hamborner REIT

ZUKUNFT BRAUCHT SUBSTANZ

Interim Report

for the Second Quarter of 2011 and the First Half of 2011

Key Figures at a Glance (IFRS)

€ thousand		
From the statement of comprehensive income	**30/06/2011**	**30/06/2010 ***
Income from rents and leases	14,964	11,840
Net rental income	13,376	10,916
Operating profit	6,578	5,629
Net finance costs	–3,353	–2,776
EBITDA	11,354	9,300
EBDA	8,001	3,743
EBIT	6,578	5,693
Funds from operations (FFO)	8,001	6,460
Comprehensive income for the period	3,225	136

From the statement of financial position	**30/06/2011**	**31/12/2010**
Total assets	420,790	406,143
Non-current assets	393,435	322,067
Equity	215,347	223,467
Equity ratio in %	51.2	55.0
REIT equity ratio in %	61.0	74.4
Loan-to-value (LTV) in %	34.0	19.3

On HAMBORNER shares	**30/06/2011**	**30/06/2010**
Earnings per share in €	0.09	0.01
Funds from operations (FFO) per share in €	0.23	0.28
Stock price per share in € (Xetra)	7.03	7.50
Market capitalisation	239,864	170,775

Other data	**30/06/2011**	**31/12/2010**
Fair value of the property portfolio	451,150	376,150
Net asset value (NAV)	290,326	298,144
Net asset value per share in €	8.51	8.74
Number of employees including Managing Board	24	24

* Figures for the previous year have been restated (see notes)

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 11 August 2011.

Letter from the Managing Board

Dear Shareholders,

The first half of 2011 is over and HAMBORNER has had a highly successful first six months. Just in the first quarter, we added four properties in Brunnthal, Bad Homburg, Regensburg and Leipzig to our portfolio after signing the purchase agreements last year. We were also able to acquire further attractive properties in the second quarter, thereby keeping our growth promise. We signed agreements for two high street properties in Langenfeld and Offenburg and a DIY store in Aachen. These properties have an investment volume of around €41 million. The building in Langenfeld was added to our books on 30 June 2011. With the properties that have already been added to the books and the purchase agreements that have been signed, we will achieve a portfolio value of around €500 million by the end of this year and we expect to exceed our forecast issued at the start of the year for a 20% rise in rental and leasing income and a 25-30% increase in FFO by the end of the year. We are now anticipating growth in rents of at least 25% and an improvement in FFO of more than 30%.

Naturally, we cannot now just sit back and relax. We would also like to optimise our portfolio in line with strategy as well and are currently looking at other high-yield investment opportunities. Together with the Supervisory Board, we therefore proposed to the Annual General Meeting on 17 May of this year to resolve further authorised capital in the amount of 50% of share capital to be able to continue our growth strategy in future – but prudently and at the right time. We are delighted that this resolution was passed by a large majority and would like to take this opportunity again to thank you for your confidence in us.

It is also encouraging that we were able to distribute a stable year-on-year dividend of 37 cents per share in May of this year – despite a 50% increase in the number of shares. Based on the share price as at 31 December 2010, this corresponds to a dividend yield of around 4.8%. Ensuring a stable and reliable dividend policy will continue to be an important principle guiding all our business actions in future.

With this in mind, we are looking forward to our continuing success in the second half of 2011 and to discussing this with you!

Duisburg, August 2011

Dr Rüdiger Mrotzek Hans Richard Schmitz

Interim Management Report

General Economic Conditions

The German economy is cautiously optimistic about the future. The initial, hesitant economic recovery has developed into a broadly based upswing. The majority of businesses are anticipating better or consistently good performances in the coming six months. The wage increase is within a framework that will aid stability and as a result consumer spending by private households will increase again, supporting Germany's domestic economy.

Unemployment is declining further and the German labour market is becoming increasingly attractive to experts from other countries on account of the growing shortage of qualified workers. The reduction in state transfer benefits entailed by declining unemployment is also contributing to a shake-out of public budgets. After economic output increased by 3.6% in 2010, 2011 is expected to see more modest growth in gross domestic product (GDP). Inflation is expected to rise to over 2% for 2011 as a whole with the trend expected to lift further in subsequent years.

However, the currently good situation of the German economy is being overshadowed by the massive lingering European and US debt crises rattling the markets. If satisfactory solutions cannot be found here, it will lead to macroeconomic disruptions with a correspondingly negative impact on economic developments in Germany as well.

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

Under the influence of the general economic developments, the result of operations, financial position and net assets situation of HAMBORNER REIT AG was good in the first six months of 2011 in line with expectations.

Result of Operations

In the first half of 2011, we increased the income from management of our properties by €3,124 thousand or 26.4% as against the same period of the previous year to €14,964 thousand. At €3,228 thousand (27.3%), income from property additions in 2010 and the first six months of 2011 made a key contribution here. Sales of rented properties reduced income by a total of €48 thousand (0.4%). The rent from properties that were in our portfolio in both the first six months of 2010 and this year decreased slightly by €56 thousand (0.5%). The income from charging incidental costs to tenants amounted to €1,545 thousand, up €198 thousand (14.7%) on the same period of the previous year.

The vacancy rate in the reporting period was only 1.8% (previous year: 2.3%), down 0.5 percentage points The vacancies also related to rental space in properties for which we have rent guarantees. The vacancy rate adjusted for income from rent guarantees was 1.3% (previous year: 1.2%).

Expenses of €2,063 thousand were incurred for the management of our properties in the first six months of the reporting year (previous year: €1,819 thousand). This marks an increase of 13.4% and is primarily due to the growth in the property portfolio.

The expenses for the maintenance of our land and property portfolio amounted to €1,070 thousand as at 30 June 2011 and were therefore up by €618 thousand as against the figure for the same period of the previous year (€452 thousand). The increase is mainly due to the renovation of a store roof in Freiburg and the extension and renovation work to the store in Cologne that began in the first quarter of 2011.

The net rental income derived from the above items amounted to €13,376 thousand in the first half of the year and therefore rose by €2,460 thousand or 22.5% as against the first half of the previous year (€10,916 thousand).

Administrative and staff costs totalled €1,854 thousand, up €202 thousand or 12.2% on the previous year's level (€1,652 thousand). While administrative expenses climbed by €92 thousand, staff costs rose by €110 thousand. The increase in administrative costs was essentially due to the rise in expenses relating to the Articles of Association. The expansion in staff costs as against the first half of 2010 mainly resulted from the reversal of a provision in the previous year for the unpaid bonuses.

As a result of the increased assessment base due to the growth in the property portfolio, depreciation and amortisation expense climbed to €4,777 thousand in the reporting period after €3,607 thousand in the same period of the previous year.

At €278 thousand, other operating income was €29 thousand down on the previous year as at 30 June 2011 (€307 thousand). While income from the reversal of provisions decreased, the income from passing on costs to tenants and non-recurring compensation payments rose.

Other operating expenses amounted to €445 thousand after €335 thousand in the same period of the previous year. In particular, the increase was due to a €99 thousand rise in borrowing costs.

Thus, as at 30 June 2011, the company generated an operating result of €6,578 thousand after €5,629 thousand in the same period of the previous year. This corresponds to an increase of €949 thousand or 16.9%.

There was no income from the disposal of property in the first half of 2011. Income from disposal of €64 thousand was generated from the sale of undeveloped land in the same period of the previous year.

Net finance costs amounted to €-3,353 thousand, down €577 thousand as against the previous year's figure (€-2,776 thousand). The reduction is primarily due to the further increase in the funds borrowed to finance the company's growth and the associated interest expenses (€-3,684 thousand as at 30 June 2011 after €-2,853 thousand in the same period of the previous year). As a result of the significant surge in cash and cash equivalents due to the capital increase, interest income amounted to €331 thousand, up €254 thousand on the interest income for the first half of 2010 (€77 thousand).

The income tax reported in the previous year related mainly to the exit tax triggered by the company acquiring REIT status. Having obtained REIT status means that the company has been exempt from trade and corporation tax since 1 January 2010, but was still required to identify the hidden reserves at the transition date and subject them to an exit tax. Net deferred taxes of €13.8 million were reversed against the tax liability of €16.6 million recognised for this purpose in the first quarter of 2010, resulting in a reduction of earnings of around €2.8 million.

Thus, as at 30 June 2011, there was comprehensive income for the period of €3,225 thousand after €136 thousand in the same period of the previous year. Earnings per share in the first six months of 2011 amounted to around €0.09 on a total of 34,120,000 shares outstanding as against €0.01 in the first six months of the previous year (22,770,000 shares).

The FFO (not including income from disposals) amounted to €8,001 thousand as at 30 June 2011 (previous year: €6,460 thousand) and therefore rose by 23.9%.

Financial Position and Net Assets Situation

In addition to the properties in Brunnthal near Munich, Bad Homburg v.d.H., Leipzig and Regensburg already added to our books in the first quarter of 2011, we added a further retail property centrally situated in the pedestrian zone of Langenfeld, Rhineland, at the end of the second quarter of 2011. In the first half of 2011, these additions resulted in total acquisition costs of €75.3 million and were initially financed primarily from the net issue proceeds from the capital increase. In addition, we paid incidental costs of €0.9 million in the first half of 2011 for notarised acquisitions yet to be added to the books and subsequent investments on portfolio properties of €0.2 million. The total cost and incidental costs incurred in the reporting period and subsequent investments in the portfolio therefore amounted to €76.4 million overall. As at the end of June, the fair value of our property portfolio was €451.2 million.

In the previous year, a purchase agreement was notarised for a retail property in Freiburg with a purchase price of around €11.4 million. The property will be transferred to us on completion – provisionally in the fourth quarter of 2011. A purchase agreement was signed in December 2010 for a further property in Erlangen. Its purchase price is €27.8 million. The risks and rewards were transferred on 1 August 2011. In June 2011, two further purchase agreements were notarised for an OBI DIY store in Aachen and a retail property in Offenburg with a combined investment value of €23.9 million. The OBI store is expected to be transferred to us following its completion, provisionally in February 2012. The property in Offenburg was transferred to us on 1 August 2011.

As part of the optimisation of our portfolio, we sold a smaller office building in Krefeld that no longer suited our strategy for €900 thousand. It is expected to be transferred to the buyer in the third quarter of 2011. We have therefore reclassified the property to "Non-current assets held for sale" as at 30 June 2011.

Cash and cash equivalents amounted to €83.6 million as at 31 December2010, due in particular to the proceeds from the capital increase. As a result of the purchase price payments for the property investments in the first half of 2011 and the distribution of the dividend for 2010, cash and cash equivalents declined by €57.8 million as against the end of the previous year to €25.8 million as at 30 June 2011.

On the liabilities side, the utilisation of further property loans increased financial liabilities by €26.2 million. At the same time, we made scheduled repayments of €2.4 million in the first half of 2011 and replaced a short-term loan of €10.1 million with a long-term loan in line with planning. Current and non-current financial liabilities amounted to €178.6 million as at 30 June 2011. The market value of derivative financial instruments as at 30 June 2011 was €-7.8 million. Subsequent measurement resulted in a €1.2 million higher value as against 31 December 2010.

The company had total funds of €46.8 million at its disposal from concluded loan agreements. These funds can be accessed at short notice on fulfilment of the payout requirements.

As at 30 June 2011, the company also had an unutilised credit line of €10 million that can be used for the short-term interim financing of properties that match our strategy and ensures that the company will be able to act at any time when purchase opportunities arise.

The cash flow from operating activities amounted to €11.8 million in the first half of 2011 as against €-9.0 million in the same period of the previous year, which was essentially influenced by tax payments – particularly for exit taxation – of €16.9 million.

The reported equity ratio as at 30 June 2011 was around 51.2% after 55.0% as at 31 December 2010. The REIT equity ratio declined from 74.4% as at 31 December to 61.0% as at the end of the reporting period.

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, financial position and net assets situation. We are not currently anticipating any significant changes in the assessment of risks to the business development of the company as against 31 December 2010. The comments made in the risk report of the 2010 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 June 2011. In future, the company's strategy will be geared towards value-adding growth in the fields of retail and office properties. In our investments, we focus on properties used for retail in prime locations in German regional centres and medium-sized cities, retail parks and office buildings at established locations.

Since its transformation into a REIT at the start of 2010, the company has been subject to the stipulations of the German REIT Act regarding the purpose of the company and its compliance with company law and capital requirements. The latter include the minimum equity ratio of 45% under the regulations of the REIT Act, to be determined on the basis of the fair value of the property assets.

The Managing Board is standing by its basic opinions and forecasts regarding future business prospects as published in the 2010 annual report. It does not feel there are any grounds to adjust these statements on account of current developments at this time. Thanks mainly to the company's continuing investment activities, we are anticipating a further significant rise in rental income in 2011 as a whole, namely of at least 25% as against the previous year according to current information. The vacancy rate is expected to remain at a low level. Overall, we are predicting a stable trend in operating business and satisfactory results in 2011. A sustainable increase in FFO is still a high priority. We are currently assuming that this figure will rise by at least 30% year-on-year in 2011.

Supplementary Report

Purchase price payment and transfer of ownership of the properties in Erlangen and Offenburg on 1 August 2011. The external tax audit for the years 2007 – 2009 began at the start of April. This did not produce any findings or results by the time of the publication of this interim report.

Interim Financial Statements of HAMBORNER REIT AG as at 30 June 2011

Statement of Comprehensive Income

€ thousand	**01/01/ – 30/06/2011**	**01/01/ – 30/06/2010**	**01/04/ – 30/06/2011**	**01/04/ – 30/06/2010**
Income from rents and leases	14,964	11,840	7,878	6,025
Income from passing on incidental costs to tenants	1,545	1,347	822	718
Current operating expenses	–2.063	–1.819	–997	–911
Land and building maintenance	–1.070	–452	–761	–224
Net rental income	**13,376**	**10,916**	**6,942**	**5,608**
Administration costs	–520	–428	–306	–255
Staff costs	–1,334	–1,224	–678	–685
Amortisation and depreciation expense for intangible assets, property, plant and equipment and investment property	–4,777	–3,607	–2,531	–1,836
Other operating income	278	307	65	200
Other operating expenses	–445	–335	–200	–129
	-6,798	-5,287	-3,650	-2,705
Operating profit	**6,578**	**5,629**	**3,292**	**2,903**
Net income from the sale of properties	0	64	0	0
Earnings before financing activities and taxes (EBIT)	**6,578**	**5,693**	**3,292**	**2,903**
Interest income	331	77	71	29
Interest expenses	–3,684	–2,853	–1,870	–1,443
Net finance costs	**–3,353**	**–2,776**	**–1,799**	**–1,414**
Earnings before taxes (EBT)	**3,225**	**2,917**	**1,493**	**1,489**
Income tax expense	0	–2,781	0	–12
Comprehensive income for the period	**3,225**	**136**	**1,493**	**1,477**
Earnings per share (€)	0.09	0.01	0.04	0.06

Statement of Other Comprehensive Income

€ thousand	**01/01/ – 30/06/2011**	**01/01/ – 30/06/2010**	**01/04/ – 30/06/2011**	**01/04/ – 30/06/2010**
Net profit for the period as per the statement of comprehensive income	**3,225**	**136**	**1,493**	**1,477**
Unrealised gains/losses (-) on the revaluation of derivative financial instruments	1,262	–3,302	–1,239	–1,548
Reversal of deferred taxes on actuarial losses	0	–446	0	0
Reversal of deferred taxes on derivative financial instruments	0	–1,240	0	0
Income/expense (-) recognised in other comprehensive income	1,262	–4,988	–1,239	–1,548
Other comprehensive income for the period	**4,487**	**–4,852**	**254**	**–71**

The expenses recognised in other comprehensive income relate to changes in the fair value of interest rate swaps used to hedge the risks of interest rate fluctuations. Corresponding changes in fair value are recognised in the revaluation surplus if risks are hedged with sufficient efficiency and this is documented. In the reporting period of the previous year, the deferred taxes on derivative financial instruments and the under IAS 8 amended actuarial losses were reversed on attainment of tax exemption and also recognised in the revaluation surplus.

Statement of Financial Position – Assets

€ thousand	**30/06/2011**	**31/12/2010**
Non-current assets		
Intangible assets	31	37
Property, plant and equipment	128	130
Investment property	392,701	321,505
Financial assets	23	28
Other assets	552	367
	393,435	**322,067**
Current assets		
Trade receivables and other assets	1,055	435
Income tax receivables	12	12
Bank balances and cash in hand	25,795	83,629
	26,862	**84,076**
Non-current assets held for sale	493	0
	27,355	**84,076**
Total assets	**420,790**	**406,143**

Statement of Financial Position – Equity and Liabilities

€ thousand	30/06/2011	31/12/2010
Equity		
Issued capital	34,120	34,120
Capital reserves	64,285	64,267
Retained earnings		
Other retained earnings	106,853	106,853
Revaluation surplus	–10,200	–11,462
	96,653	95,391
Unappropriated surplus		
Profit carryforward	17,064	24,020
Comprehensive income for the period	3,225	5,669
	20,289	29,689
	215,347	**223,467**
Non-current liabilities and provisions		
Financial liabilities	173,263	139,694
Derivative financial instruments	7,761	9,023
Trade payables and other liabilities	3,457	3,150
Pension provisions	7,399	7,571
Other provisions	846	825
	192,726	**160,263**
Current liabilities and provisions		
Financial liabilities	5,342	15,376
Trade payables and other liabilities	5,902	4,726
Other provisions	1,473	2,311
	12,717	**22,413**
Total equity, liabilities and provisions	**420,790**	**406,143**

Statement of Cash Flows

€ thousand	01/01/ – 30/06/2011	01/01/ – 30/06/2010
Cash flow from operating activities		
Earnings before taxes (EBT)	3,225	2,917
Net finance costs	3,353	2,776
Write-downs (+)/reversals of write-downs (-)	4,777	3,607
Change in provisions	–1,139	–1,061
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	0	–52
Other non-cash expenses (+)/income (-)	–7	8
Change in receivables and other assets	–549	–286
Change in liabilities	1,773	–37
Interest received	381	95
Tax payments	0	–16,936
	11,814	**–8,969**
Cash flow from investing activities		
Investments in intangible assets, property, plant and equipment and investment property	–76,744	–31,128
Proceeds from disposals of property, plant and equipment and investment property	0	66
Proceeds from disposals of financial assets	5	6
	–76,739	**–31,056**
Cash flow from financing activities		
Dividends paid	–12,625	–8,425
Cash inflow from the borrowing of financial liabilities	36,275	22,640
Cash outflow from the repayment of financial liabilities	–12,521	–2,004
Payments for the costs of the capital increase	18	0
Interest payments	–4,056	–3,188
	7,091	**9,023**
Changes in cash and cash equivalents	**–57,834**	**–31,002**
Cash and cash equivalents on 1 January	**83,629**	**37,942**
Bank balances and cash in hand	83,629	37,942
Cash and cash equivalents on 30 June	**25,795**	**6,940**
Bank balances and cash in hand	25,795	6,940

Statement of Changes in Equity

€ thousand	Issued capital	Capital reserves	Retained earnings			Unappropriated surplus		Total equity
			Legal reserve	Other retained earnings	Revaluation surplus	Carry forward	Net profit for the period	
Balance at 1 January 2010	**22,770**	**0**	**2,277**	**104,576**	**–6,594**	**27,196**	**5,073**	**155,298**
Adjustment under IAS 8					–1,110	176	0	–934
Balance at 1 January 2010 restated	22,770	0	2,277	104,576	–7,704	27,372	5,073	154,364
Carryforward to new account						5,073	–5,073	0
Profit distribution for 2009						–8,425		–8,425
Income/expense (-) recognised in other comprehensive income					–4,988			–4,988
Comprehensive income for the period 01/01 – 30/06/2010							136	136
Other comprehensive income for the period 01/01 – 30/06/2010					**–4,988**		**136**	**–4,852**
Balance at 30 June 2010	**22,770**	**0**	**2,277**	**104,576**	**–12,692**	**24,020**	**136**	**141,087**
Transfer of legal reserve			–2,277	2,277				0
Capital increase	11,350	68,100						79,450
Costs of capital increase		–3,833						–3,833
Income/expense (-) recognised in other comprehensive income					1,230			1,230
Comprehensive income for the period 01/07 – 31/12/2010							5,533	5,533
Other comprehensive income for the period 01/07 – 31/12/2010					**1,230**		**5,533**	**6,763**
Balance at 31 December 2010	**34,120**	**64,267**	**0**	**106,853**	**–11,462**	**24,020**	**5,669**	**223,467**
Carryforward to new account						5,669	–5,669	0
Profit distribution for 2010						–12,625		–12,625
Costs of capital increase		18						18
Income/expense (-) recognised in other comprehensive income					1,262			1,262
Comprehensive income for the period 01/01 – 30/06/2011							3,225	3,225
Periodengesamtergebnis 01.01. – 30.06.2011					**1,262**		**3,225**	**4,487**
Balance at 30 June 2011	**34,120**	**64,285**	**0**	**106,853**	**–10,200**	**17,064**	**3,225**	**215,347**

Notes on the 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 2011 was published on 11 August 2011. 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 30 June 2011 is in accordance with IFRS (International Financial Reporting Standards) as applicable in the European Union. In particular, it was prepared in line with the regulations of International Accounting Standard 34 on interim reporting and 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 and 37x of Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The scope of its reporting has been condensed compared to the separate financial statements.

Since 1 January 2011, to allow a transparent presentation of our pension obligations in the statement of financial position, we have exercised the option provided under IAS 19 (93) to recognise actuarial gains and losses outside profit or loss in the year in which they arise, waiving the previously used corridor method of IAS 19 (92). Full recognition of pension obligations as at the end of (interim) reporting periods allows for more reliable and more relevant information. The prior-year figures reported in this report have been restated retroactively in accordance with the regulations of IAS 8 as follows and, if they affect earlier periods, the opening statement of financial position for 2010 has been amended:

As at 1 January 2010, there was an actuarial loss not yet realised under the corridor method of €1,379 thousand, which was retroactively recognised in the revaluation surplus of the opening statement of financial position for 2010. In addition, the revaluation surplus rose by €446 thousand on account of the deferred taxes on this amount recognised outside profit and loss before 1 January 2010. Furthermore, the actuarial losses of €176 thousand recognised in staff costs as at 1 January in prior periods were reclassified from profit carried forward to the revaluation surplus.

An actuarial loss of €884 thousand was calculated for the 2010 financial year, which led to a further reduction of the revaluation surplus. Applying the corridor method, actuarial losses offset against profit or loss amounted to around €45 thousand in the quarters of the 2010 financial year, totalling €179 thousand for the year as a whole, and cancelled under IAS 8. This retrospectively reduced staff costs and increased the net income for the period/year. In total, pension provisions were increased by €2,084 thousand* as at 31 December 2010 and amount to €7,571 thousand adjusted to the amended accounting method.

In this interim report, the statement of changes in equity, the statement of cash flows, the quarterly figures, the figures in the statement of financial position as at 31 December 2010 and the affected ratios were adjusted for the retrospective changes.

Retaining the corridor method would have increased staff costs by €230 thousand in the first half of 2011.

Otherwise, the interim financial statements as at 30 June 2011 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2010. The accounting standards endorsed by the EU, revised and applicable from 1 January 2011 were complied with, though they had no material impact on the presentation of the interim financial statements.

In the process of preparing these interim financial statements, we reviewed the fair values of our properties as calculated by expert opinion as at 31 December 2010. The review did not identify any factors affecting their value that would have led to a significantly different valuation. It therefore currently appears justified to retain the values as calculated by expert opinion as at 31 December 2010 in these interim financial statements.

In the opinion of the Managing Board, the interim report contains all significant information needed to understand the changes in the result of operations, financial position and net assets situation of HAMBORNER REIT AG since the end of the last reporting period. The significant changes and transactions in the first half of the year are presented in the interim management report of this document. This half-year financial report was subjected to a review.

* Actuarial loss as at 1 January 2010 of €1,379 thousand plus amount from recalculation of €884 thousand less €179 thousand from offsetting in profit or loss in 2010.

In line with the resolutions of the Annual General Meeting on 17 May 2011, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was commissioned to perform the review. Deloitte & Touche GmbH Wirtschaftprüfungsgesellschaft prepared a corresponding certification of its review that has been published with this report.

Significant related party transactions

There were no reportable transactions or related parties in the first half of the year.

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 assets, liabilities, financial position and profit or loss 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, 11 August 2011

The Managing Board

Dr Rüdiger Mrotzek

Hans Richard Schmitz

Review Report

To HAMBORNER REIT AG, Duisburg

We have reviewed the condensed interim consolidated financial statements of the HAMBORNER REIT AG, Duisburg, comprising the condensed income statement, the condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement, condensed segment reporting and selected explanatory notes, together with the interim group management report of HAMBORNER REIT AG, Duisburg, for the period from 1 January to 30 June 2011, that are part of the semi-annual financial report pursuant to section 37w (2) WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). 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 consolidated 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 group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group 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 consolidated financial statements 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 group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, 11 August

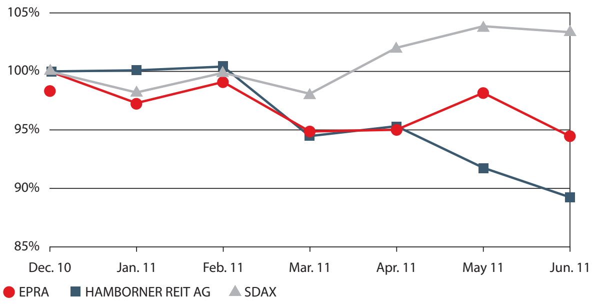
Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

(Harnacke)	(Pfeiffer)
Wirtschaftsprüfer	Wirtschaftsprüfer

Supplementary Information

HAMBORNER REIT AG Shares



Looking back on the first half of 2011, the issues that dominated the stock markets were the earthquake and nuclear disaster in Japan and the escalation of the government debt crisis in Greece. As a result, attention shifted away from Germany's good fundamental data and their potential to drive prices remained limited. Although the DAX reached interim highs in April, investors' positive expectations remained unfulfilled by the end of the first half of the year.

Name/code	HAMBORNER REIT AG/HAB
SCN/ISIN	601300/DE0006013006
Number of shares	34,120,000
Share capital	€34,120,000
Index	SDAX
Designated sponsors	HSBC Trinkaus and West LB
Free float	73.63%
Market capitalisation	€239.86 million

HAMBORNER's shares did not escape the general influences and unfortunately their overall performance was unsatisfactory following a good start. The shares closed at €7.03 as at 30 June 2011. The mark-down as against the net asset value (NAV) of €8.51 per share was therefore 17.4%.

Our capital market communications are geared towards presenting our sound business performance transparently, thereby providing stimulus for further share price growth. In this context, we will continue to intensify our investor relations activities and, in addition to attending various property conferences in the coming weeks and months, we also plan to arrange roadshows in Germany and abroad again and presentations for private shareholders.

Annual General Meeting 2011

Our Annual General Meeting was held in Mülheim an der Ruhr on 17 May 2011. It resolved the distribution of a dividend of 37 cents per share for the 2010 financial year. Based on the shares' closing price as at 31 December 2010, the dividend yield was therefore 4.8%.

HAMBORNER was also granted authorised capital totalling 50% of its share capital for further growth.

In addition, two new members of the Supervisory Board were elected at the Annual General Meeting: Ms Bärbel Schomberg, Managing Director of Schomberg & Co. Real Estate Consulting GmbH and Dr Bernd Kottmann, management consultant, joined the Supervisory Board in May. Mr Volker Lütgen, formerly of HSH Real Estate, left the Supervisory Board as at this date.

Further information on these and all other resolutions can be found on our homepage www.hamborner.de under Investor Relations.

Financial Calendar 2011/2012

11 August 2011	Interim report for 1st half 2011
9 November 2011	Interim report for 3rd quarter 2011
29 March 2012	Annual report 2011
10 May 2012	Interim report for 1st quarter 2012
15 May 2012	Annual General Meeting 2012

Forward-looking Statements

This report contains forward-looking statements, e.g. on general economic developments in Germany and our own probable business development. These statements are based on current assumptions and estimates by the Managing 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.

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The Managing Board of HAMBORNER REIT AG, Duisburg

As at

August 2011

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