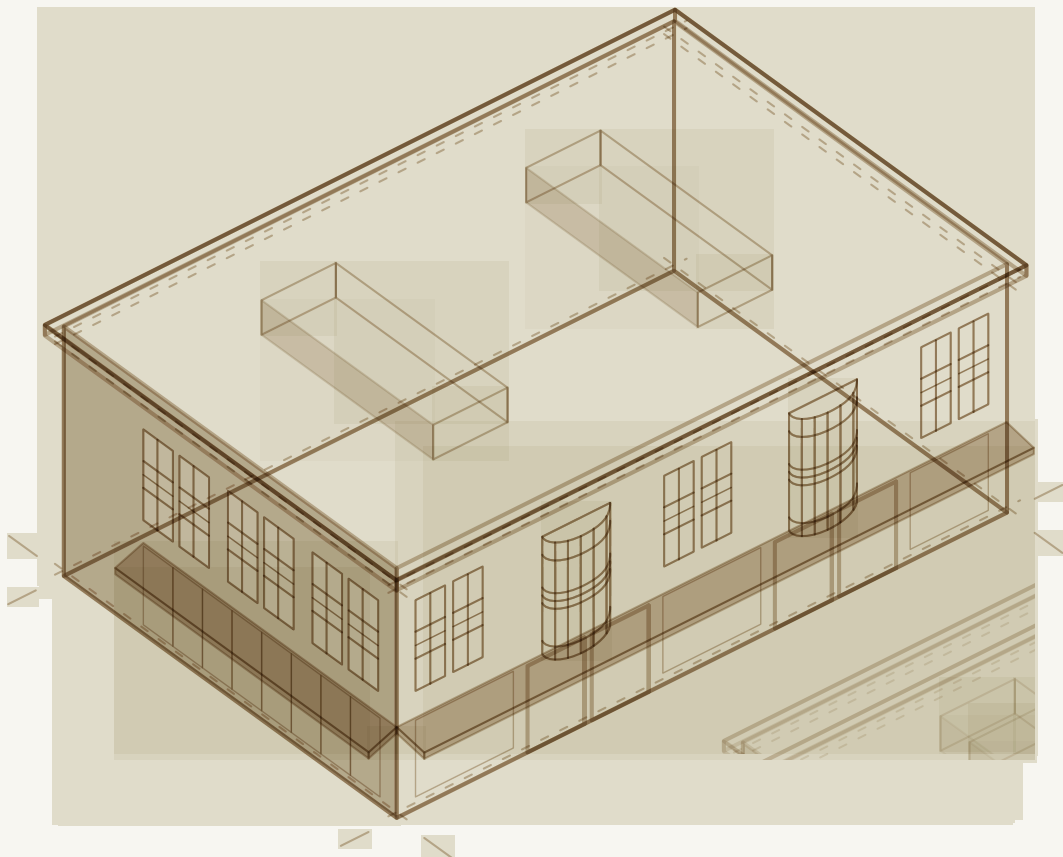


# INTERIM REPORT

Q2 2014

FOR THE SECOND QUARTER OF 2014  
AND THE FIRST HALF OF 2014



## KEY FIGURES AT A GLANCE (IFRS)

| <b>€ THOUSAND</b>                               |                     |                         |
|---|---------------------|-------------------------|
| <b>From the income statement</b>                | <b>30 June 2014</b> | <b>30 June 2013</b>     |
| Income from rents and leases                    | 23,333              | 22,172                  |
| Net rental income                               | 21,472              | 20,521                  |
| Operating result                                | 10,567              | 11,027                  |
| Financial result                                | -6,602              | -5,767                  |
| EBITDA  | 27,128              | 19,493                  |
| EBDA  | 20,526              | 13,726                  |
| EBIT  | 18,442              | 11,378                  |
| Funds from operations (FFO)                     | 12,651              | 12,375                  |
| Net profit for the period                       | 11,840              | 5,611                   |
| <b>From the statement of financial position</b> | <b>30 June 2014</b> | <b>31 December 2013</b> |
| Total assets                                    | 622,160             | 631,712                 |
| Non-current assets                              | 594,528             | 596,302                 |
| Equity  | 264,122             | 271,744                 |
| Equity ratio in %                               | 42.5                | 43.0                    |
| REIT equity ratio in %                          | 51.6                | 52.5                    |
| Loan-to-value (LTV) in %                        | 44.1                | 43.7                    |
| <b>On HAMBORNER shares</b>                      | <b>30 June 2014</b> | <b>30 June 2013</b>     |
| Number of shares outstanding                    | 45,493,333          | 45,493,333              |
| Basic = diluted earnings per share in €         | 0.26                | 0.12                    |
| Funds from operations (FFO) per share in €      | 0.28                | 0.27                    |
| Stock price per share in € (XETRA)              | 7.89                | 7.34                    |
| Market capitalisation                           | 358,942             | 333,921                 |
| <b>Other data</b>                               | <b>30 June 2014</b> | <b>31 December 2013</b> |
| Fair value of investment property portfolio     | 686,000             | 691,830                 |
| Net asset value (NAV)                           | 368,191             | 375,337                 |
| Net asset value per share in €                  | 8.09                | 8.25                    |
| Number of employees including Managing Board    | 28                  | 27                      |

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

This interim report was published on 12 August 2014.

Dear Shareholders,

With the first six months now behind us, we are delighted to present our report on the first half of the year. After a highly successful year in 2013, the first half of 2014 has progressed well and operating activities have remained positive.

Along with the addition of the property in Bad Homburg in the first quarter of the reporting year, in April of this year we signed the purchase agreement for the T-Damm Centre in Berlin, which has yet to be built. The property is to be added to our portfolio after its completion at the end of 2015. In May, we also signed the purchase agreement for an office property in Aachen. This property is also currently under development and is set to be added to the HAMBORNER portfolio at the start of 2015.

We also made progress in selling properties no longer consistent with strategy. The properties in Moers, Wuppertal and Hanover already sold in 2013 were transferred to their new owners right at the beginning of the year. Furthermore, we signed the agreement for the sale of an office property in Frankfurt in March 2014, for a commercial property in Berlin in April 2014 and a property in Hamburg in July. The property in Frankfurt was handed over in April 2014, as a result of which we generated total proceeds from properties transferred in the first six months of €16.2 million. The property in Berlin was not transferred until the start of the third quarter. The handover of the Hamburg property will also take place in the second half of the year. Thus, HAMBORNER had a portfolio of 69 properties with a market value of €686.0 million as at 30 June 2014.

Our performance indicators reflect the positive trend in business. Rental and leasing income increased by 5.2% year-on-year in the first six months of 2014. The net profit for the period was around 110% higher than in the previous year at €11.8 million, mainly as a result of the sale of the properties. FFO, our key control parameter, rose by 2.2% in the first half of 2014 to €12.6 million.

We are also confident for the rest of the year. For 2014 as a whole, depending on further acquisitions and sales, we are currently estimating an increase of between 3% and 4% as against the previous year in rental income. We are aiming for a similar rise in FFO.

Our Annual General Meeting was held in Mülheim/Ruhr on 6 May 2014. It resolved the distribution of a dividend of 40 cents per share for the 2013 financial year. Regarding the development of our shares, it is encouraging that the share price has virtually recovered the dividend discount from the start of May in the last few weeks, reflecting the positive situation at the company.

With this in mind, we look forward to a successful second half of the year with your support, and we thank you for your confidence.

Duisburg, August 2014



Dr. Rüdiger Mrotzek



Hans Richard Schmitz

### General Economic Conditions

With growth of 0.3%, the development of the German economy in the second quarter of 2014 was a little more muted after a rise of 0.8% in the first quarter of this year. Extraordinary effects such as the Ukraine conflict led to uncertainty and restraint in business decisions. Nevertheless, the Institute for the World Economy (IfW) anticipates a strong recovery for Germany and is forecasting growth for 2014 as a whole of 2.0%. In 2015, growth is even expected to rise to 2.5%.

A key pillar of the German economy is still private consumer spending. The continued stability on the employment market is contributing to this. The unemployment rate is still at a low level at 6.5%. The number of people in employment has increased further as against the previous year. According to IfW forecasts, consumer prices will rise only moderately by 1.3% in 2014, while a stronger climb in inflation of 2.2% is forecast for 2015.

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

As expected, the result of operations, net asset situation and financial position of HAMBORNER REIT AG were good in the first half of 2014.

### Result of Operations

In the first half of 2014, the income from the management of our properties climbed by €1,161 thousand or 5.2% as against the same period of the previous year to €23,333 thousand. At €1,730 thousand (7.8%), income from property additions in 2013 and the first half of 2014 contributed to this significantly. Sales of rented properties reduced rental income by a total of €513 thousand (2.3%). The rental income from properties that were in our portfolio in both the first six months of 2013 and the reporting period (like-for-like) decreased slightly by €57 thousand (-0.3%). The income from passed-on incidental costs to tenants amounted to €2,684 thousand, up €300 thousand (12.6%) on the same period of the previous year.

The economic vacancy rate including agreed rent guarantees was 2.5% in the first half of the reporting year (previous year: 2.4%). Not including rent guarantees the vacancy rate was 2.6%, whereby the decline as against the previous year (3.7%) is due in particular to the properties acquired in Munich and Berlin in the first quarter of the previous year, which were not yet fully let when transferred. Both properties are now fully let.

Operating expenses of €3,516 thousand were incurred for the management of our properties in the first six months of the reporting year (previous year: €3,373 thousand). This corresponds to an increase of 4.2% and is primarily due to the larger portfolio compared to the first half of the previous year.

The expenses for the maintenance of our land and property portfolio amounted to €1,029 thousand as at 30 June 2014, up €367 thousand on the figure for the previous year (€662 thousand). Thanks in part to the clement weather at the start of the year, around half of the planned maintenance work was already completed in the first half of the year. In particular, the largest projects included conversions for tenants at both properties in Bremen. Following a successful reletting, the areas were converted in line with the requirements of the new tenants.

At €21,472 thousand, the net rental income derived from the above items is €951 thousand or 4.6% higher than the value for the same period of the previous year (€20,521 thousand).

Administrative and personnel expenses together totalled €2,150 thousand, and were therefore almost at the same level as the previous year after rising by €10 thousand or 0.5% (€2,140 thousand). Personnel expenses increased by €86 thousand while administrative expenses fell by €76 thousand. The operating cost ratio, i.e. administrative and personnel expenses to rental and letting income, was therefore 9.2% (previous year: 9.7%).

In the reporting period, depreciation and amortisation expense climbed by €571 thousand to €8,686 thousand after €8,115 thousand in the same period of the previous year on account of the additions to the property portfolio. Depreciation and amortisation expense includes impairment losses of €387 thousand on properties in Wiesdorfer Platz, Leverkusen and Ziethenstrasse, Hamburg.

Net other operating income and expenses amount to €-69 thousand after €761 thousand in the previous year. The change is due in particular to compensation of €1,000 thousand paid by a tenant in the previous year for the early termination of its lease. Other key items in other operating income in the first half of 2014 included €140 thousand in reversals of provisions and certain liabilities in particular. Among other things, other operating expenses included public relations work of €96 thousand (previous year: €96 thousand) and membership fees of €94 thousand (previous year: €64 thousand).

As at 30 June 2014, the company generated an operating result of €10,567 thousand after €11,027 thousand in the same period of the previous year. Despite the higher contribution to earnings from the expansion of the property portfolio, the decline of €460 thousand or 4.2% was due in particular to the non-recurring compensation payment of €1,000 thousand reported under other operating income in the previous year.

The result from the sale of investment property was €7,875 thousand (previous year: €351 thousand) in the first half of the reporting year and results from the disposal of the properties in Moers, Wuppertal and Hanover in the first quarter and an office property in Frankfurt in the second quarter of the reporting year.

The financial result was €-6,602 thousand, down by €835 thousand on the figure for the same period of the previous year (€-5,767 thousand). The reduction is primarily due to the further increase in the funds borrowed in 2013 to finance the company's growth and the associated interest expenses of €6,654 thousand (previous year: €5,793 thousand).

The first half of 2014 closed with net profit for the period of €11,840 thousand after €5,611 thousand in the same period of the previous year. This resulted in earnings per share of €0.26 after €0.12 in the first six months of the previous year.

FFO (funds from operations), i.e. the operating result before depreciation and amortisation expense and not including proceeds from disposals, amounted to €12,651 thousand. Compared to the FFO for the same period of the previous year of €12,375 thousand, this marks an increase of 2.2%, corresponding to FFO per share of €0.28 (previous year: €0.27).

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

Along with the addition of the property in Bad Homburg in the first quarter of the reporting year, in April of this year we signed the purchase agreement for a retail property in Berlin. The purchase price for this property yet to be built is provisionally €16.4 million. If fully let, this purchase price could increase to up to €18.9 million. The transfer of the property after its completion is expected at the end of 2015.

Furthermore, we signed the purchase agreement for an office property in Aachen in May 2014. The purchase price for this property, which also has yet to be built, is €26.9 million. The transfer of rights and liabilities is expected to take place in early 2015.

In terms of disposals, the first quarter of 2014 saw the transfer of the properties in Moers, Wuppertal and Hanover reported under "Non-current assets held for sale" as at 31 December 2013. These were followed by a property in Frankfurt in the second quarter. We generated total proceeds from these disposals of €16.2 million. This figure is offset by residual carrying amounts and costs to sell totalling €8.3 million.

In addition, in June we sold a further roughly 92,000 m<sup>2</sup> from our undeveloped land holdings at a purchase price of €0.3 million. As this land used for agricultural purposes was not transferred until 6 August 2014, the carrying amount of €24 thousand was reclassified to "Non-current assets held for sale".

Furthermore, the carrying amount of the property in Schlossstrasse, Berlin, of €2.7 million was reported in "Non-current assets held for sale" as at 30 June 2014. We signed the contract to sell this commercial property in April. However, the property was not transferred until after 30 June 2014. This item also includes the residual carrying amount of the property in Ziethenstrasse, Hamburg (€1.9 million). We have resolved to sell this property. A notarial purchase agreement to this effect was signed in July.

The updated market value of the developed property portfolio taking into account the above changes was €686.0 million as at the end of the quarter under review (31 December 2013: €691.8 million).

The company had liquid funds of €21.7 million as at 30 June 2014 after €28.2 million as at 31 December 2013. In particular, the €6.5 million decline resulted from the dividend payment for the 2013 financial year (€18.2 million), payments for investments in the property portfolio (€13.2 million) and interest and principal repayments for our loans totalling €11.7 million. This was offset in part by the inflows from operating activities generated in the first half of 2014 (€20.5 million; previous year: €18.9 million) and the purchase price payments received for the properties sold in the amount of €16.2 million.

In terms of equity and liabilities, equity amounted to €264.1 million as at 30 June 2014 after €271.7 million as at 31 December 2013. The reported equity ratio as at the end of the period was 42.5% after 43.0% as at 31 December 2013. The REIT equity ratio declined slightly from 52.5% as at 31 December 2013 to 51.6% as at 30 June 2014.

As a result of scheduled repayments in particular, current and non-current financial liabilities decreased by €4.9 million and amounted to €326.6 million at the end of the first half of the year after €331.5 million as at 31 December 2013.

The fair value of derivative financial instruments fell slightly as against 31 December 2013 (€-10.8 million) to €-11.5 million as at 30 June 2014.

### **Risk Report**

As a property company with a portfolio distributed over the whole of Germany, HAMBORNER REIT AG is exposed to a number of risks that could affect its result of operations, net asset situation or financial position. Currently, there were no significant changes in the assessment of risks to the business development of the company as against 31 December 2013. The comments made in the risk report of the 2013 management report therefore still apply.

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

### **Forecast**

As an asset manager for commercial properties, HAMBORNER REIT AG held a portfolio of 69 properties as at 30 June 2014. 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.

The Managing Board is standing by its last basic estimates regarding future business prospects as published in the 2013 annual report. The sale of smaller properties no longer consistent with strategy has been highly successful to date. The disposals of the properties in Wuppertal, Moers, Hanover, Frankfurt and Berlin have meant corresponding declines in rental income, with the result that the rise in rental income for the year as a whole forecast at the beginning of the year is likely to be a somewhat more moderate. According to current estimates and depending of further acquisitions and sales, we are aiming for a rise of around 3% to 4%, with FFO for the current financial year to rise by a similar amount.

### **Supplementary Report**

The property at Schloßstrasse, Berlin, reported under "Non-current assets held for sale" was transferred to the buyer on 1 July 2014. We generated a profit from the sale of €2.2 million.

On 14 July 2014, we entered into an agreement for the sale of the property in Ziethenstrasse, Hamburg. The purchase price for this property was €1.9 million.

The undeveloped land reported under "Non-current assets held for sale" was handed over after receipt of the sale price on 6 August 2014.



## Income Statement

| € THOUSAND   | 1 JANUARY –<br>30 JUNE 2014 | 1 JANUARY –<br>30 JUNE 2013 | 1 APRIL –<br>30 JUNE 2014 | 1 APRIL –<br>30 JUNE 2013 |
|--|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Income from rents and leases   | 23,333                      | 22,172                      | 11,636                    | 11,299                    |
| Income from passed-on incidental costs to tenants  | 2,684                       | 2,384                       | 1,367                     | 1,281                     |
| Real estate operating expenses   | -3,516                      | -3,373                      | -1,865                    | -1,762                    |
| Property and building maintenance  | -1,029                      | -662                        | -560                      | -390                      |
| <b>Net rental income</b>   | <b>21,472</b>               | <b>20,521</b>               | <b>10,578</b>             | <b>10,428</b>             |
| Administrative expenses  | -517                        | -593                        | -234                      | -328                      |
| Personnel expenses   | -1,633                      | -1,547                      | -817                      | -791                      |
| Amortisation of intangible assets, depreciation of property, plant and equipment and investment property | -8,686                      | -8,115                      | -4,236                    | -4,341                    |
| Other operating income   | 345                         | 1,102                       | 158                       | 45                        |
| Other operating expenses   | -414                        | -341                        | -103                      | -117                      |
|  | <b>-10,905</b>              | <b>-9,494</b>               | <b>-5,232</b>             | <b>-5,532</b>             |
| <b>Operating result</b>  | <b>10,567</b>               | <b>11,027</b>               | <b>5,346</b>              | <b>4,896</b>              |
| Result from the sale of investment property  | 7,875                       | 351                         | 3,467                     | 0                         |
| <b>Earnings before interest and taxes (EBIT)</b>   | <b>18,442</b>               | <b>11,378</b>               | <b>8,813</b>              | <b>4,896</b>              |
| Interest income  | 52                          | 26                          | 24                        | 3                         |
| Interest expenses  | -6,654                      | -5,793                      | -3,329                    | -3,014                    |
| <b>Financial result</b>  | <b>-6,602</b>               | <b>-5,767</b>               | <b>-3,305</b>             | <b>-3,011</b>             |
| <b>Earnings before taxes (EBT)</b>   | <b>11,840</b>               | <b>5,611</b>                | <b>5,508</b>              | <b>1,885</b>              |
| <b>Net profit for the period</b>   | <b>11,840</b>               | <b>5,611</b>                | <b>5,508</b>              | <b>1,885</b>              |
| Basic = diluted earnings per share (in €)  | 0.26                        | 0.12                        | 0.12                      | 0.04                      |

## Statement of Comprehensive Income

| € THOUSAND   | 1 JANUARY –<br>30 JUNE 2014 | 1 JANUARY –<br>30 JUNE 2013 | 1 APRIL –<br>30 JUNE 2014 | 1 APRIL –<br>30 JUNE 2013 |
|--|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>Net profit for the period as per income statement</b>                           | <b>11,840</b>               | <b>5,611</b>                | <b>5,508</b>              | <b>1,885</b>              |
| Items reclassified to profit or loss in future if certain conditions are met:      |                             |                             |                           |                           |
| Unrealised gains/losses (-) on the revaluation of derivative financial instruments | -699                        | 3,155                       | -329                      | 1,904                     |
| Items not reclassified to profit or loss in future:                                |                             |                             |                           |                           |
| Actuarial gains/losses (-) on defined benefit obligations                          | -566                        | 0                           | -566                      | 0                         |
| Other comprehensive income for the period  | -1,265                      | 3,155                       | -895                      | 1,904                     |
| <b>Total comprehensive income for the period</b>                                   | <b>10,575</b>               | <b>8,766</b>                | <b>4,613</b>              | <b>3,789</b>              |

Other comprehensive income for the period relates to actuarial losses on defined benefit obligations and changes in the fair value of interest rate swaps used to manage the risk of interest fluctuations. Corresponding changes in fair value are recognised in the revaluation surplus if they are sufficiently effective and this is documented.

## Statement of Financial Position – Assets

| € THOUSAND                         | 30 JUNE 2014   | 31 DECEMBER 2013 |
|------------------------------------|----------------|------------------|
| <b>Non-current assets</b>          |                |                  |
| Intangible assets                  | 13             | 13               |
| Property, plant and equipment      | 118            | 135              |
| Investment property                | 593,711        | 595,423          |
| Financial assets                   | 400            | 434              |
| Other assets                       | 286            | 297              |
|                                    | <b>594,528</b> | <b>596,302</b>   |
| <b>Current assets</b>              |                |                  |
| Trade receivables and other assets | 1,306          | 801              |
| Cash and cash equivalents          | 21,748         | 28,154           |
| Non-current assets held for sale   | 4,578          | 6,455            |
|                                    | <b>27,632</b>  | <b>35,410</b>    |
| <b>Total assets</b>                | <b>622,160</b> | <b>631,712</b>   |



## Statement of Financial Position – Equity and Liabilities

| € THOUSAND                                    | 30 JUNE 2014   | 31 DECEMBER 2013 |
|---|----------------|------------------|
| <b>Equity</b>                                 |                |                  |
| Issued capital                                | 45,493         | 45,493           |
| Capital reserves                              | 124,279        | 124,279          |
| Retained earnings                             |                |                  |
| Other retained earnings                       | 81,565         | 81,565           |
| Revaluation surplus                           | -15,492        | -14,227          |
|   | 66,073         | 67,338           |
| Net retained profits                          |                |                  |
| Profit carryforward                           | 16,437         | 16,330           |
| Net profit for the period                     | 11,840         | 8,521            |
| Withdrawal from other retained earnings       | 0              | 9,783            |
|   | 28,277         | 34,634           |
|   | <b>264,122</b> | <b>271,744</b>   |
| <b>Non-current liabilities and provisions</b> |                |                  |
| Financial liabilities                         | 316,597        | 321,345          |
| Derivative financial instruments              | 11,539         | 10,840           |
| Trade payables and other liabilities          | 2,047          | 2,254            |
| Pension provisions                            | 7,874          | 7,491            |
| Other provisions                              | 1,935          | 1,926            |
|   | <b>339,992</b> | <b>343,856</b>   |
| <b>Current liabilities and provisions</b>     |                |                  |
| Financial liabilities                         | 10,033         | 10,176           |
| Income tax liabilities                        | 0              | 19               |
| Trade payables and other liabilities          | 7,131          | 4,710            |
| Other provisions                              | 882            | 1,207            |
|   | <b>18,046</b>  | <b>16,112</b>    |
| <b>Total equity and liabilities</b>           | <b>622,160</b> | <b>631,712</b>   |



## Statement of Cash Flows

| € THOUSAND  | 1 JANUARY –<br>30 JUNE 2014 | 1 JANUARY –<br>30 JUNE 2013 |
|---|-----------------------------|-----------------------------|
| <b>Cash flow from operating activities</b>  |                             |                             |
| Earnings before taxes (EBT)   | 11,840                      | 5,611                       |
| Financial result  | 6,602                       | 5,767                       |
| Depreciation, amortisation and impairment (+)/write-ups (-)   | 8,686                       | 8,115                       |
| Change in provisions  | -623                        | -756                        |
| Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property | -8,041                      | -351                        |
| Change in receivables and other assets not attributable to investing or financing activities        | -186                        | -137                        |
| Change in liabilities not attributable to investing or financing activities                         | 2,250                       | 560                         |
| Interest received   | 34                          | 106                         |
| Tax payments  | -19                         | 0                           |
|   | <b>20,543</b>               | <b>18,915</b>               |
| <b>Cash flow from investing activities</b>  |                             |                             |
| Investments in intangible assets, property, plant and equipment and investment property             | -13,252                     | -89,740                     |
| Proceeds from disposals of property, plant and equipment and investment property                    | 16,160                      | 354                         |
| Proceeds from disposals of financial assets   | 2                           | 10                          |
| Proceeds relating to the short-term financial management of cash investments                        | 0                           | 15,000                      |
|   | <b>2,910</b>                | <b>-74,376</b>              |
| <b>Cash flow from financing activities</b>  |                             |                             |
| Dividends paid  | -18,197                     | -18,197                     |
| Proceeds from borrowings of financial liabilities   | 0                           | 74,000                      |
| Repayments of borrowings  | -4,797                      | -3,312                      |
| Interest payments   | -6,865                      | -6,103                      |
|   | <b>-29,859</b>              | <b>46,388</b>               |
| <b>Changes in cash and cash equivalents</b>   | <b>-6,406</b>               | <b>-9,073</b>               |
| <b>Cash and cash equivalents on 1 January</b>   | <b>28,154</b>               | <b>14,127</b>               |
| Cash and cash equivalents (with a remaining term of up to three months)                             | 28,154                      | 14,127                      |
| Fixed-term deposits (with a remaining term of more than three months)                               | 0                           | 15,000                      |
| <b>Cash and cash equivalents</b>  | <b>28,154</b>               | <b>29,127</b>               |
| <b>Cash and cash equivalents on 30 June</b>   | <b>21,748</b>               | <b>5,054</b>                |
| Cash and cash equivalents (with a remaining term of up to three months)                             | 21,748                      | 5,054                       |
| <b>Cash and cash equivalents</b>  | <b>21,748</b>               | <b>5,054</b>                |



## Statement of Changes in Equity

| € THOUSAND   | ISSUED<br>CAPITAL | CAPITAL<br>RESERVES | RETAINED EARNINGS             |                             | NET RETAINED PROFITS        |                                 |  | TOTAL<br>EQUITY |
|--|-------------------|---------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------------|--|-----------------|
|  |                   |                     | OTHER<br>RETAINED<br>EARNINGS | REVALUA-<br>TION<br>SURPLUS | PROFIT<br>CARRY-<br>FORWARD | NET PROFIT<br>FOR THE<br>PERIOD | WITHDRAWAL<br>FROM OTHER<br>RETAINED<br>EARNINGS |                 |
| <b>As at 1 January 2013</b>  | <b>45,493</b>     | <b>124,279</b>      | <b>91,348</b>                 | <b>-18,895</b>              | <b>12,496</b>               | <b>7,741</b>                    | <b>14,290</b>                                    | <b>276,752</b>  |
| Carryforward to new account  |                   |                     |                               |                             | 22,031                      | -7,741                          | -14,290  | 0               |
| Distribution of profit for 2012  |                   |                     |                               |                             | -18,197                     |                                 |  | -18,197         |
| Other comprehensive income<br>for the period<br>1 January – 30 June 2013           |                   |                     |                               | 3,155                       |                             |                                 |  | 3,155           |
| Net profit for the period<br>1 January – 30 June 2013                              |                   |                     |                               |                             |                             | 5,611                           |  | 5,611           |
| <b>Total comprehensive income<br/>for the period<br/>1 January – 30 June 2013</b>  |                   |                     |                               | <b>3,155</b>                |                             | <b>5,611</b>                    |  | <b>8,766</b>    |
| <b>As at 30 June 2013</b>  | <b>45,493</b>     | <b>124,279</b>      | <b>91,348</b>                 | <b>-15,740</b>              | <b>16,330</b>               | <b>5,611</b>                    | <b>0</b>   | <b>267,321</b>  |
| Other comprehensive income<br>for the period<br>1 July – 31 December 2013          |                   |                     |                               | 1,513                       |                             |                                 |  | 1,513           |
| Withdrawal from other re-<br>tained earnings                                       |                   |                     | -9,783                        |                             |                             |                                 | 9,783  | 0               |
| Net profit for the period<br>1 July – 31 December 2013                             |                   |                     |                               |                             |                             | 2,910                           |  | 2,910           |
| <b>Total comprehensive income<br/>for the period<br/>1 July – 31 December 2013</b> |                   |                     |                               | <b>1,513</b>                |                             | <b>2,910</b>                    |  | <b>4,423</b>    |
| <b>As at 31 December 2013</b>  | <b>45,493</b>     | <b>124,279</b>      | <b>81,565</b>                 | <b>-14,227</b>              | <b>16,330</b>               | <b>8,521</b>                    | <b>9,783</b>                                     | <b>271,744</b>  |
| Carryforward to new account  |                   |                     |                               |                             | 18,304                      | -8,521                          | -9,783   | 0               |
| Distribution of profit for 2013  |                   |                     |                               |                             | -18,197                     |                                 |  | -18,197         |
| Other comprehensive income<br>for the period<br>1 January – 30 June 2014           |                   |                     |                               | -1,265                      |                             |                                 |  | -1,265          |
| Net profit for the period<br>1 January – 30 June 2014                              |                   |                     |                               |                             |                             | 11,840                          |  | 11,840          |
| <b>Total comprehensive income<br/>for the period<br/>1 January – 30 June 2014</b>  |                   |                     |                               | <b>-1,265</b>               |                             | <b>11,840</b>                   |  | <b>10,575</b>   |
| <b>As at 30 June 2014</b>  | <b>45,493</b>     | <b>124,279</b>      | <b>81,565</b>                 | <b>-15,492</b>              | <b>16,437</b>               | <b>11,840</b>                   | <b>0</b>   | <b>264,122</b>  |

## 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 2014 was published on 12 August 2014. 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 2014 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 (IAS) 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 as at 31 December 2013.

With the exception of the matter explained below, the interim financial statements as at 30 June 2014 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2013. The accounting standards applicable from 1 January 2014 that have been endorsed by the EU and revised were complied with. However, they had no significant effect on the presentation of the interim financial statements.

Owing to the decline in capital market interest rates, the discounting rate used to measure pension obligations was reduced to 2.5% as at 30 June 2014 (31 December 2013: 3.2%). This interest rate adjustment led to an increase in pension provisions of €566 thousand recognised in the revaluation surplus.

Total financial liabilities reported as at 31 December 2013 amounted to €331,521 thousand. In the statement of financial position, current financial liabilities were reported too low by €2,693 thousand and non-current financial liabilities too high by the same amount. In these interim financial statements, the comparative figures as at 31 December 2013 were restated as correctly presented under note (18) of the notes to the IFRS financial statements as at 31 December 2013.

This half-year financial report was reviewed by an auditor. In accordance with the resolutions of the Annual General Meeting on 6 May 2014, this mandate was awarded to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft issued a certificate on the results of its review that has been published with this report.

In the opinion of the Managing 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 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.

### Other Selected Notes

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 2013. The fair values of the properties in Berlin reported under “Non-current assets held for sale” were increased by a total of €670 thousand and adjusted in line with their respective sale prices. The write-downs for modernisation work of €2.0 million assessed by the surveyor for the properties in Duisburg and Freiburg as at 31 December 2013 were reversed as the corresponding work was completed by the end of the reporting period. Furthermore, owing to the difficult letting situation, we wrote down the market value of a property in Leverkusen by €0.7 million. As a result of these adjustments, there was a total positive change in measurement as against the end of 2013 not shown in the statement of financial position of €1.9 million. The review did not identify any further factors affecting their value that would have led to a significantly different valuation. It therefore currently appears justified to retain the values for these properties as calculated by expert opinion as at 31 December 2013 in these interim financial statements. The property addition in Bad Homburg after 31 December 2013 was also valued by an expert and included in reporting accordingly.

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

Under 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 as at the end of the reporting period, and amount to €350,765 thousand as at 30 June of this year (31 December 2013: €342,206 thousand).

The derivative financial instruments reported in the statement of financial position are measured at fair value. These are exclusively interest hedges. The market values calculated by banks 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 7).

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

There were no reportable transactions with related parties in the first half of 2014.



## RESPONSIBILITY STATEMENT

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

Duisburg, 8 August 2014

The Managing Board



Dr. Rüdiger Mrotzek



Hans Richard Schmitz

## CERTIFICATE OF REVIEW



To HAMBORNER REIT AG, Duisburg

We have reviewed the condensed interim consolidated financial statements, comprising the income statement, statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and selected notes, together with the interim Group management report of HAMBORNER REIT AG, Duisburg, for the period from 1 January to 30 June 2014, which are part of the half-year financial report in accordance with section 37w(2) of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports, is the responsibility of the Managing Board of the company. 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 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* (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim 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 of HAMBORNER REIT AG, Duisburg, have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim 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, 8 August 2014

Deloitte & Touche GmbH

Wirtschaftsprüfungsgesellschaft

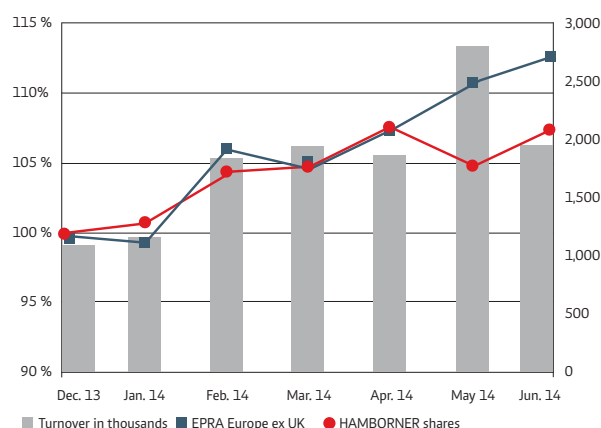
(Harnacke)  
Auditor

(Mißmahl)  
Auditor

### General Development on the Capital Market

After 2013 ended amicably on the capital market, the stock markets have been characterised by significant upward and downward fluctuations in the first six months of 2014. Share prices suffered as a result of the Crimean crisis. Ultimately, however, the DAX managed a small gain as at the end of the first quarter and closed at 9,556 points after the first three months of the year. Following a further significant slump in the middle of April, the index nonetheless continued to rise. At the start of June it rose above 10,000 points for the first time and even reached its highest level to date of 10,051 points a few weeks later. It closed at 9,833 as at 30 June 2014. According to experts, the reasons for this highly positive overall performance are still the interest rate and monetary policy of central banks above all and the increasingly good economic development on the strong economies.

### HAMBORNER REIT AG Shares



HAMBORNER's shares performed very well in the first half of 2014. While the shares had already risen by 4.8% as at the end of the first quarter, the price rose further in the second quarter and – despite the drop due to the dividend of 40 cents per share at the beginning of May – closed at €7.89 as at 30 June 2014. This corresponds to an increase of 7.5% based on the year-end closing price for 2013. The markdown compared to NAV was therefore 2.7%. Market capitalisation at the end of June was around €359 million.

The development in share turnover was also encouraging with further increases. With an average of 87,000 shares traded per day as at the end of June, we are still at a good level.

To further support the positive trend in share price performance, we already attended a number of capital market conferences and held roadshows in Europe and the US in the first half of the year. Our IR work will continue to be very active in the second half of the year and we look forward to answering questions from our investors.

### Annual General Meeting 2014

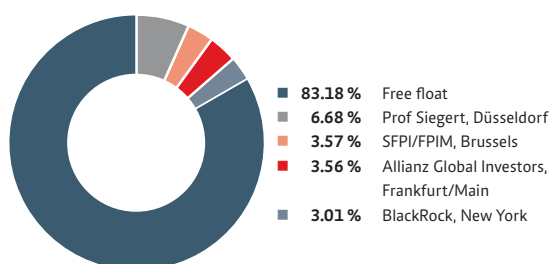
Our Annual General Meeting was held at Mülheim/Ruhr on 6 May 2014. It resolved the distribution of a dividend of 40 cents per share for the 2013 financial year. The dividend yield based on the closing price as at 31 December 2013 was therefore 5.4%.

### General Information

Transparency and reporting are highly important to our investor relations activities. Information on the resolutions of the Annual General Meeting, general presentation documents and all corporate disclosures can therefore be accessed at any time on our homepage [www.hamborner.de](http://www.hamborner.de) under investor relations. Here you can also join our mailing list to receive a newsletter containing all the key information on our company directly by e-mail.

|                              |                       |
|------------------------------|-----------------------|
| <b>Name/code</b>             | HAMBORNER REIT AG/HAB |
| <b>SCN/ISIN</b>              | 601300/DE0006013006   |
| <b>Number of shares</b>      | 45,493,333            |
| <b>Share capital</b>         | €45,493,333           |
| <b>Index</b>                 | SDAX/EPRA Index       |
| <b>Designated sponsor</b>    | HSBC                  |
| <b>Free float</b>            | 83.18%                |
| <b>Market capitalisation</b> | €358.9 million        |

### Shareholder Structure as at 30 June 2014



## Financial Calendar 2014/2015

|                  |                                  |
|------------------|----------------------------------|
| 12 August 2014   | Interim report for 1st half 2014 |
| 12 November 2014 | Interim report for Q3 2014       |
| 25 March 2015    | Annual report 2014               |
| 5 May 2015       | Interim report for Q1 2015       |
| 7 May 2015       | Annual General Meeting 2015      |

## 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 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.

## Imprint

### Publisher:

The Managing Board of HAMBORNER REIT AG, Duisburg

### As at:

August 2014

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