of €169.2 million were concluded in the third quarter.

While the risks and rewards of ownership of the retail centre in Mannheim (purchase price: €80.0 million) already transferred at the beginning of the fourth quarter and ownership is expected to transfer at the end of the current financial year for the retail property in Dortmund (purchase price: €30.8 million), the corresponding transfers of ownership the two properties still under construction in Kiel (purchase price: €20.9 million) and Hanau (purchase price: €37.5 million) are not expected until the second half of 2017.

In terms of sales, ownership of one smaller property in Essen no longer consistent with strategy was transferred on 2 August 2016. At a sale price of €3.3 million and with a remaining carrying amount value of €1.6 million, this meant a book profit of €1.7 million.

The updated fair value of the developed property portfolio taking into account the above changes was €955.5 million as at the end of the quarter under review (31 December 2015: €899.8 million). The retail centre in Mannheim is not yet included here as the transfer of the risks and rewards of ownership, as stated above, only took place at the beginning of the fourth quarter.

The company had cash and cash equivalents of €118.9 million on 30 September 2016 (31 December 2015: €27.1 million). The increase in cash and cash equivalents results in particular from inflows of €163.5 million from the capital increase in September, cash inflows from operating activities (€35.4 million; previous year: €31.4 million) and loan borrowings (€81.8 million). These cash inflows are offset by cash outflows for investments in property assets (€154.0 million), interest and principal repayments for loans (€19.8 million) and dividend payments (€26.0 million). Furthermore, there are other financing commitments of €40.0 million as at 30 September 2016.

On the equity and liabilities side, as a result of the capital increase on 27 September of this year in particular, equity rose to €556.6 million as at 30 September 2016 after €406.1 million as at 31 December 2015. The reported equity ratio as at the end of the reporting period was 55.0% after 51.6% as at 31 December 2015. The REIT equity ratio was 68.3% after 61.5% as at 31 December 2015.

As a result of the utilisation of loans to finance the property acquisitions less scheduled repayments in particular, current and non-current financial liabilities rose by a net amount of €72.2 million to €416.5 million as at the end of the reporting period after €344.3 million as at 31 December 2015. The average borrowing rate for loans in place and those agreed but not yet utilised as at 30 September 2016 is 3.2%.

The fair value of derivative financial instruments improved by €1.7 million as against 31 December 2015 and was €-6.5 million as at 30 September 2016.

The net asset value (NAV) of the company was €719.8 million as at 30 September 2016 (30 September 2015: €564.7 million). This corresponds to NAV per share of €9.03 (30 September 2015: €8.53).

Risk Report

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 the business development of the company as against 31 December 2015. The comments made in the risk report in the 2015 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 67 properties as at 30 September 2016. In future, the company's strategy will be geared towards value-adding growth in the fields of retail, high street commercial properties and office properties.

Following the successful business performance to date and in particular on account of the prompt transfer of ownership of the retail centre in Mannheim after the capital increase in September, the forecast for the current financial year has been raised. Instead of an increase in income from rents and leases of around 15%, we now anticipate growth of around 18%. We expect FFO to rise by around 20%. With 17.7 million more shares after the capital increase, bringing the total number to 79.7 million, this would correspond to FFO per share of 44 cents.

Supplementary Report

The risks and rewards of ownership of the Kurpfalz Center in Mannheim transferred on 1 October 2016. With a purchase price of €80.0 million and annual rental income of €4.1 million, the gross initial yield on the fully rented property is around 5.1%. A loan agreement for €40.0 million with an interest rate of 1.22% was also concluded in October for pro rata debt financing. The loan is to be utilised by 30 September 2017.

CONDENSED INTERIM FINANCIAL STATEMENTS OF HAMBORNER REIT AG AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

CONDENSED INTERIM INCOME STATEMENT

€ thousand	1 January – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2016	1 July – 30 September 2015
Income from rents and leases	45,341	38,199	15,417	13,451
Income from passed-on incidental costs to tenants	5,976	4,174	2,046	1,523
Real estate operating expenses	-8,400	-5,795	-2,474	-2,083
Property and building maintenance	-1,726	-1,475	-731	-514
Net rental income	**41,191**	**35,103**	**14,258**	**12,377**
Administrative expenses	-909	-873	-239	-250
Personnel expenses	-2,870	-2,648	-946	-861
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-16,543	-13,773	-5,625	-4,858
Other operating income	554	813	87	237
Other operating expenses	-778	-553	-208	-162
	-20,546	**-17,034**	**-6,931**	**-5,894**
Operating result	**20,645**	**18,069**	**7,327**	**6,483**
Result from the sale of investment property	4,089	458	1,625	458
Earnings before interest and taxes (EBIT)	**24,734**	**18,527**	**8,952**	**6,941**
Interest income	2	12	1	6
Interest expenses	-10,659	-9,907	-3,709	-3,353
Financial result	**-10,657**	**-9,895**	**-3,708**	**-3,347**
Net profit for the period	**14,077**	**8,632**	**5,244**	**3,594**
Basic = diluted earnings per share in €	0.23	0.16	0.08	0.07

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

€ thousand	1 January – 30 September 2016	1 January – 30 September 2015	1 July – 30 September 2016	1 July – 30 September 2015
Net profit for the period as per the income statement	**14,077**	**8,632**	**5,244**	**3,594**
Items reclassified to profit or loss in future if certain conditions are met:				
Unrealised gains/losses (-) on the revaluation of derivative financial instruments	1,711	2,159	803	404
Items not subsequently reclassified to profit or loss:				
Actuarial gains/losses (-) on defined benefit obligations	-875	0	-175	0
Other comprehensive income for the period	**836**	**2,159**	**628**	**404**
Total comprehensive income for the period	**14,913**	**10,791**	**5,872**	**3,998**

Other comprehensive income 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 September 2016	31 December 2015
NON-CURRENT ASSETS		
Intangible assets	496	63
Property, plant and equipment	2,800	2,153
Investment property	806,333	748,824
Advance payments on investment property	80,000	0
Financial assets	728	753
Other assets	237	253
	890,594	**752,046**
CURRENT ASSETS		
Trade receivables and other assets	2,161	1,488
Cash and cash equivalents	118,909	27,133
Non-current assets held for sale	696	5,977
	121,766	**34,598**
Total assets	**1,012,360**	**786,644**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

€ thousand	30 September 2016	31 December 2015
EQUITY		
Issued capital	79,718	62,003
Capital reserves	391,172	247,259
Retained earnings	51,593	50,757
Net retained profits	34,091	46,055
	556,574	**406,074**
NON-CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	400,320	328,197
Derivative financial instruments	6,528	8,240
Trade payables and other liabilities	2,257	4,520
Pension provisions	7,830	7,220
Other provisions	2,968	3,085
	419,903	**351,262**
CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	16,172	16,138
Trade payables and other liabilities	18,364	11,526
Other provisions	1,347	1,644
	35,883	**29,308**
Total equity, liabilities and provisions	**1,012,360**	**786,644**

CONDENSED INTERIM STATEMENT OF CASH FLOWS

€ thousand	1 January – 30 September 2016	1 January – 30 September 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	14,077	8,632
Financial result	10,657	9,895
Depreciation, amortisation and impairment (+)/write-ups (-)	16,543	13,773
Change in provisions	-824	-243
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-4,090	-467
Change in receivables and other assets not attributable to investing or financing activities	-935	-543
Change in liabilities not attributable to investing or financing activities	-67	384
	35,361	**31,431**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets, property, plant and equipment and investment property	-153,956	-128,142
Proceeds from disposals of property, plant and equipment and investment property	11,010	586
Proceeds from disposals of financial assets	3	3
Payments relating to the short-term financial management of cash investments	-50,000	0
Interest received	2	8
	-192,941	**-127,545**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-26,041	-20,017
Proceeds from borrowings of financial liabilities	81,770	32,900
Repayments of borrowings	-9,440	-7,468
Proceeds from capital increases	166,521	142,572
Payments for costs of capital increases	-3,071	-3,047
Interest payments	-10,383	-9,580
	199,356	**135,360**
Changes in cash and cash equivalents	**41,776**	**39,246**
Cash and cash equivalents on 1 January	**27,133**	**10,374**
Cash and cash equivalents on 30 September	**68,909**	**49,620**
Cash and cash equivalents (with a remaining term of up to three months)	68,909	49,620
Fixed-term deposits (with a remaining term of more than three months)	50,000	0
Cash and cash equivalents	**118,909**	**49,620**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

€ thousand	Issued capital	Capital reserves	Retained earnings		Net retained profits			Total equity
			Other retained earnings	Revaluation surplus	Profit carryforward	Net profit for the period	Withdrawal from other retained earnings	
As at 1 January 2015	**45,493**	**124,279**	**79,208**	**-14,688**	**16,437**	**17,109**	**2,357**	**270,195**
Carryforward to new account					19,466	-17,109	-2,357	0
Distribution of profit for 2014 (€0.40 per share)					-20,017			-20,017
Capital increase	16,510	126,062						142,572
Costs of capital increase		-3,082						-3,082
Other comprehensive income for the period 1 January – 30 September 2015				2,159				2,159
Net profit for the period 1 January – 30 September 2015						8,632		8,632
Total comprehensive income for the period 1 January – 30 September 2015				**2,159**		**8,632**		**10,791**
As at 30 September 2015	**62,003**	**247,259**	**79,208**	**-12,529**	**15,886**	**8,632**	**0**	**400,459**
Other comprehensive income for the period 1 October – 31 December 2015				472				472
Withdrawal from other retained earnings			-16,394				16,394	0
Net profit for the period 1 October – 31 December 2015						5,143		5,143
Total comprehensive income for the period 1 October – 31 December 2015				**472**		**5,143**		**5,615**
As at 31 December 2015	**62,003**	**247,259**	**62,814**	**-12,057**	**15,886**	**13,775**	**16,394**	**406,074**
Carryforward to new account		0			30,169	-13,775	-16,394	0
Distribution of profit for 2015 (€0.42 per share)					-26,041			-26,041
Capital increase	17,715	148,806						166,521
Costs of capital increase		-4,893						-4,893
Other comprehensive income for the period 1 January – 30 September 2016				836				836
Net profit for the period 1 January – 30 September 2016						14,077		14,077
Total comprehensive income for the period 1 January – 30 September 2016				**836**		**14,077**		**14,913**
As at 30 September 2016	**79,718**	**391,172**	**62,814**	**-11,221**	**20,014**	**14,077**	**0**	**556,574**

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 2016 was published on 10 November 2016. 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 September 2016 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 2015, 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 September 2016 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2015. The accounting standards applicable from 1 January 2016 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 2015. The significant changes and transactions in the reporting period are presented in the interim management report of this document.

Material Transactions in the First Nine Months of 2016

Risks and rewards of ownership of the properties in Lübeck (29 February 2016) and Ditzingen (25 June 2016) were transferred to the company's portfolio in the first nine months of the reporting year. The purchase prices not including incidental costs of acquisition together amounted to €62.8 million.

Risks and rewards of ownership of the properties in Dinslaken, Duisburg and Solingen reported under "Non-current assets held for sale" as at 31 December 2015 were transferred on 29 January 2016. Furthermore, a property in Essen was sold, and the risks and rewards of ownership were transferred as at 2 August 2016.

On the basis of the authorisation of the Annual General Meeting on 28 April 2016, the Management Board, with the approval of the Supervisory Board, increased share capital from Authorised Capital II by issuing 17,715,032 new shares against cash contributions. The shares were available to shareholders for subscription at a ratio of seven to two and a subscription price of €9.40. The capital increase was entered in the commercial register on 27 September 2016.

As at the end of the quarter, the share capital therefore increased to €79,717,645 after €62,002,613 as at 31 December 2015. The company generated gross issue proceeds of €166.5 million from the capital increase. The costs incurred in connection with the capital increases of €4.9 million were deducted directly from equity as a reduction of capital reserves in accordance with IAS 32.35.

Other Selected Notes

The item "Advance payments on investment property" relates to the purchase price payment of €80.0 million for the Kurpfalz Center in Mannheim as at the end of the third quarter. The risks and rewards of ownership did not transfer until 1 October 2016 on account of the regulations of the purchase agreement.

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 2015. The review did not identify any factors affecting their value that would have led to a significantly different valuation. Therefore, the estimated fair values calculated by an expert as at 31 December 2015 continue to be reasonable for these interim financial statements. Property additions in Lübeck and Ditzingen after 31 December 2015 were also valued by an independent expert and included in the fair value measurement disclosure accordingly.

The item "Cash and cash equivalents" includes a fixed-term deposit of €50.0 million with an initial remaining term of five months.

Owing to the decline in capital market interest rates, the discount rate used to measure pension obligations was reduced to 1.0% as at 30 September 2016 (31 December 2015: 2.0%). This interest adjustment caused pension provisions to rise by €875 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 €453,069 thousand as at 30 September 2016 (31 December 2015: €372,477 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).

Significant Related Party Transactions

There were no reportable transactions with related parties in the 2016 reporting period.

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, 10 November 2016

The Management Board

Dr Rüdiger Mrotzek

Hans Richard Schmitz

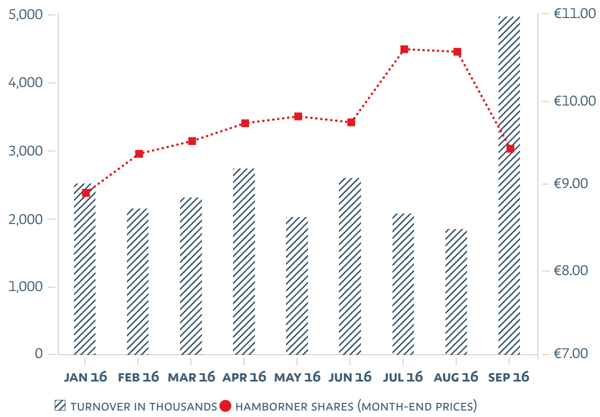
ADDITIONAL INFORMATION

General Development on the Capital Market

International stock market activity was again defined by geopolitical events such as the Ukraine crisis and war negotiations in the Middle East in the third quarter of 2016. There was also the US election campaign, which sparked turbulence on the financial markets. Furthermore, this volatility was compounded by uncertainty over a possible forthcoming interest rate hike by the US Fed.

The start of the third quarter was influenced by the repercussions of the UK's Brexit referendum. The DAX reached its lowest point in the past quarter at 9,373 points on 6 July. In the weeks that followed, however, the benchmark index rose sharply and reached its high for the third quarter on 7 September at 10,753 points. The DAX settled at a closing price of 10,511 points by 30 September.

HAMBORNER REIT AG shares



Like the performance of the DAX, HAMBORNER's shares were able to build on the positive development of the first half of the year. After being quoted at €9.73 as at the end of the first half of the year, the shares rose to their high for the first nine months of €10.76 by the middle of August. The shares were therefore well above NAV, which was €8.93 as at the end of the first half of the year. As the third quarter progressed, in line with the general industry trend, the share price was pulled down by the uncertainty concerning a possible increase in interest rates. During the capital increase in September 2016, the price was slightly higher than the subscription price, which was €9.40. After the completion of the capital increase, the share price was €9.42 as at 30 September 2016.

This corresponds to a year-on-year increase of 8.9% (€8.65), and is 4.3% above NAV per share as at 30 September 2016 (€9.03). Market capitalisation was around €751 million at the end of September. An average of around 122,000 shares was traded per day in the first nine months of this year. The daily average was 135,000 shares in the third quarter.

Name/code	HAMBORNER REIT AG/ HAB
SCN/ISIN	601300/ DE0006013006
Number of shares	79,717,645
Share capital	€79,717,645
Index	SDAX/EPRA index
Designated sponsor	HSBC
Free float	69.88%
Market capitalisation	€750.9 million

Capital increase in September 2016

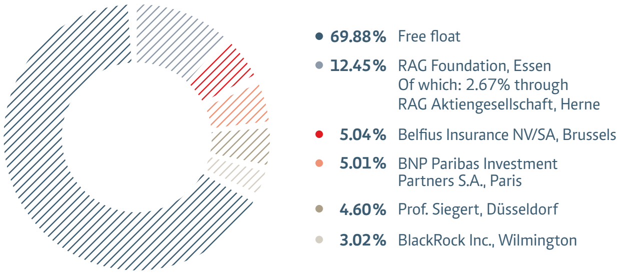
The Management Board and the Supervisory Board of HAMBORNER REIT AG resolved a capital increase against cash contributions with pre-emption rights for shareholders on 12 September 2015. Share capital was to be increased with the partial utilisation of authorised capital and the issue of up to 17,715,032 new shares. In line with the subscription ratio of seven to two, shareholders had the opportunity to subscribe to two new shares at a subscription price of €9.40 for every seven shares already held. Around 92% of the shares available were subscribed to during the subscription period, which ended on 26 September 2016. The remaining share of around 8% was sold to institutional investors via the syndicate banks at a price of €9.40 by way of a private placement. The company therefore placed all new shares in the capital increase and generated gross proceeds of €166.5 million. On entry of the new shares in the commercial register on 27 September 2016, the share capital of the company was increased by €17,715,032 to currently €79,717,645.

Sustainability Report

After publishing our first sustainability report in 2013, we are delighted to have now released the third follow-up report in 2016 as well. For the first time this year, we reported according to GRI G4, the fourth generation of the Global Reporting Initiative standard, which is replacing previous reporting in line with G3. There is therefore a stronger focus on – and comprehensive analysis of – the key individual issues relevant to sustainability at HAMBORNER.

The 2016 sustainability report is available on our homepage www.hamborner.de in the Sustainability section. 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.

Shareholder Structure as at 30 September 2016



General Information

Transparency and reporting are the watchwords of 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 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 2016/2017

10 November 2016	Quarterly financial report 30 September 2016
28 March 2017	Annual report 2016
9 May 2017	Quarterly financial report 31 March 2017
10 May 2017	Annual General Meeting 2017
8 August 2017	Half-year financial report 30 June 2017
9 November 2017	Quarterly financial report 30 September 2017

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

Publication:
November 2016

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