Prospectus

for the public offering

of

16,680,888 newly issued bearer shares with no par value

in Germany and in Luxembourg

and

for admission to trading on the regulated market (*regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange and for admission to the regulated market of the stock exchange in Düsseldorf

of

up to 16,680,888 newly issued bearer shares with no par value

from

a capital increase against contribution in cash from authorized capital with subscription rights of the shareholders of HAMBORNER REIT AG resolved by the management board of the Company on 24 June 2015 with the approval of the supervisory board on 24 June 2015

– each such share with a notional interest of EUR 1.00 in the share capital and with full dividend rights as of 1 January 2015 –

of

HAMBORNER REIT AG
Duisburg

International Securities Identification Number (ISIN): DE0006013006
German Securities Identification Number (*Wertpapier-Kenn-Nummer* – WKN): 601300

Sole Global Coordinator and Joint Bookrunner

Berenberg

Joint Bookrunners

Kempen & Co **Bankhaus Lampe**

24 June 2015

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1. SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements, referred to as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Since a number of points do not need to be addressed there may be gaps in the numbering sequence. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

A. – Introduction and Warnings

A.1.	**Warnings.**	This summary should be read as an introduction to this prospectus. The investor should base any decision to invest in the securities at hand on the review of this prospectus as a whole. In case a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (the "**EEA**"), have to bear the costs of translating this prospectus before the legal proceedings are initiated. HAMBORNER REIT AG (the "**Company**"), together with Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg ("**Berenberg**"), Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, the Netherlands ("**Kempen & Co**") and Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf ("**Bankhaus Lampe**", and together with Berenberg and Kempen & Co, the "**Underwriters**"), have assumed responsibility for the content of this summary and its German translation pursuant to Section 5 para. 2b No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Those persons who have assumed responsibility for the summary, including the translation thereof, or who have caused its publication can be held liable but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or if it does not provide, when read together with the other parts of this prospectus, all necessary key information.
A.2.	**Information regarding the subsequent use of the Prospectus.**	Not applicable. Consent regarding the use of this prospectus for a subsequent resale or placement of the securities has not been granted.

B. – Issuer

B.1.	**Legal and commercial name of the issuer.**	The issuer's legal name is HAMBORNER REIT AG. The Company trades under the commercial name of "HAMBORNER."
B.2.	**Domicile and legal form of the issuer, jurisdiction and incorporation.**	The Company has its registered office in Duisburg-Hamborn. The Company's business address is: Goethestraße 45, 47166 Duisburg (Tel: +49-203-54405-0). The Company is registered with the commercial register of the local court of Duisburg under HRB 4.

		The Company is a REIT stock corporation established under German law and is, in addition to other German legislative provisions, subject to the provisions of the German Stock Corporation Act (*Aktiengesetz*) as well as the law on German Real Estate Public Limited Companies with Listed Shares (*REIT Gesetz*, "**REIT Act**").
B.3.	**Key operations factors, main products sold and/or services performed and principal markets.**	HAMBORNER is a listed German stock corporation (*Aktiengesellschaft*) organized as a Real Estate Investment Trust ("**REIT**"). It operates in the real estate sector and is positioned as a portfolio holder for profitable commercial properties. In the opinion of the Company, it holds an attractive, diversified property portfolio which consists mainly of large-scale retail properties in highly-frequented areas, commercial buildings in prime locations (so-called high street properties) and high quality office buildings in well-established office markets. The portfolio includes properties across Germany which the Company views as having attractive occupancy rates compared to market standards, yielding sustainable rental incomes in recent years. HAMBORNER has extensive experience in the German real estate market relating to the acquisition and managing of commercial properties as well as long-standing capital markets expertise. The Company believes it has a balanced tenant structure with comparatively low vacancy rates and long-standing business relationships with some of its tenants. Based on its own observations, HAMBORNER believes it has a sound financial structure; it also enjoys certain benefits from its REIT status, such as an exemption from corporation and trade tax. In addition, the Company has a lean and efficient corporate structure. As of 31 March 2015, HAMBORNER had a property portfolio of 70 portfolio properties (including a property in Celle for which the transfer of possession occurred in April 2015) in 54 locations in Germany with a fair value of EUR 780.6 million. The properties have a total useable area of 391,672 m², 385,846 m² of which is used commercially and 5,826 m² of which is used as residential space. The economic vacancy rate (taking into account rent guarantees and including the property in Celle) as of 31 March 2015 amounted to 2.4%. The Company intends to realize sustainable and yield-oriented growth with a balanced and diversified property portfolio located in Germany. To this extent, HAMBORNER engages in strategic portfolio management and will focus its investments on large-scale retail properties, commercial properties in prime locations and high quality office buildings primarily in mid-size cities and regions in Germany that promise long term growth perspective. At the same time, the Company is committed to maintaining a sound financial basis with the ability to continuously pay out an attractive dividend. HAMBORNER's key strengths include: • In terms of market capitalization in Germany, a major real estate corporation and, according to its own calculations, the second-largest German REIT as of 31 March 2015;

- Long-term experience in the real estate market as well as in the acquisition and management of real estate;
- Strong property portfolio;
- Sound financial structure;
- Attractive yearly dividend payouts, stable income and conservative balance sheet preparation by recording adjusted acquisition costs;
- REIT status, which means that, among other things, HAMBORNER is exempt from corporate income and trade taxes;
- Transparent and efficient corporate and organizational structure; and
- Long-standing capital markets expertise.

HAMBORNER's corporate strategy is as follows (whereas there is no binding investment strategy):

In particular, the strategic objectives of HAMBORNER – value-creating growth through yield-oriented expansion of the existing commercial property portfolio in the large-scale retail, commercial properties in prime locations and office buildings by acquiring larger and selling smaller properties with simultaneous regional diversification – are to be achieved through the following measures:

- Focus on large-scale retail properties in highly frequented areas, commercial buildings in prime locations (so-called high street properties) and high quality office buildings;
- Growth and expansion of its property portfolio;
- Primary focus on medium-sized cities and areas in Germany with long-term growth prospects; and
- Realisation of investment opportunities while maintaining a sound financial structure and a continued distribution of an attractive dividend.

B.4a. Most significant recent trends affecting the issuer and the industries in which it operates.

HAMBORNER and the German commercial real estate industry as a whole are strongly affected by recent and projected demographic, economic and consumer spending trends, including GDP growth and unemployment rates, particularly in those areas where HAMBORNER's portfolio is located.

HAMBORNER generates income from two main sources: rental income and to a lesser extent income from property sales, both of which are strongly influenced by the market prices for real estate, which in turn reflect rents, vacancy rates and other factors, including market expectations regarding such factors. Since 2010, the German real estate industry and the results of the Company have been positively impacted by increases in the market values of German properties and especially by the low interest rate environment in Europe.

B.5.	**The group and the issuer's position within the group.**	Not applicable. The Company does not have any subsidiaries.
B.6.	**Any person who, directly or indirectly, has an interest in the issuer's capital or voting rights.**	The Company is a publicly traded company. RAG-Stiftung, Essen holds 9.09% of HAMBORNER's shares through the RAG-Stiftung's fund RAGS-FundMaster, managed by DEKA-Investment GmbH. Prof. Dr. Siegert, Düsseldorf, holds 4.60% of the shares in the Company (he indirectly holds 2.74% of the shares through TEC Düsseldorf GbR). The Kingdom of Belgium, Brussels, through Belfius Insurance NV/SA, holds indirectly 5.04% of the Company's shares. BNP Paribas, UK holds through BNP Paribas, Belgium, 3.10% of HAMBORNER's shares.
	Different voting rights of an issuer's major shareholders.	Not applicable. The voting rights of these principal shareholders of the Company do not differ from the voting rights of the other shareholders.
	Control over the Issuer.	Not applicable. No shareholder has control over the Company.
B.7.	**Selected historical key financial information.**	The financial and business information summarized below for the financial years 2014 and 2013 is derived from the audited IFRS financial statements of HAMBORNER REIT AG as of and for the financial year ended 31 December 2014 and the Company's accounting records. The presentation of certain figures with regard to the financial year 2013 differs in the financial statements of HAMBORNER REIT AG as of and for the financial year ended 31 December 2014, as compared to the financial statements of HAMBORNER REIT AG as of and for the financial year ended 31 December 2013. The financial and business information summarized below for financial year 2012 is derived from the audited IFRS financial statements of HAMBORNER REIT AG for the financial year ended 31 December 2013 and the Company's accounting records. The audited IFRS financial statements of HAMBORNER REIT AG as of and for the financial years ended 31 December 2014, 31 December 2013 and 31 December 2012 (together the "**Annual IFRS Financial Statements**") were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf ("**Deloitte & Touche**"). Deloitte & Touche issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) with respect to each of the Annual IFRS Financial Statements. The financial and business information summarized below for the first quarters of 2015 and 2014 is derived from the unaudited IAS 34 interim financial statements of HAMBORNER REIT AG as of, and for the quarter ended, 31 March 2015 (the "**IAS 34 Interim Financial Statements**, together with the Annual IFRS Financial Statements the "**IFRS Financial Statements**") and the Company's accounting records. The IAS 34 Interim Financial Statements as of and for the quarter ended 31 March 2015, were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") for interim financial reporting (IAS 34). The Annual IFRS Financial Statements were prepared in accordance with IFRS. IFRS deviate in certain important aspects from German

Generally Accepted Accounting Principles ("**German GAAP**"). The IFRS Financial Statements are reproduced in section 22 "*Financial Section*" of this Prospectus.

Due to the presentation of figures in thousands of EUR (TEUR) or millions of EUR and the application of standard commercial rounding principles resulting in whole numbers, the figures presented may not always add up to the totals shown.

Selected Income Statement Data

in TEUR (unless otherwise indicated)	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		**(audited, unless stated otherwise)**		
Income from rents and leases	11,901	11,697	46,823	45,227	36,993
Income from passed-on incidental costs to tenants	1,295	1,317	5,650	5,027	3,416
Real estate operating expenses	-1,755	-1,651	-7,371	-7,158	-5,076
Property and building maintenance	-380	-469	-2,244	-2,163	-2,104
Net rental income	**11,061**	**10,894**	**42,858**	**40,933**	**33,229**
Administrative expenses	-294	-283	-1,109	-1,131	-993
Personnel expenses	-1,023	-816	-3,452	-3,311	-2,868
Amortization of intangible assets, depreciation of property, plant and equipment and investment property	-4,247	-4,450	-17,841	-16,379	-12,287
Other operating income	421	187	714	1,334	1,345
Other operating expenses	-315	-312	-1,277	-1,030	-917
Operating result	**5,603**	**5,220**	**19,893**	**20,416**	**17,509**
Result from the sale of investment property	—	4,409	10,688	354	884
Earnings before interest and taxes (EBIT)	**5,603**	**9,629**	**30,581**	**20,770**	**18,393**
Interest income	5	28	68	42	347
Interest expenses	-3,211	-3,325	-13,540	-12,291	-10,974
Financial result	**-3,206**	**-3,297**	**-13,472**	**-12,249**	**-10,627**
Earnings before taxes (EBT)	**2,397**	**6,332**	**17,109**(1)	**8,521**(1)	**7,766**
Income taxes	—	—	—	—	-25
Net profit for the period	**2,397**	**6,332**	**17,109**	**8,521**	**7,741**
Earnings per share (in EUR)	**0.05**	**0.14**	**0.38**	**0.19**	**0.20**

(1) Unaudited.

Selected Data from the Statement of Financial Position

Assets in TEUR	**31 March 2015**	**31 December 2014**	**31 December 2013**	**31 December 2012**
	(unaudited)		**(audited)**	
Non-current assets				
Intangible assets	8	10	13	14
Property, plant and equipment	418	150	135	159
Investment property	630,836	606,849	595,423	510,834
Financial assets	492	495	434	203(1)
Other assets	270	275	297	321
	632,024	**607,779**	**596,302**	**511,531**(1)
Current assets				
Trade receivables and other assets	1,466	1,320	801	776(2)
Cash and cash equivalents	27,883	10,374	28,154	29,127(1)
Non-current assets held for sale	2,526	1,830	6,455	3
	31,875	**13,524**	**35,410**	**29,906**
Total assets	**663,899**	**621,303**	**631,712**	**541,437**

Equity and Liabilities in TEUR	31 March 2015	31 December 2014	31 December 2013	31 December 2012
	(unaudited)		**(audited)**	
Equity				
Issued capital	50,043	45,493	45,493	45,493
Capital reserves	160,569	124,279	124,279	124,279
Retained earnings	65,022	64,520	67,338	72,453
Net retained profits	38,300	35,903	34,634	34,527
	313,934	**270,195**	**271,744**	**276,752**
Non-current liabilities and provisions				
Financial liabilities	309,001	311,469	321,345(3)	222,990
Derivative financial instruments	10,495	10,997	10,840	14,838
Trade payables and other liabilities	1,880	1,956	2,254	2,013
Pension provisions	7,362	7,452	7,491	8,160
Other provisions	2,916	3,059	1,926	1,566
	331,654	**334,933**	**343,856**	**249,567**
Current liabilities and provisions				
Financial liabilities	10,667	10,760	10,176(3)	7,707
Derivative financial instruments	—	—	—	367
Income tax liabilities	—	—	19	18
Trade payables and other liabilities	6,235	4,557	4,710	6,040(4)
Other provisions	1,409	858	1,207	986(4)
	18,311	**16,175**	**16,112**	**15,118**
Total equity and liabilities	**663,899**	**621,303**	**631,712**	**541,437**

(1) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets".

(2) The item reported separately in the statement of financial position in the annual report 2012 as "Income tax receivables" (TEUR 7) is reported under "Trade receivables and other assets" in the annual report 2013.

(3) Corrected number as per annual report 2014.

(4) The Company changed the presentation of its obligations for Supervisory Board remuneration, fees for auditors, legal and consulting costs, outstanding invoices, outstanding holiday obligations and overtime which was reported under current "Other provisions" in the annual report 2012 in the total amount of TEUR 1,726. In the annual report 2013, however, it was reported under "Trade payables and other liabilities".

Selected Data from the Statement of Cash Flows

in TEUR	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)			(audited)	
Cash flow from operating activities					
Net result for the period	2,397	6,332	17,109	8,521	7,766[(1)]
Financial result	3,206	3,297	13,472	12,249	10,627
Depreciation, amortization and impairments (+)/reversal of impairment charges (-)	4,247	4,450	17,841	16,380	11,989
Change in provisions	278	46	224	-452	657
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	0	-4,409	-10,861	-355	-934
Change in receivables and other assets not attributable to investing or financing activities	-271	-168	-182	-315	-284[(2)]
Change in liabilities not attributable to investing or financing activities	-403	-709	-623	1,273	-1,279
Interest received	5	10	67	113	275
Tax payments	0	-19	-19	—	-1,293
	9,459	**8,830**	**37,028**	**37,414**	**27,524**[(2)]
Cash flow from investing activities					
Investments in intangible assets, property, plant and equipment and investment property	-27,199	-9,524	-40,574	-110,407	-88,408
Proceeds from disposals of property, plant and equipment and investment property	—	10,864	26,543	1,257	9,332
Payments for investments in non-current financial assets	—	—	-20	—	—
Proceeds from disposals of financial assets	1	1	5	13	6
Payments relating to the short-term financial management of cash investments	—	—	—	—	-15,000
Proceeds relating to the short-term financial management of cash investments	—	—	—	15,000	—
	-27,198	**1,341**	**-14,046**	**-94,137**	**-94,070**
Cash flow from financing activities					
Dividends paid	—	—	-18,197	-18,197	-13,648
Proceeds from borrowings of financial liabilities	—	—	—	108,459	20,050
Repayment of borrowings	-2,317	-2,447	-9,276	-7,121	-5,669
Interest payments	-3,275	-3,576	-13,289	-12,391	-9,914
Proceeds from the capital increase	40,912	—	—	—	73,926
Payments for the costs of the capital increase	-72	—	—	—	-2,559
	35,248	**-6,023**	**-40,762**	**70,750**	**62,186**
Changes in cash and cash equivalents	**17,509**	**4,148**	**-17,780**	**14,027**	**-4,360**[(2)]
Cash and cash equivalents on 1 January	**10,374**	**28,154**	**28,154**	**29,127**	**18,487**[(2)]
Cash and cash equivalents as of the end of the period	**27,883**	**32,302**	**10,374**	**28,154**	**29,127**[(2)]

(1) In 2012, TEUR 25 in income tax was paid, while no income tax was paid after 2012, except a payment in 2014 which relates to the sale of land in 2012 in connection with the transformation into a REIT. As a result, in the financial statements for the year 2012, the reconciliation of cash flow from operating activities is derived from "earnings before taxes (EBT).

(2) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets". Accordingly, the amounts in the statement of cash flows in the annual report 2012 "Cash and cash equivalents on 1 January" and "Cash and cash equivalents on 31 December" were reduced by TEUR 198 and TEUR 179 respectively, while "Cash flow from operating activities" was increased by TEUR 19.

Selected Key Data

	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		**(unaudited, unless otherwise stated)**		
EBITDA in TEUR[1]	9,850	14,079	48,422	37,149	30,381
EBDA in TEUR[1]	6,644	10,782	34,950	24,900	19,729
REIT equity ratio in %[2]	57.4	53.4	53.1	52.5	60.3
Balance sheet equity ratio in %[3]	47.3	43.7	43.5	43.0	51.1
Loan-to-Value ratio (LTV) in %[4]	39.0	42.9	43.3	43.7	34.2
Earnings per share in EUR (audited)	0.05	0.14	0.38	0.19	0.20
Funds from Operations (FFO) in TEUR[5]	6,644	6,373	24,555	23,786	18,877
Funds from Operations (FFO) per share in EUR[5]	0.13	0.14	0.54	0.52	0.41
Dividend per share in EUR	—	—	0.40	0.40	0.40
Quoted market price per share in EUR (XETRA closing price)					
High share price	10.33	7.70	8.29	7.58	7.60
Low share price	8.20	7.34	7.34	6.75	6,35
Year/period-end share price	10.25	7.69	8.12	7.34	7.48
Dividend yield in relation to year/period-end share price in %	—	—	4.9	5.4	5.3
Share price/FFO ratio	77.2	54.9	15.0	14.1	18.2
Market capitalization at year/period-end	512,937	349,844	369,406	333,921	340,290
Net asset value per share in EUR[6]	8.81	8.37	8.67	8.25	8.17
Fair value of the investment property portfolio in TEUR[7]	745,000	689,842	717,490	691,830	579,510
Net asset value in TEUR[6]	441,018	380,594	394,548	375,337	371,823
Number of employees at the reporting date including the Management Board	30	28	31	27	26

(1) The Company publishes earnings before interests, taxes, depreciation and amortization (**EBITDA**) and Earnings before depreciation and amortization (**EBDA**), because they are financial figures usually disclosed by real estate companies and allow investors to compare the Company with other real estate companies. The Company calculates EBITDA and EBDA according to the following formula:

in TEUR	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		**(audited, unless otherwise indicated)**		
Net profit for the period	2,397	6,332	17,109	8,521	7,741
+ Amortization and impairments related to intangible assets, depreciation of property, plant and equipment and investment property	4,247	4,450	17,841	16,379	12,287
- Reversals of impairments of intangible assets, depreciation of property, plant and equipment and investment property (unaudited)	—	—	—	—	-299
EBDA (unaudited)	**6,644**	**10,782**	**34,950**	**24,900**	**19,729**
- Interest income	-5	-28	-68	-42	-347
+ Interest expenses	3,211	3,325	13,540	12,291	10,974
+ Income taxes	—	—	—	—	25
EBITDA (unaudited)	**9,850**	**14,079**	**48,422**	**37,149**	**30,381**

(2) **REIT equity ratio** corresponds to the equity-to-assets ratio pursuant to sec. 15 in conjunction with sec. 12 (1) sentence 2 REIT Act which the Company has to comply with, meaning the ratio of equity (on a fair value basis) to the fair value of immovable assets. Equity (on a fair value basis) is the sum of balance-sheet equity and the difference between fair value and carrying amount (hidden reserves) of immovable assets. The immovable assets of the Company consist of the property portfolio and undeveloped land which is predominantly agricultural and forestry land. The fair value of the Company's property portfolio was determined on the basis of the market value appraisals. The ancillary acquisition costs (*Erwerbsnebenkosten*) for properties, which had not been transferred on the reporting date, were considered based on their book value. As of 31 December 2012, for purposes of calculating the REIT equity ratio, undeveloped land was recognized at book values (TEUR 569 as of 31 December 2012). However, since 2013, undeveloped land for purposes of calculating the REIT equity ratio has been determined on the basis of market value appraisals (TEUR 2,088 as of 31 March 2015; TEUR 2,363 as of 31 March 2014; TEUR 2,089 as of 31 December 2014; and TEUR 2,363 as of 31 December 2013).

(3) The **balance sheet equity ratio** is calculated as the ratio (expressed as a percentage) of the total equity on the statement of financial position to total liabilities and equity on the statement of financial position.

(4) The Loan-to-Value ratio (**LTV**) is the ratio of net financial liabilities to the fair value of the investment property. The Company publishes LTV, because it is a financial figure usually disclosed by real estate companies and allows investors to compare the Company with other real estate companies. The Company calculates the LTV according to the following formula:

in TEUR (unless otherwise indicated)	31 March 2015	31 March 2014	31 December 2014	31 December 2013	31 December 2012
	(unaudited)		(audited, unless stated otherwise)		
Non-current financial liabilities	309,001	319,172	311,469	321,345	222,990
+ Current financial liabilities	10,667	9,793	10,760	10,176	7,707
- Cash and cash equivalents	-27,883	-32,302	-10,374	-28,154	-29,127
+ Security for loans (unaudited)	1,000	—	1,000	—	—
Net financial liabilities (unaudited)	**292,785**	**296,663**	**312,855**	**303,367**	**201,570**
Fair value of developed investment property portfolio*	742,470	679,830	715,660	680,970	579,510
+ Market value of undeveloped land (unaudited)	2,088	2,363	2,089	2,363	569**
+ Properties held for sale***	2,530	10,012	1,830	10,860	354
+ Incidental costs of pending acquisitions	2,863	—	2,456	438	8,475
Fair value of investment property portfolio (unaudited)	**749,951**	**692,205**	**722,035**	**694,631**	**588,908**
Loan-to-Value (LTV) in % (unaudited)	**39.0**	**42.9**	**43.3**	**43.7**	**34.2**

* Without properties held for sale.

** The market value is calculated based on the book value (see footnote 2).

*** Properties held for sale are shown at fair value.

(5) Funds from Operations (**FFO**) is a key financial figure of the operating business of the Company. FFO is used for the value oriented management of the Company to represent the generated financial resources that are available for investments, repayment of debt and dividend payments to the shareholders. The Company also publishes an Adjusted FFO (**AFFO**), because AFFO is a financial figure usually disclosed by real estate companies and allows investors to compare the Company with other real estate companies. The Company calculates FFO and Adjusted FFO (**AFFO**) according to the following formula:

in TEUR (unless otherwise indicated)	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		(audited, unless otherwise stated)		
Net rental income	11,061	10,894	42,858	40,933	33,229
- Administrative expenses	-294	-283	-1,109	-1,131	-993
- Personnel expenses	-1,023	-816	-3,452	-3,311	-2,868
+ Adjusted other operating income (unaudited)	421	187	714	334***	346**
- Adjusted other operating expenses (unaudited)	-315	-312	-984*	-790*	-676**
+ Interest income	5	28	68	42	347
- Interest expenses	-3,211	-3,325	-13,540	-12,291	10,508**
FFO	**6,644**	**6,373**	**24,555**	**23,786**	**18,877**
- Capitalised maintenance expenses (unaudited)	-73	-1,238	-4,006	-1,029	-1,269
AFFO (unaudited)	**6,571**	**5,135**	**20,549**	**22,757**	**17,608**
FFO per share in EUR (unaudited)	**0.13**	**0.14**	**0.54**	**0.52**	**0.41**
AFFO per share in EUR (unaudited)	**0.13**	**0.11**	**0.45**	**0.50**	**0.39**

* Adjusted for non-recurring effects in the re-measurement of provisions for mining damages in an amount of TEUR 293 in 2014 and TEUR 240 in 2013.

** Adjusted for reversals of impairment losses (other operating income TEUR -299) and non-recurring effects in the re-measurement of provisions for mining damages, which resulted in an adjustment of other operating income (TEUR -700), of other operating expenses (TEUR 241) and of interest expenses (TEUR 466)).

*** Adjusted for the extraordinary effect of early contract termination by a tenant in an amount of TEUR 1,000.

(6) Net Asset Value (**NAV**) or net tangible value reflects the economic equity of the Company. It is determined by the fair market value of the Company's assets – which is essentially the fair market value of the properties – minus debt. The Company calculates the NAV according to the following formula:

in TEUR (unless otherwise indicated)	31 March 2015	31 December 2014	31 December 2013	31 December 2012
	(unaudited)	(audited, unless otherwise indicated)		
Non-current assets	632,024	607,779	596,302	511,531*
+ Current assets	31,875	13,524	35,410	29,906*
- Non-current liabilities and provisions (without derivative financial instrument) (unaudited)	-321,159	-323,936	-333,016**	-234,729
- Current liabilities and provisions (without derivative financial instrument) (unaudited)	-18,311	-16,175	-16,112**	-14,751
Reported NAV	**324,429**	**281,192**	**282,584**	**291,957**
+ the difference between fair value and carrying amount (hidden reserve) in "Investment property" (unaudited)	116,585	113,356	88,348	79,515
+ the difference between fair value and carrying amount (hidden reserve) in "Non-current assets held for sale" (unaudited)	4	—	4,405	351
NAV	**441,018**	**394,548**	**375,337**	**371,823**
NAV per share in EUR	**8.81**	**8.67**	**8.25**	**8.17**

* Figures as they are included in the annual report 2013.

** Corrected number as per annual report 2014.

The difference between fair value and carrying amount (hidden reserves) represent the difference between book value and market value (fair value) of the investment properties and the properties held for sale on the respective reporting dates. The investment properties of the Company consist of the developed property portfolio (without non-current assets held for sale) of the Company as well as ancillary acquisition costs (*Erwerbsnebenkosten*) of properties the possession of which has not been transferred to the Company's portfolio. The market value (fair value) of the developed property portfolio was determined on the basis of market value appraisals. The ancillary acquisition costs for properties the possession of which has not been transferred to the Company's portfolio are calculated based on book values. The value of the undeveloped land for purposes of NAV calculation was determined on the basis of fair market value (TEUR 2,088 as of 31 March 2015; TEUR 2,363 as of 31 March 2014; TEUR 2,089 as of 31 December 2014; TEUR 2,363 as of 31 December 2013; and TEUR 2,717 as of 31 December 2012). The value of the undeveloped land has been calculated for purposes of NAV calculation on the basis of estimates of market values. For the properties held for sale, the contractually agreed sales price was used. As of all reporting dates, the calculation of hidden reserves relates exclusively to value adjustments for immovable assets.

(7) The fair value of the property portfolio as presented herein relates solely to the Company's developed property portfolio as of 31 December 2014 and including "non-current assets held for sale", in so far as they relate to developed properties (TEUR 2,530 as of 31 March 2015, TEUR 10,012 as of 31 March 2014, TEUR 1,830 as of 31 December 2014, TEUR 10,860 as of 31 December 2013, TEUR 0 as of 31 December 2012). The value of the Company's headquarters at Goethestrasse 45 in Duisburg as well as the undeveloped land belonging to the Company as well as ancillary acquisition costs (*Erwerbsnebenkosten*) for properties the possession of which has not been transferred to the Company's portfolio are not included. The calculation of the fair market value of the property portfolio for the IFRS Interim Financial Statements is based on the market values determined for the financial statements from the respective preceding financial years, unless there were indications of significant changes in the market value of the properties since then. For the quarter ended 31 March 2015, there was no evidence of such changes in value. As a result, the fair value as of 31 March 2015 of those properties that had already been held by the Company as of 31 December of the respective preceding financial year corresponds to the fair value on that date. However, in the period between 1 January 2014 and 31 March 2014, small fair value adjustments for four properties were carried out which in total resulted in a small net positive adjustment of the fair values. As of 31 March 2015 and 31 March 2014, the value of newly acquired properties was determined using an expert opinion on the indicative market value. In case of asset disposals, the value of the property portfolio was reduced by the last determined fair market value (determined as of the last 31 December).

Cautionary note: The above-listed financial measures EBITDA, EBDA, FFO, LTV, REIT equity ratio and NAV are not defined by IFRS. Potential investors should take into consideration that these financial measures are neither standardized nor applied in a consistent manner by companies, and that other companies may calculate such measures differently than HAMBORNER. These financial measures should be considered together with their most directly comparable IFRS financial measures and should not by themselves be seen as a basis to compare different companies. Furthermore, EBITDA and EBDA are not recognized as financial measures by IFRS and do not substitute the financial measures presented in the income statement and the statement of cash flows prepared in accordance with IFRS.

Significant changes to the issuer's financial condition and operating results.

The Company's results of operations for the years 2012, 2013 and 2014 and the first three months ended 31 March 2015 were materially affected, in particular, by the following:

Income from rents and leases – Income from rents and leases increased by TEUR 204, or 1.7%, from TEUR 11,697 in the first quarter of 2014 to TEUR 11,901 in the first quarter of 2015. The increase was due mainly to property additions in 2014, which contributed TEUR 407 to the income from rents and leases, while property sales reduced income from rents and leases by TEUR 256. Increases in rents (like-for-like) amounted to TEUR 53. All like-for-like comparisons are based on properties which were part of the property portfolio of the Company throughout the period which is compared.

Result from the sale of investment property – Profits from the sale of investment property were TEUR 4,409 in the first quarter of 2014. There were no sales of investment properties in the first quarter of 2015.

Earnings per share – Earnings per share decreased to EUR 0.05 in the first quarter of 2015 from EUR 0.14 in the first quarter of 2014 principally as a result of profits from the sale of investment property in the first quarter of 2014.

Income from rents and leases – Income from rents and leases increased by TEUR 1,596, or 3.5%, from TEUR 45,227 in financial year 2013 to TEUR 46,823 in financial year 2014. The increase was due mainly to property additions in 2014 and 2013 in the amount of TEUR 2,695, as well as increases in rents (like-for-like) of TEUR 169. The increase was in part offset by rent losses in 2014 as a result of property sales of TEUR 1,268.

In fiscal year 2013, income from rents and leases increased by TEUR 8,234, or 22.3%, to TEUR 45,227 from TEUR 36,993 in financial year 2012. Property additions in 2013 and 2012 were the main reason for the increase, contributing TEUR 8,852. The increase was in part offset by decreases in rents (like-for-like) of TEUR 525 and rent losses in 2013 as a result of property disposals of TEUR 93.

Result from the sale of investment property – Profits from the sale of investment property increased by TEUR 10,334 from TEUR 354 in financial year 2013 to TEUR 10,688 in financial year 2014. In 2014, HAMBORNER took a further step towards its goal of eliminating smaller properties selling seven properties (comprising 26 residential units and 20 commercial spaces) from its portfolio and an area of around 92,000 m² from its undeveloped land holdings. The seven sold portfolio properties had a total residual carrying amount of TEUR 15,658 and generated a total sales price of TEUR 26,276. Their contribution to annual rental income was TEUR 1,753. In addition, the Company has sold 92,000 m² of undeveloped land.

In 2013, profits from the sale of investment property decreased by TEUR 530 to TEUR 354 from TEUR 884 in financial year 2012. The profits in 2013 were generated from the disposal of a smaller area from HAMBORNER's undeveloped land.

Earnings per share – Earnings per share increased by EUR 0.19, or 100%, from EUR 0.19 in financial year 2013 to EUR 0.38 in financial year 2014, after they had decreased by EUR 0.01 from EUR 0.20 in financial year 2012.

Capital Increase in 2015 - On 18 February 2015, the Management Board of the Company, with the consent of the Supervisory Board,

		resolved to increase the share capital by EUR 4,549,332.00 to EUR 50,042,665.00 by issuing 4,549,332 new no-par value bearer shares without nominal value against cash contribution to DEKA-Investment GmbH for the account of RAGS-FundMaster, a special asset fund held by RAG-Stiftung, Essen, Germany. The Company used part of the proceeds to acquire a property in Celle. After 31 March 2015, there have not been any significant changes to the Company's financial condition and operating results.
B.8.	**Selected key pro forma financial information.**	Not applicable. This prospectus does not contain pro forma financial information.
B.9.	**Profit forecasts or estimates.**	Not applicable. This prospectus does not contain profit forecasts or estimates.
B.10.	**Any qualifications in the audit report on the historical financial information.**	Not applicable. There are no qualifications in the auditor's report on historical financial information.
B.11.	**Explanation of insufficiency of the issuer's working capital.**	Not applicable. The Company's working capital is sufficient to meet its present requirements.
C. – Securities		
C.1.	**Type and class of the securities being offered.**	This Prospectus relates to the offer of 16,680,888 newly issued bearer shares with no-par value of the Company, each with a notional interest of EUR 1.00 in the share capital and carrying full dividend rights from 1 January 2015 (the "**New Shares**"). The New Shares can be identified by the same information as the existing shares of the Company, as follows: • International Securities Identification Number (ISIN): DE0006013006 • Securities Identification Number (WKN): 601300 • Ticker symbol: HAB
C.2.	**Currency of the securities issue.**	Euro
C.3.	**Number and par value of the shares issued and fully paid in, and issued but not fully paid in.**	As at the date of this Prospectus, the capital stock of the Company is EUR 50,042,665.00, divided into 50,042,665 bearer shares (not including the New Shares), each with a notional value of EUR 1.00. The Company's share capital is fully paid in.
C.4.	**Rights attached to the securities.**	The New Shares carry one vote each at the general meeting of the shareholders of the Company (the "**General Shareholders' Meeting**"). There are no restrictions on voting rights. None of the shareholders has different voting rights. The New Shares provide holders thereof with the same rights as the existing shares of the Company. The New Shares carry full dividend rights as from 1 January 2015 and for all subsequent fiscal years of the Company.

C.5.	**Description of any restrictions on the free transferability of the securities.**	Not applicable. The New Shares are freely transferable, just as the existing shares of the Company (the New Shares together with the existing shares of the Company, the "**Shares**"). There are no legal restrictions to trading in them other than selling restrictions relating to the offering of the New Shares, the minimum free float requirements and maximum participation limits imposed by the REIT Act.
C.6.	**Admission to trading on a regulated market.**	The Company intends to apply for the admission of the New Shares to trading on the regulated market (*regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange and for admission to the regulated market of the stock exchange in Düsseldorf.
C.7.	**Dividend policy.**	The ability of the Company to pay a dividend in future years fundamentally depends on the level of the net retained profits reported in the annual financial statements prepared under the German Commercial Code (*Handelsgesetzbuch* - HGB) for the year available for distribution adjusted for retained profits/loss carry forwards from the previous year and for withdrawals from or appropriations to reserves. The Company is not able to make any statement on the level of future net retained profit for the year available for distribution or provide any undertaking that net retained profit for the year available for distribution will be generated in the future. It can therefore not guarantee that dividends will be paid in future years. Furthermore, dividends paid in the past do not provide any indications whatsoever of the level of future dividends. However, the Management Board of the Company expects that HAMBORNER will be able to distribute a dividend to its shareholders for the financial year 2015 within the legally prescribed framework. In the case of German stock corporations which are listed on the stock exchange, the distribution of dividends is governed by Section 174 (1) of the German Stock Corporation Act (*Aktiengesetz*) in conjunction with Section 158 (1) No. 5 of the German Stock Corporation Act. Accordingly, only net retained profits can be distributed as a dividend to shareholders. For listed stock corporations with REIT status, Section 13 (1) REIT Act also applies in relation to the distribution of dividends. Accordingly, the Company is obligated to distribute at least 90% of its net income for the period determined in accordance with German commercial law principles within the meaning of Section 275 HGB to its shareholders by the end of the following fiscal year at the latest. If applicable, profits are reduced by the allocation of, or increased by, the release of the so-called reinvestment reserve according to Section 13 (3) REIT Act, as well as reduced by any loss carried forward from the previous year. The distribution is expressly based on the annual financial statements prepared in accordance with German commercial law and explicitly not on the financial statements prepared in accordance with IFRS. For the determination of the distributable net income for the year, Section 13 (2) REIT Act stipulates that, irrespective of any requirement of extraordinary depreciation, planned depreciation

(taking into account the remaining use period) may only be calculated in equal annual instalments. Accordingly, there may be deviations between the net income for the period that is to be distributed and the unappropriated surplus.

For the past three financial years 2012, 2013 and 2014, HAMBORNER paid out a dividend of EUR 0.40 per share in each year in line with its dividend philosophy of stable dividends under which HAMBORNER aims not to decrease dividends per share even in years of capital increases.

D. – Risks

D.1. Key risks that are specific to the issuer or its industry.

The Company and the industry in which it operates are subject to the key risks indicated below. The occurrence of one or more of these risks, individually or together with other circumstances, may have a material adverse effect on the Company's business, financial condition and results of operations. The stock exchange price of the Shares could significantly drop if any one of these risks occurs, and investors could lose a portion of or all of their investment. The risks described below are not the only risks to which the Company is exposed. Other risks and uncertainties which are presently unknown to the Company could also have a material adverse effect on the Company's business, financial condition and results of operations.

Market-related Risks

- HAMBORNER is exposed to risks related to the development of the general business and economic environment, specifically in Germany, and the German commercial property market;
- HAMBORNER operates in a competitive environment, which could lead to price increases of acquisition targets and falling rent levels;
- If general interest rates increase, this could result, among other things, in higher financing costs and a negative impact on valuations of HAMBORNER's properties;

Company-related Risks

- Dependence of the business activities of HAMBORNER on the acquisition and marketing of suitable commercial properties at reasonable prices;
- HAMBORNER is exposed to risks related to the acquisition of properties, specifically in connection with efforts for acquisitions that are not successfully completed and inaccurate assessments of properties which are acquired;
- HAMBORNER's income is affected by the quality of its tenants, the vacancy rate and the management of its property portfolio;
- HAMBORNER generates a large part of its annualized rental income from several large tenants and has a portfolio with a particular geographic to North Rhine-Westphalia, Bavaria and Baden-Württemberg, that exposes it to concentration and bulk risks;

- There are risks relating to rent review clauses in rental contracts;
- Risks related to the maintenance and modernization of real-estate properties;
- Risks associated with market value assessments as well as other value assessments and changes to the accounting valuation methods in the case of incorrect estimates upon the purchase of property;
- Risks owing to existing contamination and other risks relating to the building, soil or environment;
- Risks associated with the sale of real-estate property;
- Risk of insufficient insurance protection;
- HAMBORNER may not always be able to secure enough debt and equity capital;
- HAMBORNER faces risks relating to financing and liquidity, especially in connection with maintaining its REIT status;
- Risks of changes in general legal conditions and changes in tax law;
- Risk from infringements of data protection regulations;
- HAMBORNER relies on retaining and recruiting qualified personnel;
- HAMBORNER faces risks relating to subsidence damage claims and legacy costs relating to mining;
- HAMBORNER faces tax-related risks in case tax audits with regard to payroll tax and VAT lead to demands for penalties and similar payments;

REIT-related Risks

- HAMBORNER is subject to restrictions on investment and business activities as a result of the REIT Act;
- HAMBORNER faces risks if it fails to comply with certain legal requirements of the REIT Act and loses the REIT status;
- Risks of (penalty) payments in case of non-compliance with the conditions of the REIT Act;
- Risk of a transfer obligation or liability for damages towards the Company;
- Risk of claims from the shareholders if the REIT status is lost;
- Enforceability of REIT-specific provisions in the articles of association of the Company;
- Risk of a dividend payment that is lower than that stipulated in the REIT Act; and

		• The Company may have to obtain a license of, or at least register with, the German Federal Financial Supervisory Authority ("**BaFin**") under the German Capital Investment Code (*Kapitalanlagegesetzbuch*), should BaFin change its view regarding the requirements under the German Capital Investment Code and the Alternative Investment Fund Managers Directive.
D.3.	**Key risks specific to the securities.**	The Shares are subject to the following key risks: • Risks from possible fluctuations of the quoted market price for the shares of the Company; • Possible acquisition of New Shares as part of the offering of the New Shares for a higher price than the market price or the quoted market price after completion of the offering; • Risks from the sale of a considerable number of shares of the Company; • Risk of dilution of the participation in the share capital of the Company by shareholders who are not participating – or only participating in part – in the Offering of New Shares; • Risks associated with the trade in subscription rights; • Risks from the termination of the Underwriting Agreement; • Risks from a decline in the quoted market price of the shares of the Company for the subscription rights; • Risks from future capital measures.
E. – Offer		
E.1.	**Total net proceeds and estimated total expenses of the offer.**	In connection with the Offering, the Company receives the net amount of the proceeds that corresponds to the gross proceeds from the sale of the New Shares less the total issue-related expenses to be borne by the Company. Assuming that the maximum number of New Shares will be sold at the Subscription Price of EUR 8.50 per New Share, the gross proceeds prior to costs, commissions and fees from the issue amount to approximately EUR 141.79 million (calculated as Subscription Price multiplied by the maximum number of New Shares). The total costs to be borne by the Company consist of the Underwriters' commissions or fees and other expenses associated with the issue of the New Shares, e.g. fees for legal services, printing and translation of the Prospectus, marketing activities and fees relating to the approval of the Prospectus and admission of the New Shares to trading on the stock exchanges, etc. Assuming that the maximum number of New Shares will be sold at the Subscription Price, the Company estimates the total costs relating to the Offering (including bank fees and commissions in the highest possible amount) to amount to approximately EUR 4.45 million. Assuming that the maximum number of the New Shares will be sold at the Subscription Price of EUR 8.50, the net proceeds available to

		the Company would amount to approximately EUR 137.34 million. If this was the case, bank commissions would amount to approximately EUR 3.05 million.
E.2.	**Reasons for the offer, use of proceeds, estimated net amount of the proceeds.**	The Company intends to principally use the proceeds of the Offering to finance the acquisition of additional properties in accordance with HAMBORNER's corporate strategy, particularly the acquisition of certain properties that the Company is currently engaged in, but which are not yet completed. Any remaining proceeds may be used for general corporate purposes. For information on the expected net proceeds of the Offering, see E.1. above.
E.3.	**Terms and conditions of the offer.**	The New Shares and the related subscription rights have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are being offered and sold (a) in the United States of America (the "**United States**") only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**") or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and (b) outside the United States in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act ("**Regulation S**"). The New Shares are subject to subscription rights of the Company's shareholders. The subscription offer will take the form of a public rights offering in Germany and Luxembourg by way of indirect subscription rights at a ratio of 3:1. New Shares which are not subscribed through the exercise of subscription rights will be either (a) offered for purchase to institutional investors in private placements, or (b) sold into the market by the Underwriters.
	Subscription Offer.	The Underwriters agreed in an underwriting agreement dated 24 June 2015 between the Company and the Underwriters ("**Underwriting Agreement**"), subject to certain conditions, to offer the New Shares for subscription to the shareholders of the Company during the Subscription Period (as defined below) at the subscription ratio of 3:1, i.e., 3 subscription rights entitle the shareholder to subscribe to 1 New Share at a subscription price of EUR 8.50 (the "**Subscription Price**") whereby each existing share grants one subscription right per New Share. One shareholder of the Company has relinquished the subscription right of one of his shares to ensure an even Subscription Ratio. The largest single shareholder of HAMBORNER REIT AG, RAG Stiftung (9.09% of the share capital), has agreed in advance to exercise all of its subscription rights.
	Subscription Period.	The subscription period is expected to run from, and including, 25 June 2015 to, and including, 8 July 2015 (the "**Subscription Period**"). In order to avoid exclusion from participation in the capital increase, the Subscription Offer states that shareholders are requested to exercise their subscription rights to the New Shares during the

Subscription Period through their custodian banks at the Subscription Agent during ordinary business hours. Subscription rights which are not exercised within the stated time limit will expire or be liquidated at the best possible terms, provided this is stipulated in the custodial conditions. The custodian banks are responsible to book the subscription rights to the shareholders' securities accounts.

The subscription rights (ISIN DE000A161NS5, WKN A161NS) relating to the Shares (ISIN DE0006013006, WKN 601300) will automatically be booked with status as of the evening on 24 June 2015 to the custodian banks through Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany on 25 June 2015. The custodian banks are responsible to book the subscription rights to the shareholders' securities accounts.

Subscription Agent. Subscription Agent is Berenberg (the "**Subscription Agent**").

Subscription Rights Trading. In connection with the Offering of the New Shares an exchange trading of the subscription rights will take place. The subscription rights (ISIN DE000A161NS5, WKN A161NS) for the New Shares are expected to be traded during the period from 25 June 2015 until, and including, 6 July 2015 (until about 12 noon CET) on the regulated market (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. If possible, the Subscription Agent is prepared to facilitate the purchase and sale of the subscription rights on the stock exchange. No compensation will be awarded for subscription rights which are not exercised. Starting 25 June 2015, the existing shares of the Company will be listed "*ex subscription rights*".

Subscription Rights Coordinator. Berenberg may in consultation with Kempen & Co and Bankhaus Lampe take appropriate measures to provide liquidity for the orderly trading of subscription rights or engage in other activities customary for a subscription rights coordinator, in particular, the buying and selling of subscription rights for New Shares. In this respect, Berenberg reserves the right to conduct hedging transactions relating to the shares of the Company or corresponding derivatives. Such measures and hedging transactions may influence the stock exchange price and the market price of the subscription rights and the shares of the Company. However, it is not certain that active trading in the subscription rights will develop on Frankfurt Stock Exchange or that sufficient liquidity will be available within the Subscription Period.

Admission and Trading of the New Shares. The application for admission to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as to the regulated market of the stock exchange in Düsseldorf of the New Shares was filed on 24 June 2015, with admission expected to be granted on 9 July 2015.

The New Shares will be made available to the purchasers as co-ownership interests in one global share certificate which will be deposited with Clearstream Banking AG, Mergenthalerallee 61,

		65760 Eschborn, Germany, in the collective safe custody system. The shareholders have no entitlement to demand the issuance of individual share certificates for their New Shares. The delivery of the New Shares will take place through collective safe custody deposit. The purchasers will be notified of the allocation when the New Shares are booked in their securities deposit. The beginning of trading remains unaffected by this.
	Delivery and Settlement.	Provided that the Subscription Period is not postponed or extended, the New Shares are expected to be delivered on 13 July 2015.
E.4.	**Interest that is material to the issue including conflicting interests.**	The Underwriters have a contractual relationship with the Company in relation to the Offering and the admission of the New Shares of the Company to trading on the stock exchanges. Berenberg, Kempen & Co and Bankhaus Lampe were mandated by the Company as Underwriters for the Offering. The Underwriters will receive a commission if the transaction is completed successfully. Furthermore, the Underwriters will be entitled to possible financial gains, and bear possible losses, resulting from stabilization measures. The Underwriters or their respective affiliated companies may, from time to time, enter into business relations with HAMBORNER or may render services to it in the ordinary course of HAMBORNER's business. Other than stated above, the Underwriters have no material business relationships with the Company. Aside from this, there are no interests or conflicts of interests of persons involved in the Offering of material significance to the Offering.
E.5.	**Person or entity offering to sell the security.**	The New Shares will be offered for subscription by the Underwriters, i.e. Berenberg, Kempen & Co and Bankhaus Lampe.
	Lock-up agreements.	To the extent legally permissible, the Company has undertaken *vis-à-vis* the Underwriters that within six months following the inclusion of the New Shares to the current quotation, (a) it will not announce or implement any capital increase from authorized capital; (b) it will not propose any capital increase to its General Shareholders' Meeting; (c) it will not announce, implement or propose to its General Shareholders' Meeting any issue of financial instruments with conversion rights or options in respect of the Company's shares or other economically comparable transactions; or (d) not to take other economically comparable measures. This obligation does not apply to the issuance of the New Shares.
E.6.	**Amount and percentage of immediate dilution resulting from the offering**	The net book value of the Company (corresponding to the total equity of the Company) amounted to EUR 313.9 million as of March 31, 2015. The net book value of the Company is based on the unaudited interim financial statements prepared pursuant to IFRS

for interim financial reporting (IAS 34) as of and for the three months ended March 31, 2015 and has been calculated by subtracting total non-current liabilities and provisions of EUR 331.7 million and total current liabilities and provisions of EUR 18.3 million from total assets of EUR 663.9 million. The net book value of the Company corresponds to EUR 6.27 per share (based on the 50,042,665 outstanding shares of the Company as of March 31, 2015).

If the 16,680,888 New Shares, to which this Prospectus refers, had been issued on 31 March 2015 for an issue price of EUR 8.50 for each New Share, the net book value at that time, after the deduction of fees and commissions of the Underwriters and other costs associated with the Offering and the listing of the New Shares of about EUR 4.45 million incurred by the Company in conjunction with the implementation of the capital increase, would have totalled EUR 451.3 million, or about EUR 6.76 per share (calculated on the basis of a total maximum number of 66,723,553 outstanding shares in the Company after implementation of the complete capital increase).

For investors who acquire New Shares without having held participations in the Company previously, this means, at a Subscription Price of EUR 8.50 per New Share, a direct loss of EUR 1.74, or 20.5%, per no-par value share. For the existing shareholders of the Company, this means an increase in net book value of EUR 0.49, or 7.8% per no-par value share.

After the implementation of the capital increase in the maximum amount, the 50,042,665 no-par value shares in the Company available as of 31 March 2015 will only represent 75% of the share capital with 66,723,553 outstanding shares at that time. Shareholders in the Company who do not participate in the capital increase would therefore have their portion of the share capital and the dividends of the Company diluted by 25%. According to Article 17 (1) of the Articles of Association of the Company every no-par value share is equivalent to one vote at the annual General Shareholders' Meeting. The dilution of the voting rights corresponds to the dilution of the share capital.

E.7.	**Estimate of expenses charged to the investor by the issuer.**	Not applicable. Except for usual bank fees, no further expenses will be charged to investors for purchase offers.

2. GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS – ZUSAMMENFASSUNG DES PROSPEKTS

Zusammenfassungen bestehen aus geforderten Angaben, die als Punkte ("Punkte") bezeichnet sind. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapier und Emittent in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis "Entfällt".

A. – Einleitung und Warnhinweise

A.1.	**Warnhinweise.**	Diese Zusammenfassung ist als Einführung zum Prospekt zu verstehen. Anleger sollten eine Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. HAMBORNER REIT AG (die "**Gesellschaft**"), zusammen mit Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg ("**Berenberg**"), Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, Niederlande ("**Kempen & Co**") und Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf ("**Bankhaus Lampe**" und, zusammen mit Berenberg und Kempen & Co, die "**Emissionsbanken**"), übernehmen gemäß § 5 Abs. 2b Nr. 4 Wertpapierprospektgesetz die Verantwortung für den Inhalt der englischen Zusammenfassung sowie dieser deutschen Zusammenfassung. Diejenigen Personen, die die Zusammenfassung samt der Übersetzung vorgelegt haben, können zivilrechtlich haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2.	**Informationen zur späteren Verwendung des Prospekts**	Entfällt. Eine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder Platzierung der Wertpapiere wurde nicht erteilt.

B. – Emittentin

B.1.	**Juristische und kommerzielle Bezeichung.**	Die juristische Bezeichnung der Emittentin lautet "HAMBORNER REIT AG" Die kommerzielle Bezeichnung der Emittentin ist "HAMBORNER."

B.2.	**Sitz und Rechtsform der Emittentin, das für die Emittentin geltende Recht und das Land der Gründung.**	Die Gesellschaft hat ihren Sitz in Duisburg-Hamborn. Die Geschäftsadresse der Gesellschaft ist Goethestraße 45, 47166 Duisburg (Tel. +49-203-54405-0). Die Gesellschaft ist im Handelsregister des Amtsgerichts Duisburg, unter HRB 4 eingetragen. Die Gesellschaft ist eine REIT Aktiengesellschaft nach deutschem Recht und unterliegt, zusätzlich zu anderen deutschen rechtlichen Vorschriften, den Vorschriften des deutschen Aktiengesetzes und dem Gesetz über deutsche Immobilien-Aktiengesellschaften mit börsennotierten Anteilen ("**REIT Gesetz**").
B.3.	**Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten der Emittentin samt der hierfür wesentlichen Faktoren, Hauptprodukt- und / oder-dienst-leistungen sowie die Hauptmärkte, auf denen die Emittentin vertreten ist.**	HAMBORNER ist eine börsennotierte Aktiengesellschaft, die als Real Estate Investment Trust ("**REIT**") organisiert ist. HAMBORNER ist im Immobiliensektor tätig und hat sich als Bestandshalter für renditestarke Gewerbeimmobilien positioniert. Die Gesellschaft verfügt nach eigener Ansicht über ein attraktives, diversifiziertes Immobilienportfolio, das sich im Wesentlichen aus großflächigen Einzelhandelsobjekten an stark frequentierten Standorten, Geschäftshäusern in 1-A-Lagen (sog. "High Street-Objekte") und qualitativ hochwertigen Bürohäusern an etablierten Bürostandorten zusammensetzt. Mit dem deutschlandweit gestreuten Immobilienportfolio und einer nach Einschätzung der Gesellschaft im Marktvergleich attraktiven Vermietungsquote wurden in den letzten Jahren stabile Mieterträge erzielt. HAMBORNER zeichnet sich durch umfangreiche Erfahrung im deutschen Immobilienmarkt beim Erwerb und der Bewirtschaftung von Gewerbeimmobilien sowie langjährige Kapitalmarkterfahrung aus. Die Gesellschaft verfügt nach ihrer Einschätzung über eine ausgewogene Mieterstruktur, eine vergleichsweise niedrige Leerstandsquote und zum Teil langjährige Geschäftsbeziehungen zu den Mietern. HAMBORNER weist nach eigener Einschätzung eine gesunde Finanzierungsstruktur auf und genießt auf Grund des REIT-Status verschiedene Vorteile, wie etwa die Befreiung von der Körperschaft- und Gewerbesteuer. Darüber hinaus zeichnet sich die Gesellschaft durch flache hierarchische und effiziente Strukturen aus. Mit Stichtag zum 31. März 2015 verfügte HAMBORNER über ein Immobilienportfolio von 70 Bestandsimmobilien (einschließlich einer Immobilie in Celle, für die der Besitzübergang erst im April 2015 erfolgte) an 54 Standorten in Deutschland mit einem beizulegenden Zeitwert (*Fair Value*) von EUR 780,6 Mio. Die Objekte verfügen über eine Gesamtnutzfläche von 391.672 m², wovon rund 385.846 m² gewerblich und rund 5.826 m² als Wohnflächen genutzt werden. Die wirtschaftliche Leerstandsquote (unter Berücksichtigung von Mietgarantien sowie einschließlich des Objektes in Celle), betrug zum Stichtag 31. März 2015 insgesamt 2,4%. Es ist das Ziel der Gesellschaft, durch den Erwerb von ausgewählten Immobilien und durch ein strategisches Bestandsmanagement ein nachhaltiges und renditeorientiertes

Wachstum mit einem möglichst ausgewogenen und diversifizierten, in Deutschland gelegenen Immobilienportfolio zu erzielen. Dies soll durch Konzentration auf großflächige Einzelhandelsobjekte, Geschäftshäuser in erstklassigen Lagen sowie hochwertige Bürohäuser überwiegend in mittelgroßen Städten und Regionen in Deutschland mit langfristigen Wachstumschancen erfolgen. Zugleich fühlt sich die Gesellschaft einer gesunden Finanzierungsstruktur und der kontinuierlichen Ausschüttung einer attraktiven Dividende verpflichtet.

HAMBORNER zeichnet sich durch folgende Stärken aus:

- Gemessen an der Marktkapitalisierung ein großes börsennotiertes Immobilienunternehmen in Deutschland und nach eigener Berechnung auf Basis der Marktkapitalisierung zum 31. März 2015 der zweitgrößte deutsche REIT;
- Langjährige Erfahrung im Immobiliensektor beim Erwerb und der Bewirtschaftung von Immobilien;
- Substanzstarkes Immobilienportfolio;
- Gesunde Finanzierungsstruktur;
- Attraktive alljährliche Dividendenzahlungen, stabile Erträge und konservative Bilanzierung zu fortgeführten Anschaffungskosten;
- REIT-Status (das bedeutet, dass HAMBORNER unter anderem von der Körperschaft- und Gewerbesteuer befreit ist);
- Transparente und effiziente Unternehmens- und Organisationsstruktur; und
- Langjährige Kapitalmarkterfahrung.

HAMBORNER verfolgt die nachstehende Geschäftsstrategie, wobei es keine verbindliche Anlagestrategie gibt:

Die strategischen Ziele von HAMBORNER, wertschaffendes Wachstum durch renditeorientierten Ausbau des bestehenden Gewerbeimmobilienportfolios in den Bereichen großflächiger Einzelhandel, Geschäftshäuser in erstklassigen Lagen sowie Bürogebäude unter Zukauf größerer und Verkauf kleinerer Liegenschaften bei gleichzeitiger regionaler Diversifizierung, sollen durch folgende Maßnahmen erreicht werden:

- Konzentration auf großflächige Einzelhandelsobjekte an stark frequentierten Standorten, Geschäftshäuser in 1-A-Lagen (sog. High Street-Objekte) sowie qualitativ hochwertige Bürohäuser;
- Wachstum und Ausbau des eigenen Immobilienportfolios;
- Konzentration überwiegend auf mittelgroße Städte und Regionen in Deutschland mit langfristigen Wachstumschancen;

		• Nutzung von Kaufopportunitäten unter Beibehaltung der gesunden Finanzierungsstruktur und der kontinuierlichen Ausschüttung einer attraktiven Dividende.
B.4a.	**Wichtigste aktuelle Trends, die sich auf die Emittentin oder die Branchen, in denen sie tätig ist, auswirken.**	HAMBORNER und der deutsche Geschäftsimmobilienmarkt als Ganzes sind stark von den jüngsten und für die Zukunft prognostizierten demographischen und wirtschaftlichen Trends sowie dem Konsumverhalten in Deutschland beeinflusst. Dies schließt insbesondere Wirtschaftswachstum und Arbeitslosenzahlen in Deutschland, speziell in den Gebieten in denen HAMBORNERs Immobilienportfolio sich befindet, ein. HAMBORNER generiert ihre Einkünfte im Wesentlichen aus zwei Quellen, einerseits durch Mieteinnahmen und zu einem geringeren Teil durch Erlöse aus Verkäufen von Immobilien, wobei beides stark von der Entwicklung der Marktpreise für Immobilien abhängt. Die Marktpreise hängen wiederum von Miethöhen, Leerstandsraten und anderen Faktoren ab, sowie von der Einschätzung im Markt dieser Faktoren. Seit 2010 hat sich der deutsche Immobilienmarkt und damit die Geschäftsergebnisse von HAMBORNER positiv entwickelt, insbesondere aufgrund von erheblichen Zuwächsen bei den Marktwerten von deutschen Immobilien und auch aufgrund des niedrigen Zinsniveaus in Europa.
B.5.	**Der Konzern und Stellung der Emittentin innerhalb des Konzerns.**	Entfällt. Die Gesellschaft hat keine Tochtergesellschaften.
B.6.	**Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital des Emittent oder einen Teil der Stimmrechte halten.**	Die Gesellschaft ist börsennotiert. Die RAG-Stiftung, Essen hält 9,09% der Aktien der HAMBORNER über ihren Fonds RAGS-FundMaster, geführt von der DEKA Investment GmbH. Prof. Dr. Siegert, Düsseldorf, hält 4,60% der Aktien der Gesellschaft (davon 2,74% indirekt über TEC Düsseldorf GbR). Das Königreich Belgien, Brüssel, hält indirekt 5,04% der Aktien der Gesellschaft über Belfius Insurance NV/SA. BNP Paribas, UK hält durch BNP Paribas, Belgien, 3.10% an den Aktien von HAMBORNER.
	Unterschiedliche Stimmrechte eines Großaktionärs	Entfällt. Die Stimmrechte der Großaktionäre der Gesellschaft unterscheiden sich nicht von den Stimmrechten anderer Aktionäre.
	Kontrolle über die Emittentin	Nicht anwendbar. Kein Aktionär beherrscht die Gesellschaft.
B.7.	**Ausgewählte wesentliche historische Finanzinformationen.**	Die nachstehend zusammengefassten Finanz- und Geschäftsinformationen für die Geschäftsjahre 2014 und 2013 sind dem geprüften IFRS-Einzelabschluss der HAMBORNER REIT AG für das am 31. Dezember 2014 endende Geschäftsjahr entnommen oder beruhen auf dem Rechnungswesen der Gesellschaft. Die dem IFRS-Einzelabschluss für das am 31. Dezember 2014 endende Geschäftsjahr entnommenen Finanzangaben für das Geschäftsjahr 2013 enthalten gegenüber den im IFRS-Einzelabschluss für das am 31. Dezember 2013

endende Geschäftsjahr enthaltenen Finanzangaben für das Geschäftsjahr 2013 eine Ausweisänderung. Die nachstehend zusammengefassten Finanz- und Geschäftsinformationen für das Geschäftsjahr 2012 sind dem geprüften IFRS-Einzelabschluss der HAMBORNER REIT AG für das am 31. Dezember 2013 endende Geschäftsjahr entnommen oder beruhen auf dem Rechnungswesen der Gesellschaft. Der geprüfte IFRS-Einzelabschluss der HAMBORNER REIT AG für das am 31. Dezember 2014 endende Geschäftsjahr sowie der geprüfte IFRS-Einzelabschluss der HAMBORNER REIT AG für das am 31. Dezember 2013 endende Geschäftsjahr und der geprüfte IFRS-Einzelabschluss der HAMBORNER REIT AG für das am 31. Dezember 2012 endende Geschäftsjahr (zusammen die "**IFRS-Einzelabschlüsse**") wurden jeweils von der Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf ("**Deloitte & Touche**"), geprüft und mit einem uneingeschränkten Bestätigungsvermerk versehen.

Die nachstehend zusammengefassten Finanz- und Geschäftsinformationen für das erste Quartal 2015 und 2014 sind dem ungeprüften IAS 34-Zwischenabschluss der HAMBORNER REIT AG für das am 31. März 2015 endende Quartal (der "**IAS 34-Zwischenabschluss**", und zusammen mit den IFRS-Einzelabschlüssen die "**IFRS-Abschlüsse**") entnommen oder beruhen auf dem Rechnungswesen der Gesellschaft.

Die IAS 34 Zwischenabschlüsse wurden auf Grundlage der International Financial Reporting Standards, so wie sie in der Europäischen Union anzuwenden sind ("**IFRS**") und soweit sie für Zwischenabschlüsse gelten (IAS 34), erstellt. Die IFRS-Einzelabschlüsse wurden gemäß IFRS erstellt. IFRS unterscheidet sich in einigen wichtigen Aspekten von der Rechnungslegung nach dem deutschen Handelsgesetzbuch (HGB). Die IFRS-Abschlüsse sind im Abschnitt 22 "Finanzteil" dieses Prospekts abgedruckt.

Aufgrund der Darstellung einzelner Positionen in Tausend EUR (TEUR) oder Millionen EUR und der Anwendung kaufmännischer Rundungsregelungen, um ganze Zahlen zu erhalten, kann die Summe der dargestellten Einzelpositionen von dem angegebenen Gesamtwert abweichen.

Ausgewählte Informationen aus der Gewinn- und Verlustrechnung

in TEUR (soweit nicht anders angegeben)	1. Januar bis 31. März 2015	1. Januar bis 31. März 2014	1. Januar bis 31. Dezember 2014	1. Januar bis 31. Dezember 2013	1. Januar bis 31. Dezember 2012
	(ungeprüft)		**(geprüft, wenn nicht anders angegeben)**		
Erlöse aus Mieten und Pachten	11.901	11.697	46.823	45.227	36.993
Erlöse aus der Weiterberechnung von Nebenkosten an Mieter	1.295	1.317	5.650	5.027	3.416
Laufende Betriebsaufwendungen	-1.755	-1.651	-7.371	-7.158	-5.076
Grundstücks- und Gebäudeinstandhaltung	-380	-469	-2.244	-2.163	-2.104
Nettomieteinnahmen	**11.061**	**10.894**	**42.858**	**40.933**	**33.229**
Verwaltungsaufwand	-294	-283	-1.109	-1.131	-993
Personalaufwand	-1.023	-816	-3.452	-3.311	-2.868
Abschreibungen auf immaterielle Vermögenswerte, Sachanlagen und als Finanzinvestition gehaltene Immobilien	-4.247	-4.450	-17.841	-16.379	-12.287
Sonstige betriebliche Erträge	421	187	714	1.334	1.345
Sonstige betriebliche Aufwendungen	-315	-312	-1.277	-1.030	-917
Betriebsergebnis	**5.603**	**5.220**	**19.893**	**20.416**	**17.509**
Ergebnis aus der Veräußerung von Immobilien	—	4.409	10.688	354	884
Ergebnis vor Finanzierungstätigkeit und Steuern (EBIT)	**5.603**	**9.629**	**30.581**	**20.770**	**18.393**
Zinserträge	5	28	68	42	347
Zinsaufwendungen	-3.211	-3.325	-13.540	-12.291	-10.974
Finanzergebnis	**-3.206**	**-3.297**	**-13.472**	**-12.249**	**-10.627**
Ergebnis vor Steuern (EBT)	**2.397**	**6.332**	**17.109**[1]	**8.521**[1]	**7.766**
Steuern vom Einkommen und vom Ertrag	—	—	—	—	-25
Jahresüberschuss/Periodenergebnis	**2.397**	**6.332**	**17.109**	**8.521**	**7.741**
Ergebnis je Aktie (in EUR)	**0,05**	**0,14**	**0,38**	**0,19**	**0,20**

(1) Ungeprüft.

Ausgewählte Informationen aus der Bilanz

Aktiva/Vermögenswerte in TEUR	31. März 2015	31. Dezember 2014	31. Dezember 2013	31. Dezember 2012
	(ungeprüft)		**(geprüft)**	
Langfristige Vermögenswerte				
Immaterielle Vermögenswerte	8	10	13	14
Sachanlagen	418	150	135	159
Als Finanzinvestition gehaltene Immobilien	630.836	606.849	595.423	510.834
Finanzielle Vermögenswerte	492	495	434	203[1]
Sonstige Vermögenswerte	270	275	297	321
	632.024	**607.779**	**596.302**	**511.531**[1]
Kurzfristige Vermögenswerte				
Forderungen aus Lieferungen und Leistungen und sonstige Vermögenswerte	1.466	1.320	801	776[2]
Zahlungsmittel und Zahlungsmitteläquivalente	27.883	10.374	28.154	29.127[1]
Zur Veräußerung gehaltene langfristige Vermögenswerte	2.526	1.830	6.455	3
	31.875	**13.524**	**35.410**	**29.906**
Summe Vermögenswerte	**663.899**	**621.303**	**631.712**	**541.437**

Passiva/Eigenkapital, Verbindlichkeiten und Rückstellungen in TEUR	31. März 2015	31. Dezember 2014	31. Dezember 2013	31. Dezember 2012
	(ungeprüft)		(geprüft)	
Eigenkapital				
Gezeichnetes Kapital	50.043	45.493	45.493	45.493
Kapitalrücklage	160.569	124.279	124.279	124.279
Gewinnrücklage	65.022	64.520	67.338	72.453
Bilanzgewinn	38.300	35.903	34.634	34.527
	313.934	**270.195**	**271.744**	**276.752**
Langfristige Verbindlichkeiten und Rückstellungen				
Finanzielle Verbindlichkeiten	309.001	311.469	321.345(3)	222.990
Derivative Finanzinstrumente	10.495	10.997	10.840	14.838
Verbindlichkeiten aus Lieferungen und Leistungen und sonstige Verbindlichkeiten	1.880	1.956	2.254	2.013
Pensionsrückstellungen	7.362	7.452	7.491	8.160
Sonstige Rückstellungen	2.916	3.059	1.926	1.566
	331.654	**334.933**	**343.856**	**249.567**
Kurzfristige Verbindlichkeiten und Rückstellungen				
Finanzielle Verbindlichkeiten	10.667	10.760	10.176(3)	7.707
Derivative Finanzinstrumente	—	—	—	367
Verbindlichkeiten aus Ertragsteuern	—	—	19	18
Verbindlichkeiten aus Lieferungen und Leistungen und sonstige Verbindlichkeiten	6.235	4.557	4.710	6.040(4)
Sonstige Rückstellungen	1.409	858	1.207	986(4)
	18.311	**16.175**	**16.112**	**15.118**
Summe Eigenkapital, Verbindlichkeiten und Rückstellungen	**663.899**	**621.303**	**631.712**	**541.437**

(1) Die Gesellschaft hat den Posten “Bankguthaben und Kassenbestände” des Einzelabschlusses 2012 im Einzelabschluss 2013 entsprechend der Bezeichnung des IAS 1.54 (i) in “Zahlungsmittel und Zahlungsmitteläquivalente” umbenannt. Um der neuen Definition von “Zahlungsmittel und Zahlungsmitteläquivalente” zu entsprechen, hat die Gesellschaft die im Einzelabschluss 2012 in dem Posten “Bankguthaben und Kasse” enthaltenen verfügungsbeschränkten Barkautionen von Mietern (TEUR 179) in den Posten “Finanzielle Vermögenswerte” umgegliedert.

(2) Der im Einzelabschluss 2012 getrennt aufgeführte Posten “Forderungen aus Ertragsteuern” (TEUR 7) ist seit dem Einzelabschluss 2013 unter den “Forderungen aus Lieferungen und Leistungen und sonstige Vermögenswerte” erfasst.

(3) Korrigierter Wert aus dem Einzelabschluss 2014.

(4) Die Gesellschaft hat die im Einzelabschluss 2012 unter den kurzfristigen sonstigen Rückstellungen ausgewiesenen Verpflichtungen für Aufsichtsratsvergütungen, Abschlussprüferhonorare, Rechts- und Beratungskosten, ausstehenden Rechnungen, ausstehende Urlaubsverpflichtungen sowie geleistete Überstunden von insgesamt TEUR 1.726 seit dem Einzelabschluss 2013 unter dem Posten “Verbindlichkeiten aus Lieferungen und Leistungen und sonstige Verbindlichkeiten” ausgewiesen.

Ausgewählte Informationen aus der Kapitalflussrechnung

in TEUR	1. Januar bis 31. März 2015	1. Januar bis 31. März 2014	1. Januar bis 31. Dezember 2014	1. Januar bis 31. Dezember 2013	1. Januar bis 31. Dezember 2012
	(ungeprüft)			**(geprüft)**	
Cashflow aus der operativen Geschäftstätigkeit					
Jahresüberschuss/Ergebnis der Periode	2.397	6.332	17.109	8.521	7.766[1]
Finanzergebnis	3.206	3.297	13.472	12.249	10.627
Abschreibungen (+)/Zuschreibungen (-)	4.247	4.450	17.841	16.380	11.989
Veränderung der Rückstellungen	278	46	224	-452	657
Buchgewinne (-)/-verluste (+) (saldiert) aus dem Abgang von Sachanlagen und als Finanzinvestition gehaltenen Immobilien	0	-4.409	-10.861	-355	-934
Veränderung der Forderungen und sonstigen Vermögenswerte, die nicht der Investitions- oder Finanzierungstätigkeit zuzuordnen sind	-271	-168	-182	-315	-284[2]
Veränderung der Verbindlichkeiten, die nicht der Investitions- oder Finanzierungstätigkeit zuzuordnen sind.	-403	-709	-623	1.273	-1.279
Zinseinzahlungen	5	10	67	113	275
Steuerzahlungen	0	-19	-19	—	-1.293
	9.459	**8.830**	**37.028**	**37.414**	**27.524**[2]
Cashflow aus der Investitionstätigkeit					
Investitionen in immaterielle Vermögenswerte, Sachanlagen und als Finanzinvestition gehaltene Immobilien	-27.199	-9.524	-40.574	-110.407	-88.408
Einzahlungen aus Abgängen von Sachanlagen und als Finanzinvestition gehaltene Immobilien	—	10.864	26.543	1.257	9.332
Auszahlungen für Investitionen in das Finanzanlagevermögen	—	—	-20	—	—
Einzahlungen aus Abgängen von finanziellen Vermögenswerten	1	1	5	13	6
Auszahlungen aufgrund von Finanzmittelanlagen im Rahmen der kurzfristigen Finanzmitteldisposition	—	—	—	—	-15.000
Einzahlungen aufgrund von Finanzmittelanlagen im Rahmen der kurzfristigen Finanzmitteldisposition	—	—	—	15.000	—
	-27.198	**1.341**	**-14.046**	**-94.137**	**-94.070**
Cashflow aus der Finanzierungstätigkeit					
Dividendenzahlungen	—	—	-18.197	-18.197	-13.648
Mittelzufluss aus der Aufnahme von Finanzverbindlichkeiten	—	—	—	108.459	20.050
Mittelabfluss aus der Tilgung von Finanzverbindlichkeiten	-2.317	-2.447	-9.276	-7.121	-5.669
Zinsauszahlungen	-3.275	-3.576	-13.289	-12.391	-9.914
Einzahlungen aus der Kapitalerhöhung	40.912	—	—	—	73.926
Auszahlungen für Kosten der Kapitalerhöhung	-72	—	—	—	-2.559
	35.248	**-6.023**	**-40.762**	**70.750**	**62.186**
Zahlungswirksame Veränderung des Finanzmittelfonds	**17.509**	**4.148**	**-17.780**	**14.027**	**-4.360**[2]
Finanzmittelfonds am 1. Januar	**10.374**	**28.154**	**28.154**	**29.127**	**18.487**[2]
Finanzmittelfonds am Ende der Periode	**27.883**	**32.302**	**10.374**	**28.154**	**29.127**[2]

(1) In 2012 fielen Ertragsteuern in Höhe von TEUR 25 an, wohingegen nach 2012 keine solchen Steuern mehr anfielen, mit Ausnahme einer Zahlung in 2014, die auf den Kauf eines Grundstücks in Verbindung mit der Umwandlung in eine REIT-Gesellschaft zurückgeht. Daher wird die Herleitung der "Cashflows aus der operativen Geschäftstätigkeit" im Einzelabschluss 2012 von dem Posten "Ergebnis vor Steuern (EBT)" vorgenommen.

(2) Die Gesellschaft hat den Posten "Bankguthaben und Kassenbestände" des Einzelabschlusses 2012 im Einzelabschluss 2013 entsprechend der Bezeichnung des IAS 1.54 (i) in "Zahlungsmittel und Zahlungsmitteläquivalente" umbenannt. Um der neuen Definition von "Zahlungsmittel und Zahlungsmitteläquivalente" zu entsprechen, hat die Gesellschaft die im Einzelabschluss 2012 in dem Posten "Bankguthaben und Kasse" enthaltenen verfügungsbeschränkten Barkautionen von Mietern (TEUR 179) in den Posten "Finanzielle Vermögenswerte" umgegliedert. Dementsprechend haben sich die Beträge der Kapitalflussrechnung 2012 im "Finanzmittelfonds am 1. Januar" (Veränderung um TEUR -198) sowie im "Finanzmittelfonds am 31. Dezember" (Veränderung um TEUR -179) und daraus folgend im "Cashflow aus der operativen Geschäftstätigkeit" (Veränderung um TEUR 19) geändert.

Ausgewählte Kennzahlen

	1. Januar bis 31. März 2015	1. Januar bis 31. März 2014	1. Januar bis 31. Dezember 2014	1. Januar bis 31. Dezember 2013	1. Januar bis 31. Dezember 2012
	(ungeprüft)		(ungeprüft, wenn nicht anders angegeben)		
EBITDA in TEUR[(1)]	9.850	14.079	48.422	37.149	30.381
EBDA in TEUR[(1)]	6.644	10.782	34.950	24.900	19.729
REIT Eigenkapitalquote in %[(2)]	57,4	53,4	53,1	52,5	60,3
Bilanzielle Eigenkapitalquote in %[(3)]	47,3	43,7	43,5	43,0	51,1
Loan to Value (LTV) in %[(4)]	39,0	42,9	43,3	43,7	34,2
Ergebnis je Aktie in EUR (ungeprüft)	0,05	0,14	0,38	0,19	0,20
Funds from Operations (FFO) in TEUR[(5)]	6.644	6.373	24.555	23.786	18.877
Funds from Operations (FFO) je Aktie in EUR[(5)]	0,13	0,14	0,54	0,52	0,41
Dividende je Aktie in EUR	—	—	0,40	0,40	0,40
Börsenkurse je Aktie in EUR (XETRA-Schlusskurs)					
Höchstkurs	10,33	7,70	8,29	7,58	7,60
Tiefstkurs	8,20	7,34	7,34	6,75	6,35
Jahres-/Periodenschlusskurs	10,25	7,69	8,12	7,34	7,48
Dividendenrendite bezogen auf den Jahres-/ Periodenschlusskurs in %	—	—	4,9	5,4	5,3
Kurs-FFO-Verhältnis	77,2	54,9	15,0	14,1	18,2
Marktkapitalisierung zum Jahres-/Periodenschluss in TEUR	512.937	349.844	369.406	333.921	340.290
Net Asset Value (NAV) je Aktie in EUR[(6)]	8,81	8,37	8,67	8,25	8,17
Beizulegender Zeitwert des Immobilienportfolios in TEUR[(7)]	745.000	689.842	717.490	691.830	579.510
Net Asset Value (NAV) in TEUR[(8)]	441.018	380.594	394.548	375.337	371.823
Anzahl der Mitarbeiter zum jeweiligen Stichtag einschließlich Vorstand	30	28	31	27	26

(1) Die Gesellschaft veröffentlicht *Earnings before interests, taxes, depreciation and amortization* (**EBITDA**) und *Earnings before depreciation and amortization* (**EBDA**) weil dies branchenübliche Kennzahlen sind, die die Vergleichbarkeit mit anderen Immobiliengesellschaften erleichtern. Die Gesellschaft berechnet die EBITDA und die EBDA nach folgender Formel:

in TEUR	1. Januar bis 31. März 2015	1. Januar bis 31. März 2014	1. Januar bis 31. Dezember 2014	1. Januar bis 31. Dezember 2013	1. Januar bis 31. Dezember 2012
	(ungeprüft)		(geprüft, soweit nicht anders angegeben)		
Jahres-/Periodenüberschuss	2.397	6.332	17.109	8.521	7.741
+ Abschreibungen auf immaterielle Vermögenswerte, Sachanlagen und als Finanzinvestition gehaltene Immobilien	4.247	4.450	17.841	16.379	12.287
- Zuschreibungen auf immaterielle Vermögenswerte, Sachanlagen und als Finanzinvestition gehaltene Immobilien (ungeprüft)	—	—	—	—	-299
EBDA (ungeprüft)	**6.644**	**10.782**	**34.950**	**24.900**	**19.729**
- Zinserträge	-5	-28	-68	-42	-347
+ Zinsaufwendungen	3.211	3.325	13.540	12.291	10.974
+ Steuern vom Einkommen und vom Ertrag	—	—	—	—	25
EBITDA (ungeprüft)	**9.850**	**14.079**	**48.422**	**37.149**	**30.381**

(2) Die **REIT-Eigenkapitalquote** entspricht dem Eigenkapitaldeckungsgrad gemäß § 15 i.V.m. § 12 Abs. 1 Satz 2 REIT-Gesetz, welche die Gesellschaft einhalten muss, das heißt, dem Verhältnis des Eigenkapitals (auf *Fair Value*-Basis) zum beizulegenden Zeitwert des unbeweglichen Vermögens. Das Eigenkapital auf *Fair Value*-Basis errechnet sich aus der Summe des bilanziellen Eigenkapitals und der Differenz zwischen beizulegendem Zeitwert und Buchwert (Stille Reserven) des unbeweglichen Vermögens. Das unbewegliche Vermögen der Gesellschaft besteht aus dem Immobilienportfolio der Gesellschaft sowie dem unbebauten Grundbesitz, der vorwiegend aus land- und forstwirtschaftlichen Flächen besteht. Als beizulegender Zeitwert des Immobilienportfolios der Gesellschaft wurde jeweils der Marktwert (Verkehrswert) des Immobilienportfolios angesetzt, der auf Grundlage von Markwertgutachten ermittelt wurde. Dabei wurden Erwerbsnebenkosten für noch nicht zum Stichtag übergegangene Immobilien erhöhend mit ihrem Buchwert berücksichtigt. Bis zum 31. Dezember 2012 wurde bei der Berechnung der REIT-Eigenkapitalquote der unbebaute Grundbesitz mit den Buchwerten angesetzt (TEUR 569 am 31. Dezember 2012). Seit dem Geschäftsjahr 2013 wird der unbebaute Grundbesitz auf der Grundlage von Marktwertschätzungen bewertet (TEUR 2.088 am 31. März 2015; TEUR 2.363 am 31. März 2014; TEUR 2.089 am 31. Dezember 2014; und TEUR 2.363 am 31. Dezember 2013).

(3) Die bilanzielle Eigenkapitalquote ist das Verhältnis (in %) aus dem gesamten in der Bilanz ausgewiesenen Eigenkapital und der Bilanzsumme.

(4) Der *Loan to Value* (**LTV**) gibt das Verhältnis der finanziellen Nettoverbindlichkeiten zum beizulegenden Zeitwert des Investitionsvermögens an. Die Gesellschaft publiziert die Kennzahl LTV, weil dies eine branchenübliche Kennzahl ist, die die Vergleichbarkeit mit anderen Immobiliengesellschaften erleichtert. Die Gesellschaft berechnet den LTV nach folgender Formel:

in TEUR (soweit nicht anders angegeben)	31. März 2015	31. März 2014	31. Dezember 2014	31. Dezember 2013	31. Dezember 2012
	(ungeprüft)		(geprüft, wenn nicht anders angegeben)		
Langfristige finanzielle Verbindlichkeiten	309.001	319.172	311.469	321.345	222.990
+ kurzfristige finanzielle Verbindlichkeiten	10.667	9.793	10.760	10.176	7.707
– Zahlungsmittel und Zahlungsmitteläquivalente	-27.883	-32.302	-10.374	-28.154	-29.127
+ Kreditsicherheiten (ungeprüft)	1.000	—	1,000	—	—
Netto Finanzverbindlichkeiten (ungeprüft)	**292.785**	**296.663**	**312.855**	**303.367**	**201.570**
Beizulegender Zeitwert des bebauten Immobilienportfolios*	742.470	679.830	715.660	680.970	579.510
+ Marktwert des unbebauten Grundbesitzes (ungeprüft)	2.088	2.363	2.089	2.363	569**
+ Zum Verkauf gehaltene Immobilien***	2.530	10.012	1.830	10.860	354
+ Erwerbsnebenkosten noch nicht übergegangener Immobilien	2.863	—	2,456	438	8.475
Beizulegender Zeitwert des Immobilienportfolios (ungeprüft)	**749.951**	**692.205**	**722.035**	**694.631**	**588.908**
Loan-to-Value (LTV) in % (ungeprüft)	**39,0**	**42,9**	**43,3**	**43,7**	**34,2**

* Ohne die zum Verkauf gehaltenen Immobilien.

** Dem Marktwert liegen die Buchwerte zugrunde (siehe Fußnote 2).

*** Zum Verkauf gehaltene Immobilien sind zum Marktwert dargestellt.

(5) *Funds from Operations* (**FFO**) ist eine Kennzahl für das operative Geschäft der Gesellschaft. Der FFO wird im Rahmen der wertorientierten Unternehmenssteuerung zur Darstellung der erwirtschafteten Finanzmittel, die für Investitionen, Tilgung und Dividendenausschüttungen an Aktionäre zur Verfügung stehen, verwendet. Die Gesellschaft publiziert zusätzlich die Kennzahl Adjusted FFO (AFFO), weil dies eine branchenübliche Kennzahl ist, die die Vergleichbarkeit mit anderen Immobiliengesellschaften erleichtert. Die Gesellschaft berechnet den FFO und den Adjusted FFO (**AFFO**) wie folgt:

in TEUR (soweit nicht anders angegeben)	1. Januar bis 31. März 2015	1. Januar bis 31. März 2014	1. Januar bis 31. Dezember 2014	1. Januar bis 31. Dezember 2013	1. Januar bis 31. Dezember 2012
	(ungeprüft)		(geprüft, wenn nicht anders angegeben)		
Nettomieteinnahmen	11.061	10.894	42.858	40.933	33.229
– Verwaltungsaufwand	-294	-283	-1.109	-1.131	-933
– Personalaufwand	-1.023	-816	-3.452	-3.311	-2.868
+ Bereinigte sonstige betriebliche Erträge (ungeprüft)	421	187	714	334***	346**
– Bereinigte sonstige betriebliche Aufwendungen (ungeprüft)	-315	-312	-984*	-790*	-676**
+ Zinserträge	5	28	68	42	347
– Zinsaufwendungen	-3.211	-3.325	-13.540	-12.291	-10.508**
FFO	**6.644**	**6.373**	**24.555**	**23.786**	**18.877**
– Aktivierte Instandhaltungsaufwendungen (Capex) (ungeprüft)	-73	-1.238	-4.006	-1.029	-1.269
AFFO (ungeprüft)	**6.571**	**5.135**	**20.549**	**22.757**	**17.608**
FFO je Aktie in EUR (ungeprüft)	**0,13**	**0,14**	**0,54**	**0,52**	**0,41**
AFFO je Aktie in EUR (ungeprüft)	**0,13**	**0,11**	**0,45**	**0,50**	**0,39**

* Bereinigt um Einmaleffekte bei der Bewertung der Rückstellungen für Bergschäden in Höhe von TEUR 293 in 2014 und TEUR 240 in 2013.

** Bereinigt um Wertaufholungen (sonstige betriebliche Erträge: TEUR -299) und der Neubewertung der Rückstellungen für Bergschäden (sonstige betriebliche Erträge: TEUR -700, sonstige betriebliche Aufwendungen: TEUR 241 und Zinsaufwendungen: TEUR 466).

*** Bereinigt um einen außerordentlichen Einmaleffekt aus der vorzeitigen Mietvertragsauflösung eines Mieters in Höhe von TEUR 1.000.

(6) Der *Net Asset Value* (**NAV**) oder Nettosubstanzwert spiegelt das wirtschaftliche Eigenkapital der Gesellschaft wider. Er leitet sich aus dem beizulegenden Zeitwert des Gesellschaftsvermögens ab (das ist hier im Wesentlichen der beizulegende Zeitwert der Immobilien) abzüglich des Fremdkapitals. Die Gesellschaft berechnet den NAV nach folgender Formel:

in TEUR (soweit nicht anders angegeben)	31. März 2015	31. Dezember 2014	31. Dezember 2013	31. Dezember 2012
	(ungeprüft)	(geprüft, soweit nicht anders angegeben)		
Langfristige Vermögenswerte	632.024	607.779	596.302	511.531*
+ Kurzfristige Vermögenswerte	31.875	13.524	35.410	29.906*
– Langfristige Verbindlichkeiten und Rückstellungen (ohne derivative Finanzinstrumente) (ungeprüft)	-321.159	-323.936	-333.016**	-234.729
– Kurzfristige Verbindlichkeiten und Rückstellungen (ohne derivative Finanzinstrumente) (ungeprüft)	-18.311	-16.175	-16.112**	-14.751
Ausgewiesener NAV	**324.429**	**281.192**	**282.584**	**291.957**
+ Unterschiedsbetrag zwischen beizulegendem Zeitwert und Buchwert (Stille Reserven) der “als Finanzinvestition gehaltene Immobilien” (ungeprüft)	116.585	113.356	88.348	79.515
+ Unterschiedsbetrag zwischen beizulegendem Zeitwert und Buchwert (Stille Reserven) der “Zur Veräußerung gehaltene langfristige Vermögenswerte” (ungeprüft)	4	—	4.405	351
NAV	**441.018**	**39.548**	**375.337**	**371.823**
NAV je Aktie in EUR	**8,81**	**8,67**	**8,25**	**8,17**

* Posten, wie im Einzelabschluss 2013 enthalten.

** Korrigierte Zahl gemäß Einzelabschluss 2014

Die Unterschiedsbeträge zwischen beizulegendem Zeitwert und Buchwert (Stille Reserven) ermitteln sich aus der Differenz der Buchwerte und den beizulegenden Zeitwerten (*Fair Value*) der als Finanzinvestition gehaltenen Immobilien sowie der zur Veräußerung gehaltenen Immobilien zu den jeweiligen Stichtagen. Die als Finanzinvestition gehaltenen Immobilien der Gesellschaft bestehen aus dem bebauten Immobilienportfolio der Gesellschaft (ohne die zur Veräußerung gehaltenen Immobilien), dem unbebauten Grundbesitz sowie den Erwerbsnebenkosten auf noch nicht übergegangene Immobilien. Die beizulegenden Zeitwerte des bebauten Immobilienportfolios wurden auf der Grundlage von Markwertgutachten ermittelt. Der Ansatz der Erwerbsnebenkosten auf noch nicht übergegangene Immobilien erfolgte zum Buchwert. Der Wert des unbebauten Grundbesitzes wurde im Rahmen der NAV-Berechnung auf Basis des Verkehrswerts berechnet (TEUR 2.088 am 31. März 2015; TEUR 2.363 zum 31. März 2014; TEUR 2.089 am 31. Dezember 2014; TEUR 2.363 am 31. Dezember 2013; TEUR 2.717 am 31. Dezember 2012). Der Wert des unbebauten Grundbesitzes wurde im Rahmen der NAV-Berechnung auf der Grundlage von Marktwertschätzungen bewertet. Als beizulegender Zeitwert der zur Veräußerung gehaltenen Immobilien wurden die vertraglich vereinbarten Verkaufspreise angesetzt. Die Berechnung der stillen Reserven bezieht sich zu allen Stichtagen ausschließlich auf Unterschiede beim Ansatz des unbeweglichen Vermögens.

(7) Der hier dargestellte beizulegende Zeitwert des Immobilienportfolios bezieht sich ausschließlich auf das Portfolio bebauter Immobilien der Gesellschaft zum 31. Dezember 2014 inklusive des beizulegenden Zeitwertes der “zur Veräußerung gehaltene langfristige Vermögenswerte”, soweit sie sich auf bebaute Immobilien beziehen (TEUR 2.530 am 31. März 2015; TEUR 10.012 am 31. März 2014; TEUR 1.830 am 31. Dezember 2014; TEUR 10.860 am 31. Dezember 2013; TEUR 0 am 31. Dezember 2012). Die Immobilie am Hauptsitz der Gesellschaft in der Goethestraße 45 in Duisburg, der unbebaute Grundbesitz der Gesellschaft sowie die Erwerbsnebenkosten auf noch nicht übergegangene Immobilien sind darin nicht enthalten. Die Ermittlung der beizulegenden Zeitwerte des Immobilienportfolios für den IFRS-Quartalsabschluss geht von den zum jeweils vorangegangenen Abschluss ermittelten Marktwerten der Immobilien aus, soweit nicht Anzeichen wesentlicher Änderungen des Marktwertes der Immobilien erkennbar waren. Für das Quartal zum 31. März 2015 gab es keine derartigen Anhaltspunkte, so dass die beizulegenden Zeitwerte der Immobilien, die schon zum jeweils vorangegangenen 31. Dezember Bestandteil des Immobilienportfolios der Gesellschaft waren, den zum jeweils vorangegangenen 31. Dezember ermittelten beizulegenden Zeitwerten entsprechen. Lediglich in der Periode zwischen dem 1. Januar 2014 und dem 31. März 2014 wurden kleinere Wertberichtigungen für vier Immobilien vorgenommen, die eine leicht positive Gesamtnettowertberichtigung der beizulegenden Zeitwerte zur Folge hatte. Zum 31. März 2015 und 31. März 2014 wurde der Wert der neu erworbenen Immobilien mit Marktwertgutachten bestimmt. Im Falle einer Veräußerung reduzierte sich der Wert des Immobilienportfolios um den zuletzt am vorangegangenen 31. Dezember ermittelten Marktwert.

Hinweis: Die oben beschriebenen Kennzahlen EBITDA, EBDA, FFO, LTV, REIT Eigenkapitalquote und NAV sind keine nach IFRS definierten Kennzahlen. Potenzielle Investoren sollten beachten, dass diese Kennzahlen keine einheitlich angewandten oder standardisierten Kennzahlen sind, ihre Berechnung variieren kann und dass diese Kennzahlen für sich alleine genommen keine Basis für Vergleiche mit anderen Unternehmen darstellen. EBITDA und EBDA sind zudem nach IFRS nicht als Kennzahlen anerkannt und ersetzen nicht die Kennzahlen der Gewinn- und Verlustrechnung oder der Kapitalflussrechnung, die in Übereinstimmung mit IFRS ermittelt wurden.

Wesentliche Veränderungen der Vermögens-, Finanz- und Ertragslage der Emittentin.	Das operative Ergebnis der Gesellschaft wurde in den Jahren 2012, 2013 und 2014 sowie in den ersten drei Monaten zum 31. März 2015 wesentlich insbesondere durch die folgenden Faktoren beeinflusst: ***Erlöse aus Mieten und Pachten –*** Die Erlöse aus Mieten und Pachten stiegen um TEUR 204, oder 1,7% von TEUR 11.697 im ersten Quartal 2014 auf TEUR 11.901 im ersten Quartal 2015. Der Anstieg ging hauptsächlich auf Zukäufe von Immobilien zurück, die mit insgesamt TEUR 407 zu den Erlösen aus Mieten und Pachten beitrugen, während die Verkäufe die Erlöse aus Mieten und Pachten um TEUR 256 minderten. Der Anstieg der Mieten (Like-for-Like) betrug TEUR 53. In die Berechnungsgrundlage für alle Like-for-Like Vergleiche werden Immobilien einbezogen, die sich sowohl im Betrachtungszeitraum als auch im Vergleichszeitraum des Vorjahres vollständig im Bestand der Gesellschaft befunden haben. ***Ergebnis aus der Veräußerung von Immobilien*** – Die Gewinne aus der Veräußerung von Immobilien beliefen sich im ersten Quartal 2014 auf TEUR 4.409. Im ersten Quartal 2015 fanden keine Veräußerungen von Immobilien statt. ***Ergebnis je Aktie –*** Das Ergebnis je Aktie verminderte sich auf EUR 0,05 im ersten Quartal 2015 von EUR 0,14 im ersten Quartal 2014 aufgrund von Gewinnen aus der Veräußerung von Immobilien im ersten Quartal 2014. ***Erlöse aus Mieten und Pachten –*** Die Erlöse aus Mieten und Pachten stiegen um TEUR 1.596, oder 3,5%, von TEUR 45.227 im Geschäftsjahr 2013 auf TEUR 46.823 im Geschäftsjahr 2014. Der Anstieg entfiel hauptsächlich auf Zukäufe von Immobilien in den Jahren 2013 und 2014 von insgesamt TEUR 2.695 sowie einem Anstieg der Mieten (Like-for-Like) in Höhe von TEUR 169. Der Anstieg wurde gemindert durch einen Rückgang der Mieteinnahmen in 2014 in Höhe von TEUR 1.268 aufgrund der Veräußerung von Immobilien. Die Erlöse aus Mieten und Pachten stiegen im Geschäftsjahr 2013 um TEUR 8.234, oder 22,3%, von TEUR 36.993 im Geschäftsjahr 2012 auf TEUR 45.227 im Geschäftsjahr 2013. Dazu trugen größtenteils Zukäufe von Immobilien mit TEUR 8.852 in den Jahren 2012 und 2013 bei. Der Anstieg wurde zum Teil durch einen Rückgang der Mieteinnahmen (Like-for-Like) von TEUR 525 und durch Mietausfälle in Höhe von TEUR 93 durch die Veräußerung von Immobilien gemindert. ***Ergebnis aus der Veräußerung von Immobilien*** – Gewinne aus der Veräußerung von Immobilien stiegen um TEUR 10.334 von TEUR 354 im Geschäftsjahr 2013 auf TEUR 10.688 im Geschäftsjahr 2014. Im Geschäftsjahr 2014 forcierte HAMBORNER sein Ziel, kleinere, nicht mehr strategiekonforme Immobilien zu veräußern, indem sieben Immobilien (bestehend aus 26 Wohneinheiten und 20 Geschäftseinheiten) aus dem Portfolio veräußert wurden. Die Immobilien hatten einen verbleibenden Gesamtbuchwert von TEUR 15.658 und erzielten

einen Gesamtverkaufspreis von TEUR 26.276. Ihr Beitrag zu den jährlichen Mieteinnahmen betrug TEUR 1.753. Darüber hinaus hat die Gesellschaft eine Fläche von 92.000 m^2 aus dem unbebauten Grundbesitz veräußert.

Im Geschäftsjahr 2013 sanken die Gewinne aus der Veräußerung von Immobilien um TEUR 530 von TEUR 884 im Geschäftsjahr 2012 auf TEUR 354 im Geschäftsjahr 2013. Diese Gewinne im Geschäftsjahr 2013 wurden maßgeblich durch die Veräußerung einer kleineren Fläche des unbebauten Grundbesitzes erzielt.

Ergebnis je Aktie – Das Ergebnis je Aktie stieg um EUR 0,19, oder 100%, von EUR 0,19 im Geschäftsjahr 2013 auf EUR 0,38 im Geschäftsjahr 2014, nachdem es im Vorjahr leicht um EUR 0,01 gesunken war von EUR 0,20 im Geschäftsjahr 2012.

Kapitalerhöhung 2015 – Am 18. Februar 2015 hat der Vorstand der Gesellschaft mit Zustimmung des Aufsichtsrats einer Kapitalerhöhung von EUR 4.549.332,00 zugestimmt und damit das Grundkapital der Gesellschaft auf EUR 50.042.665,00 erhöht und zwar durch die Ausgabe von 4.549.332 neuen Aktien ohne Nennbetrag gegen Bareinzahlung durch die DEKA Investment GmbH auf Rechnung der RAGS-FundMaster, ein Spezialfonds der RAG-Stiftung, Essen, Deutschland. Die Gesellschaft hat die Erlöse aus der Kapitalerhöhung teilweise zum Erwerb einer Immobilie in Celle verwendet.

Nach dem 31. März 2015 gab es keine wesentlichen Veränderungen der Vermögens-, Finanz- und Ertragslage der Gesellschaft.

B.8.	**Ausgewählte Pro-Forma-Finanzinformationen.**	Entfällt. Dieser Prospekt enthält keine Pro-Forma-Finanzinformationen.
B.9.	**Gewinnprognosen oder – schätzungen**	Entfällt. Dieser Prospekt enthält keine Gewinnprognosen oder -schätzungen.
B.10.	**Einschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Entfällt. Es gibt keine Einschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.
B.11.	**Erläuterungen bei unzureichendem Geschäftskapital der Emittentin.**	Entfällt. Das Geschäftskapital der Gesellschaft ist angesichts ihres derzeitigen Bedarfs ausreichend.

C. – Wertpapiere

C.1.	**Art und Gattung der angebotenen Wertpapiere.**	Dieser Prospekt bezieht sich auf das Angebot von 16.680.888 neu ausgegebenen, auf den Inhaber lautende, nennwertlose Stammaktien (Stückaktien) der Gesellschaft. Jede dieser Aktien hat einen rechnerischen Anteil von EUR 1,00 am Grundkapital und gewährt dem Inhaber ein uneingeschränktes Anrecht auf die Dividende ("**Neue Aktien**"). Die Neuen Aktien können

		folgendermaßen und damit anhand der selben Daten wie die bestehenden Aktien der Gesellschaft identifiziert werden: • International Securities Identification Number (ISIN) DE0006013006 • Wertpapierkennnummer (WKN): 601300 • Ticker-Symbol: HAB
C.2.	**Währung der Wertpapieremission.**	Euro
C.3.	**Anzahl und Nennwert der ausgegebenen und voll eingezahlten Anteile und der ausgegebenen und nicht voll eingezahlten Anteile.**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft EUR 50.042.665,00, eingeteilt in 50.042.665 Inhaberaktien (ausschließlich der Neuen Aktien) mit einem rechnerischen Anteil am Grundkapital von jeweils EUR 1,00. Das Grundkapital der Gesellschaft ist vollständig eingezahlt.
C.4.	**Mit den Wertpapieren verbundene Rechte.**	Die Neuen Aktien gewähren bei der Hauptversammlung der Gesellschaft jeweils eine Stimme. Beschränkungen der Stimmrechte bestehen nicht. Keinem Aktionär steht ein anderes Stimmrecht zu. Die Neuen Aktien gewähren dieselben Rechte wie alle bestehenden Aktien an der Gesellschaft. Die Neuen Aktien sind ab dem 1. Januar 2015 und für alle darauffolgenden Geschäftsjahre der Gesellschaft voll dividendenberechtigt.
C.5.	**Beschreibung aller etwaiger Beschränkungen der freien Übertragbarkeit der Wertpapiere.**	Entfällt. Die Neuen Aktien sind wie die bestehenden Aktien der Gesellschaft frei übertragbar (die Neuen Aktien, zusammen mit den bestehenden Aktien, die "Aktien"). Es gibt keine rechtlichen Handelsbeschränkungen mit Ausnahme der in diesem Prospekt aufgeführten Verkaufsbeschränkungen in Bezug auf das Angebot, der Mindestquote des Streubesitzes und der Beschränkung der maximalen Anteile je Aktionär nach dem REIT-Gesetz.
C.6.	**Zulassung zum Handel an einem regulierten Markt.**	Die Gesellschaft beabsichtigt, für die Neuen Aktien die Zulassung zum Handel am regulierten Markt der Frankfurter Wertpapierbörse (Prime Standard) sowie zum regulierten Markt an der Düsseldorfer Wertpapierbörse zu beantragen.
C.7.	**Dividendenpolitik.**	Die Fähigkeit der Gesellschaft, in zukünftigen Jahren eine Dividende zu zahlen, hängt grundsätzlich vom Betrag des ausschüttungsfähigen Bilanzgewinns ab, wie er im nach dem deutschen Handelsgesetzbuch (HGB) erstellten Jahresabschluss für das jeweilige Jahr ausgewiesen ist. Die Gesellschaft kann keine Aussage zur Höhe künftiger ausschüttungsfähiger Bilanzgewinne bzw. dazu treffen, ob überhaupt künftig ausschüttungsfähige Bilanzgewinne erzielt werden, und demzufolge nicht gewährleisten, dass in künftigen Jahren Dividenden gezahlt werden. Ferner geben in früheren Jahren gezahlte Dividenden keine Anhaltspunkte für die Höhe zukünftiger Dividenden. Jedoch erwartet der Vorstand derzeit, dass HAMBORNER den Aktionären im Rahmen der gesetzlichen Voraussetzungen für das Geschäftsjahr 2015 eine Dividende ausschütten kann.

Bei deutschen börsennotierten Aktiengesellschaften richtet sich die Ausschüttung von Dividenden nach den Vorschriften des § 174 Abs. 1 AktG i.V.m. § 158 Abs. 1 Nr. 5 AktG. Als Dividende kann danach nur der ausschüttungsfähige Bilanzgewinn an die Aktionäre ausgeschüttet werden.

Für börsennotierte Aktiengesellschaften mit REIT-Status ist zudem für die Dividendenausschüttung § 13 Abs. 1 REITG maßgeblich. Danach ist die Gesellschaft verpflichtet, mindestens 90% ihres handelsrechtlichen Jahresüberschusses im Sinne des § 275 HGB, gegebenenfalls gemindert um die Dotierung bzw. erhöht um die Auflösung der sog. Reinvestitionsrücklage nach § 13 Abs. 3 REITG sowie gemindert um einen Verlustvortrag des Vorjahres, bis zum Ende des folgenden Geschäftsjahres an die Aktionäre als Dividende auszuschütten. Die Ausschüttung bemisst sich ausdrücklich nicht nach dem IFRS-Einzelabschluss, sondern nach dem handelsrechtlichen Jahresabschluss. Bei der Ermittlung des ausschüttungsfähigen Jahresüberschusses sind gemäß § 13 Abs. 2 REITG, unberührt von dem eventuellen Erfordernis einer außerplanmäßigen Abschreibung, in Abhängigkeit von der jeweiligen Nutzungsdauer planmäßige Abschreibungen nur in gleich bleibenden Jahresraten zu berücksichtigen. Dementsprechend kann es zu Abweichungen zwischen dem auszuschüttenden Jahresüberschuss und dem Bilanzgewinn kommen.

Für die vergangenen drei Gechäftsjahre 2012, 2013 und 2014 hat HAMBORNER eine Dividende von EUR 0,40 pro Aktie an Aktionäre bezahlt, im Einklang mit ihrer Dividendenphilosophie von stabilen Dividendenzahlungen, wonach HAMBORNER auch in Jahren, in denen Kapitalerhöhungen stattfinden, die Dividende pro Aktie nicht verringern will.

D. – Risiken

D.1. Zentrale Risiken, die der Emittentin oder ihrer Branche eigen sind.	Die Gesellschaft und die Branche, in der sie tätig ist, sind den nachstehend angegebenen wesentlichen Risiken ausgesetzt. Die Realisierung eines oder mehrerer dieser Risiken, einzeln oder zusammen mit anderen Umständen, könnte auf die Geschäftstätigkeit sowie die Finanz- und Ertragslage der Gesellschaft erhebliche nachteilige Auswirkungen haben. Der Börsenkurs der Aktien der Gesellschaft könnte deutlich fallen, wenn eines oder mehrere dieser Risiken sich verwirklichten, und Anleger könnten einen Teil ihrer Anlagen oder das gesamte angelegte Kapital verlieren. Die nachstehend genannten Risiken sind nicht die einzigen Risiken, denen die Gesellschaft ausgesetzt ist. Auch andere, der Gesellschaft zum gegenwärtigen Zeitpunkt noch unbekannte Risiken oder Umstände können für die Vermögens-, Finanz- und Ertragslage erhebliche nachteilige Auswirkungen haben. **Marktbezogene Risiken** • HAMBORNER ist Risiken bezüglich der Entwicklung der allgemeinen Geschäftstätigkeit und des

wirtschaftlichen Umfeldes in Deutschland ausgesetzt sowie Risiken des deutschen Marktes für gewerbliche Immobilien;

- HAMBORNER bewegt sich in einem intensiven Wettbewerbsumfeld, das zu Preissteigerungen bei der Akquisition von Immobilien und sinkenden Mietniveaus führen könnte;
- Wenn die Marktzinsen steigen, könnte dies unter anderem höhere Finanzierungskosten sowie negative Auswirkungen auf die Bewertung der Immobilien von HAMBORNER zur Folge haben.

Unternehmensbezogene Risiken

- Die geschäftlichen Erfolge von HAMBORNER hängen von dem Erwerb und der Vermarktung geeigneter Gewerbeimmobilien zu angemessenen Preisen ab;
- HAMBORNER ist Risiken in Bezug auf den Erwerb von Immobilien ausgesetzt, insbesondere im Zusammenhang mit Bemühungen um Akquisitionen, die nicht erfolgreich durchgeführt werden können und falschen Einschätzungen in Bezug auf erworbene Immobilien;
- HAMBORNER's Mieteinnahmen werden durch die Qualität der Mieter, die Leerstandsquote und das Management des Immobilienportfolios beeinflußt;
- HAMBORNER generiert einen großen Teil der annualisierten Mieteinnahmen von einigen großen Mietern und verfügt über ein Portfolio mit einer bestimmten geografischen Konzentration auf Nordrhein-Westfalen, Bayern und Baden-Württemberg, wodurch die Gesellschaft Konzentrations- und Klumpenrisiken ausgesetzt ist;
- Risiken im Zusammenhang mit Wertsicherungsklauseln in Mietverträgen;
- Risiken im Zusammenhang mit der Instandhaltung und Modernisierung von Immobilien;
- Risiken im Zusammenhang mit Marktwertgutachten sowie anderen Wertgutachten und Änderungen der Bilanzierungs- und Bewertungsmethoden im Falle von Fehleinschätzungen beim Erwerb von Immobilien;
- Risiken durch Altlasten und andere Risiken im Zusammenhang mit dem Gebäude, dem Boden oder der Umgebung der Immobilien;
- Risiken im Zusammenhang mit dem Verkauf von Immobilien;
- Risiken unzureichenden Versicherungsschutzes;
- HAMBORNER könnte nicht immer ausreichend Eigen- und Fremdkapital vorhalten bzw. zur Verfügung stehen;

		• HAMBORNER ist Risiken im Zusammenhang mit der Finanzierung und der Liquiditätssicherung ausgesetzt, insbesondere bei Beibehaltung des REIT-Status; • Risiken aus allgemeinen Rechtsänderungen und Änderungen des Steuerrechts; • Risiken aufgrund der Verletzung von Datenschutzbestimmungen; • HAMBORNER unterliegt dem Risiko, nicht ausreichend qualifiziertes Fachpersonal halten und/oder einstellen zu können; • HAMBORNER ist Risiken im Zusammenhang mit Schadensersatzansprüchen wegen Bodensenkungen sowie Altlasten durch Bergbau ausgesetzt; • HAMBORNER ist zusätzlichen Risiken ausgesetzt, wenn Betriebsprüfungen wegen Lohnsteuern und der Mehrwertsteuer stattfinden, die zu Straf- und ähnliche Zahlungen führen. **REIT-bezogene Risiken** • HAMBORNER unterliegt Beschränkungen bei Investitions- und allgemeinen Entscheidungen im Rahmen der Geschäftstätigkeit aufgrund des REIT-Gesetzes; • HAMBORNER ist Risiken ausgesetzt, wenn es bestimmte rechtliche Vorgaben des REIT-Gesetzes nicht einhält und den REIT-Status verliert; • Risiken von Strafzahlungen im Falle der Nichteinhaltung der Vorgaben des REIT-Gesetzes; • Risiken einer Übertragungsverpflichtung oder Schadensersatzhaftung für Schäden an der Gesellschaft; • Risiken der Geltendmachung von Ansprüchen durch Aktionäre, wenn der REIT-Status verloren gehen würde; • Durchsetzbarkeit von REIT-spezifischen Bestimmungen in der Satzung der Gesellschaft; • Risiko einer Dividendenzahlung, die geringer ausfällt als durch das REIT-Gesetz vorgegeben; • Die Gesellschaft könnte eine Erlaubnispflicht, oder zumindest eine Registrierungspflicht, bei der Bundesanstalt für Finanzdienstleistungsaufsicht (“**BaFin**”) nach dem deutschen Kapitalanlagegesetzbuch (**KaGB**) haben, sollte die BaFin ihre Meinung zu den Voraussetzungen dieser Pflichten nach dem KaGB und der Richtlinie über die Verwalter alternativer Investmentfonds (**AIFMD**) ändern.
D.3.	**Zentrale Risiken, die den Wertpapieren eigen sind.**	Die Aktien der Gesellschaft sind den folgenden wesentlichen Risiken ausgesetzt: • Risiken möglicher Änderungen des ermittelten Marktpreises für die Aktien der Gesellschaft;

- Möglicher Kauf von Neuen Aktien im Rahmen des Angebots Neuer Aktien zu einem höheren Preis als den ermittelten Marktpreis nach Beendigung des Angebots;
- Risiken aus dem Verkauf einer wesentlichen Anzahl der Aktien der Gesellschaft;
- Risiken der Verwässerung der Beteiligung am Grundkapital der Gesellschaft für Aktionäre, die nicht oder nur teilweise an dem Angebot Neuer Aktien teilnehmen;
- Risiken im Zusammenhang mit dem Handel von Bezugsrechten;
- Risiken aufgrund der Kündigung des Übernahmevertrages;
- Risiken aus dem Rückgang des ermittelten Marktpreises der Aktien der Gesellschaft für die Bezugsrechte;
- Risiken künftiger Kapitalmaßnahmen.

E. – Angebot

E.1.	**Nettoertrag und geschätzte Kosten des Angebots.**	In Verbindung mit dem Angebot erhält die Gesellschaft den Nettoemissionserlös, der dem Bruttoemissionserlös aus dem Verkauf der Neuen Aktien abzüglich der Summe aller mit dem Angebot in Verbindung stehender Kosten entspricht, die die Gesellschaft zu tragen hat. Unter der Annahme, dass die maximale Anzahl der Neuen Aktien zum Bezugspreis von EUR 8,50 pro Neuer Aktie platziert wird, beträgt der Bruttoemissionserlös aus dem Angebot vor Abzug der Kosten, Bankprovisionen und Gebühren EUR 141,79 Mio. (berechnet als Bezugspreis multipliziert mit der maximalen Anzahl der Neuen Aktien). Die von der Gesellschaft zu tragenden Gesamtausgaben für as Angebot bestehen aus den Bankprovisionen und Gebühren für die Emissionsbanken sowie den weiteren Ausgaben im Zusammenhang mit dem Angebot der Neuen Aktien, z.B. Kosten für Rechtsberatung, Übersetzung und Druck des Prospektes, Vermarktungsaktivitäten und Kosten für die Billigung des Prospektes und für die Zulassung der Neuen Aktien zum Handel an den relevanten Wertpapierbörsen. Unter der Annahme, dass die maximale Anzahl der Neuen Aktien zum Ausgabepreis platziert wird, schätzt die Gesellschaft die Gesamtkosten des Angebots (inkl. Gebühren und die maximalen Bankprovisionen) auf einen Betrag von EUR 4,45 Mio. Unter der Annahme, dass die maximale Anzahl der Neuen Aktien zum Bezugspreis von EUR 8,50 platziert werden, beträgt der Nettoemissionserlös, der der Gesellschaft zufließt, schätzungsweise EUR 137,34 Mio. In diesem Fall betragen die Provisionen für die beteiligten Banken ca. EUR 3,05 Mio.
E.2.	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.**	Die Gesellschaft plant, die Erlöse aus dem Angebot hauptsächlich für Akquisitionen von zusätzlichen Immobilien, welche im Einklang mit der Unternehmensstrategie von HAMBORNER stehen, zu verwenden, insbesondere um in Immobilien zu investieren, deren Erwerb von der Gesellschaft derzeit analysiert

		wird, aber noch nicht abgeschlossen ist. Eventuelle übrige Erlöse können für die allgemeine Geschäftstätigkeit verwendet werden. Für Informationen über die erwarteten Nettoeinnahmen des Angebots siehe E.1.
E.3.	**Angebotsbedingungen.**	Die Neuen Aktien und die mit ihnen zusammenhängenden Bezugsrechte wurden nicht und werden nicht in den Vereinigten Staaten unter dem U.S. Securities Act von 1933, in geltender Fassung (der "**Securities Act**") registriert und werden nur wie folgt angeboten und verkauft: (a) in den Vereinigten Staaten nur an qualifizierte Anleger (qualified institutional buyers) gemäß Rule 144A des Securities Act oder gemäß einer anderen Ausnahme, oder in einer Transaktion, die dem Registrierungserfordernis des Securities Acts nicht unterliegt, oder (b) außerhalb der Vereinigten Staaten in "offshore" Transaktionen gemäß Regulation S des Securities Act. Den Aktionären stehen für die Neuen Aktien Bezugsrechte zu. Das Bezugsrechtsangebot wird in Form eines öffentlichen Angebots in Deutschland und Luxemburg durchgeführt, im Wege von indirekten Bezugsrechten gemäß einem Verhältnis von 3:1. Neue Aktien, die nicht durch Ausübung von Bezugsrechten erworben werden, werden entweder (a) institutionellen Investoren im Wege einer Privatplatzierung zum Kauf angeboten; oder (b) über den Markt durch die Emissionsbanken verkauft.
	Bezugsangebot.	Die Emissionsbanken vereinbaren in dem Übernahmevertrag vom 24. Juni 2015 zwischen der Gesellschaft und den Emissionsbanken ("**Übernahmevertrag**") unter bestimmten Bedingungen den bestehenden Aktionären der Gesellschaft die Neuen Aktien innerhalb der Bezugsfrist (wie unten definiert) und zum Bezugsverhältnis von 3:1, d.h. 3 Bezugsrechte berechtigen einen Aktionär 1 Neue Aktie zum Bezugspreis von EUR 8,50 je Aktie (der "**Bezugspreis**") zu zeichnen, wobei jede bestehende Aktie Anspruch auf ein Bezugsrecht gewährt. Ein Aktionär der Gesellschaft wird auf ein Bezugsrecht verzichten, um das Bezugsverhältnis zu gewährleisten. Der größte Einzelaktionär der HAMBORNER REIT AG, die RAG Stiftung (9,09% des Grundkapitals), hat bereits im Vorfeld erklären lassen, sämtliche ihr zustehende Bezugsrechte auszuüben.
	Bezugsfrist.	Die Bezugsfrist läuft erwartungsgemäß von einschließlich 25. Juni 2015 bis einschließlich 8. Juli 2015. Um den Ausschluss von der Teilnahme an der Kapitalerhöhung zu vermeiden sieht das Bezugsangebot vor, dass Aktionäre ihr Bezugsrecht bezüglich der Neuen Aktien während der Bezugsfrist durch ihre Depotbank während der üblichen Geschäftszeiten ausüben. Bezugsrechte, die nicht innerhalb der der Bezugsfrist ausgeübt werden, verfallen oder zu den bestmöglichen Bedingungen verwertet, soweit dies mit der Depotbank vereinbart ist. Die Depotbanken sind für die Buchung der Bezugsrechte in die Wertpapierkonten der Aktionäre verantwortlich. Die Bezugsrechte (ISIN DE000A161NS5, WKN A161NS) für die Neuen Aktien der Gesellschaft (ISIN DE0006013006, WKN 601300) werden automatisch nach Stand vom 24. Juni 2015 (abends) bei

	den Depotbanken durch Clearstream Banking AG, Mergenthalerallee 61, 657600 Eschborn, Deutschland am 25. Juni 2015 verbucht. Die Depotbanken sind für die Buchung der Bezugsrechte in die Wertpapierkonten der Aktionäre verantwortlich.
Bezugsstelle.	Bezugsstelle ist Berenberg (die "**Bezugsstelle**").
Handel mit Bezugsrechten.	In Verbindung mit dem Angebot der Neuen Aktien wird ein Börsenhandel mit Bezugsrechten stattfinden. Die Bezugsrechte (ISIN DE000A161NS5, WKN A161NS) für die Neuen Aktien der Gesellschaft werden erwartungsgemäß von einschließlich 25. Juni 2015 bis einschließlich 6. Juli 2015 (bis ungefähr 12 Uhr mittags MESZ) am Regulierten Markt (XETRA und XETRA Frankfurt Specialist) der Frankfurter Wertpapierbörse gehandelt. Die Bezugsstelle ist darauf vorbereitet, den Kauf und Verkauf von Bezugsrechten an der Börse zu unterstützen. Eine Entschädigung für nicht ausgeübte Bezugsrechte wird nicht gewährt. Ab dem 25. Juni 2015 werden die bestehenden Aktien der Gesellschaft mit "*ex Bezugsrecht*" gelistet.
Bezugsrechtskoordinator.	Berenberg darf in Absprache mit Kempen & Co und Bankhaus Lampe angemessene Schritte einleiten, um die Liquidität für einen geordneten Handel der Bezugsrechte zu gewährleisten oder andere Handlungen vornehmen, die ein Bezugsrechtskoordinator üblicherweise vornimmt, insbesondere den Kauf und Verkauf von Bezugsrechten. Vor diesem Hintergrund behält sich Berenberg das Recht vor, Sicherungsgeschäfte bezüglich der Aktien der Gesellschaft oder davon abgeleiteter Derivate abzuschließen. Diese Schritte und Sicherungsgeschäfte können den Aktienkurs der Gesellschaft sowie den Marktpreis für die Bezugsrechte beeinflussen. Dennoch ist nicht gesichert, dass ein aktiver Handel der Bezugsrechte an der Frankfurter Wertpapierbörse entsteht und dass hinreichend Liquidität während der Bezugsfrist verfügbar sein wird.
Zulassung und Handel Neuer Aktien.	Der Antrag für die Zulassung der Neuen Aktien zum Handel am Regulierten Markt der Frankfurter Wertpapierbörse bei gleichzeitiger Zulassung zum Prime Standard (als Teil-Segment des Regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten) sowie zum regulierten Markt an der Düsseldorfer Wertpapierbörse wurde am 24. Juni 2015 gestellt. Die Zulassung wird für den 9. Juli 2015 erwartet. Investoren werden die Neuen Aktien über einen Miteigentumsanteil an einer Globalurkunde halten. Die Globalurkunde wird bei Clearstream Banking AG, Mergenthalerallee 61, 657600 Eschborn, Deutschland im Girosammelverkehr hinterlegt werden. Die Aktionäre haben keinen Anspruch darauf, die Ausgabe von Einzelurkunden, die die Neuen Aktien verbriefen würden, zu verlangen, Die Lieferung der Neuen Aktien wird durch den Girosammelverkehr sichergestellt. Die Käufer werden benachrichtigt, wenn die Neuen Aktien in ihre Wertpapierkonten gebucht werden. Der Handelsbeginn bleibt davon unberührt.

	Lieferung und Abrechnung.	Soweit das Bezugsrechtsangebot nicht verschoben oder verlängert wird, werden die Neuen Aktien erwartungsgemäß am 13. Juli 2015 geliefert.
E.4.	**Für die Emission wesentliche Interessen, einschließlich Interessenkonflikte.**	Die Emissionsbanken haben mit der Gesellschaft in Zusammenhang mit dem Angebot und der Zulassung der Neuen Aktien der Gesellschaft an Wertpapierbörsen eine vertragliche Vereinbarung getroffen. Berernberg, Kempen & Co und Bankhaus Lampe wurden von der Gesellschaft als Konsortialbanken für das Angebot beauftragt. Die Konsortialbanken werden eine Bankprovision für die Transaktion erhalten, sofern diese erfolgreich durchgeführt wird. Zusätzlich werden die Konsortialbanken unter Umständen finanzielle Vor- und Nachteile aus Stabilisierungsmaßnahmen haben. Die Konsortialbanken und mit ihnen verbundene Unternehmen können, von Zeit zu Zeit, in Geschäftsbeziehungen mit HAMBORNER treten oder könnten Dienstleistungen im ordungsgemäßen Geschäftsbetrieb des Geschäfts von HAMBORNER leisten. Außer dem oben beschriebenen Interesse im Zusammenhang mit dem Angebot, haben die Konsortialbanken keine materiellen geschäftlichen Beziehungen mit HAMBORNER. Außer den hier angegebenen Beziehungen bestehen keine Interessen oder Interessenskonflikte von Personen, die mit dem Angebot in Verbindung stehen, die von materieller Bedeutung für das Angebot sind.
E.5.	**Natürliche oder juristische Person, die als Verkäufer das Wertpapier anbietet.**	Die Neuen Aktien werden von den Konsortialbanken, d.h. Berenberg, Kempen & Co und Bankhaus Lampe angeboten.
	Lock-Up-Vereinbarungen.	Die Gesellschaft hat sich gegenüber den Konsortialbanken im Rahmen des rechtlich Zulässigen verpflichtet, bis sechs Monate nach Einbeziehung der Neuen Aktien in die laufende Notierung (a) keine Kapitalerhöhung aus genehmigtem Kapital anzukündigen oder durchzuführen; (b) ihrer Hauptversammlung keine Kapitalerhöhung vorzuschlagen; (c) keine Emission mit Wandlungs- oder Optionsrechten auf Aktien der Gesellschaft ausgestatteter Finanzinstrumente und andere wirtschaftlich vergleichbare Transaktionen anzukündigen, durchzuführen oder ihrer Hauptversammlung vorzuschlagen; oder (d) andere wirtschaftlich ähnliche Maßnahmen zu ergreifen. Diese Verpflichtung gilt nicht für die Ausgabe der Neuen Aktien.
E.6.	**Aus dem Angebot resultierende unmittelbare Verwässerung.**	Der Nettobuchwert der Gesellschaft (der mit dem Gesamteigenkapital der Gesellschaft übereinstimmt) belief sich am 31. März 2015 auf EUR 313,9 Mio. Der Nettobuchwert der Gesellschaft basiert auf den ungeprüften IAS 34-Zwischenabschluss für die drei Monate endend am und zum 31. März 2015 und wird definiert als die Summe der Vermögenswerte

		von EUR 663,9 Mio. abzüglich der langfristigen Verbindlichkeiten und Rückstellungen von EUR 331,7 Mio. und abzüglich der kurzfristigen Verbindlichkeiten und Rückstellungen von EUR 18,3 Mio. Der Nettobuchwert der Gesellschaft ist EUR 6,27 pro Aktie (basierend auf 50.042.665 bestehenden Aktien der Gesellschaft zum 31. März 2015). Wenn 16.680.888 Neue Aktien, auf die sich der Prospekt bezieht, am 31. März 2015 zum Ausgabepreis von EUR 8,50 für jede Neue Aktie emittiert worden wären, so wäre der Nettobuchwert (nach Abzug von Gebühren und Provisionen für die Emissionsbanken und anderer Kosten in Verbindung mit dem Angebot und der Börsenzulassung der Neuen Aktien von EUR 4,45 Mio., die der Gesellschaft bei der Umsetzung dieser Kapitalerhöhung anfallen) insgesamt EUR 451,3 Mio., oder EUR 6,76 je Aktie (berechnet auf der Basis von insgesamt 66.723.553 ausgegebenen Aktien nach der Umsetzung der Kapitalerhöhung). Für Anleger, die Neue Aktien erwerben, ohne vorher Anteile an der Gesellschaft gehalten zu haben, bedeutet das, zu einem Bezugspreis von EUR 8,50 je Neuer Aktie, einen direkten Verlust von EUR 1,74, oder 20,5%, je nennwertloser Stückaktie zu verbuchen. Für die existierenden Aktionäre der Gesellschaft bedeutet dies dagegen einen Anstieg des Nettobuchwerts von EUR 0,49, oder 7,8% je nennwertloser Stückaktie. Nach der Umsetzung der Kapitalerhöhung zum Maximalbetrag werden die 50.042.665 nennwertlosen Stückaktien der Gesellschaft zum 31. März 2015 nur einen Anteil von 75% des Grundkapitals von insgesamt 66.723.553 zu dieser Zeit ausstehenden Aktien darstellen. Aktionäre der Gesellschaft, die nicht an der Kapitalerhöhung teilnehmen würden daher ihren Anteil am Grundkapital sowie an den künftigen Dividenden um 25% verwässern. Nach Art. 17 der Satzung der Gesellschaft hat jede nennwertlose Stückaktie ein Stimmrecht in der Hauptversammlung. Die Verwässerung der Stimmrechte entspricht der Verwässerung des Anteils am Grundkapital.
E.7.	**Schätzung der dem Anleger durch die Emittentin berechneten Kosten.**	Entfällt. Mit Ausnahme der üblichen Bankgebühren werden den Investoren für Kaufangebote keine weiteren Kosten berechnet.

3. RISK FACTORS

*Prior to their investment decision, investors should carefully review and consider the following risk factors along with the other information contained in this prospectus (the "**Prospectus**"). If any one or more of these risks occur, the business activities as well as the net assets, financial position and results of operation of HAMBORNER REIT AG, Goethestraße 45, 47166 Duisburg ("**HAMBORNER**" or the "**Company**") could be materially adversely affected. The market price of the Company's shares could fall due to the occurrence of any of these risks, and investors might lose part or all of their investment. In addition to the risks described below, further risks and uncertainties which are presently unknown to the Company or risks which the Company considers insignificant might also impair the business operations of the Company and have considerable negative effects on the Company's business activities and its net assets, financial position and results of operations. The order in which the following risks are presented is not an indication of the probability of their occurrence or the extent or significance of the individual risks. The risks referred to may occur individually or cumulatively.*

3.1 Market-related Risks

3.1.1 HAMBORNER is exposed to risks related to the development of the general business and economic environment, specifically in Germany, and the German commercial property market

The Company acquires, lets, administers and sells commercial properties throughout Germany. The success of the Company's business is therefore dependent on the development of the market for commercial properties, which in turn is significantly influenced by general economic developments and pronounced market cycles. This market, which in the past has in some cases been characterized by high vacancy rates and low transaction volumes with respect to the sale and acquisition of properties, may be significantly dependent on the general economic environment and the development in the value of properties in Germany. These developments depend on numerous interdependent factors and are subject to fluctuations. The influencing factors include, for example, the availability and solvency of tenants and potential investors and their financial means; statutory, regulatory and tax framework conditions; the political environment; level of investment activities; general economic developments; availability of and interest levels for property financing; rate of inflation; demographic developments in Germany; consumer purchasing power and consumer behavior; changes to operating costs; special influences such as natural disasters and other acts of God; as well as the attractiveness of Germany as a business location in comparison to other markets. In particular, demand for commercial properties in individual towns and cities or certain regions may fall due to specific developments and special circumstances in these towns and regions, or may develop differently. Therefore, as a consequence of negative general economic conditions with, for example, stagnating and falling incomes of potential tenants and purchasers of commercial properties, rising inflation rates, increasing interest levels, higher tax burdens or other effects, demand for commercial properties and purchase and rental prices could decline, and the Company might not be able to off-set cost increases by higher rents.

HAMBORNER has no influence on these continuously changing factors. Due to HAMBORNER's focus on commercial properties, there is also no diversification of the risks with other non-commercial property. HAMBORNER therefore has to continuously observe the above-mentioned factors, re-evaluate them and take corresponding entrepreneurial decisions.

Each of the aforementioned factors could have a material adverse effect on the business activities and thus on the net assets, financial position and results of operations of HAMBORNER.

3.1.2 HAMBORNER operates in a competitive environment, which could lead to price increases of acquisition targets and falling rent levels

The real estate market, particularly in the field of commercial properties, is characterized by competition for property and solvent tenants and is subject to continual fluctuations which are influenced – amongst other things – by business cycles and demand preferences of tenants and purchasers, as well as the current conditions of properties. As part of its business activities, HAMBORNER competes with a number of domestic and foreign competitors. Increased competition might lead to price increases in the acquisition of properties or falling rent levels.

Some of the Company's competitors, above all foreign competitors, family offices and listed real estate companies, have a comparatively higher level of awareness, broader market access or considerably greater financial, technical and marketing resources at their disposal and may potentially benefit from more favorable financing and regulatory conditions. These competitors could increase their presence in the market. This could lead to a general rise in prices for the acquisition of properties, which would make it more difficult for HAMBORNER to achieve its economic goals. Furthermore, HAMBORNER is also in competition for tenants and investors, and competition could lead to decreasing rents and lower prices for portfolio properties which are designated to be sold. In addition, HAMBORNER may not be able to find suitable properties that it can purchase due to the level of competition or general market trends. If HAMBORNER is not able to maintain its competitive position or find suitable investment opportunities, including properties that it aims to purchase with the proceeds from the Offering of the New Shares, this could have a material adverse effect on the business activities and on the net assets, financial position and results of operations of HAMBORNER.

3.1.3 If general interest rates increase, this could result, among other things, in higher financing costs and a negative impact on valuations of HAMBORNER's properties

HAMBORNER finances its business activities with debt and equity within the limits permitted under the German REIT Act. The interest rates for (property) loans in Germany are currently at a very low level. Such benign interest rate environment has supported demand for real estate and has had a positive effect on real estate valuations. A rise in interest rates would very likely increases the cost of property financing and adversely affect real estate values. Higher financing costs would reduce the profitability of the Company's property portfolio to the extent that such cost increases cannot be passed on through increases in rents. This could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

Current and future commercial tenants and potential purchasers of HAMBORNER's properties are (re)financing themselves at least in part by loans. If interest levels increased in the future, this would lead to higher financing costs for tenants and potential buyers of portfolio properties. This could have a negative effect on the willingness of potential purchasers to buy the properties and the ability of current and potential tenants to pay appropriate rents.

Some of HAMBORNER's existing financing is hedged by derivatives. A revaluation of these derivatives could have negative or positive effects on the Company's equity capital depending on the level of interest rates. This could lead to a shift of the debt-to-equity ratio and possibly to an impaired leverage ratio and equity coverage pursuant to Section 15 of the REIT Act. Due to the requirements of the REIT Act, a decline of the equity-to-assets ratio could force HAMBORNER to limit or cease its investment activity. A drop of the equity-to-assets ratio under the 45% limit required by the REIT Act could entail (penalty) payments or a loss of the REIT status.

Through its effect on the discount and equity capital interest rates, a rise or fall of the market interest rates affects the fair value valuation of the properties. Therefore, rising interest rate levels and discount rates tend to result in a negative impact on the valuation. A negative impact on the valuation of the properties through associated unscheduled depreciations has an immediate effect on HAMBORNER's net assets and results of operations.

Each of the aforementioned risks could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2 Company-related Risks

3.2.1 Dependence of the business activities of HAMBORNER on the acquisition and marketing of suitable commercial properties at reasonable prices

The Company's business model depends on it being able to acquire, on a continuous basis and at appropriate prices, suitable commercial properties in economically attractive regions with solvent tenants, good location quality and occupancy, as well as sustainably achievable high rent levels in the future.

Whether such commercial properties can be acquired depends on many factors on which the Company has no or only limited influence. These include, for example, general economic conditions with the corresponding impact on the supply and demand for new and existing commercial properties, management costs associated with the properties, appropriate conditions under building and planning laws for the rebuilding or modernization of the relevant commercial properties, as well as the development of the economic situation of the tenants.

HAMBORNER is increasingly competing with domestic and foreign investors. As a consequence of the intense competition for commercial buildings which HAMBORNER considers suitable for investment, their prices have already risen compared to previous years, partially driven by the very low interest rate environment which increases valuations, and could rise even further. In addition, the Company might not be considered by sellers as a suitable purchaser for the desired property.

In addition to the possibility of acquiring a sufficient number of suitable properties, HAMBORNER is, in the case of sales of portfolio property carried out to streamline the property portfolio, exposed to the uncertainty of whether sales can be carried out at the right time and at appropriate conditions. A successful sale depends on various factors, such as the demand for commercial properties, the competitive situation or influences under public law, such as for example the granting of the necessary building permits.

Risks associated with property sales may result in particular from a general or specific fall in prices, inability to find purchasers for individual properties or misjudgements regarding the usability of a specific property or whether it can easily be rented to tenants, as well as its quality and location, so that the property is therefore sold below its market value. There is also a risk that the purchase price expected by the Company cannot be achieved and even lies below the valuations stated on HAMBORNER's balance sheet.

If HAMBORNER fails to acquire suitable commercial properties at reasonable prices or to carry out planned sales of portfolio property at reasonable conditions in the future, this could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.2 HAMBORNER is exposed to risks related to the acquisition of properties, specifically in connection with efforts for acquisitions that are not successfully completed and inaccurate assessments of properties which are acquired

Even if HAMBORNER acquires suitable properties, acquisitions are time consuming and cost intensive. Planned acquisitions may be terminated without having generated any benefits. In addition, acquisitions may not be successful. Assumptions upon which a property purchase is based may turn out to be partly or completely inaccurate, or unforeseen problems or unidentified risks associated with the purchased property against which the Company did not insure may occur. One or more locations might not develop as expected, rental income might not be generated as expected, value increases might not be achieved as planned, profits from the divestment might not be realized or the properties might not generate the expected profits. This could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.3 HAMBORNER's income is affected by the quality of its tenants, the vacancy rate and the management of its property portfolio

The economic success of HAMBORNER's property investments depends significantly on sufficient income being generated from their letting. If tenants do not fulfil their rental obligations completely or partially, for example in the case of insolvency or in the case of a significant decline of the income or liquidity situation of the respective commercial tenants, this would lead to losses of rental income. This also applies to rental guarantees if a guarantor is not or not fully meeting its payment obligations in the event of a claim under a guarantee.

Commercial properties are frequently tailored to meet the requirements of a specific tenant or a specific industry. This may result in HAMBORNER becoming dependent on individual tenants or industries. Negative developments in the applicable sectors may have a corresponding negative effect on the earnings of HAMBORNER. The subsequent letting of a specific property might therefore be impossible, or only possible on unfavourable conditions, due to the restricted usability of the property. Any extension or change to the usability of the property would lead to costs which might materially adversely affect the net assets, financial position and results of operations of HAMBORNER.

When existing rental contracts expire, HAMBORNER is exposed to the risk that its properties cannot be immediately relet and a successor tenant is not found for a prolonged period. Furthermore, future rental contracts could achieve lower rental income levels than in the past and the Company might be required to grant rent-free periods. In extreme cases, long-term vacancies may occur. The income from letting also depends on the skills and success of contracted service providers such as estate agents. The success of their attempts to let the properties is in turn influenced by the general developments on the property market.

Lettability and achievable rents depend on a number of factors on which the Company has no or only limited influence, in particular:

- the space efficiency of the properties;
- the relationship between supply and demand;
- contemporary architectural form and technical fixtures and fittings of the properties;
- development of the infrastructure and location conditions;
- energy efficiency of the properties (e.g. energy pass);
- (concealed) construction defects or building on third-party land;
- usability or restrictions on the usability of the commercial property;
- excessive wear and tear by the tenants, e.g. as a consequence of use by the tenants that is contrary to the provisions of the rental contract;
- damage to the property, for example as a result of fungal contamination;
- negative development of the economic situation of potential tenants;
- changes to market conditions or the tax, legal and/or political environment;
- withdrawal of the authorization for building materials used;
- discovery of the use of cancer-causing building materials or other building materials which are detrimental to health; and
- altered requirements being placed on the layout of the property.

Furthermore, upon the letting of commercial properties, claims might be asserted against HAMBORNER due to defects in quality or title. This applies, in particular, to characteristics of the commercial properties for which an undertaking has been warranted and with respect to which a tenant asserts a claim against HAMBORNER.

If HAMBORNER fails to let properties, or only lets them on unfavorable conditions, or if it is not able to generate sufficient rental income, or if tenants assert warranty claims on the basis of rental contracts, or if properties remain vacant after rental contract expiration, this might have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

Real estate owned by HAMBORNER is leased predominantly long term. Pursuant to German law, fixed-term lease agreements with a term exceeding one year can be terminated prior to their contractually agreed expiration date if certain formal requirements are not complied with. These include the requirement that there be a document that contains all the material terms of the lease agreement, including all attachments and amendments and the signatures of all parties thereto. While the details of the applicable formal requirements are assessed differently by various German courts, most courts agree that such requirements are, in principle, strict. Some lease agreements regarding real estate owned by HAMBORNER may not satisfy the strictest interpretations of these requirements. In this case, the respective lease agreement would be deemed to have been concluded for an indefinite term and could therefore be terminated one year after handover of the respective property to the tenant at the earliest, provided that the statutory notice period is complied with (i.e., notice of termination is admissible at the latest on the third working day of a calendar quarter towards the end of the next calendar quarter). Consequently, some of HAMBORNER's tenants might attempt to invoke alleged non-compliance with these formal requirements in order to procure an early termination of their lease agreements or a renegotiation of the terms of these lease agreements to HAMBORNER's disadvantage. Furthermore, according to a current decision of the German Federal Court of Justice, a written form curing obligation does not bind a potential acquirer of a property. Some lease agreements of HAMBORNER may not reflect this requirement set out in the decision. In this case, a risk exists that a written form curing obligation might be deemed invalid, because the binding effect for a potential acquirer is not explicitly excluded. Accordingly, a premature termination of a lease agreement might not be excluded due to the written form curing clause.

3.2.4 HAMBORNER generates a large part of its annualized rental income from several large tenants and has a portfolio with a particular geographic to North Rhine-Westphalia, Bavaria and Baden-Württemberg, that exposes it to concentration and bulk risks

As of 31 March 2015, HAMBORNER generated 50.0% of its annualized rental income from its top ten tenants. HAMBORNER's most important tenants are the EDEKA Group, with which HAMBORNER generated 14.0% of its annualized rental income as of 31 March 2015, as well as the Kaufland Group, with which HAMBORNER generated 9.5% of its annualized rental income as of 31 March 2015.

As a result, HAMBORNER depends to a certain extent on its key tenants. If these tenants vacate their premises, there is a risk that HAMBORNER might not, or might not promptly be able to compensate for such loss of income. Rental contracts with key tenants might be terminated prematurely and successor tenants might only be found on worse conditions, after a delay or not at all, or key tenants might fail to fulfil their payment obligations, so that HAMBORNER could experience a considerable loss of rent. This could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

As of 31 March 2015, HAMBORNER generated 31.4% of its annualized rental income in the state of North Rhine-Westphalia, 20.0% in the state of Bavaria and 16.8% in the state of Baden-Württemberg. As a result, the performance of the Company's property portfolio depends considerably on the local market conditions as well as the economic and demographic development in these regions. The economy and the population of these regions might be affected by negative developments to a greater extent than other regions in Germany. If the general economic conditions and the situation of the population in these regions deteriorate, this could increase the number of overdue accounts receivable and defaults in the rental payments, as well as the risk of HAMBORNER not being able to find suitable tenants. Due to the concentration of the property portfolio in the state of North Rhine-Westphalia, an economic downturn in this region could materially adversely affect the business activities and the net assets, financial position and results of operations of the Company more than if such a concentration did not exist.

3.2.5 There are risks relating to rent review clauses in rental contracts

HAMBORNER's rental contracts generally contain rent review clauses which link the level of rental payments to a reference index, usually the consumer price index for Germany. The rental claims are only adapted to the change in the index if agreed threshold values are exceeded or fallen short of, and then not always to 100%, not always immediately and sometimes not at all, with adjustments only being possible in some cases after the contract has run for several years with fixed rental payments. Due to this indexing, the development in the inflation rate has a particular effect on the level of HAMBORNER's achievable rental income. If the reference index falls and the rental payments are adjusted downwards, rental income would decline accordingly. If the costs of management and maintenance of the properties rise faster than rental income, or if rental income falls due to a decline in the reference index, this could have a material adverse effect on the return on rents, the valuation of properties and, therefore, on the net assets, financial position and results of operations of HAMBORNER.

3.2.6 Risks related to the maintenance and modernization of real-estate properties

HAMBORNER is obligated to maintain its rental properties according to contractual conditions. For this reason, and in order to prevent a decline in market value, HAMBORNER has to undertake maintenance measures. Additionally, regular extensions and adaptations to contemporary requirements (modernizations), particularly in the case of retail properties, are required, in order to improve the attractiveness of the properties. All of these measures may be extensive and therefore time and cost intensive. Risks may also arise from the fact that maintenance or modernization work could involve higher than expected costs or that unforeseen additional expenses may occur which cannot be passed on to tenants. Furthermore, maintenance or modernization measures may be delayed, e.g. during bad weather periods, or if the contractual partners commissioned with the work fail to perform or if unforeseen building defects occur. With respect to the modernization of properties, it is possible that in the case of an adaptation to contemporary requirements a change of use or reallocation of the previous use may occur which is not approved by the building authorities and/or cannot be carried out due to objections from neighbours. This may result in higher costs or inability to carry out such modernizations, or extensions and modernizations may be discontinued after significant expenditure has already occurred. The resulting additional costs and the reduction in rents and value of the property resulting from an inability to change its use could materially adversely affect the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.7 Risks associated with market value assessments as well as other value assessments and changes to the accounting valuation methods in the case of incorrect estimates upon the purchase of property

HAMBORNER's business requires the valuation of land and property-related assets by both in-house and external experts. Relevant valuation data are primarily drawn up upon the acquisition of properties, the sale of properties and the compilation of financial statements.

The valuation of land and property-related assets is largely based on national and regional economic conditions and on the subjective evaluation of how these conditions affect the valuation of property. Valuations and the methodology on which they are based are associated with substantial uncertainties. Furthermore, property valuations are carried out on the basis of assumptions which may turn out to be inappropriate. In addition to the expected rental payment flows from a property, its condition and its location, many additional factors are relevant for the valuation. The valuation of properties is therefore subject to each property's particular individual features.

When acquiring a real estate property, valuation depends on a variety of factors that may have subjective components. Hence, HAMBORNER could base its decision to purchase or sell a property on false or inaccurate information and assessments. Valuation procedures in particular may subsequently prove to be inappropriate and expert opinions (including the market value assessment contained in this Prospectus), financial information and assumptions regarding the real estate to be purchased may later prove to be incorrect. Economic conditions are also subject to changes. Therefore, HAMBORNER could acquire assets for an excessive price or sell them for a price that is too low. Furthermore, property values may have to be adjusted in the Company's financial statements, if valuations subsequently prove to be inaccurate, or a change of circumstances or assumptions underlying the valuation may require a revaluation. In case of a negative development of the real estate market or the general economic conditions, there is a risk that in addition to scheduled depreciations, valuations of the properties have to be adjusted downwards due to lower fair values of the properties. Moreover, the necessity of write-downs for impairments or the occurrence of unexpected risks may make it necessary to revalue properties. These revaluations can negatively affect the value of HAMBORNER's property portfolio and lead to negative impacts on its financial results.

The actual market value of HAMBORNER's property portfolio could fall in the future or change considerably, irrespective of whether it corresponds to the values shown in the market value report of Jones Lang LaSalle GmbH. The estimated value of HAMBORNER's property portfolio can be used only as an indicator of the prices which HAMBORNER might achieve in the case of a sale, and cannot be drawn upon as the sole indicator for the possible market price of HAMBORNER shares.

All uncertainties in the valuation and revaluation of properties may therefore have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.8 Risks owing to existing contamination and other risks relating to the building, soil or environment

There is a risk of existing contamination, soil pollution or harmful substances on real estate that HAMBORNER has acquired or sold. Contamination and other pollution-related risks reduce real estate values. They may make it impossible to let or sell the property. Removal is often very expensive or impossible. There is also a risk that clean-up measures may not be carried out properly, making it necessary to carry out additional work or resulting in liability or damages.

HAMBORNER might be obligated to eliminate contamination or pollution of the soil or buildings, or might be held liable for damages by official authorities or private parties. Legally, the exclusion of liability is possible only to a limited extent.

Even if HAMBORNER did not cause the contamination or pollution, it might be difficult or impossible, legally or practically, to require the primarily responsible parties to eliminate the damage or to take recourse against such parties.

Previously unknown harmful substances in the soil or buildings, environmental risks and failure to comply with requirements under construction or environmental laws might result in additional unanticipated expenses for the Company.

If one or more of these risks occur, this could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.9 Risks associated with the sale of real-estate property

HAMBORNER intends to sell properties that do not fit the Company's investment strategy, subject to the limitations imposed on HAMBORNER by REIT legislation. Real estate is less liquid than other assets, such as securities. For this reason, the sale of properties in which HAMBORNER invests is more time consuming than the sale of more liquid assets. In addition to preparatory measures, the sale of property requires experience with the relevant local markets and is associated with costs.

When selling real estate, HAMBORNER regularly assumes liability for the existence of certain characteristics, such as the amount of rental income at the time of sale or the size of lettable space, and may in some cases issue assurances and negative declarations, for example regarding existing contamination. If warranted characteristics are not present, or not as warranted, or if, despite declarations to the contrary, certain knowledge exists, HAMBORNER might be liable to the purchaser for damages.

Difficulties with the sale of properties may impair the ability of HAMBORNER to streamline its portfolio or sell its portfolio in response to changes in the economy, property market or other conditions, on time and at reasonable prices.

Each of the aforementioned factors and any related reserves or payments might have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.10 Risk of insufficient insurance protection

HAMBORNER has taken out customary insurance policies for itself as well as for its real estate portfolio. Specifically, it has taken out building insurance policies (including for fire, natural hazards and loss of rent) and liability insurance policies (including building owner and landowner liability insurance policies). Certain insurance policies, such as third party liability insurance, have liability exclusions and restrictions, and potential damage may not result in full compensation. Furthermore, certain risks (e.g. flood-water damage) may not be insurable, or only at a disproportionately high cost.

If loss events occur that are not, or not adequately, covered by insurance, this might have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.11 HAMBORNER may not always be able to secure enough debt and equity capital.

The Company finances its business activities with debt and equity capital in accordance with the provisions of the REIT Act. There is a risk that HAMBORNER will not always be able to secure the necessary amount of debt capital under economically acceptable conditions. In addition, there is a risk that an increase in the interest rate level could increase the Company's financing expenses. If HAMBORNER is unable to extend the maturities of its debt financing or refinance its debt at economically attractive conditions, or if loans become due ahead of their scheduled maturities, HAMBORNER could be required to sell its real estate properties.

Due to the financing structure of a REIT company provided for in the REIT Act, securing additional debt is linked to the company having sufficient equity capital. If the company lacks the required proprietary resources in the future, this might weaken or preclude the company's financing and growth. As a result, HAMBORNER's inability to have such resources at its disposal could harm its business and growth.

Each of the aforementioned factors could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.12 HAMBORNER faces risks relating to financing and liquidity, especially in connection with maintaining its REIT status

In addition to its equity capital financing, HAMBORNER finances itself exclusively with loans. The borrowed funds are presently mortgage-secured loans with terms of five or more years with fixed or variable interest rates. HAMBORNER uses derivative financial instruments to hedge the interest rate risks associated with loans with a variable interest rate. HAMBORNER is dependent on its ability to extend the maturities of or refinance loans that become due, especially starting in 2017 and 2018 when several bank loans mature and require refinancing, and hence faces the risk that new loans are not granted or are granted only on unfavorable conditions. Furthermore, according to Section 15 of the REIT Act, the

Company must have an equity capital to immovable assets ratio of at least 45% ("**REIT Equity Capital Ratio**"). Moreover, under Section 12 of the REIT Act, at least 75% of the Company's total assets must consist of immovable assets. Accordingly, the Company is restricted in its capital borrowings and its ability to increase profitability through external funds (leverage). Due to the pegging of long-term interest rates, it may not be possible to take (full) advantage of currently favourable financing conditions.

As a REIT, HAMBORNER must distribute at least 90% of its profit for the financial year, as determined in accordance with German commercial law principles, to its shareholders no later than the end of the following financial year. If the Company lacks sufficient liquidity or if it is unable to borrow third-party capital on favourable conditions or at all, the Company would be required to sell property on short notice at unattractive prices which might be below book values.

In order to fulfill its payment obligations arising from current business operations, HAMBORNER must have in place an adequate liquidity management system and maintain sufficient liquidity reserves. If its liquidity management fails, HAMBORNER could fall behind its payment obligations and be exposed to claims for damages.

As most of its loan agreements are long-term, HAMBORNER assumes that the banks who provide financing to it will continue to be available to HAMBORNER as lenders in the future. In the past, especially as a result of the global financial crisis in 2008 and 2009, this has resulted in a period of time when financial institutions were very reluctant to grant loans. Should such a period of reduced availability of loans at favourable rates reoccur, HAMBORNER may face a restrictive credit policy from banks and find it difficult to refinance or acquire debt financing for newly acquired properties.

Each of the aforementioned factors could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.2.13 Risks of changes in general legal conditions and changes in tax law

Changes to legal framework conditions due to new laws or regulations or their amendment, or as a result of changes to their application by public authorities or legal rulings, could negatively affect the Company's business activities. This concerns, in particular, changes to building, building planning and building code regulations, as well as laws relating to rents, properties and the environment. Changes to legal framework conditions might result in increased expenses for HAMBORNER or restrict HAMBORNER's ability to let, use or dispose of its properties. Changes in tenancy law or its application, for example concerning legal notice periods, could lead to decreasing rental income, increasing costs or further limitations on the enforceability of rent increases.

Furthermore, changes to fiscal framework conditions, e.g. loss of the tax privileges enjoyed by REIT corporations, could impact the Company's profitability. The Company's inability to adapt its purchasing and sales policy or its letting strategy, on a timely basis or at all, to possible changes to legal or fiscal framework conditions could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

In addition, it is market practice in Germany for the purchaser of properties to be required to pay the real estate transfer tax (*Grunderwerbssteuer*, "**RETT**"). The RETT rate is determined at a state level. The statutory RETT framework falls within the competency of federal lawmakers. Effective as of 1 January 2015, North Rhine-Westphalia and the Saarland increased the RETT to 6.5% of the purchase value of the property. The RETT rate varies between 3.5% in Bavaria and 6.5% in other states. Further federal states may increase the RETT in the future. This would increase the acquisition costs for the purchase of corresponding properties.

3.2.14 Risk from infringements of data protection regulations

HAMBORNER's use of data, particularly data pertaining to tenants, is subject to the provisions of the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) and similar regulations. If third parties acquired unauthorized access to the data processed by HAMBORNER or HAMBORNER itself infringed data protection regulations, this might result in claims for damages and be detrimental to HAMBORNER's reputation, thus materially adversely affecting its business activities, net assets, financial position and results of operations.

3.2.15 *HAMBORNER relies on retaining and recruiting qualified personnel*

HAMBORNER's success depends to a large extent on the contribution of its Management Board, as well as its qualified executives and specialists. With increasing competition for executives and specialists in the property market, the risk is growing that qualified executives and specialists can no longer be employed by the Company in sufficient numbers and within a reasonable timeframe, or – if employed – that they may be recruited for employment elsewhere. The Company's inability to recruit and retain a sufficient number of specialists and executives to support its business could have a material adverse effect on its business activities, net assets, financial position and results of operations.

3.2.16 *HAMBORNER faces risks relating to subsidence damage claims and legacy costs relating to mining*

HAMBORNER may not only be liable for the payment of damages with respect to subsidence due to its history of mining activities, but may also have its own claims against third parties as the owner of land and property in areas that are susceptible to subsidence.

As a former mining company, HAMBORNER is liable for subsidence damage claims in those areas in which the Company or its legal predecessor carried out mining work, although this is restricted to the mines closed down before their contribution into Ruhrkohle AG. This liability does not have any upper limit according to statutory regulations. As of 31 March 2015, HAMBORNER created TEUR 2,510 in provisions for risks associated with liabilities to third parties for subsidence. However, the probability of claims for damages is difficult to predict and the exact amounts cannot be estimated on a reliable basis. Should HAMBORNER be subjected to claims for subsidence and these claims exceed the provisions that have been formed, this could have a material adverse effect on the business activities and the net assets, financial position and results of operations of the Company.

As of 31 March 2015, HAMBORNER's property portfolio comprised 31 properties (31.4% of its annualized rental income) in North Rhine-Westphalia, some in areas where mining used to occur or still occurs today. Therefore, HAMBORNER's properties are exposed to the risk of subsidence damage. This risk, as well as any inadequate rectification of subsidence damage, could impair the Company's ability to sell, let or use the properties as financing security. Although the costs of subsidence damage, which can be considerable, as well as any compensation for personal injury and material damage, have to be borne by the mining companies whose mining activities are responsible for the damage or injury, the enforceability of such claims is uncertain. To the extent such claims cannot be enforced, this could have a material adverse effect on the business activities and the net assets, financial position and results of operations of the Company.

3.2.17 *HAMBORNER faces tax-related risks in case tax audits with regard to payroll tax and VAT lead to demands for penalties and similar payments*

The Company undergoes periodic tax audits with regards to payroll tax and value added tax ("**VAT**"). Except for a payroll tax audit (*Lohnsteuerprüfung*) in 2011, there have been no tax audits for the financial years since the Company's reorganization as a REIT company. Despite the general corporate and trade tax exemption, it cannot be ruled out that future tax audits of the Company with regards to payroll tax and VAT may lead to demands for penalties and similar payments. This could have a material adverse effect on the business activities and the net assets, financial position and results of operations of HAMBORNER.

3.3 REIT-related Risks

3.3.1 HAMBORNER is subject to restrictions on investment and business activities as a result of the REIT Act

With respect to the acquisition of investment property, HAMBORNER is subject to restrictions under the REIT Act. As a result, the Company's investment object, investment volume and business activities are restricted or affected by the following regulations:

- exclusion of the acquisition of domestic residential property (completion of property before 1 January 2007);
- acquisition of shares in corporations dealing in property is permitted only under the condition that at least 90% of their total assets consist of investments in real-estate properties and the properties held are all located abroad where they could also be held by a REIT or corporate bodies, associations or estates that are similar to a REIT;
- restrictions on the allocation of net income to equity reserves;
- only low levels of liquidity due to the following requirements: (i) a minimum distribution of 90% of net income for the period determined in accordance with German commercial law principles, and (ii) at least 75% of assets must consist of real-estate properties;
- limitation on income from real estate-related services to third parties;
- limitations on property dealings with its real estate portfolio, in so far as HAMBORNER is limited to achieve proceeds from the sale of real estate in a total amount not exceeding 50% of its average real estate portfolio within a five year period;
- a minimum equity capital of 45% of the value of the immovable assets.

The minimum equity capital requirement of 45% of the immovable assets and the asset and income structure requirements of Section 12 of the REIT Act may make it impossible to take advantage of interesting property purchase offers due to a lack of liquidity and the restriction on the borrowing of third-party capital. A further increase of equity capital by means of a capital increase against cash contribution based on a decision of the annual General Shareholders' Meeting or out of authorized capital requires a certain period, which may be too long for the prompt acceptance of favourable property offers, so that such offers may be lost to competitors.

Due to these restrictions, the Company may have to forego certain opportunities in the property and financing market, or may be able to only take advantage of such opportunities to a limited extent. This and the possible restriction on debt financing, as well as the further restrictions on investment and business activities imposed by the REIT Act, may have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.2 HAMBORNER faces risks if it fails to comply with certain legal requirements of the REIT Act and loses the REIT status

The fiscal status as a REIT company is tied to certain preconditions, in particular:

- authorization of the shares for trading on a regulated market;
- only restricted trading with the immovable assets;
- a free float ratio of at least 15%;
- compliance with the maximum participation level (as defined in "*3.3.4 Risk of a transfer obligation or liability for damages towards the Company*") of less than 10% of the shares or voting rights;

- minimum equity capital of 45% of the value of the immovable assets;
- immovable assets comprising at least 75% of total assets;
- at least 75% of gross earnings being derive from immovable assets;
- distribution of at least 90% of the net income for the year determined in accordance with German commercial law principles; and
- restrictions of the business purpose.

A REIT company (although not subsidiary companies) which fulfills the REIT conditions is exempted from corporate and trade taxes. It can lose this tax exemption status retrospectively if it infringes the REIT conditions in any given financial year with respect to listing on a stock exchange and property dealings. Furthermore, a REIT company can also lose this tax exemption status retrospectively if it infringes REIT conditions, such as its shareholder structure, minimum equity capital, dividend distribution ratio and the composition of its assets and income, on three consecutive balance sheet dates.

In the case of non-compliance with the aforementioned requirements, the Company would be liable for the payment of corporate and trade taxes as well as certain back-dated taxation obligations. After the loss of tax exemption status, renewed exemption would not be possible for the following four years. The loss of tax exemption and REIT status could harm the reputation of the Company and have a material adverse effect on its business activities, net assets, financial position and results of operations.

3.3.3 Risks of (penalty) payments in case of non-compliance with the conditions of the REIT Act

If a REIT company does not fulfill the requirements under the REIT Act, albeit not to an extent or duration which would cause a loss of the tax exemption, the Company could be subject to (penalty) payments imposed by taxation authorities. This is particularly the case if the share of immovable assets in the total assets of the company or the share of gross earnings from properties falls below the minimum ratio of 75%. The same also applies if the minimum dividend distribution rate of 90% of the net income for the year determined in accordance with German commercial law principles is not reached within a financial year. If taxation authorities impose (penalty) payments, this could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.4 Risk of a transfer obligation or liability for damages towards the Company

The REIT Act provides in Section 11 (4) that no shareholder may directly hold 10% or more of the shares of the Company such that it has 10% or more of the voting rights in the Company ("**maximum participation level**"). The Articles of Association of the Company also contain a corresponding restriction in Article 6 (4). According to Section 11 (1) of the REIT Act, at least 15% of the shares of the Company must be in free float, i.e. held by shareholders whose participation in each case is equivalent to less than 3% of the voting rights ("**minimum free float**"). Article 6 (2) of the Articles of Association of the Company contains a corresponding stipulation. If during three consecutive financial years the regulations concerning the maximum participation level or the minimum free float are infringed, Section 18 (3) of the REIT Act stipulates that the tax exemption status of the REIT ends with the expiration of the third financial year. Due to this maximum participation level, which is difficult for the Company to monitor, and the minimum free float, Article 6 (3) and (5) of the Articles of Association of the Company stipulate that if the maximum participation level is exceeded or the minimum free float not reached, the respective shareholder shall be obligated to transfer enough shares before the end of the following 31 December so that its shareholding no longer results in the maximum participation level being exceeded or again qualifies as a free float. Upon the transfer of the shares, the shareholder is obligated to ensure that as a result of the transfer the maximum participation level or the minimum free float is not infringed again. If the shareholder infringes these obligations, it shall compensate the Company for any loss or damage resulting from the infringement (Article 6 (7) of the Articles of Association of the Company). Therefore, in case of an infringement, shareholders are exposed to the risks of damage claims by the Company that might exceed the value of their shareholding. However, the enforceability of HAMBORNER's claims against shareholders is not assured. If the shareholder does not comply with its obligations stipulated in the Articles of Association and the Company's claims are not enforceable, this could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.5 Risk of claims from the shareholders if the REIT status is lost

Article 21 of the Company's Articles of Association provides that in case of a termination of the Company's tax exemption status due to an infringement of the minimum free float requirement and/or the maximum participation ratio, all shareholders who hold less than 3% of the voting rights may demand that their shares be cancelled in return for a cancellation fee. Furthermore, it is possible that further claims for damages could be asserted against the Company. A successful assertion of claims for the cancellation of shares or for damages could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.6 Enforceability of REIT-specific provisions in the Articles of Association of the Company

The Company's Articles of Association include a number of regulations which ensure compliance with specifications of the REIT Act. Amongst other things, these refer to the minimum free float requirement under the REIT Act, as well as the maximum participation level for individual shareholders, the non-allocation of shares held for the account of third parties, the obligation to transfer shares in cases where the maximum participation level of a shareholder is exceeded or the minimum free float is not reached and the obligation to compensate the Company for all losses or damages in connection with non-compliance with this stipulation, as well as the right of the shareholders who hold fewer than 3% of the voting rights of the Company to demand the cancellation of the shares in return for a cancellation fee in the case of the termination of the tax exemption status according to Section 18 (3) of the REIT Act. As there is limited practical experience with the implementation of the REIT Act under company law and its interpretation by public authorities and courts, it cannot be excluded that individual rules and procedures do not conform to stock corporation law or other legal regulations and may therefore be invalid or unenforceable in part or in whole. Furthermore, it cannot be ruled out that as a result of these regulations or their application, the intended success, in particular the maintenance of the REIT status of the Company, cannot be achieved. This could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.7 Risk of a dividend payment that is lower than that stipulated in the REIT Act

Under the REIT Act, the Company is obligated to distribute 90% of its distributable net income for the period to its shareholders. According to statutory regulations, particularly those of stock corporation law and commercial law, the Company requires unappropriated surplus and sufficient liquidity for the distribution of a dividend. The Company cannot guarantee that it will have sufficient unappropriated surplus in order to distribute 90% of the net income for the year. Furthermore, there may be other reasons why the Company might not be able to comply with the minimum dividend requirement. If the Company fails to comply with the minimum dividend distribution ratio over a period of three years, the Company may also lose its REIT status. Even if the infringement occurs only once, it is possible that (penalty) payments may be imposed on the Company. Each of these cases could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.3.8 The Company may have to obtain a license of, or at least register with, BaFin under the German Capital Investment Code (Kapitalanlagegesetzbuch), should BaFin change its view regarding the requirements under the German Capital Investment Code and the Alternative Investment Fund Managers Directive.

Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on Alternative Investment Fund Managers ("**AIFMD**") regulates the management and marketing of alternative investment funds ("**AIF**"). An AIF is any collective investment undertaking, including investment compartments thereof, which raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors and which does not require an authorization pursuant to Article 5 of EU Directive 2009/65/EC ("**UCITS Directive**"). In Germany, the provisions of the AIFMD were implemented in the new German Capital Investment Code (*Kapitalanlagegesetzbuch*) ("**KAGB**") which entered into force on July 22, 2013.

The management of the Company is of the opinion that it does not qualify as an AIF since it does not pool capital raised from investors for the purpose of investing to generate pooled returns for these investors, but solely invests with a view to generating a return on its own corporate behalf for its business strategy purposes. The Company does not have a pre-defined and legally enforceable investment policy.

The Company has provided information about the Company's assessment in relation to the AIFMD and KAGB to BaFin in 2014 and has not received any follow-up information requests or questions by BaFin. Should the Company nevertheless in the future be qualified as an AIF manager by BaFin or other authorities or courts, a license under the KAGB may have to be obtained, the Company's REIT status may have to be abandoned and agreements entered into by the Company could become subject to rescission and/or unwinding rights by contractual counterparties. Furthermore, trading in the Shares may be suspended or even revoked by the BaFin if the Company would qualify as an AIF manager but would not be able to obtain a license for distribution to retail investors as the BaFin has far reaching regulatory powers pursuant to the KAGB. It could also have an impact on the tax position of the shareholders of the Company because they might be subject to the provisions of the German investment tax act (*Investmentsteuergesetz*). This could have a material adverse effect on the business activities, net assets, financial position and results of operations of the Company.

3.4 Offer-related Risks

3.4.1 Risks from possible fluctuations of the quoted market price for the shares of the Company

As is the case with securities markets in general, the quoted market price for the Company's shares has been volatile in the past and may fluctuate strongly and decline in the future. Such developments are determined by the relationship between supply and demand for the Company's shares, as well as various other factors. These factors include development of the net assets, financial position and results of operations of the Company, deviation of the Company's actual results from expected results, changes to the profit forecasts, strategy and business prospects of the Company, as well as assessment of the associated risks, changes to general economic conditions, changes to the shareholders, modification of the statutory framework conditions, changes to the Articles of Association of the Company, developments of the business and the stock market prices of the Company's competitors and the development of sectors which are of importance to the business of the Company, changes to the stock exchange prices in general, as well as the stock exchange environment, derivative transactions pertaining to shares of the Company, speculative investment decisions or forecasts of securities analysts and investors. These factors could cause considerable volatility with respect to the stock exchange price of the shares of the Company without being necessarily associated with the Company's business activities or income prospects. Furthermore, a significant increase in the share capital of the Company from the issue of new shares may result in considerable volatility of the stock exchange price of the Company's shares.

3.4.2 Possible acquisition of New Shares as part of the offering of the New Shares for a higher price than the market price or the quoted market price after completion of the offering

It cannot be ruled out that investors may acquire New Shares through the subscription offer at a price that is higher than the price they would have paid by acquiring the shares in the market. It cannot be guaranteed that the subscription price for the New Shares – possibly plus the price for the subscription rights – will correspond to the price for which the shares of the Company will be traded after completion of the offering of the New Shares.

3.4.3 Risks from the sale of a considerable number of shares of the Company

If shareholders sell a significant amount of the Company's shares or offer or market such shares for sale – or if the market expects such actions – the price of the Company's shares could decline. As a result of a decline in the stock exchange price of the Company's shares, additional pressure to sell may result from liquidation of shares which are held by shareholders who have financed their shares in part or in whole by third-party borrowing or who have concluded derivative transactions with respect to shares of the Company.

3.4.4 Risk of dilution of the participation in the share capital of the Company by shareholders who are not participating – or only participating in part – in this offering of New Shares

After completion of the Offering of the New Shares and if all New Shares are placed, the ratio of the existing shares in the increased share capital of the Company will fall to 75%. The share in the share capital will also be reduced by the same ratio for those shareholders who do not exercise their subscription rights. If the subscription rights are only exercised in part, the level of dilution will be correspondingly smaller. Subscription rights can only be exercised during the Subscription Period. Subscription rights which are not exercised during the Subscription Period will expire and become worthless. As far as they are not automatically sold by custodian banks in accordance with the custodial conditions, holders of subscription rights will receive no compensation from the liquidation of their subscription rights.

3.4.5 Risks from future capital measures

In order to cover its capital requirements, the Company might issue shares and convertible bonds in the future, which could cause a decline in the market price of the Company's shares. A future issue of shares or exercise of conversion privileges or option rights with respect to the Company's shares could also dilute the ratio of the then-outstanding shares in the share capital of the Company and voting rights if such issue is carried out without the granting of subscription rights, or if such rights are not exercised.

3.4.6 Risks from the termination of the Underwriting Agreement

The New Shares are being acquired by the underwriters with the obligation to offer them to the shareholders of the Company for subscription. The underwriting is taking place on the basis of an underwriting agreement, pursuant to which the underwriters' obligation is dependent, among other things, on certain conditions precedent and which, under certain circumstances, may be terminated up to the point of delivery of the newly issued shares.

If the underwriting agreement becomes ineffective or is terminated before implementation of the capital increase, no offering of newly issued shares will take place, the Company will not receive any proceeds, and subscription rights will expire or become worthless. In such a case, subscription rights trading transactions will not be reversed by the brokers and investors who have acquired subscription rights in the secondary market will suffer a total loss.

If the underwriting agreement becomes ineffective or is terminated after implementation of the capital increase, this will affect only those newly issued shares that have not been subscribed by holders of subscription rights during the subscription period. Therefore, share purchase agreements for unsubscribed newly issued shares will be subject to reservation following the registration of the implementation of the capital increase. Investors who have sold short the Company's shares will bear the risk that they will not be able to satisfy their delivery obligations by delivering the newly issued shares. In this case, the Company might generate lower issue proceeds than expected.

3.4.7 Risks from a decline in the quoted market price of the shares of the Company for the subscription rights

The value of the subscription rights depends on the market price of the Company's shares. If the market price of the shares declines, the value of the subscription rights will fall. If the quoted market price declines, in particular in the event of a drop below the Subscription Price, the subscription rights might become worthless.

3.4.8 Risks associated with the trade in subscription rights

The Company intends to allow the subscription rights to be traded in the period from the beginning of the subscription period to the third stock market trading day before the end of the subscription period (inclusive in each case) on the regulated market of the Frankfurt Stock Exchange. It is not intended to submit an application for the trading of the subscription rights on another stock exchange. It is not certain whether active trading in subscription rights will develop on the Frankfurt Stock Exchange or whether sufficient liquidity will be available. The stock exchange price of the subscription rights will depend, among other things, on the development of the stock exchange price of the Company's shares, but may also be subject to considerably higher fluctuations.

4. GENERAL INFORMATION

4.1 Responsibility for the Contents of the Prospectus

HAMBORNER REIT AG, Goethestraße 45, 47166 Duisburg, Germany ("**HAMBORNER**" or the "**Company**"), and Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg ("**Berenberg**"), Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, Netherlands ("**Kempen & Co**") and Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf ("**Bankhaus Lampe**" and together with Berenberg and Kempen & Co, the "**Underwriters**") assume responsibility for the content of this Prospectus in accordance with Section 5(4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz* – "**WpPG**") and declare that, to the best of their knowledge, the information contained in this Prospectus is correct and that no material information has been omitted, and that, having taken due care, such is the case and that information contained in the Prospectus is, to the best of their knowledge, correct and no facts have been omitted, the omission of which could affect the statements made in this Prospectus. Notwithstanding Section 16 of the WpPG, neither the Company nor the Underwriters are under any legal obligation to update the Prospectus.

4.2 Subject Matter of the Prospectus

The subject matter of this Prospectus for the purpose of a public rights offering are 16,680,888 newly issued bearer shares with no-par value (the "**New Shares**"), each with a notional interest of EUR 1.00 in the share capital of HAMBORNER REIT AG and with full entitlement to dividends as of 1 January 2015 pursuant to the capital increase resolved by the Management Board with the consent of the Supervisory Board on 24 June 2015, which is to be made against cash contributions from authorized capital and with subscription rights.

Further, the subject matter of this Prospectus are up to 16,680,888 New Shares for the purpose of their admission to trading on the regulated market (*regulierter Markt*) of the stock exchange in Frankfurt am Main with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) as well as admission to the regulated market of the stock exchange in Düsseldorf.

The New Shares are governed by German law.

4.3 Forward-looking Statements

This Prospectus contains certain forward-looking statements. Forward-looking statements are not statements of current or historical facts and events. In particular, this applies, to statements made in this Prospectus regarding the future financial returns, plans and expectations related to the business and management of the Company, growth and profitability as well as economic and regulatory framework conditions and other factors affecting the Company.

Forward-looking statements are based on current estimates and assumptions made by the Company to the best of its knowledge. The occurrence or non-occurrence of an uncertain event could cause the actual results of the Company, including HAMBORNER's net assets, financial position and results of operations, to differ materially from, or fail to meet expectations expressed or implied in the results assumed or described by such forward-looking statements. HAMBORNER's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. Therefore, investors are strongly advised to read sections *1* "*Summary of the Prospectus*", 3 "*Risk Factors*", *13* "*Description of the Business Activity of HAMBORNER*" *and 24* "*Recent Developments and Outlook*", which include a more detailed description of factors that have an impact on HAMBORNER's business development and on the markets in which HAMBORNER operates.

In light of these risks, uncertainties and assumptions, it is possible that future events mentioned in this Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies reproduced in this Prospectus (see also section 4.7 "*Sources of Market Data and*

Industry Information, Additional Information provided by Third Parties and Numerical Data") may prove to be inaccurate. Accordingly, neither the Company, its Management Board nor the Underwriters can assume responsibility for the future accuracy of the opinions expressed in this Prospectus or as to the actual occurrence of any predicted developments. In addition, it is emphasized that neither the Company nor the Underwriters assume any obligation beyond the legal requirements to update any such forward-looking statements or to adjust them to future events or developments.

4.4 Availability of the Prospectus

This Prospectus will be published on the website of the Company at *www.hamborner.de/Kapitalerhoehung.241.0.html*. Furthermore, the Prospectus is expected to be available free of charge as of 24 June 2015 during regular business hours from the Company and the Underwriters.

4.5 Inspection of Documents

For the duration of the validity of this Prospectus, hard copies of the following documents may be inspected during regular business hours at the offices of HAMBORNER REIT AG, Goethestraße 45, 47166 Duisburg, Germany:

- The Articles of Association of the Company;
- The unaudited interim financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. ("**IFRS**") for interim financial reporting (IAS 34), of HAMBORNER REIT AG as of and for the quarter ended 31 March 2015;
- The audited financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (*Handelsgesetzbuch*) of HAMBORNER REIT AG as of and for the year ended 31 December 2014;
- The audited financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (*Handelsgesetzbuch*) of HAMBORNER REIT AG as of and for the year ended 31 December 2013;
- The audited financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (*Handelsgesetzbuch*) of HAMBORNER REIT AG as of and for the year ended 31 December 2012;
- The audited annual financial statements of HAMBORNER REIT AG prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*), as of and for the year ended 31 December 2014; and
- The market value report by Jones Lang LaSalle GmbH of 1 June 2015 on the determination of the market value of the HAMBORNER real estate portfolio.

Future audited financial statements prepared in accordance with IFRS and unaudited interim financial statements prepared in accordance with IFRS will be publicly available on the website of the Company (*www.hamborner.de/Annual-reports.193.0.html*) and on the website of the electronic Company register (*www.unternehmensregister.de*) as well as at the Company and the Paying Agent referred to in this Prospectus (see section 17.6 "*Notifications and Paying Agent*").

4.6 Presentation of currency and financial information

The Company's IAS 34 interim financial statements as of and for the quarter ended, 31 March 2015, were prepared in accordance with IFRS for interim financial reporting (IAS 34), (the "**IAS 34 Interim Financial Statements**").

The Company's financial statements as of and for the financial years ended 31 December 2014, 31 December 2013 and 31 December 2012 were prepared by the Company in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (*Handelsgesetzbuch*) (together the "**IFRS Financial Statements**"). In addition, the statutory annual financial statements of the Company as of and for the financial year ended, 31 December 2014 were prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) (the "**Annual Financial Statements**"). The financial information contained in this Prospectus for the first quarter of 2015 and 2014 is derived from the IAS 34 Interim Financial Statements and the Company's accounting records. The financial information contained in this Prospectus for financial years 2014 and 2013 is derived from the audited financial statements of HAMBORNER REIT AG as of and for the financial year ended 31 December 2014 and the Company's accounting records, and the financial information contained in this Prospectus for financial year 2012 is derived from the audited financial statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2013 and the Company's accounting records. Any financial data referred to as "**unaudited**" in this Prospectus have not been audited nor reviewed. Any financial data referred to as "**audited**" in this Prospectus is taken from the financial statements of the Company as of and for the financial years ended, 31 December 2014, 31 December 2013 and 31 December 2012, as well as the HGB annual financial statements as of and for the financial year ended, 31 December 2014.

The amounts in this Prospectus in "**euro**", "**EUR**" or "**€**" refer to the legal currency of the Federal Republic of Germany.

4.7 Sources of Market Data and Industry Information, Additional Information provided by Third Parties and Numerical Data

This Prospectus contains and refers to publicly available numerical data, market data, analyst reports and other publicly available information (some of which are subject to a fee) as well as estimates of the Company which, in turn, are also usually based on publicly available market data or on numerical data from publicly available sources.

In particular, when drafting this Prospectus, the following sources were used;

- Bloomberg Database, Bundesbank Germany Average Government Bond Yield (9 to 10 years) ("**Bloomberg Database**");
- BNP Paribas, Real Estate, Real Estate At a Glance—2014 Overview, published April 2015, *http://www.realestate.bnpparibas.com/upload/docs/application/pdf/2015-04/bnppre_research_-_lets_talk_retail_icsc_-_europe_-_2015_04_gb_filigrane.pdf?endYear=&beginMonth=&text=&myDate=&endDay=&searchResearch=true&dateType=pdate&cids=uat_21010&wrkspc=cfo4_12065&types=ReCoResearch&dateSince_unit=2678400000&dateSince_user=18&rebonds=true&dateSince=558&id=cfo4_14095?hreflang=en* ("**BNP Real-Estate Paribas, April 2015**");
- Bulwiengesa, Piasecki, Property Developments on the Real Estate Market (*Wertentwicklung auf dem Immobilienmarkt*), published March 2014, http://www.bole.bgu.tum.de/fileadmin/w00brh/www/PDFs/Allgemein/BOT_2014/BOT14_06_Piasecki.pdf ("**Bulwiengesa AG**");
- Colliers International, Office Leasing and Investment 2014-2015, http://www.colliers.com/-/media/4A3F17F94E224CF1ACCF03FAB210A055.ashx?la=en-GB ("**Colliers International, Office Leasing and Investment 2014-2015**");
- DG HYP, Real Estate Market Germany 2014 / 2015, published October 2014, https://www.dghyp.de/fileadmin/media/dg_hyp_deutsch/downloads/broschueren_marktberichte/marktberichte/2014-2015_Real_Estate_Market_Germany.pdf ("**DG HYP, Real Estate Market Germany 2014 / 2015**");

- Eurostat - Statistical office of the European Union, Database, Subjects: Population, Gross domestic product, updated 2015 ("**Eurostat Database**"); and
- IMF, World Economic Outlook Database, April 2014 ("**IMF, World Economic Outlook Database, April 2014**").

The Company believes that its estimates, which are not based on publicly available sources, have been prepared with reasonable care and reflect the underlying information in a non-biased way. All information contained in this Prospectus which was obtained from publicly available sources or otherwise adopted from third parties has been accurately reproduced with an indication of its source. As far as the Company is aware and is able to ascertain from publicly available sources or from information communicated by a third party, no facts have been omitted which would render the information reproduced in this Prospectus inaccurate or misleading. Such data has been taken from publications by the respectively named company with an indication of its source. However, investors should consider that market studies are often based on information and assumptions that may not be exact or appropriate and are, by nature, forward-looking and speculative. Moreover, publicly available sources often contain divergent information.

Information published by third parties has not been verified by the Company. Therefore, the Company cannot assume any responsibility for the accuracy of such data or estimates.

Individual figures and financial and market data (including percentages) stated in this Prospectus have been rounded using standard business rounding principles. The totals or interim totals contained in tables may possibly differ from the non-rounded figures contained elsewhere in this Prospectus due to this rounding. Furthermore, figures that have been rounded may not add up to the interim totals or totals contained in tables or stated elsewhere in this Prospectus.

A glossary of technical terms and abbreviations used can be found at the end of this Prospectus.

4.8 Information on the Shares of the Company

The table below contains the maximum and minimum closing prices (XETRA) of the existing shares of the Company for the periods indicated and as of 31 March 2015, 31 December 2014, 2013 and 2012 respectively.

	Q1 2015	2014	2013	2012
	(unaudited)			
Quoted market price per share in EUR (XETRA closing price)				
Highest share price	10.33	8.29	7.58	7.60
Lowest share price	8.20	7.34	6.75	6.35
Year/period-end share price	10.25	8.12	7.34	7.48

On 23 June 2015, the closing price (XETRA) of the Company's no-par value shares on the Frankfurt Stock Exchange was EUR 9.34.

4.9 Important notice regarding the market-value expert opinion

On 1 June 2015, Jones Lang LaSalle GmbH, Wilhelm-Leuschner-Straße 78, 60329 Frankfurt am Main ("**JLL**") prepared a market value expert opinion (*Marktwertgutachten*) of HAMBORNER's property portfolio as of 31 December 2014, as well as a property in Aachen and one in Celle (the transfer of possession for both Aachen and Celle occurred in 2015). This market value expert opinion was prepared at the request of the Company and due to prospectus requirements. The market value expert opinion has been reproduced on pages M-1 *et. seq.* of this prospectus with JLL's authorization. 31 December 2014 and 31 March 2015, are the reporting dates for all market value appraisals that are included in this market value expert opinion. In HAMBORNER's opinion there have been no material changes to the statements contained in this market value expert opinion since the reporting date.

The information contained in the market value expert opinion have been reproduced in this prospectus correctly, and no facts were concealed which would render the information reproduced inaccurate or misleading.

JLL is not a company that is regulated by a supervisory authority. However, it employs publicly appointed and sworn experts.

5. THE OFFERING

5.1 Subject Matter of the Offering

This Prospectus relates to the offering (the "**Offering**") of 16,680,888 newly issued bearer shares with no par value (shares without nominal value) of the Company, each such share with a notional interest in the share capital of EUR 1.00 and with full dividend rights as of 1 January 2015 (the "**New Shares**").

The New Shares will be offered by the Underwriters to the Company's shareholders through a public rights offering in Germany and Luxembourg by way of indirect subscription rights at a Subscription Ratio of 3:1, i.e., 3 subscription rights entitle the shareholder to subscribe to 1 New Share at the Subscription Price whereby each existing share grants one subscription right. One shareholder of the Company has relinquished the subscription right of one of his shares to ensure an even Subscription Ratio (together with the conditions set forth in section 5.3 "*Subscription Offer*" below, the "**Subscription Offer**"). The largest single shareholder of HAMBORNER REIT AG, RAG Stiftung (9.09% of the share capital), has agreed in advance to exercise all of its subscription rights.

The New Shares and the related subscription rights are not, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with the securities supervisory authorities in any of the individual states of the United States. The New Shares and the related subscription rights are being offered and sold (a) in the United States only to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (b) outside the United States (including in public offerings in Germany and Luxembourg and to institutional investors in private placements in accordance with applicable rules) in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

New Shares which are not subscribed through the exercise of subscription rights will be either (a) offered for purchase in private placements to qualified investors and other investors under the directives of the applicable directives for private placements, or (b) sold into the market by the Underwriters (the "**Rump Placement**").

The capital increase by means of the New Shares will only take place in the amount of the shares which were subscribed to by existing shareholders in the Subscription Offer or which were sold thereafter in connection with the Rump Placement. The final volume of the capital increase is expected to be determined on 9 July 2015, and will be published in an *ad hoc*-notification and on the website of the Company (*www.hamborner.de/ Kapitalerhoehung.241.0.html*).

The Subscription Offer is based on an Underwriting Agreement between the Company and the Underwriters, which was signed on 24 June 2015 (see also section 5.7 "*Underwriters, Underwriting Agreement*").

5.2 Timetable for the Offering

The Offering is based on the following prospective timetable:

24 June 2015	Approval of the Prospectus by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**"); publication of the Prospectus on the internet page of the Company (*www.hamborner.de/ Kapitalerhoehung.241.0.html*)
	Notification of the Prospectus to the Luxembourg Financial Supervisory Authority (*Commission de Surveillance du Secteur Financier*, "**CSSF**")
24 June 2015	Publication of the Subscription Offer in the German Federal Gazette (*Bundesanzeiger*)
25 June 2015	Booking of subscription rights
	Existing shares quoted "ex subscription rights"

	Commencement of Subscription Period and of the subscription rights trading
6 July 2015	End of subscription rights trading
8 July 2015	End of Subscription Period
	Final date to pay Subscription Price
	Rump Placement of the New Shares which are not subscribed
9 July 2015	Announcement of the results of the Subscription Offer
	Announcement of the final volume of the capital increase
9 July 2015	Registration of the capital increase with the commercial register
9 July 2015 (at the earliest)	Admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as admission to the regulated market of the stock exchange in Düsseldorf
13 July 2015	Inclusion of the New Shares in the existing quotation of the Company's shares
	Delivery of New Shares in the collective safe custody system
	Payment of the placement price for New Shares sold in the Private Placement

This Prospectus will be published in electronic form on the website of the Company (*www.hamborner.de/ Kapitalerhoehung.241.0.html*) on 24 June 2015. Furthermore, a print version of the Prospectus can be obtained free of charge from that date onward from the Company and the Underwriters during regular business hours.

5.3 Subscription Offer

"HAMBORNER REIT AG
Duisburg, Germany
(ISIN DE0006013006 /WKN 601300)
Subscription Offer

The authorized capital of HAMBORNER REIT AG (the "**Company**") amounts to a total of EUR 18,652,267 consisting of an authorized capital, which was created by virtue of a resolution dated 7 May 2013 (entered into the commercial register on 28 June 2013) and additional authorized capital, which was created by a resolution dated 7 May 2015 (entered into the commercial register on 8 June 2015).

According to article 3 (5) of the Articles of Association of the Company, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by up to a total of EUR 13,648,001 by issuing new bearer shares against cash or non-cash contributions by 6 May 2018. The new shares must be offered to the shareholders for subscription.

According to article 3(6) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by up to a total of EUR 5,004,266 by issuing new bearer shares against cash contributions by 6 May 2020. The new shares must be offered to the shareholders for subscription.

The Management Board, with the consent of the Supervisory Board, is authorized to determine any further rights attached to the shares and the terms and conditions of the shares issued from authorized capital.

On 24 June 2015, the Management Board of the Company with the consent of the Supervisory Board given on the same day, resolved to exercise these authorizations to increase the share capital of the Company by up to EUR 13,648,001 from authorized capital originally authorized in 2013 and by up to EUR 3,032,887 from authorized capital authorized in 2015 (meaning by a total of up to EUR 16,680,888) from EUR 50,042,665 to up to EUR 66,723,553 by issuing up to 16,680,888 new no-par value bearer shares, each with a notional interest in the share capital of EUR 1.00 (the "**New Shares**"), thereby granting subscription rights against cash contribution. The New Shares carry full dividend rights as of 1 January 2015.

Furthermore, on 24 June 2015 with consent of the Supervisory Board given on the same day, the Management Board determined a subscription price of EUR 8.50 per New Share (the "**Subscription Price**") and a subscription ratio of 3:1 (the "**Subscription Ratio**"). One shareholder of the Company has relinquished the subscription right of one of his shares to ensure that the Company is able to determine an even Subscription Ratio.

The implementation of the capital increase is expected to be registered with the commercial register of the local court of Duisburg on 9 July 2015.

Joh. Berenberg, Gossler & Co. KG (the "**Sole Global Coordinator**"), Kempen & Co N.V. and Bankhaus Lampe KG (together with the Sole Global Coordinator, the "**Underwriters**") agreed in an underwriting agreement dated 24 June 2015 between the Company and the Underwriters (the "**Underwriting Agreement**"), subject to certain conditions, including but not limited to the conditions mentioned below in the section "*Important Notices*", to offer the New Shares during the Subscription Period to the existing shareholders of the Company at the Subscription Price per New Share and in accordance with the Subscription Ratio, and to facilitate private placements to qualified investors and other investors under the directives of the applicable rules for private placements of the New Shares which are not subscribed in the Subscription Period or sell them into the market following the Subscription Period.

It is expected that the subscription rights (ISIN DE000A161NS5, WKN A161NS), which are attributable to the shares of the Company (ISIN DE0006013006, WKN 601300) will automatically be booked with status as of the evening on 24 June 2015, to the custodian banks through Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**") on 25 June 2015. The custodian banks are responsible for the booking of the subscription rights to the shareholders' securities accounts.

In order to avoid the exclusion of our shareholders from participation in the capital increase, we ask our shareholders, to exercise their subscription rights to the New Shares during the period from, and including,

25 June 2015, up to, and including, 8 July 2015

through the relevant custodian bank at the Subscription Agent mentioned below during ordinary business hours. Subscription rights which are not exercised within the stated time limit will expire and become worthless or, if stipulated in the custodial conditions, are realized at the best possible rate. No compensation will be awarded for subscription rights which are not exercised.

Subscription Agent is Joh. Berenberg, Gossler & Co. KG, Hamburg (the "**Subscription Agent**").

Subscription Ratio

In accordance with the Subscription Ratio of 3:1, i.e., 3 subscription rights entitle the existing shareholder to subscribe for 1 New Share at the Subscription Price, whereby each existing share grants one subscription right. The exercise of subscription rights is subject to the condition that the implementation of the capital increase is registered with the commercial register and is subject to the further limitations described in the section "*Important Notices*."

Subscription Price

The Subscription Price per New Share is EUR 8.50. The Subscription Price must be paid upon the exercise of the subscription right and in any event no later than 8 July 2015.

Subscription rights trading

The subscription rights (ISIN DE000A161NS5, WKN A161NS) for the New Shares will be traded during the period from 25 June 2015 until, and including, 6 July 2015 (until about 12 noon CET), on the regulated market (XETRA and XETRA Frankfurt Specialist) of the Frankfurt Stock Exchange. If possible, the Subscription Agent is prepared to facilitate the purchase and sale of the subscription rights on the stock exchange. The Subscription Agent will not organize a rights trading at another stock exchange. No compensation will be awarded for subscription rights which are not exercised. After expiration of the subscription period, subscription rights which are not exercised will expire and become worthless. Starting 25 June 2015, the existing shares of the Company will be listed "*ex subscription rights*".

The subscription rights will be available for continuous trading. The stock exchange price of the subscription rights depends, amongst other things, on the development of the stock exchange price of the shares in the Company, but may also be subject to considerably stronger price fluctuations.

Joh. Berenberg, Gossler & Co. KG may in consultation with Kempen & Co N.V. and Bankhaus Lampe KG take appropriate measures to provide liquidity for the orderly trading of the subscription rights or engage in other activities customary for a subscription rights coordinator, in particular, the buying and selling of subscription rights for New Shares. In this respect, Joh. Berenberg, Gossler & Co. KG reserves the right to conduct hedging transactions relating to the shares of the Company or corresponding derivatives. Such measures and hedging transactions can influence the stock market price and the market price of the subscription rights and the shares of the Company. However, it is not certain that active trading in the subscription rights will develop and that sufficient liquidity will be available within the Subscription Period.

Important Notices

Shareholders and investors are advised to read the prospectus dated 24 June 2015 ("Prospectus") carefully prior to making a decision concerning the exercise, acquisition or sale of subscription rights and, in particular, to consider the risks described in the section "*Risk Factors*" of the Prospectus when making their investment decision.

The Underwriters are entitled to withdraw from the Underwriting Agreement under certain circumstances. These circumstances include, in particular, material adverse impacts on the Company's net assets, financial position or results of operations, a detrimental change to the equity capital of the Company or its non-current liabilities, material changes to the Management Board of the Company, the complete or partial suspension of trading on the Frankfurt, London, Amsterdam or New York Stock Exchanges or one of these four stock exchanges or the imposition of a general moratorium to commercial bank activities in Frankfurt, London, Amsterdam or New York, or significant interruptions in securities settlement, payment- or reservation-services in Europe, a detrimental change in national, European or international financial, political, industrial, economic or legal framework conditions, or in capital market conditions or in exchange rates, or material outbreak or escalation of war or terrorist activities. Furthermore, the capital increase will only take place on the condition of sufficient demand for the New Shares.

Furthermore, the obligations of the Underwriters under the Underwriting Agreement terminate if the implementation of the capital increase has not been registered with the commercial register of the local court of Duisburg by 10 July 2015, 12:00 h CEST and the Company and the Underwriters have not agreed to extent this deadline by 13 July 2015 9:00 h CEST. Additionally, the Underwriters may withdraw from their obligations under the Underwriting Agreement if the New Shares have not been admitted to trading on the Frankfurt Stock Exchange by 10 July 2015, or a later time agreed between the Company and the Underwriters.

In the event of a termination of the Underwriting Agreement prior to registration of the implementation of the capital increase with the commercial register, the subscription rights of the shareholders will expire. In such a case brokers will not reverse subscription rights trading transactions. Investors who acquired the subscription rights could, in such a case, suffer a total loss of their investment.

If the Underwriting Agreement is terminated after the implementation of the capital increase is entered into the commercial register – scheduled for 9 July 2015 – this shall only affect those newly created shares which were not subscribed by the holders of subscription rights during the Subscription Period. As such, agreements to purchase unsubscribed New Shares, are subject to condition. In the event the shares have already been sold short as of the date of the cancellation of share entries, the seller of these shares shall bear the risk that it will not be able to satisfy its obligations by delivering the New Shares.

In light of the current market environment, shareholders should consider information on the current share price of the Company before they exercise their subscription rights at the Subscription Price.

Certification of the New Shares and Delivery of the New Shares

The New Shares (ISIN DE0006013006, WKN 601300) will be represented by one global share certificate which will be deposited with Clearstream. Any right of the shareholders to request certification of their respective individual interests is excluded unless such certification is required by the rules of a stock exchange on which the shares are listed. The New Shares subscribed under the Subscription Offer are, to the extent the Subscription Period is not extended, expected to be made available through collective safe custody deposit beginning on 13 July 2015.

Commission

The depositary banks will charge customary commissions for the subscription of the New Shares.

Trading of New Shares on Stock Exchanges

Application for admission of the New Shares to the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as to the regulated market of the stock exchange in Düsseldorf was made on 24 June 2015 and the approvals for the applications will presumably be granted on 9 July 2015. All New Shares are expected to be included in the existing quotation of the shares of the Company (ISIN DE0006013006, WKN 601300) on 13 July 2015.

Availability of the Prospectus

The Subscription Offer is made on the basis of a Prospectus of HAMBORNER REIT AG dated 24 June 2015 and approved by the German Federal Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*-BaFin). The Prospectus was published on the Company's website (*www.hamborner.de/ Kapitalerhoehung.241.0.html*) on 24 June 2015. Furthermore, as of 24 June 2015, the Prospectus can be obtained free of charge during the regular business hours of the Company (Goethestraße 45, 47166 Duisburg) and the Underwriters Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, Netherlands and Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf.

Placement of unsubscribed shares; Selling restrictions

The New Shares and the subscription rights are only publicly offered in the Federal Republic of Germany and the Grand Duchy of Luxembourg.

The New Shares and the related subscription rights are not, and will not be, registered under the Securities Act, or with the securities supervisory authorities in any of the individual states of the United States. The New Shares and the related subscription rights are being offered and sold (a) in the United States only to qualified institutional buyers (each a "**QIB**") in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (b) outside the United States (including in public offerings in Germany and Luxembourg and to institutional investors in private placements in accordance with applicable rules) in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act.

Lock-up-Agreement

To the extent legally permissible, the Company has undertaken *vis-à-vis* the Underwriters that, within six months following the inclusion of the New Shares to the current quotation,

(a) it will not announce or implement any capital increase from authorized capital;

(b) it will not propose any capital increase to its General Shareholders' Meeting;

(c) it will not announce, implement or propose to its General Shareholders' Meeting any issue of financial instruments with conversion rights or options in respect of the Company's shares or other economically comparable transactions; or

(d) not take other economically comparable measures.

This obligation does not apply to the issuance of the New Shares.

Stabilization measures

In connection with the Offering, Joh. Berenberg, Gossler & Co. KG is acting as stabilization manager (the "**Stabilization Manager**") and may undertake measures with respect to supporting the quoted market price or market price of the shares of the Company and the subscription rights in order to offset any existing pressure to sell (the "**Stabilization Measures**"), including through measures undertaken by affiliated companies.

In connection with the Subscription Offer, Joh. Berenberg, Gossler & Co. KG may undertake measures outside of the stock exchanges or by other means for the purpose of supporting the market price of the existing shares or the New Shares of the Company or the subscription rights at a level higher than it would otherwise be. Joh. Berenberg, Gossler & Co. KG may take measures in order to provide liquidity for the orderly trading of subscription rights or to perform other activities customary for a subscription rights coordinator, in particular, the purchase and sale of subscription rights for New Shares. In this respect, Joh. Berenberg, Gossler & Co. KG reserves the right to conduct hedging transactions with regards to the shares of the Company or corresponding derivatives.

The Stabilization Manager is under no obligation to undertake Stabilization Measures. As a result, there is no assurance that Stabilization Measures will be undertaken at all. If Stabilization Measures are undertaken, they may be discontinued at any time without prior notice.

Such Stabilization Measures may be undertaken from the time of publication of the Subscription Price and must end no later than on the 30th calendar day after expiration of the Subscription Period (the "**Stabilization Period**").

Stabilization Measures can result in a quoted market price or market price of the shares of the Company or of the subscription rights that is higher than it would be in the absence of such measures. Furthermore, the quoted market price or market price may temporarily reach a level that is not permanently sustainable.

Within one week after the end of the Stabilization Period, an announcement will be made stating whether or not Stabilization Measures were undertaken, the date on which such stabilization began, the date on which the last Stabilization Measure was undertaken and the price ranges within which such stabilization was conducted, specifically for each date on which a Stabilization Measure was undertaken.

Duisburg, in June 2015
HAMBORNER REIT AG
The Management Board"

5.4 Legal Basis for the Issue of New Shares

For information concerning the legal basis for the issue of New Shares, please refer to section 18.6 "*Capital Increase with Respect to New Shares*".

5.5 Lock-up Agreements

To the extent legally permissible, the Company has undertaken *vis-à-vis* the Underwriters that, within six months following the inclusion of the New Shares to the current quotation,

(a) it will not announce or implement any capital increase from authorized capital;

(b) it will not propose any capital increase to its General Shareholders' Meeting;

(c) it will not announce, implement or propose to its General Shareholders' Meeting any issue of financial instruments with conversion rights or options in respect of the Company's shares or other economically comparable transactions; or

(d) not take other economically comparable measures.

This obligation does not apply to the issuance of the New Shares.

5.6 Selling Restrictions

5.6.1 United States

The New Shares and the related Subscription Rights are not, and will not be, registered under the Securities Act, or with the securities supervisory authorities in any of the individual states of the United States. The New Shares and the related subscription rights are being offered and sold (a) in the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (b) outside the United States (including in public offerings in Germany and Luxembourg and to institutional investors in private placements in accordance with applicable rules) in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

The Company does not intend to register the Offering or a part thereof under the Securities Act, or to conduct a public offering of New Shares or related subscription rights in the United States.

5.6.2 United Kingdom

This document is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures and/or are outside the United Kingdom or (ii) have professional experience in matters relating to investments who fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**") or are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) and (ii) above together being referred to as "**Relevant Persons**"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

5.6.3 Member States of the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and the Council (the "**Prospectus Directive**" and each of the aforementioned member states a "**Relevant Member State**") no communication will be made in any form and by any means of sufficient information on the terms of the offer and any New Shares (an "**offer to the public**") in that Relevant Member State other than the offers contemplated in the prospectus in Germany and Luxembourg once the prospectus has been approved by the BaFin and notified to the CSSF, except that an offer to the public can be made by the Company, and the Underwriters in that Relevant Member State of any New Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer (as described above under (a) to (c)) of New Shares shall result in a requirement for the publication of a further prospectus or the notification of this Prospectus to another authority by the Company or any Underwriter pursuant to Article 3 of the Prospectus Directive.

5.7 Underwriters, Underwriting Agreement

On 24 June 2015 the Company and the Underwriters entered into an Underwriting Agreement with respect to the implementation of the Offering and the sale of the New Shares and the admission to trading of the New Shares (the "**Underwriting Agreement**"). Subject to certain conditions precedent, each of the Underwriters severally have undertaken in the Underwriting Agreement to underwrite, on a best efforts basis, the number of New Shares of the Company as indicated in the table below in the context of this Offering:

Underwriter	Underwriting commitment	Maximum Number of New Shares
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg	49%	8,173,635
Kempen & Co N.V., Beethovenstraat 300, 1077 WZ Amsterdam, Netherlands	31%	5,171,075
Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Germany	20%	3,336,178

Pursuant to the Underwriting Agreement, the Company is required to pay the Underwriters an underwriting and placement commission of up to a total of approximately EUR 3.05 million. This maximum amount does not include any other expenses, fees or commissions other than those named herein and stipulates, in particular, that the capital increase be fully implemented against the payment of the Subscription Price per share and that an incentive fee, which is payable at the discretion of the Company, is fully paid. Moreover, the Company has undertaken in the Underwriting Agreement to indemnify the Underwriters against certain liabilities arising in connection with the Offering.

The Underwriters are entitled to withdraw from the Underwriting Agreement under certain circumstances. These circumstances include, in particular, material adverse impacts on the Company's net assets, financial position or results of operations, a detrimental change to the equity capital of the Company or its non-current liabilities, material changes to the Management Board of the Company, the complete or partial suspension of trading on the Frankfurt, London, Amsterdam or New York Stock Exchanges or one of these four stock exchanges or the imposition of a general moratorium to commercial bank activities in Frankfurt, London, Amsterdam or New York, or significant interruptions in securities settlement, payment- or reservation-services in Europe, a detrimental change in national, European or international financial, political, industrial, economic or legal framework conditions, or in capital market conditions or in exchange rates, or material outbreak or escalation of war or terrorist activities. Furthermore, the implementation of the capital increase is subject to a sufficient demand for the New Shares.

Furthermore, the obligation of the Underwriters terminates, if the implementation of the capital increase is not registered with the commercial register of the local court of Duisburg by 10 July 2015, 12:00 CEST and the Company and the Underwriters could not agree to extend this deadline.

In the event of a termination of the Underwriting Agreement prior to registration of the implementation of the capital increase with the commercial register, the subscription rights of the shareholder will expire. In such a case brokers will not reserve subscription rights trading transactions. Investors who acquired the subscription rights could in such a case suffer a total loss of their investment.

If the Underwriting Agreement is terminated after the implementation of the capital increase with regards to the New Shares is entered into the commercial register – scheduled for 9 July 2015 – this shall only affect those shares which were not subscribed by the holders of pre-emptive subscription rights during the Subscription Period. The share purchase agreements for unsubscribed New Shares are thus also subject to reservation following the registration of the implementation of the capital increase. In the event the shares have already been sold short as of the date of the cancellation of share entries, the seller of these shares shall bear the risk that it will not be able to satisfy its obligations by delivering the New Shares.

For more information regarding the possibility that the Underwriters withdraw from the Underwriting Agreement, see section 5.3 "*Subscription Offer – Important Notices*".

5.8 Information on the Shares

5.8.1 Form, voting rights

The shares of the Company will be issued in the form of no-par value bearer shares with a notional interest in the Company's share capital of EUR 1.00. Each share confers one vote.

For a detailed description of the share capital and of the shares of the Company see section 18.1 "*Share Capital and Shares*".

5.8.2 Dividend rights, and participation in liquidation proceeds

The New Shares carry full dividend rights as of 1 January 2015, i.e., for the entire financial year 2015, and for all subsequent financial years. In accordance with the Articles of Association of the Company, dividend rights of shares that are issued in a capital increase may also diverge from Section 60 (2) of the German Stock Corporation Act.

The New Shares participate in any proceeds from liquidation proceedings in accordance with their notional share in share capital. For information on the dividend rights arising from the shares of the Company, information on the calculation of any amount available for distribution, and the dividend policy, please refer to section 7 "*Pro Rata Result and Dividend Policy*".

5.8.3 Stock exchange admission, certification, delivery

The existing shares of the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as to the stock exchange in Düsseldorf.

The application for admission to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) as well as to the regulated market of the stock exchange in Düsseldorf of the New Shares was filed on 24 June 2015, with admissions expected to be granted on 9 July 2015. The inclusion of the New Shares in the existing listing of the shares of the Company is expected to take place on 13 July 2015. The management of the respective stock exchange will decide on the admission and the inclusion of the New Shares.

The existing share capital of the Company of EUR 50,042,665 is certified in several global share certificates without dividend coupons which are deposited with Clearstream. The New Shares will be made available to the purchasers as co-ownership interests in one global share certificate which will be deposited with Clearstream Banking AG, Mergenthaleralle 61, 65760 Eschborn, Germany, in the collective safe custody system. The shareholders have no entitlement to demand the issuance of individual share certificates for their New Shares.

The delivery of the New Shares will take place through collective safe custody deposit. The purchasers will be notified of the allocation when the New Shares are booked in their securities deposit. The beginning of trading remains unaffected by this. Provided that the Subscription Period is not postponed or extended, the New Shares are expected to be delivered on 13 July 2015.

5.8.4 Designated Sponsors

HSBC Trinkhaus & Burkhardt AG, Königsallee 21/23, 40212 Düsseldorf, Germany, has assumed the function of designated sponsor of the Shares of the Company. Among other things, designated sponsors provide binding quotes for the purchase and sale of shares of the Company during daily trading hours to the electronic trading system of the Frankfurt Stock Exchange. This is intended to achieve, in particular, an increased liquidity in the trading of the shares.

5.8.5 ISIN, WKN, stock market symbol

International Securities Identification Number (ISIN):

- For the New Shares: DE0006013006
- For the subscription rights to the New Shares: DE000A161NS5

German Securities Identification Number (*Wertpapier-Kenn-Nummer* – WKN):

- For the New Shares: 601300
- For the subscription rights to the New Shares: A161NS

Stock market symbol of the Company's shares: HAB

WKN and ISIN of the New Shares are the same as of existing shares of the Company.

5.8.6 Transferability, selling restrictions

The New Shares are freely transferable, just as the existing shares of the Company. There are no legal restrictions to trading in them other than those mentioned under sections 5.6 "*Selling Restrictions*", 5.5 "*Lock-up Agreements*" and 17.7.1 "*Free Float and maximum participation limit*".

5.8.7 Announcements

The Articles of Association provide that announcements of the Company will be made in the German Federal Gazette (*Bundesanzeiger*) unless the German Stock Corporation Act or other laws require otherwise.

Publications required under stock exchange regulations will be made available in a super-regional official journal of the stock exchanges in Frankfurt am Main and Düsseldorf and, to the extent necessary, in the German Federal Gazette (*Bundesanzeiger*).

5.9 Interests of Persons Involved in the Offering

The Underwriters have a contractual relationship with the Company in relation to the Offering and the admission of the New Shares of the Company to trading on the stock exchanges. Berenberg, Kempen & Co and Bankhaus Lampe were mandated by the Company as Underwriters for the Offering. The Underwriters will receive a commission if the transaction is completed successfully. Furthermore, the Underwriters will be entitled to possible financial gains, and bear possible losses, resulting from stabilization measures. The Underwriters or their respective affiliated companies may, from time to time, enter into business relations with HAMBORNER or may render services to it in the ordinary course of HAMBORNER's business. Other than stated above, the Underwriters have no material business relationships with the Company.

Aside from this, there are no interests or conflicts of interests of persons involved in the Offering of material significance to the Offering.

6. REASONS FOR THE OFFERING AND USE OF PROCEEDS

6.1 Proceeds and Costs of the Offering

In connection with the Offering, the Company receives the net amount of the proceeds that corresponds to the gross proceeds from the sale of the New Shares less the total issue-related expenses to be borne by the Company. Assuming that the maximum number of New Shares will be sold at the Subscription Price of EUR 8.50, the gross proceeds prior to costs, commissions and fees from the issue amount to approximately EUR 141.79 million.

The total costs to be borne by the Company consist of the Underwriters' commissions or fees and other expenses associated with the issue of the New Shares, e.g. fees for legal services, printing and translation of the Prospectus, marketing activities and fees relating to the approval of the Prospectus and admission of the New Shares to trading on the stock exchange, etc. Assuming that the maximum number of New Shares will be sold at the Subscription Price, the Company estimates the total costs relating to the Offering (including bank fees and commissions in the highest possible amount) to amount to approximately EUR 4.45 million. Assuming that the maximum number (up to 16,680,888) of the New Shares will be sold at the Subscription Price of EUR 8.50, the net proceeds available to the Company would amount to approximately EUR 137.34 million. If this was the case, bank commissions would amount to approximately EUR 3.05 million.

6.2 Reasons for the Offering and Use of Proceeds

The Company intends to principally use the proceeds of the Offering to finance the acquisition of additional properties in accordance with HAMBORNER's corporate strategy. HAMBORNER is currently actively involved in different stages of the acquisition processes for a total of ten properties. The combined investment volume for these properties totals approximately EUR 210 million. The following is an overview over these acquisition opportunities (the proceeds from the Offering will be used when the purchase prices for these properties, or the purchase price for potential other acquisition opportunities, will be paid):

- HAMBORNER has gained the right to exclusively negotiate the acquisition of four separate properties with a combined purchase value of approximately EUR 88 million and is currently engaged in the due diligence processes for these acquisitions. One of these properties is a specialised retail park (*Fachmarktzentrum*) in the larger Nuremberg metropolitan area. This property has a potential purchase price of approximately EUR 30 million. The second property is a retail park in a town near Frankfurt with a potential purchase price of approximately EUR 13 million. The third property is a do-it-yourself market (*Baumarkt*) in a town near Stuttgart with a potential purchase price of approximately EUR 13 million. The fourth property is another specialised retail park (Fachmarktzentrum) in the northern Hesse area with a potential purchase price of approximately EUR 32 million.
- HAMBORNER has provided indicative purchase offers to different sellers for a further three properties with a combined indicative purchase price of approximately EUR 68 million.
- In relation to three other properties with a purchase price of approximately EUR 54 million, HAMBORNER is in early acquisition negotiations.

Any remaining proceeds may be used for general corporate purposes.

7. PRO RATA RESULT AND DIVIDEND POLICY

7.1 General Rules for Appropriation of Profit and Dividend Payments

The New Shares carry full dividend rights for the financial year beginning on 1 January 2015 and for all subsequent financial years of the Company.

The dividend for the previous financial year is proposed jointly by the Management Board and the Supervisory Board of the Company, and its payment is resolved by the shareholders at the annual General Shareholders' Meeting in the subsequent financial year. Dividends resolved by the annual General Shareholders' Meeting are payable on the first business day after the annual General Shareholders' Meeting unless the dividend decision stipulates otherwise. The claim for payment of dividends will lapse after three years. If the dividend claim lapses the claim to payment of the dividend expires and the dividend remains with the Company. The Paying Agent for the dividends of the Company is Landesbank Hessen-Thüringen Girozentrale, Strahlenbergerstraße 13, 63067 Offenbach and dividends are paid in cash.

Details of the dividends are published in the German Federal Gazette (*Bundesanzeiger*) and in at least one multiregional stock exchange gazette. Dividends may be distributed only from the net retained profit of the Company reported in its statutory annual financial statements. These statutory annual financial statements are prepared in accordance with the German Commercial Code (*Handelsgesetzbuch* – "**HGB**"). To determine the net retained profit available for the distribution of the dividend, the net income or loss for the period is adjusted for retained profits/accumulated losses carried forward from the previous year and for withdrawals from or appropriations to the reserves. Certain reserves must be established by law and must be deducted when determining the distributable net retained profits. Dividends are generally paid net of 25% withholding tax and the 5.5% solidarity surcharge payable on the withholding tax (see also sections 20.2 "*Taxation of Shareholders*" and 20.3 "*Taxation of Dividends*").

The following table sets forth the results of HAMBORNER according to IFRS and the results of the Annual Financial Statements of HAMBORNER according to the HGB, as well as the corresponding result per share, each as of 31 December 2014, 2013 and 2012. Moreover, the table sets forth details relating to the dividends paid per share of the Company:

	1 January to 31 December		
	2014	**2013**	**2012**
	(audited, unless otherwise indicated)		
Net profit for the period of HAMBORNER REIT AG according to the IFRS (in TEUR)	17,109	8,521	7,741
per no-par value share (in EUR)	0.38	0.19	0.20(1)
per no-par value share after capital increase (in EUR) (unaudited)(2)	0.34	0.17	0.15
Net profit for the period of HAMBORNER REIT AG according to HGB (in TEUR)	17,660	8,414	3,908
Number of no-par value shares (in thousands) on Dec 31 (unaudited)	45,493	45,493	45,493
Dividend paid out per no-par value share (in EUR) (unaudited)	0.40	0.40	0.40

(1) Calculated on the basis of the weighted average number of shares in the period outstanding, which corresponds to "earnings per share".

(2) Assuming that the capital increase which is the subject of this Prospectus is implemented in full and also adjusting for the capital increase completed on 18 February 2015.

The Company is not able to make any statement on the level of future net retained profit prepared in accordance with HGB for the year available for distribution or provide any undertaking that net retained profit for the year available for distribution will be generated in the future. It can therefore not guarantee that dividends will be paid in future years. Furthermore, dividends paid in the past do not provide any indications whatsoever of the level of future dividends. However, the Management Board of the Company expects that HAMBORNER will be able to distribute a dividend to its shareholders for the financial year 2015 within the legally prescribed framework.

For the past three financial years 2012, 2013 and 2014, HAMBORNER paid out a dividend of EUR 0.40 per share in each year in line with our dividend philosophy of stable dividends under which we aim not to decrease dividends per share even in years of capital increases. While there were significant differences in net profits for the periods of HAMBORNER according to HGB over the financial years

2012, 2013 and 2014, HAMBORNER used withdrawals from or appropriations to the reserves in order to pay out a stable EUR 0.40 per share as dividend. In all three financial years 2012, 2013 and 2014, HAMBORNER complied with the requirement of the REIT Act to distribute at least 90% of its net income for the period determined in accordance with German comerical principles (see also below 7.2 "*Special Rules for the Appropriation of Profit and Dividend Payments*").

7.2 Special Rules for the Appropriation of Profit and Dividend Payments

In the case of German stock corporations which are listed on the stock exchange, the distribution of dividends is governed by Section 174 (1) of the German Stock Corporation Act (*Aktiengesetz*) in conjunction with Section 158 (1) No. 5 of the German Stock Corporation Act. Accordingly, only net retained profits can be distributed as a dividend to shareholders. Net retained profits are made up of the net income for the year after adjustments for profit/loss carried forward from the previous year, as well as withdrawals from or appropriations to the reserves.

For listed stock corporations with REIT status, Section 13 (1) REIT Act also applies in relation to the distribution of dividends. Accordingly, the Company is obligated to distribute at least 90% of its net income for the period determined in accordance with German commercial law principles within the meaning of Section 275 HGB to its shareholders by the end of the following fiscal year at the latest. If applicable, profits are reduced by the allocation of, or increased by, the release of the so-called reinvestment reserve according to Section 13 (3) REIT Act, as well as reduced by any loss carried forward from the previous year. The distribution is expressly based on the annual financial statements prepared in accordance with German commercial law and explicitly not on the financial statements prepared in accordance with IFRS. For the determination of the distributable net income for the year, Section 13 (2) REIT Act stipulates that, irrespective of any requirement of extraordinary depreciation, planned depreciation (taking into account the remaining useful period) may only be calculated in equal annual instalments. Accordingly, there may be deviations between the net income for the period that is to be distributed and the unappropriated surplus.

For the taxation of the distribution of dividends see section 20.3 "*Taxation of Dividends*".

8. CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization, net financial debt and contingent liabilities of HAMBORNER as of 31 March 2015, each based on the financial information of HAMBORNER. The capitalization of HAMBORNER will change subsequently to the Offering and the implementation of the capital increase. For details of the proceeds from the Offering, please see section 6 "Reasons for the Offering and Use of Proceeds". The information provided in the following tables is derived from the unaudited IAS 34 Interim Financial Statements of HAMBORNER as of and for the quarter ended 31 March 2015, which were prepared on the basis of the IFRS for interim financial reporting (IAS 34) and printed in section 22 "Financial Section" of this Prospectus as well as the accounting records of the Company. This section should be read together with these unaudited IAS 34 Interim Financial Statements and the notes thereto.

8.1 Capitalization

The table below presents the capitalization of HAMBORNER as of 31 March 2015. The information included in the right-hand column shows the hypothetical adjustment of HAMBORNER's capitalization as of 31 March 2015 based on the assumption that, after the issuance of the maximum number of 16,680,888 New Shares at the Subscription Price of EUR 8.50 per New Share, the Company will receive net proceeds amounting to approximately EUR 137.34 million.

in TEUR	As of 31 March 2015 before execution of the offer	As of 31 March 2015 after the issue of the maximum number of 16,680,888 New Shares at a Subscription Price of EUR 8.50
	(unaudited)	
Current financial liabilities[(1)]	**10,667**[(9)]	**10,667**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets[(2)]	10,667	10,667
of which unsecured not guaranteed	—	—
Other current liabilities[(3)]	**7,644**	**7,644**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets[(2)]	—	—
of which unsecured not guaranteed	7,644	7,644
Long-term financial debt[(4)]	**319,496**	**319,496**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets[(2)]	309,001	309,001
of which unsecured not guaranteed	10,495	10,495
Other non-current liabilities[(5)]	**12,158**	**12,158**
of which guaranteed by third parties	—	—
of which secured by third parties	—	—
of which secured by own assets[(2)]	—	—
of which unsecured not guaranteed	12,158	12,158
Equity capital	**313,934**[(9)]	**451,273**
Issued capital	50,043[(9)]	66,724
Capital reserves	160,569[(9)]	281,227
Retained earnings[(6)]	65,022[(9)]	65,022
Net retained profits[(7)]	38,300[(9)]	38,300
Total[(8)]	**663,899**	**801,238**

(1) Corresponds to the statement of financial position item "current financial liabilities".
(2) Secured by encumbrances on property of the Company.
(3) Consists of the statement of financial position items "current trade payables and other liabilities" as well as "current other provisions".
(4) Consists of the sum of the statement of financial position items "non-current financial liabilities" and "derivative financial instruments".
(5) Consists of the sum of the statement of financial position items "non-current trade payables and other liabilities", "pension provisions" and "non-current other provisions".
(6) Consists of the statement of financial position item "retained earnings".
(7) Consists of the statement of financial position item "net retained profit".
(8) Corresponds to the total equity and liabilities.
(9) Taken from the unaudited IAS 34 interim financial statements as of and for the quarter ended, 31 March 2015.

8.2 Net Financial Debt

The table below presents the net financial debt of HAMBORNER as of 31 March 2015 based on the financial information of HAMBORNER. The information included in the right-hand column shows the hypothetical adjustment of net financial debt as of 31 March 2015 based on the assumption that after the issuance of the maximum number of 16,680,888 New Shares at the Subscription Price of EUR 8.50 per New Share, the Company will receive net proceeds amounting to EUR 137.34 million.

In TEUR	**As of 31 March 2015 before execution of the Offering**	**As of 31 March 2015 after the issue of the maximum number of 16,680,888 New Shares at a Subscription Price of EUR 8.50**
	(unaudited)	
A. Cash balances	3	3
B. Bank balances	27,880	165,219
C. Trading Securities	—	—
D. Liquidity (A) + (B) + (C)(1)	**27,883**(5)	**165,222**
E. Current financial receivables	**—**	**—**
F. Current liabilities to banks	569	569
G. Portion of current liabilities of the non-current liabilities to banks	10,098	10,098
H. Other current financial liabilities	—	—
I. Current financial liabilities (F) + (G) + (H)(2)	**10,667**(5)	**10,667**
J. Short-term net financial debt (I) – (E) – (D)	**-17,216**	**-154,555**
K. Non-current financial receivables(3)	**492**(5)	**492**
L. Long-term liabilities to banks(4)	319,496	319,496
M. Bonds issued	—	—
N. Other long-term financial debt	—	—
O. Non-current financial liabilities (L) + (M) + (N)(4)	319,496	319,496
P. Long-term net financial debt (O) – (K)	**319,004**	**319,004**
Q. Total net financial debt (J) + (P)	**301,788**	**164,449**

(1) Corresponds to the statement of financial position item "cash and cash equivalents".
(2) Corresponds to the statement of financial position item "current financial liabilities".
(3) Corresponds to the statement of financial position item "non-current financial assets".
(4) Consists of the sum of the statement of financial position items "non-current financial liabilities" and "derivative financial instruments".
(5) Taken from the unaudited IAS 34 interim financial statements as of 31 March 2015.

8.3 Contingent Liabilities

For information on contingent liabilities, see "*11.5.6 Contingent liabilities and other financial obligations*."

8.4 No Significant Negative Changes

During the period from 31 March 2015 up to the date of this Prospectus there were no significant changes with respect to the net assets, financial position and results of operations of HAMBORNER.

8.5 Declaration on Working Capital

The Company is of the opinion that from today's perspective it has sufficient working capital to meet its payment obligations within the next twelve months.

9. DILUTION

The net book value of the Company (corresponding to the total equity of the Company) amounted to EUR 313.9 million as of March 31, 2015. The net book value of the Company is based on the unaudited interim financial statements prepared pursuant to IFRS for interim financial reporting (IAS 34) as of and for the three months ended March 31, 2015 and has been calculated by subtracting total non-current liabilities and provisions of EUR 331.7 million and total current liabilities and provisions of EUR 18.3 million from total assets of EUR 663.9 million. The net book value of the Company corresponds to EUR 6.27 per share (based on the 50,042,665 outstanding shares of the Company as of March 31, 2015).

If the 16,680,888 New Shares, to which this Prospectus refers, had been issued on 31 March 2015 for an issue price of EUR 8.50 for each New Share (the "**Subscription Price**"), the net book value at this time, after the deduction of fees and commissions of the Underwriters and other costs associated with the Offering and the listing of the New Shares of about EUR 4.45 million incurred by the Company in conjunction with the implementation of the capital increase, would have totalled EUR 451.3 million, or about EUR 6.76 per share (calculated on the basis of a total maximum number of 66,723,553 outstanding shares in the Company after implementation of the complete capital increase).

For investors who acquire New Shares without having held participations in the Company previously, this means, at a Subscription Price of EUR 8.50 per New Share, a direct loss of EUR 1.74, or 20.5%, per no-par value share. For the existing shareholders of the Company, this means an increase in net asset value of EUR 0.49, or 7.8% per no-par value share.

After the implementation of the capital increase in the maximum amount, the 50,042,665 no-par value shares in the Company available as of 31 March 2015 will only represent 75% of the share capital with at that time 66,723,553 outstanding shares. Shareholders in the Company who do not participate in the capital increase would therefore have their portion of the share capital and the dividends of the Company diluted by 25%. According to Article 17 (1) of the Articles of Association of the Company every no-par value share is equivalent to one vote at the annual General Shareholders' Meeting. The dilution of the voting rights corresponds to the dilution of the share capital.

10. SELECTED FINANCIAL AND BUSINESS INFORMATION

*The financial information summarized below for financial years 2014 and 2013 is derived from the audited IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2014 and the Company's accounting records. The financial information summarized below for financial year 2012 is derived from the audited IFRS Financial Statements of HAMBORNER REIT AG for the financial year ended, 31 December 2013 and the Company's accounting records. The presentation of certain figures with regard to the financial year 2013 differs in the IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2014, as compared to the IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2013. The audited IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial years ended, 31 December 2014, 31 December 2013 and 31. December 2012 were audited by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf ("**Deloitte & Touche**"). Deloitte & Touche issued an unqualified audit opinion (uneingeschränkter Bestätigungsvermerk) with respect to each of the IFRS Financial Statements. The financial information summarized below for the first quarters of 2015 and 2014 is derived from the unaudited IAS 34 Interim Financial Statements of HAMBORNER REIT AG as of, and for the quarter ended, 31 March 2015 and the Company's accounting records.*

The IAS 34 Interim Financial Statements were prepared in accordance IFRS for interim financial reporting (IAS 34). The IFRS Financial Statements were prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (Handelsgesetzbuch). IFRS deviate in certain important aspects from German GAAP. The IAS 34 Interim Financial Statements and the IFRS Financial Statements are reproduced in Section 22 "Financial Section" of this Prospectus.

Due to the presentation of figures in thousands of EUR (TEUR) or millions of EUR and the application of standard commercial rounding principles resulting in whole numbers, the figures presented may not always add up to the totals shown.

Selected Income Statement Data

in TEUR (unless otherwise indicated)	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		(audited, unless stated otherwise)		
Income from rents and leases	11,901	11,697	46,823	45,227	36,993
Income from passed-on incidental costs to tenants	1,295	1,317	5,650	5,027	3,416
Real estate operating expenses	-1,755	-1,651	-7,371	-7,158	-5,076
Property and building maintenance	-380	-469	-2,244	-2,163	-2,104
Net rental income	**11,061**	**10,894**	**42,858**	**40,933**	**33,229**
Administrative expenses	-294	-283	-1,109	-1,131	-993
Personnel expenses	-1,023	-816	-3,452	-3,311	-2,868
Amortization of intangible assets, depreciation of property, plant and equipment and investment property	-4,247	-4,450	-17,841	-16,379	-12,287
Other operating income	421	187	714	1,334	1,345
Other operating expenses	-315	-312	-1,277	-1,030	-917
Operating result	**5,603**	**5,220**	**19,893**	**20,416**	**17,509**
Result from the sale of investment property	—	4,409	10,688	354	884
Earnings before interest and taxes (EBIT)	**5,603**	**9,629**	**30,581**	**20,770**	**18,393**
Interest income	5	28	68	42	347
Interest expenses	-3,211	-3,325	-13,540	-12,291	-10,974
Financial result	**-3,206**	**-3,297**	**-13,472**	**-12,249**	**-10,627**
Earnings before taxes (EBT)	**2,397**	**6,332**	**17,109**(1)	**8,521**(1)	**7,766**
Income taxes	—	—	—	—	-25
Net profit for the period	**2,397**	**6,332**	**17,109**	**8,521**	**7,741**
Earnings per share (in EUR)	**0.05**	**0.14**	**0.38**	**0.19**	**0.20**

(1) Unaudited.

Selected Data from the Statement of Financial Position

Assets in TEUR	31 March 2015	31 December 2014	31 December 2013	31 December 2012
	(unaudited)		(audited)	
Non-current assets				
Intangible assets	8	10	13	14
Property, plant and equipment	418	150	135	159
Investment property	630,836	606,849	595,423	510,834
Financial assets	492	495	434	203(1)
Other assets	270	275	297	321
	632,024	**607,779**	**596,302**	**511,531**(1)
Current assets				
Trade receivables and other assets	1,466	1,320	801	776(2)
Cash and cash equivalents	27,883	10,374	28,154	29,127(1)
Non-current assets held for sale	2,526	1,830	6,455	3
	31,875	**13,524**	**35,410**	**29,906**
Total assets	**663,899**	**621,303**	**631,712**	**541,437**

Equity and Liabilities in TEUR	31 March 2015	31 December 2014	31 December 2013	31 December 2012
	(unaudited)		(audited)	
Equity				
Issued capital	50,043	45,493	45,493	45,493
Capital reserves	160,569	124,279	124,279	124,279
Retained earnings	65,022	64,520	67,338	72,453
Net retained profits	38,300	35,903	34,634	34,527
	313,934	**270,195**	**271,744**	**276,752**
Non-current liabilities and provisions				
Financial liabilities	309,001	311,469	321,345(3)	222,990
Derivative financial instruments	10,495	10,997	10,840	14,838
Trade payables and other liabilities	1,880	1,956	2,254	2,013
Pension provisions	7,362	7,452	7,491	8,160
Other provisions	2,916	3,059	1,926	1,566
	331,654	**334,933**	**343,856**	**249,567**
Current liabilities and provisions				
Financial liabilities	10,667	10,760	10,176(3)	7,707
Derivative financial instruments	—	—	—	367
Income tax liabilities	—	—	19	18
Trade payables and other liabilities	6,235	4,557	4,710	6,040(4)
Other provisions	1,409	858	1,207	986(4)
	18,311	**16,175**	**16,112**	**15,118**
Total equity and liabilities	**663,899**	**621,303**	**631,712**	**541,437**

(1) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets".

(2) The item reported separately in the statement of financial position in the annual report 2012 as "Income tax receivables" (TEUR 7) is reported under "Trade receivables and other assets" in the annual report 2013.

(3) Corrected number as per annual report 2014.

(4) The Company changed the presentation of its obligations for Supervisory Board remuneration, fees for auditors, legal and consulting costs, outstanding invoices, outstanding holiday obligations and overtime which was reported under current "Other provisions" in the annual report 2012 in a total amount of TEUR 1,726. In the annual report 2013, however, it was reported under "Trade payables and other liabilities".

Selected Data from the Statement of Cash Flows

in TEUR	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)			(audited)	
Cash flow from operating activities					
Net result for the period	2,397	6,332	17,109	8,521	7,766[1]
Financial result	3,206	3,297	13,472	12,249	10,627
Depreciation, amortization and impairments (+)/ reversal of impairment charges (-)	4,247	4,450	17,841	16,380	11,989
Change in provisions	278	46	224	-452	657
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	0	-4,409	-10,861	-355	-934
Change in receivables and other assets not attributable to investing or financing activities	-271	-168	-182	-315	-284[2]
Change in liabilities not attributable to investing or financing activities	-403	-709	-623	1,273	-1,279
Interest received	5	10	67	113	275
Tax payments	0	-19	-19	—	-1,293
	9,459	**8,830**	**37,028**	**37,414**	**27,524**[2]
Cash flow from investing activities					
Investments in intangible assets, property, plant and equipment and investment property	-27,199	-9,524	-40,574	-110,407	-88,408
Proceeds from disposals of property, plant and equipment and investment property	—	10,864	26,543	1,257	9,332
Payments for investments in non-current financial assets	—	—	-20	—	—
Proceeds from disposals of financial assets	1	1	5	13	6
Payments relating to the short-term financial management of cash investments	—	—	—	—	-15,000
Proceeds relating to the short-term financial management of cash investments	—	—	—	15,000	—
	-27,198	**1,341**	**-14,046**	**-94,137**	**-94,070**
Cash flow from financing activities					
Dividends paid	—	—	-18,197	-18,197	-13,648
Proceeds from borrowings of financial liabilities	—	—	—	108,459	20,050
Repayment of borrowings	-2,317	-2,447	-9,276	-7,121	-5,669
Interest payments	-3,275	-3,576	-13,289	-12,391	-9,914
Proceeds from the capital increase	40,912	—	—	—	73,926
Payments for the costs of the capital increase	-72	—	—	—	-2,559
	35,248	**-6,023**	**-40,762**	**70,750**	**62,186**
Changes in cash and cash equivalents	**17,509**	**4,148**	**-17,780**	**14,027**	**-4,360**[2]
Cash and cash equivalents on 1 January	**10,374**	**28,154**	**28,154**	**29,127**	**18,487**[2]
Cash and cash equivalents as of the end of the period	**27,883**	**32,302**	**10,374**	**28,154**	**29,127**[2]

(1) In 2012, TEUR 25 in income tax was paid, while no income tax was paid after 2012, except a payment in 2014 which relates to the sale of land in 2012 in connection with the transformation into a REIT. As a result, in the financial statements for the year 2012, the reconciliation of cash flow from operating activities is derived from "earnings before taxes (EBT).

(2) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets". Accordingly, the amounts in the statement of cash flows in the annual report 2012 "Cash and cash equivalents on 1 January" and "Cash and cash equivalents on 31 December" were reduced by TEUR 198 and TEUR 179 respectively, while "Cash flow from operating activities" was increased by TEUR 19.

Selected Key Data

	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		(unaudited, unless otherwise stated)		
EBITDA in TEUR(1)	9,850	14,079	48,422	37,149	30,381
EBDA in TEUR(1)	6,644	10,782	34,950	24,900	19,729
REIT equity ratio in %(2)	57.4	53.4	53.1	52.5	60.3
Balance sheet equity ratio in %(3)	47.3	43.7	43.5	43.0	51.1
Loan-to-Value ratio (LTV) in %(4)	39.0	42.9	43.3	43.7	34.2
Earnings per share in EUR (audited)	0.05	0.14	0.38	0.19	0.20
Funds from Operations (FFO) in TEUR(5)	6,644	6,373	24,555	23,786	18,877
Funds from Operations (FFO) per share in EUR(5)	0.13	0.14	0.54	0.52	0.41
Dividend per share in EUR	—	—	0.40	0.40	0.40
Quoted market price per share in EUR (XETRA closing price)					
High share price	10.33	7.70	8.29	7.58	7.60
Low share price	8.20	7.34	7.34	6.75	6,35
Year/period-end share price	10.25	7.69	8.12	7.34	7.48
Dividend yield in relation to year/period-end share price in %	—	—	4.9	5.4	5.3
Share price/FFO ratio	77.2	54.9	15.0	14.1	18.2
Market capitalization at year/period-end	512,937	349,844	369,406	333,921	340,290
Net asset value per share in EUR(6)	8.81	8.37	8.67	8.25	8.17
Fair value of the investment property portfolio in TEUR(7)	745,000	689,842	717,490	691,830	579,510
Net asset value in TEUR(6)	441,018	380,594	394,548	375,337	371,823
Number of employees at the reporting date including the Management Board	30	28	31	27	26

(1) The Company publishes earnings before interests, taxes, depreciation and amortization (**EBITDA**) and earnings before depreciation and amortization (**EBDA**), because they are financial figures usually disclosed by real estate companies and allow investors to compare the Company with other real estate companies. The Company calculates EBITDA and EBDA according to the following formula:

in TEUR	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		(audited, unless otherwise indicated)		
Net profit for the period	2,397	6,332	17,109	8,521	7,741
+ Amortization and impairments related to intangible assets, depreciation of property, plant and equipment and investment property	4,247	4,450	17,841	16,379	12,287
- Reversals of impairments of intangible assets, depreciation of property, plant and equipment and investment property (unaudited)	—	—	—	—	-299
EBDA (unaudited)	**6,644**	**10,782**	**34,950**	**24,900**	**19,729**
- Interest income	-5	-28	-68	-42	-347
+ Interest expenses	3,211	3,325	13,540	12,291	10,974
+ Income taxes	—	—	—	—	25
EBITDA (unaudited)	**9,850**	**14,079**	**48,422**	**37,149**	**30,381**

(2) **REIT equity ratio** corresponds to the equity-to-assets ratio pursuant to sec. 15 in conjunction with sec. 12 (1) sentence 2 REIT Act which the Company has to comply with, meaning the ratio of equity (on a fair value basis) to the fair value of immovable assets. Equity (on a fair value basis) is the sum of balance-sheet equity and the difference between fair value and carrying amount (hidden reserves) of immovable assets. The immovable assets of the Company consist of the property portfolio and undeveloped land which is predominantly agricultural and forestry land. The fair value of the Company's property portfolio was determined on the basis of the market value appraisals. The ancillary acquisition costs (*Erwerbsnebenkosten*) for properties, which had not been transferred on the reporting date, were considered based on their book value. As of 31 December 2012, for purposes of calculating the REIT equity ratio, undeveloped land was recognized at book values (TEUR 569 as of 31 December 2012). However, since 2013, undeveloped land for purposes of calculating the REIT equity ratio has been determined on the basis of market value appraisals (TEUR 2,088 as of 31 March 2015; TEUR 2,363 as of 31 March 2014; TEUR 2,089 as of 31 December 2014; and TEUR 2,363 as of 31 December 2013).

(3) The **balance sheet equity ratio** is calculated as the ratio (expressed as a percentage) of the total equity on the statement of financial position to total liabilities and equity on the statement of financial position.

(4) The Loan-to-Value ratio (**LTV**) is the ratio of net financial liabilities to the fair value of the investment property. The Company publishes LTV, because it is a financial figure usually disclosed by real estate companies and allows investors to compare the Company with other real estate companies. The Company calculates the LTV according to the following formula:

in TEUR (unless otherwise indicated)	31 March 2015	31 March 2014	31 December 2014	31 December 2013	31 December 2012
	(unaudited)		(audited, unless stated otherwise)		
Non-current financial liabilities	309,001	319,172	311,469	321,345	222,990
+ Current financial liabilities	10,667	9,793	10,760	10,176	7,707
- Cash and cash equivalents	-27,883	-32,302	-10,374	-28,154	-29,127
+ Security for loans (unaudited)	1,000	—	1,000	—	—
Net financial liabilities (unaudited)	**292,785**	**296,663**	**312,855**	**303,367**	**201,570**
Fair value of developed investment property portfolio*	742,470	679,830	715,660	680,970	579,510
+ Market value of undeveloped land (unaudited)	2,088	2,363	2,089	2,363	569**
+ Properties held for sale***	2,530	10,012	1,830	10,860	354
+ Incidental costs of pending acquisitions	2,863	—	2,456	438	8,475
Fair value of investment property portfolio (unaudited)	**749,951**	**692,205**	**722,035**	**694,631**	**588,908**
Loan-to-Value (LTV) in % (unaudited)	**39.0**	**42.9**	**43.3**	**43.7**	**34.2**

* Without properties held for sale.

** The market value is calculated based on the book value (see footnote 2).

*** Properties held for sale are shown at fair value.

(5) Funds from Operations (**FFO**) is a key financial figure of the operating business of the Company. FFO is used for the value oriented management of the Company to represent the generated financial resources that are available for investments, repayment of debt and dividend payments to the shareholders. The Company also publishes an Adjusted FFO (AFFO), because AFFO is a financial figure usually disclosed by real estate companies and allows investors to compare the Company with other real estate companies. The Company calculates FFO and Adjusted FFO (**AFFO**) according to the following formula:

in TEUR (unless otherwise indicated)	1 January to 31 March 2015	1 January to 31 March 2014	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
	(unaudited)		(audited, unless otherwise stated)		
Net rental income	11,061	10,894	42,858	40,933	33,229
- Administrative expenses	-294	-283	-1,109	-1,131	-993
- Personnel expenses	-1,023	-816	-3,452	-3,311	-2,868
+ Adjusted other operating income (unaudited)	421	187	714	334***	346**
- Adjusted other operating expenses (unaudited)	-315	-312	-984*	-790*	-676**
+ Interest income	5	28	68	42	347
- Interest expenses	-3,211	-3,325	-13,540	-12,291	10,508**
FFO	**6,644**	**6,373**	**24,555**	**23,786**	**18,877**
- Capitalised maintenance expenses (unaudited)	-73	-1,238	-4,006	-1,029	-1,269
AFFO (unaudited)	**6,571**	**5,135**	**20,549**	**22,757**	**17,608**
FFO per share in EUR (unaudited)	**0.13**	**0.14**	**0.54**	**0.52**	**0.41**
AFFO per share in EUR (unaudited)	**0.13**	**0.11**	**0.45**	**0.50**	**0.39**

* Adjusted for non-recurring effects in the re-measurement of provisions for mining damages in an amount of TEUR 293 in 2014 and TEUR 240 in 2013.

** Adjusted for reversals of impairment losses (other operating income TEUR -299) and non-recurring effects in the re-measurement of provisions for mining damages, which resulted in an adjustment of other operating income (TEUR -700), of other operating expenses (TEUR 241) and of interest expenses (TEUR 466)).

*** Adjusted for the extraordinary effect of early contract termination by a tenant in an amount of TEUR 1,000.

(6) Net Asset Value (**NAV**) or net tangible value reflects the economic equity of the Company. It is determined by the fair market value of the Company's assets – which is essentially the fair market value of the properties – minus debt. The Company calculates the NAV according to the following formula:

in TEUR (unless otherwise indicated)	31 March 2015	31 December 2014	31 December 2013	31 December 2012
	(unaudited)	(audited, unless otherwise indicated)		
Non-current assets	632,024	607,779	596,302	511,531*
+ Current assets	31,875	13,524	35,410	29,906*
- Non-current liabilities and provisions (without derivative financial instrument) (unaudited)	-321,159	-323,936	-333,016**	-234,729
- Current liabilities and provisions (without derivative financial instrument) (unaudited)	-18,311	-16,175	-16,112**	-14,751
Reported NAV	**324,429**	**281,192**	**282,584**	**291,957**
+ the difference between fair value and carrying amount (hidden reserve) in "Investment property" (unaudited)	116,585	113,356	88,348	79,515
+ the difference between fair value and carrying amount (hidden reserve) in "Non-current assets held for sale" (unaudited)	4	—	4,405	351
NAV	**441,018**	**394,548**	**375,337**	**371,823**
NAV per share in EUR	**8.81**	**8.67**	**8.25**	**8.17**

* Figures as they are included in the annual report 2013.

** Corrected number as per annual report 2014.

The difference between fair value and carrying amount (hidden reserves) represent the difference between book value and market value (fair value) of the investment properties and the properties held for sale on the respective reporting dates. The investment properties of the Company consist of the developed property portfolio (without non-current assets held for sale) of the Company as well as ancillary acquisition costs (*Erwerbsnebenkosten*) of properties the possession of which has not been transferred to the Company's portfolio. The market value (fair value) of the developed property portfolio was determined on the basis of market value appraisals. The ancillary acquisition costs for properties the possession of which has not been transferred to the Company's portfolio are calculated based on book values. The value of the undeveloped land for purposes of NAV calculation was determined on the basis of fair market value (TEUR 2,088 as of 31 March 2015; TEUR 2,363 as of 31 March 2014; TEUR 2,089 as of 31 December 2014; TEUR 2,363 as of 31 December 2013; and TEUR 2,717 as of 31 December 2012). The value of the undeveloped land has been calculated for purposes of NAV calculation on the basis of estimates of market values. For the properties held for sale, the contractually agreed sales price was used. As of all reporting dates, the calculation of hidden reserves relates exclusively to value adjustments for immovable assets.

(7) The fair value of the property portfolio as presented herein relates solely to the Company's developed property portfolio as of 31 December 2014 and including "non-current assets held for sale", in so far as they relate to developed properties (TEUR 2,530 as of 31 March 2015, TEUR 10,012 as of 31 March 2014, TEUR 1,830 as of 31 December 2014, TEUR 10,860 as of 31 December 2013, TEUR 0 as of 31 December 2012). The value of the Company's headquarter at Goethestrasse 45 in Duisburg as well as the undeveloped land belonging to the Company as well as ancillary acquisition costs (*Erwerbsnebenkosten*) for properties the possession of which has not been transferred to the Company's portfolio are not included. The calculation of the fair market value of the property portfolio for the IFRS Interim Financial Statements is based on the market values determined for the financial statements from the respective preceding financial years, unless there were indications of significant changes in the market value of the properties since then. For the quarter ended 31 March 2015, there was no evidence of such changes in value. As a result, the fair value as of 31 March 2015 of those properties that had already been held by the Company as of 31 December of the respective preceding financial year corresponds to the fair value on that date. However, in the period between 1 January 2014 and 31 March 2014, small fair value adjustments for four properties were carried out which in total resulted in a small net positive adjustment of the fair values. As of 31 March 2015 and 31 March 2014, the value of newly acquired properties was determined using an expert opinion on the indicative market value. In case of asset disposals, the value of the property portfolio was reduced by the last determined fair market value (determined as of the last 31 December).

Cautionary note: The above-listed financial measures EBITDA, EBDA, FFO, LTV, REIT equity ratio and NAV are not defined by IFRS. Potential investors should take into consideration that these financial measures are neither standardized nor applied in a consistent manner by companies, and that other companies may calculate such measures differently than HAMBORNER. These financial measures should be considered together with their most directly comparable IFRS financial measures and should not by themselves be seen as a basis to compare different companies. Furthermore, EBITDA and EBDA are not recognized as financial measures by IFRS and do not substitute the financial measures presented in the income statement and the statement of cash flows prepared in accordance with IFRS.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following discussion of HAMBORNER REIT AG's financial condition and results of operations in conjunction with sections 3. "Risk Factors", 10. "Selected Financial and Business Information", 13. "Description of the Business Activity of HAMBORNER", the financial statements included in section 22. "Financial Section", as well as the other financial and business information contained in this Prospectus.

The financial information summarized below for financial years 2014 and 2013 is derived from the audited IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2014 and the Company's accounting records. The financial information summarized below for financial year 2012 is derived from the audited IFRS Financial Statements of HAMBORNER REIT AG for the financial year ended, 31 December 2013 and the Company's accounting records. The presentation of certain figures with regard to the financial year 2013 differs in the IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2014, as compared to the IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial year ended, 31 December 2013. The audited IFRS Financial Statements of HAMBORNER REIT AG as of and for the financial years ended, 31 December 2014, 31 December 2013 and 31. December 2012 were audited by Deloitte & Touche. Deloitte & Touche issued an unqualified audit opinion (uneingeschränkter Bestätigungsvermerk) with respect to each of the IFRS Financial Statements. The financial information summarized below for the first quarters of 2015 and 2014 is derived from the unaudited IAS 34 Interim Financial Statements of HAMBORNER REIT AG as of, and for the quarter ended, 31 March 2015 and the Company's accounting records.

The IAS 34 Interim Financial Statements were prepared in accordance IFRS for interim financial reporting (IAS 34). The IFRS Financial Statements were prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 325 (2a) German Commercial Code (Handelsgesetzbuch). IFRS deviate in certain important aspects from German GAAP. The IAS 34 Interim Financial Statements and the IFRS Financial Statements are reproduced in Section 22 "Financial Section" of this Prospectus.

*The audited stand-alone financial statements of HAMBORNER REIT AG as of, and for the financial year ended, 31 December 2014 were prepared in accordance with German GAAP and German accepted accounting principles (the "**HGB Annual Financial Statements**"). The IFRS Financial Statements and the HGB Annual Financial Statements are reproduced in section 22 "Financial Statement" of this Prospectus.*

Due to the presentation of figures in thousands of EUR (TEUR) or millions of EUR and the application of standard commercial rounding principles resulting in whole numbers, the figures presented may not always add up to the totals shown.

11.1 Overview

HAMBORNER REIT AG is a listed German stock corporation (*Aktiengesellschaft*) in the form of a real estate investment trust (REIT). HAMBORNER operates in the real estate sector and has positioned itself as an asset manager for profitable commercial properties. The Company believes it has an attractive, diversified property portfolio that consists essentially of large-scale retail properties, commercial buildings in prime locations (so called high street properties) and high-quality office buildings in established office locations. The Company has generated stable rental income in recent years with its portfolio distributed throughout Germany and believes it has an attractive occupancy rate by market standards.

HAMBORNER REIT AG has extensive experience in the German real estate market and the acquisition and management of commercial properties as well as long-standing capital market expertise. The Company believes to have a balanced tenant structure and long-standing business relationships with some of its tenants. Based on its current observations HAMBORNER believes to have a sound financial structure; it also enjoys certain benefits from its REIT status, such as exemption from corporate income and trade tax. In addition, the Company has a lean and efficient corporate structure.

As of 31 March 2015, HAMBORNER had a property portfolio of 70 portfolio properties (including the property in Celle for which the transfer of possession occurred in April 2015) in 54 locations in Germany with a fair value of EUR 780.6 million. The properties have a total useable area of 391,672 m², 385,846 m² of which is used commercially and 5,826 m² of which is used as residential space. The economic vacancy rate (taking into account rent guarantees and including the property in Celle) as of 31 March 2015 amounted to 2.4% (previous year: 2.5%).

The shares of HAMBORNER REIT AG were listed in the Prime Standard segment of Frankfurt Stock Exchange for the first time on 8 June 2009. On 18 February 2010, HAMBORNER retroactively acquired REIT status as of 1 January 2010. The shares of HAMBORNER REIT AG were included in the REIT segment of Deutsche Börse AG on 22 February 2010. The Company is listed on the stock exchange since 1954.

The Company intends to realise sustainable and yield-oriented growth with a balanced and diversified property portfolio located in Germany. To this extent, HAMBORNER engages in strategic portfolio management and will continue to focus its investments on large-scale retail properties, commercial properties in prime locations and office buildings primarily in mid-size cities and regions in Germany that promise long term growth perspectives. At the same time, the Company is committed to maintaining a sound financial basis with the ability to continuously pay out significant dividends in the future.

11.2 Material Factors Affecting Results of Operations

The discussion sets forth those factors which the Company believes to materially affect its income and expenses, and that had a material effect on HAMBORNER's business development in the periods covered by the IAS 34 Interim Financial Statements and the IFRS Financial Statements included in this Prospectus, and that may continue to have such an effect in the future.

HAMBORNER's results of operations significantly depend on rental income and results from the sale of portfolio properties. Expenses reflect mainly maintenance and modernization expenses, operational costs for generating rental income, depreciation, amortization and impairments, and costs of financing. Additionally, earnings may be affected by the regular revaluation of the properties in accordance with IAS 40.

General economic and financial framework conditions in the market for commercial properties – The level of rents that can be achieved for new or successor tenants of commercial properties, as well as income from the sale of properties and the current market values for commercial properties, depend on the prevailing general economic and financial conditions in the market for commercial properties, such as demographic developments, population migration, changes to interest rates, the rate of inflation, tax and legal framework conditions, supply and demand for commercial properties and the general attractiveness of Germany as a business and investment location compared to other countries. Additionally, regional factors affecting the local commercial property markets in which HAMBORNER's properties are located, such as regional or local economic developments, unemployment trends and the development of infrastructure, also have a substantial effect on HAMBORNER's earnings.

Political and regulatory factors – Political and legal decisions have a material effect on the development of the market for commercial properties in Germany and HAMBORNER's business activities. For example, changes to the building and environmental laws as well as changes to tax law – particularly real estate tax and real estate transfer tax – have a considerable influence on the development of the market for commercial properties in Germany and therefore on HAMBORNER's earnings.

Competition in the German commercial properties market and general availability of investment properties – HAMBORNER's intends to continue to significantly expand its portfolio of commercial properties through future property acquisitions and to lease the acquired properties at economically attractive conditions. The availability of attractive acquisition opportunities depends on the supply and demand situation in the commercial real estate market. In pursuing its acquisition strategy, HAMBORNER is in competition with numerous domestic and foreign property investors. As a result, HAMBORNER's continued expansion of its property portfolio depends on sufficient supply of suitable properties at appropriate price levels and the Company's ability to acquire, and finance the acquisition of, such properties. In 2014, HAMBORNER invested EUR 31.9 million (2013: EUR 108.8 million; 2012: EUR 75.2 million), not including incidental costs of acquisition, in newly acquired properties.

Property disposals – HAMBORNER's result from the sale of investment property depends generally on the number and mix of properties sold, and market prices for the properties in its portfolio. Sales prices are influenced significantly by the location and condition of the property offered for sale, the level of rental income the property is able to generate, the prevailing interest rates, the general perception of the relevant asset class by investors, the amount of competing properties under construction or for sale, and political and regulatory decisions and developments. In 2014, HAMBORNER sold properties for a total sales price of EUR 26.3 million (2013: EUR 0.9 million; 2012: EUR 5.6 million).

Impairment and depreciation of properties – The Company accounts for the property it holds according to the cost model, in which the properties are depreciated on a straight-line basis over their useful lives and recognized at the purchase or production cost less depreciation. The fair market values of developed investment properties (as defined below) are determined at regular intervals. If the current market value of a property falls below the book value, the difference between the book value and fair market value is taken into account by means of an impairment charge to the property. Reversals of impairments are carried out if it is ascertained on the reporting date that an impairment loss which was recorded in previous periods for a property no longer exists or has been reduced. The increase of the book value of a property resulting from a reversal of impairments must not exceed the book value which would have been determined if scheduled depreciation had been taken into account and no impairment loss had been recorded in the previous period. Reversals of impairments and impairments are recognized in the income statement and as a result can have a positive or negative effect on the Company's earnings.

Income from rents and leases – HAMBORNER's results of operations are driven by the level of income from the leasing of its investment properties. Many rental contracts entered into by HAMBORNER in the past contain rent adjustment clauses aimed at maintaining value by connecting the level of rental payments to a reference index, which usually is the consumer price index for Germany. However, increases in the amount of rent due can often be implemented only if changes to the reference index meet a certain threshold, and changes to the amount of rent due may not necessarily correspond 100% to the changes of the reference index. In some cases, such rent increases cannot be implemented immediately, or at all, and sometimes an adjustment can be carried out only after a term of several years with fixed rental payments has lapsed. Due to this indexing, the development of the rate of inflation affects the level of rental income HAMBORNER can achieve. With respect to new and successor tenants, the level of rental income depends on the general market rent level, the location and size of the relevant properties and other property-specific characteristics, as well as the prevailing vacancy rate at the time of leasing.

Operating expenses related to rental income – The level of profit generated from the leasing of investment properties corresponds to the income from the leasing of HAMBORNER's properties minus the operating expenses for achieving rental income, and is therefore influenced by the level of such operating expenses. Expenses consist mainly of operating costs of the properties and the remuneration paid under service agreements (e.g. facility management, general administration, consulting).

Maintenance and modernization – The amount of maintenance and modernization expenses incurred by HAMBORNER has a direct influence on the level of operating costs for achieving rental income. Particularly in connection with the subsequent leasing of commercial properties after the expiration of rental contracts, HAMBORNER may be required to carry out extensive renovations due to the age of the respective properties, technological advances, changed market expectations and legal requirements, or at the request of tenants, such that the properties can be re-let on attractive terms.

Cost of financing – The costs of third-party financing for the acquisition of properties have a significant influence on HAMBORNER's earnings. Any increase or reduction in the general interest level may result in an increase or decrease in HAMBORNER's (re)financing costs and may also affect the solvency of existing and prospective tenants.

11.3 Basis of Presentation of Financial Condition and Results of Operations

11.3.1 Significant accounting principles

In certain cases, the preparation of the Company's IFRS Financial Statements requires the use of estimates and assumptions by the Company's Management Board. The assumptions and estimates affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. These assumptions and estimates relate primarily to the determination of useful lives, the fair value of land, buildings and receivables, the calculation of the fair value of financial instruments, and the recognition and measurement of provisions. Any changes to these assumptions and estimates can have a significant impact on the results presented in the IFRS annual financial statements, and actual results could differ materially from the assessments made by the Management Board. For a description of the Company's significant accounting principles, see the section titled "*Accounting Policies*" in the IFRS Financial Statements.

11.3.2 Comparability of Prior Year Figures

Effects of special events – The results of the first quarter of 2015 as well as of the financial years 2014, 2013 and 2012 were affected by the disposal of certain of HAMBORNER's properties, respectively the receipt of an extraordinarily high compensation payment in relation to the termination of one rental agreement in 2013.

In the fiscal year 2014, HAMBORNER generated net income from the sale of investment property of TEUR 10,688. This resulted from the disposal of seven properties from HAMBORNER's portfolio and an area of around 92,000 m² from its undeveloped land holdings. In the fiscal year 2013, HAMBORNER generated net income from the sale of investment property of TEUR 354 resulting from the disposal of a smaller area from its undeveloped land holdings. In addition, HAMBORNER received an extraordinary compensation payment in relation to the termination of one rental agreement in a total amount of TEUR 1,000. In the fiscal year 2012, HAMBORNER sold three office buildings in Erfurt, the purchase agreements for which were concluded in the previous year. These transactions generated a contribution to earnings in 2012 of TEUR 17. Furthermore, in 2012, HAMBORNER sold 0.6 million m² of land used predominantly for agricultural purposes from its undeveloped land holdings. In total, net income generated from the disposal of investment property in the fiscal year 2012 amounted to TEUR 884.

Restatement of selected figures regarding the financial year ended 31 December 2013 – Total financial liabilities reported as at 31 December 2013 amounted to TEUR 331,521. In the statement of financial position, current financial liabilities were reported too low by TEUR 2,693 and non-current financial liabilities too high by the same amount. The comparative figures as at 31 December 2013 were restated in line with the accurate presentation in accordance with the IFRS in the financial statement for the year ended 31 December 2014.

Reclassifications of selected figures regarding the financial year ended 31 December 2012. – For reasons of clarity, HAMBORNER renamed "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", HAMBORNER also reclassified the cash deposits by tenants to which HAMBORNER has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets". Accordingly, the amounts in the statement of cash flows in the annual report 2012 "Cash and cash equivalents on 1 January" and "Cash and cash equivalents on 31 December" were reduced by TEUR 198 and TEUR 179 respectively, while "Cash flow from operating activities" was increased by TEUR 19.

In addition, for reasons of materiality and clarity, the item reported separately in the statement of financial position in the annual report 2012 as "Income tax receivables" (TEUR 7) is reported under "Trade receivables and other assets" in the annual report 2013.

Lastly, to allow a more transparent presentation of the net asset situation, the Company changed the reporting of the obligations for Supervisory Board remuneration, fees for auditors, legal and consulting costs, outstanding invoices, outstanding holiday obligations and overtime under current other provisions, which in the annual report 2012 in a total amount of TEUR 1,726 were reported under current "Other provisions", but in annual report 2013 were reported under "Trade payables and other liabilities" in accordance with IAS 37.11.

11.4 Results of Operations

Set forth below is a comparison of HAMBORNER's results of operations for the first quarters ended 31 March 2015 and 2014, as well as for the financial years ended 31 December 2014, 2013 and 2012.

11.4.1 Comparison of the first quarters of the 2015 and 2014 financial years

The following table sets forth the key income statement data for the periods indicated:

in TEUR (unless otherwise indicated)	**1 January to 31 March 2015**	**1 January to 31 March 2014**
	(unaudited)	
Income from rents and leases	11,901	11,697
Income from passed-on incidental costs to tenants	1,295	1,317
Real estate operating expenses	-1,755	-1,651
Property and building maintenance	-380	-469
Net rental income	**11,061**	**10,894**
Administrative expenses	-294	-283
Personnel expenses	-1,023	-816
Amortization of intangible assets, depreciation of property, plant and equipment and investment property	-4,247	-4,450
Other operating income	421	187
Other operating expenses	-315	-312
Operating result	**5,603**	**5,220**
Result from the sale of investment property	—	4,409
Earnings before interest and taxes (EBIT)	**5,603**	**9,629**
Interest income	5	28
Interest expenses	-3,211	-3,325
Financial result	**-3,206**	**-3,297**
Net profit for the period	**2,397**	**6,332**
Earnings per share (in EUR)	**0.05**	**0.14**

Income from rents and leases – Income from rents and leases increased by TEUR 204, or 1.7%, from TEUR 11,697 in the first quarter of 2014 to TEUR 11,901 in the first quarter of 2015. The increase was due mainly to property additions in 2014, which contributed TEUR 407 to the income from rents and leases, while property sales reduced income from rents and leases by TEUR 256. Increases in rents (like-for-like) amounted to TEUR 53.

Income from passed-on incidental costs to tenants – Income from passed-on incidental costs to tenants decreased by TEUR 22, or 1.7%, from TEUR 1,317 in the first quarter of 2014 to TEUR 1,295 in the first quarter of 2015. The decrease was due primarily to slightly lower charges for incidental costs to tenants for 2014 in the first quarter of 2015 than for 2013 in the first quarter of 2014.

Real estate operating expenses – Real estate operating expenses can mostly be passed on to the tenants under the terms of their rental agreements. Real estate operating expenses increased by TEUR 104, or 6.3%, to TEUR 1,755 in the first quarter of 2015 from TEUR 1,651 in the first quarter of 2014. The increase was due primarily to increases in several cost components, for instance costs for electricity and winter-related services.

Property and building maintenance – Expenses for property and building maintenance decreased to TEUR 380 in the first quarter of 2015 from TEUR 469 in the first quarter of 2014. The costs relate predominantly to minor, ongoing maintenance. No major individual activities were completed in the first quarter of 2015, however some work was started.

Administrative expenses – Administrative expenses remained relatively stable with TEUR 294 in the first quarter of 2015 from TEUR 283 in the first quarter of 2014.

Personnel expenses – Personnel expenses increased by TEUR 207, or 25.4%, to TEUR 1,023 in the first quarter of 2015 from TEUR 816 in the first quarter of 2014 principally as a result of the increase in the share based compensation of the management board members, due to the increase in the Company's share price.

Amortization of intangible assets, depreciation of property, plant and equipment and investment property – Amortization and depreciation (including impairment charges in the first quarter of 2014) decreased to TEUR 4,247 in the first quarter of 2015 from TEUR 4,450 in the first quarter of 2014. The reason for the decline was principally due to an impairment in an amount of TEUR 292 in the first quarter of 2014.

Other operating income – Other operating income increased to TEUR 421 in the first quarter of 2015 from TEUR 187 in the first quarter of 2014. The principal reason for the change were contractually agreed payments in the connection with the acquisition of the property in Aachen (TEUR 285).

Other operating expenses – Other operating expenses remained stable with TEUR 312 in the first quarter of 2014 and TEUR 315 in the first quarter of 2015.

Result from the sale of investment property – Profits from the sale of investment property were TEUR 4,409 in the first quarter of 2014 for several properties. There were no sales of investment properties in the first quarter of 2015.

Financial result – Financial result decreased to TEUR 3,206 in the first quarter of 2015 from TEUR 3,297 in the first quarter of 2014. The decrease was due to reduced interest expense because no new loans were entered into in 2014 or in the first quarter of 2015 and because of repayments of loans in line with the planed repayment schedules of certain existing loans.

Earnings per share – Earnings per share decreased to EUR 0.05 in the first quarter of 2015 from EUR 0.14 in the first quarter of 2014 principally as a result of profits from the sale of investment property in the first quarter of 2014 and the increased number of shares due to the capital increase in February 2015.

11.4.2 Comparison of the financial years 2014, 2013 and 2012

The following table sets forth the key income statement data for the periods indicated:

in TEUR (unless otherwise indicated)	**2014**	**2013**	**2012**
		(audited)	
Income from rents and leases	46,823	45,227	36,993
Income from passed-on incidental costs to tenants	5,650	5,027	3,416
Real estate operating expenses	-7,371	-7,158	-5,076
Property and building maintenance	-2,244	-2,163	-2,104
Net rental income	**42,858**	**40,933**	**33,229**
Administrative expenses	-1,109	-1,131	-993
Personnel expenses	-3,452	-3,311	-2,868
Amortization of intangible assets, depreciation of property, plant and equipment and investment property	-17,841	-16,379	-12,287
Other operating income	714	1,334	1,345
Other operating expenses	-1,277	-1,030	-917
Operating result	**19,893**	**20,416**	**17,509**
Result from the sale of investment property	10,688	354	884
Earnings before interest and taxes (EBIT)	**30,581**	**20,770**	**18,393**
Interest income	68	42	347
Interest expenses	-13,540	-12,291	-10,974
Financial result	**-13,472**	**-12,249**	**-10,627**
Earnings before taxes (EBT)	**17,109**(1)	**8,521**(1)	**7,766**
Income taxes	—	—	-25
Net profit for the period	**17,109**	**8,521**	**7,741**
Earnings per share (in EUR)	**0.38**	**0.19**	**0.20**

(1) Unaudited.

Income from rents and leases – Income from rents and leases increased by TEUR 1,596, or 3.5%, from TEUR 45,227 in financial year 2013 to TEUR 46,823 in financial year 2014. The increase was due mainly to property additions in 2014 and 2013 in the amount of TEUR 2,695, as well as increases in rents (like-for-like) of TEUR 169. The increase was in part offset by rent losses in 2014 as a result of property sales of TEUR 1,268.

In fiscal year 2013, income from rents and leases increased by TEUR 8,234, or 22.3%, to TEUR 45,227 from TEUR 36,993 in financial year 2012. Property additions in 2013 and 2012 were the main reason for the increase, contributing TEUR 8,852. The increase was in part offset by decreases in rents (like-for-like) of TEUR 525 and rent losses in 2013 as a result of property disposals of TEUR 93.

The following table shows a breakdown of income from rents and leases according to property type, as well as income from rent guarantees, for the periods indicated:

in TEUR	**2014**	**2013**	**2012**
		(audited)	
Retail space	27,591	26,556	23,124
Office space and medical practices	17,536	16,279	12,329
Production and other commercial space	889	934	605
Apartments	288	410	434
Garages/car parking spaces	219	232	202
Other lettings and leases (agricultural leases, licensing agreements, etc.)	160	168	164
Income from rent guarantees	140	648	135
Total	**46,823**	**45,227**	**36,993**

Income from passed-on incidental costs to tenants – Income from passed-on incidental costs to tenants increased by TEUR 623, or 12.4%, from TEUR 5,027 in financial year 2013 to TEUR 5,650 in financial year 2014. The increase was due primarily to change in the composition of the property portfolio of TEUR 391. In addition, for properties remaining in the portfolio, income from passed-on incidental costs to tenants increased by TEUR 232.

In fiscal year 2013, income from passed-on incidental costs to tenants increased by TEUR 1,611, or 47.2%, to TEUR 5,027 from TEUR 3,416 in financial year 2012. The increase was due mainly to change in the composition of the property portfolio of TEUR 1,362. For properties remaining in the portfolio, income from passed-on incidental costs to tenants increased by TEUR 249.

Real estate operating expenses – Real estate operating expenses can mostly be passed on to the tenants under the terms of their rental agreements. Real estate operating expenses increased by TEUR 213, or 3.0%, to TEUR 7,371 in financial year 2014 from TEUR 7,158 in financial year 2013, after an increase by TEUR 2,082, or 41.0%, from TEUR 5,076 in financial year 2012. In both 2014 and 2013, the increase was due primarily to changes in the property portfolio.

The following table shows a breakdown of real estate operating expenses for the periods indicated:

in TEUR	**2014**	**2013**	**2012**
		(audited)	
Energy, water, etc.	4,034	4,060	2,445
Land taxes	1,684	1,490	1,165
Other property charges	623	602	533
Ground rents	543	527	575
Insurance premiums	346	320	245
Miscellaneous	141	159	113
Total	**7,371**	**7,158**	**5,076**

Property and building maintenance – Expenses for property and building maintenance rose by TEUR 81, or 3.7%, to TEUR 2,244 in financial year 2014 from TEUR 2,163 in financial year 2013, after an increase by TEUR 59, or 2.8%, from TEUR 2,104 in financial year 2012. In both 2014 and 2013, extensive work was done in individual projects as part of planned maintenance on roofs, facades and building services facilities to enhance the energy efficiency of properties. A key task in building maintenance is the coordination and performance of conversion work for new and follow-on rental agreements.

The largest individual measures in 2014 related to modernization work for a new letting in Linzer Str., Bremen, and the refurbishment of the parking deck of a Kaufland store in Freital. In 2013, the largest individual measure was the revitalisation of an EDEKA store in Freiburg.

Administrative expenses – Administrative expenses decreased by TEUR 22, or 2.0%, to TEUR 1,109 in financial year 2014 from TEUR 1,131 in financial year 2013, after an increase by TEUR 138, or 13.9%, from TEUR 993 in financial year 2012. The increase in 2013 was due primarily to higher costs for the annual General Shareholders' Meeting.

Personnel expenses – Personnel expenses increased by TEUR 141, or 4.3%, to TEUR 3,452 in financial year 2014 from TEUR 3,311 in financial year 2013, after an increase by TEUR 443, or 15.5%, from TEUR 2,868 in financial year 2012. Personnel expenses in 2014 increased due to growth in headcount and salary increases. The increase in 2012 to 2013 resulted from increases in management compensation.

The following table shows a break-down of personnel costs for the periods indicated:

in TEUR	**2014**	**2013**	**2012**
		(audited)	
Wages and salaries	3,062	2,942	2,494
Social security contributions and related expenses	318	295	277
Retirement benefit expenses/pension expenses	72	74	97
Total	**3,452**	**3,311**	**2,868**

Amortization of intangible assets, depreciation of property, plant and equipment and investment property – Amortization and depreciation (including impairment charges) increased by TEUR 1,462, or 8.9%, to TEUR 17,841 in financial year 2014 from TEUR 16,379 in financial year 2013, after an increase by TEUR 4,092, or 33.3%, from TEUR 12,287 in financial year 2012.

In 2014, the amortization and depreciation expenses included impairments of TEUR 1,179 (2013: TEUR 463; 2012: EUR 0) as a result of an adjustment of the residual book values at the end of the financial year to the fair market values determined by an external expert. In 2014, impairments related to properties in Kassel (TEUR 691) and Leverkusen (TEUR 292) as a result of a difficult letting situation at these locations. In addition, impairment losses were recognized after an adjustment of fair values in line with contractually agreed sale prices on a property held for sale in Düren (TEUR 101) and a property in Hamburg sold in 2014 (TEUR 95). In 2013, the impairment loss related entirely to a property in Oberhausen which was sold in 2013.

Other operating income – Other operating income decreased by TEUR 620, or 46.5%, to TEUR 714 in financial year 2014 from TEUR 1,334 in financial year 2013, after a decrease by TEUR 11, or 0.8%, from TEUR 1,345 in financial year 2012.

The following table shows a breakdown of other operating income for the periods indicated:

in TEUR	**2014**	**2013**	**2012**
		(audited)	
Compensation in connection with section 15a UStG[(1)]	270	65	—
Reversal of provisions and accruals	157	34	705
Compensation for early lease termination[(1)]	115	1,113	14
Other compensation and reimbursement[(1)]	42	57	264
Charges passed on to tenants and leaseholders	36	23	38
Reversal of impairment losses	—	—	299
Miscellaneous	94	42	25
Total	**714**	**1,334**	**1,345**

(1) In the annual reports 2012 and 2013, the items "Compensation in connection with section 15a UStG", "*Compensation for early lease termination*" and "*Other compensation and reimbursement*" were included in one line item ("Receipt of indemnification and reimbursement", in 2013: TEUR 1,235 and in 2012: TEUR 278).

The reversal of impairment losses in 2012 related to an adjustment of properties impaired in previous years based on the fair values determined by valuation experts as at 31 December 2012. In 2013, EUR 1.0 million of the compensation for early lease termination related to compensation paid by one tenant for the early termination of its lease.

Other operating expenses – Other operating expenses increased by TEUR 247, or 24.0%, to TEUR 1,277 in financial year 2014 from TEUR 1,030 in financial year 2013, after an increase by TEUR 113, or 12.3%, from TEUR 917 in financial year 2012.

The increase in other operating expenses in 2014 was attributable primarily to higher input tax adjustments due to the conclusion of VAT-exempt leases (sec. 15a of the *Umsatzsteuergesetz* (**UStG** – German VAT Act) of TEUR 304 (2013: TEUR 131), TEUR 270 (2013: TEUR 65) of which was passed on to the tenants and is shown under other operating income. The increase was in part offset by lower legal and consulting costs of TEUR 195 (2013: TEUR 292) and lower costs of public relations work of TEUR 173 (2013: TEUR 182).

The increase in other operating expenses in 2013 was attributable primarily to higher legal and consulting costs of TEUR 292 (2012: TEUR 235) and higher costs of public relations work of TEUR 182 (2012: TEUR 161).

Result from the sale of investment property – Profits from the sale of investment property increased by TEUR 10,334 from TEUR 354 in financial year 2013 to TEUR 10,688 in financial year 2014. In 2014, HAMBORNER took a further step towards its goal of eliminating smaller properties selling seven properties (comprising 26 residential units and 20 commercial spaces) from its portfolio and an area of around 92,000 m² from its undeveloped land holdings. The seven sold portfolio properties had a total residual carrying amount of TEUR 15,658 and generated a total sales price of TEUR 26,276. Their contribution to annual rental income was TEUR 1,753. In addition, the Company has sold 92,000 m² of undeveloped land.

In 2013, profits from the sale of investment property decreased by TEUR 530 to TEUR 354 from TEUR 884 in financial year 2012. The profits in 2013 were generated from the disposal of a smaller area from HAMBORNER's undeveloped land holdings.

Financial result – Financial result decreased by TEUR 1,223, or 10.0%, to TEUR -13,472 in financial year 2014 from TEUR -12,249 in financial year 2013, after it had decreased by TEUR 1,622, or 15.3%, from TEUR -10,627 in financial year 2012.

The following table shows a breakdown of financial result for the periods indicated:

in TEUR	**2014**	**2013**	**2012**
		(audited)	
Interest income	68	42	347
Interest expenses	-13,540	-12,291	-10,974
Total	**-13,472**	**-12,249**	**-10,627**

In 2014 and 2013, interest expenses increased as a result of an increase in borrowed funds and the associated higher interest expenses (which were included for the entire respective financial year).

Earnings per share – Earnings per share increased by EUR 0.19, or 100%, from EUR 0.19 in financial year 2013 to EUR 0.38 in financial year 2014, after they had decreased by EUR 0.01 from EUR 0.20 in financial year 2012.

Earnings per share are calculated in line with IAS 33 by dividing the net profit for the period attributable to the shareholders by the weighted average number of shares in the financial year. The following table shows the calculation of earnings per share:

in TEUR (unless otherwise indicated)	**2014**	**2013**	**2012**
		(audited)	
Weighted average number of shares outstanding (thousands)	45,493	45,493	39,309
Net earnings/net profit for the year	17,109	8,521	7,741
Earnings per share (in EUR)	**0.38**	**0.19**	**0.20**

11.5 Liquidity and Capital Resources

11.5.1 Comparison of cash flows for the first quarters of the 2015 and 2014 financial years

The following table sets forth the Company's cash flow data for the periods indicated:

in TEUR	**1 January to 31 March 2015**	**1 January to 31 March 2014**
	(unaudited)	
Cash flow from operating activities		
Net profit for the period	2,397	6,332
Financial result	3,206	3,297
Depreciation, amortization and impairments (+)/reversal of impairment charges (-)	4,247	4,450
Change in provisions	278	46
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	—	-4,409
Change in receivables and other assets not attributable to investing or financing activities	-271	-168
Change in liabilities not attributable to investing or financing activities	-403	-709
Interest received	5	10
Tax payments	—	-19
	9,459	8,830
Cash flow from investing activities		
Investments in intangible assets, property, plant and equipment and investment property	-27,199	-9,524
Proceeds from disposals of property, plant and equipment and investment property	—	10,864
Proceeds from disposals of financial assets	1	1
	-27,198	1,341
Cash flow from financing activities		
Repayment of borrowings	-2,317	-2,447
Interest payments	-3,275	-3,576
Proceeds from the capital increase	40,912	—
Payments for the costs of the capital increase	-72	—
	35,248	-6,023
Change in cash and cash equivalents	17,509	4,148
Cash and cash equivalents as of 1 January	10,374	28,154
Cash and cash equivalents as of 31 March	**27,883**	**32,302**

Cash flow from operating activities – Cash flow from operating activities increased by TEUR 629, or 7.1%, to TEUR 9,459 in the first quarter of 2015 from TEUR 8,830 in the first quarter of 2014. This was mainly due to the increase in rental income.

Cash flows from investing activities – Cash outflows from investing activities were TEUR 27,198 in the first quarter of 2015 while there were cash flows from investing activities in an amount of TEUR 1,341 in the first quarter of 2014. This change was due to proceeds from the disposal of properties in the first quarter of 2014 in a total amount of TEUR 10,864 while there were no such proceeds in the first quarter of 2015 and due to more cash used acquiring properties in the first quarter of 2015 (TEUR 27,199) compared to the first quarter of 2014 (TEUR 9,524).

Cash flows from financing activities – Cash flows from financing activities were TEUR 35,248 in the first quarter of 2015 compared to cash outflows from financing activities in an amount of TEUR 6,023 in the first quarter of 2014. The principal reason for this change was the capital increase carried out in February 2015. Proceeds from the capital increase amounted to TEUR 40,912, while there was no equivalent cash inflow in the first quarter of 2014.

11.5.2 Comparison of cash flows for the financial years 2014, 2013 and 2012

The following table sets forth the Company's cash flow data for the periods indicated:

in TEUR	1 January to 31 December 2014	1 January to 31 December 2013	1 January to 31 December 2012
		(audited)	
Cash flow from operating activities			
Earnings before taxes (EBT)[2]	17,109	8,521	7,766
Financial result	13,472	12,249	10,627
Depreciation, amortization and impairments (+)/reversal of impairment charges (-)	17,841	16,380	11,989
Change in provisions	224	-452	657
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-10,861	-355	-934
Change in receivables and other assets not attributable to investing or financing activities	-182	-315	-284[1]
Change in liabilities not attributable to investing or financing activities	-623	1,273	-1,279
Interest received	67	113	275
Tax payments	-19	—	-1,293
	37,028	**37,414**	**27,524**[1]
Cash flow from investing activities			
Investments in intangible assets, property, plant and equipment and investment property	-40,574	-110,407	-88,408
Proceeds from disposals of property, plant and equipment and investment property	26,543	1,257	9,332
Payments for investments in non-current financial assets	-20	—	—
Proceeds from disposals of financial assets	5	13	6
Payments relating to the short-term financial management of cash investments	—	—	-15,000
Proceeds relating to the short-term financial management of cash investments	—	15,000	—
	-14,046	**-94,137**	**-94,070**
Cash flow from financing activities			
Dividends paid	-18,197	-18,197	-13,648
Proceeds from borrowings of financial liabilities	—	108,459	20,050
Repayment of borrowings	-9,276	-7,121	-5,669
Interest payments	-13,289	-12,391	-9,914
Proceeds from the capital increase	—	—	73,926
Payments for the costs of the capital increase	—	—	-2,559
	-40,762	**70,750**	**62,186**
Change in cash and cash equivalents	**-17,780**	**14,027**	**-4,360**[1]
Cash and cash equivalents as of 1 January	**28,154**	**29,127**	**18,487**[1]
Cash and cash equivalents as of 31 December	**10,374**	**28,154**	**29,127**[1]

(1) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets". Accordingly, the amounts in the statement of cash flows in the annual report 2012 "Cash and cash equivalents on 1 January" and "Cash and cash equivalents on 31 December" were reduced by TEUR 198 and TEUR 179 respectively, while "Cash flow from operating activities" was increased by TEUR 19.

(2) After 2012, no income tax was paid. As a result, in the financial statements for the years 2013 and 2014, the reconciliation of cash flow from operating activities is derived from "net profit for the period".

Cash flow from operating activities – Cash flow from operating activities decreased by TEUR 386, or 1.0%, to TEUR 37,028 in financial year 2014 from TEUR 37,414 in financial year 2013, after having increased by TEUR 9,890, or 35.9%, from TEUR 27,524 in financial year 2012.

Despite an increase in rental income, the slight decline in cash flow from operating activities in 2014 (and the increase in 2013) resulted in particular from the non-recurring compensation of EUR 1.0 million received in 2013 from a tenant for the early termination of its lease. Other than this, cash flow from operating activities was not influenced by any significant extraordinary effects in either 2014 or 2013.

Cash flows from investing activities – Cash flows from investing activities changed by TEUR 80,091, or 85.1%, to a cash outflow of TEUR 14,046 in financial year 2014 from a cash outflow of TEUR 94,137 in financial year 2013, after having changed by TEUR 67, or 0.1%, from a cash outflow of TEUR 94,070 in financial year 2012.

In both 2014 and 2013, the cash outflow from investing activities was in particular the result of investments in intangible assets, property plant and equipment and investment property on the one hand (2014: TEUR 40,574; 2013: TEUR 110,407), mainly relating to the acquisition of investment property, and proceeds from disposals of property, plant and equipment and investment property (2014: TEUR 26,543; 2013: TEUR 1,257). In addition, in 2013, cash flow from investing activities included an inflow of TEUR 15,000 from a fixed-term deposit in 2012, which was paid back to HAMBORNER in 2013.

Cash flows from financing activities – Cash flows from financing activities changed by TEUR 111,512 to a cash outflow of TEUR 40,762 in financial year 2014 from a cash inflow of TEUR 70,750 in financial year 2013, after having changed by TEUR 8,564 from a cash inflow of TEUR 62,186 in financial year 2012.

In addition to the dividend payment for 2013 paid in 2014, the cash outflow from financing activities in 2014 resulted from interest and principal payments on the loans borrowed for the financing of HAMBORNER's properties. There were no proceeds from the borrowing of loans in 2014 (2013: TEUR 108,459).

11.5.3 Refinancing and other sources of liquidity

The Company's total indebtedness (total current and non-current liabilities and provisions) consists primarily of long-term and short-term financial liabilities and derivative financial instruments, as shown in the following table as of the dates indicated.

	31 March 2015		31 December 2014		31 December 2013		31 December 2012	
in TEUR	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
	(unaudited)				**(audited)**			
Financial liabilities	309,001	10,667	311,469	10,760	321,345	10,176	222,990	7,707
Derivative financial instruments	10,495	—	10,997	—	10,840	—	14,838	367
Total	**319,496**	**10,667**	**322,466**	**10,760**	**332,185**	**10,176**	**237,828**	**8,074**

Non-current financial liabilities and derivative financial instruments are those with a remaining term of more than one year. Current financial liabilities and derivative financial instruments are those with a remaining term of up to one year.

There are no working capital lines of credit or similar funding sources. As of 31 March 2015, the Company, with the exception of its property financings, funds itself exclusively from operating cash flow.

The Company makes use of property financing provided by various banks. The financings are annuity loans tied to specific properties and are secured by first-ranking land charges (*Grundpfandrechte*). As of 31 March 2015, the Company has taken out loans amounting to EUR 319.7 million to finance its properties.

The following table shows the Company's property financings from banks as of 31 March 2015:

	Initial loan volume in TEUR	As of 31 March 2015 in TEUR	Interest rate in %[(2)]	Fixed rate agreed until
	(unaudited)	(unaudited)[(1)]		
Loan 1	3,972	2,739	4.41	12/31/2016
Loan 2	2,420	1,669	4.41	12/31/2016
Loan 3	9,000	6,431	5.09	07/31/2017
Loan 4	40,400	30,534	5.16	10/31/2017
Loan 5	31,000	23,854	5.20	04/03/2018
Loan 6	13,400	10,745	4.19	12/31/2018
Loan 7	5,000	4,088	4.86	12/31/2018
Loan 8	5,400	4,513	4.70	07/30/2019
Loan 9	8,940	7,987	4.19	02/28/2020
Loan 10	18,660	18,660	3.99	06/30/2020
Loan 11	10,080	8,860	3.95	06/30/2020
Loan 12	14,925	13,460	4.05	09/30/2020
Loan 13	4,285	4,066	3.94	12/30/2020
Loan 14	8,610	8,169	3.94	12/30/2020
Loan 15	6,700	6,700	3.53	09/30/2020
Loan 16	6,600	5,798	4.15	02/28/2021
Loan 17	13,000	11,954	4.26	02/28/2021
Loan 18	16,620	16,620	4.03	11/01/2021
Loan 19	10,350	9,415	4.25	11/30/2021
Loan 20	4,400	4,107	3.66	08/23/2021
Loan 21	6,850	6,217	3.87	03/31/2022
Loan 22	8,800	8,180	3.95	08/30/2021
Loan 23	20,000	19,958	3.53	12/30/2022
Loan 24	2,000	2,000	3.46	12/30/2022
Loan 25	7,000	6,533	2.50	11/30/2022
Loan 26	23,000	22,055	2.74	01/31/2021
Loan 27	22,000	21,189	2.85	12/31/2022
Loan 28	12,059	11,692	2.51	06/01/2023
Loan 29	12,100	11,639	2.87	12/31/2023
Loan 30	10,300	9,906	3.20	12/31/2028
	357,871	**319,738**	**3.91**[(4)]	
Loan 31	17.500	0[(3)]	2.23	09/30/2024
Loan 32	8.300	0[(3)]	1.82	04/30/2025
Loan 33	7,100	0[(3)]	1.82	04/30/2025
	390,771	**319,738**	**3.74**[(5)]	

(1) This breakdown does not include accrued interest totalling TEUR 569, nor does it include deferred transaction costs of TEUR 640.

(2) The Company pays a fixed interest rate by hedging variable interest rate using derivative financial instruments.

(3) Loans 31 - 33 have been disbursed after 31 March 2015.

(4) Weighted average interest rate for Loans 1 - 30.

(5) Weighted average interest rate for Loans 1 - 33.

The Company makes monthly, quarterly or annual interest and principal payments as agreed in the respective loan agreements. The following table sets forth the Company's contractually agreed payable amounts of interest and principal on its financial liabilities and derivatives as of the dates indicated. Interest payments on loans with variable interest rates were calculated based on the latest interest rate determined before the balance sheet date.

	As of 31 December 2014			As of 31 December 2013		
in TEUR	**Up to 1 year**	**Within 2-5 years**	**More than 5 years**	**Up to 1 year**	**Within 2-5 years**	**More than 5 years**
Financial liabilities	10,760	109,290	202,179	10,176	107,714	213,631
Derivatives	—	7,516	3,481	—	8,497	2,343
Total	**10,760**	**116,806**	**205,660**	**10,176**	**116,211**	**215,974**

The Company's property loans for investment property are based both on long-term fixed interest agreements and – in order to achieve greater flexibility – interest agreements based on EURIBOR. The Company uses interest rates swaps in relation to interest agreements based on EURIBOR to eliminate risk resulting from interest rate changes. Under the terms of these swaps, the

Company receives EURIBOR and pays an agreed-upon fixed interest rate for the duration of the swap. HAMBORNER's obligations under the interest rate swaps cease to exist based on the underlying loan transaction.

The following table contains an overview of interest rate derivatives as of 31 March 2015:

No.	Type	Maturity	Fair value as of 3/31/2015 in TEUR
			(unaudited)
1	Interest rate swap	Oct 2017	-3,409
2	Interest rate swap	April 2018	-1,760
3	Interest rate swap	April 2018	-1,276
4	Interest rate swap	Dec 2018	-558
5	Interest rate swap	Dec 2021	-3,492
	Total		**-10,495**

11.5.4 Credit, liquidity and market risks

The Company faces risks resulting from financial instruments, which relate to credit, liquidity and market risks.

Credit risk exists in the form of risk of default with respect to financial assets. The maximum value of this risk is the carrying amount of the financial assets. For derivatives, this is the total of all positive fair values, and for the non-derivative financial instruments, the total of the carrying amounts. Risk of default is taken into account by means of value adjustments.

Liquidity risk represents refinancing risk, i.e. risk of fulfilment of existing payment obligations as they come due. The Company's strategy and results of the planning process are taken as a basis for the early identification of the future liquidity position. Expected liquidity requirements are scheduled in medium-term planning, which covers a period of five years. The Company calculates its liquidity requirements using daily, weekly and monthly forecasts.

With respect to market risks, risks resulting from changes to the market interest levels are of particular relevance to the Company. In order to manage these risks, the Company carries out sensitivity analyses which highlight the effects of changes to the market interest level on interest payments, interest expenses and income as well as on equity. For purposes of sensitivity analyses, the Company applies the following assumptions: Non-derivative financial instruments with a fixed interest rate are only subject to interest rate risks if they are measured at fair market value. For financial instruments measured at amortized cost, changes in interest rates have no effect on accounting. For cash flow hedges used to hedge fluctuations due to interest rate, changes in market interest rates affect the revaluation surplus in equity. Therefore, these financial instruments are taken into account in the sensitivity analysis.

The following table shows the sensitivity analysis with respect to interest changes as of the dates indicated:

in TEUR	31 December 2014	31 December 2013	31 December 2012
		(audited)	
Change in revaluation surplus			
Interest + 1%	2,247	2,903	3,856
Interest - 1%	-2,678	-4,043	-4,719

11.5.5 Provisions for pensions

Provisions for pension obligations are based on old-age and surviving dependents' pension benefits schemes. Payments made by HAMBORNER usually depend on the period of employment and the level of remuneration of the employees. The Company's retirement pension plan includes both defined contribution and defined benefit commitments. At 31 December 2014, pension obligations were distributed among four former employees and nine surviving dependents.

With regards to defined contribution commitments (*defined contribution plans*) the Company pays contributions into the statutory pension insurance scheme, direct insurance policies and a reinsured provident fund (*rückgedeckte Unterstützungskasse*) on the basis of statutory or contractual provisions, or on a voluntary basis. Once the Company has paid the required contributions, there are no further payment obligations. The contribution payments are recognized as expenses and reported in personnel expenses in the respective period.

Pension provisions for benefit-related commitments (*defined benefit plans*) are determined in accordance with IAS 19 using the projected unit credit method (*Anwartschaftsbarwertverfahren*). Future commitments are measured on the basis of the *pro rata* benefit claims acquired as of the balance sheet date. The measurement takes into account trend assumptions for the relevant variables which affect the level of benefit. Actuarial profits or losses result from portfolio changes and deviations of the assumptions used in the calculations from the actual trends (for example, income and pension increases, or changes to interest rates). The expenses associated with the commitments are distributed according to actuarial calculations over the period of service of the employees and consist of the service cost and the actuarial profits or losses recorded for the current period, which are shown under personnel expenses as well as interest expenses.

The following table shows the development of the pension provision for benefit-based commitments for the periods indicated:

in TEUR	2014	2013	2012
		(audited)	
Balance sheet value on 1 January	**7,491**	**8,160**	**7,122**
Current service cost	—	—	16
Interest expenses	230	244	320
Actuarial gains (-)/losses recognized for the current year	304	-303	1,361
Pension payments	-573	-610	-659
Balance sheet value on 31 December	**7,452**	**7,491**	**8,160**

For further information, including sensitivity analyses, see note 20 to the IFRS Financial Statements as of, and for the financial year ended, 31 December 2014 and note 21 to the IFRS Financial Statements as of, and for the financial year ended, 31 December 2013.

11.5.6 Contingent liabilities and other financial obligations

Other financial obligations of the Company comprise four long-term heritable building rights agreements with the following terms as of 31 December 2014:

Contracted term until	Payment obligations in TEUR p.a.	Passed on to tenants in TEUR p.a.
	(audited)	
30 June 2023	226	0
31 December 2034	204	204
31 March 2060	113	0
Total	**543**	**204**

On 31 March 2015, there were obligations arising from two purchase agreements (in Berlin and in Celle) to pay total purchase price obligations of EUR 51.7 million as per the agreements. Depending on whether the property in Berlin is completely rented out to tenants, the total purchase price obligation for this property may increase by up to EUR 2.4 million.

As part of the new letting of space in Linzer Str., Bremen, HAMBORNER entered into a commitment to the tenant to implement conversion work specific to the tenant of EUR 0.9 million, EUR 0.4 million of which will be reimbursed by the tenant in the form of a construction subsidy.

Investments under lease commitments of provisionally EUR 0.3 million will be made in 2015 for outstanding work in connection with the work in Robert-Bunsen-Str., Freiburg, that was essentially completed in the financial year 2014.

Furthermore, as at the end of the financial year 2014, work began on the extension of HAMBORNER's office building. The resulting financial obligations for commissioned services amounts to EUR 0.5 million.

The Company has no additional potential contingent or substantial liabilities.

11.6 Statement of Financial Position

11.6.1 Comparison of 31 March 2015 with 31 December 2014

The following table shows the key items of the statement of financial position of the Company as of the dates indicated:

in TEUR	31 March 2015	31 December 2014
	(unaudited)	(audited)
Assets		
Non-current assets		
Intangible assets	8	10
Property, plant and equipment	418	150
Investment property	630,836	606,849
Financial assets	492	495
Other assets	270	275
	632,024	**607,779**
Current assets		
Trade receivables and other assets	1,466	1,320
Bank deposits and cash balances	27,883	10,374
Non-current assets held for sale	2,526	1,830
	31,875	13,524
Total assets	**663,899**	**621,303**

in TEUR	31 March 2015	31 December 2014
	(unaudited)	(audited)
Equity and Liabilities		
Equity capital		
Issued capital	50,043	45,493
Capital reserve	160,569	124,279
Retained earnings	65,022	64,520
Net retained profits	38,300	35,903
	313,934	**270,195**
Non-current liabilities and provisions		
Financial liabilities	309,001	311,469
Derivative financial instruments	10,495	10,997
Trade payables and other liabilities	1,880	1,956
Pension provisions	7,362	7,452
Other provisions	2,916	3,059
	331,654	**334,933**
Current liabilities and provisions		
Financial liabilities	10,667	10,760
Trade payables and other liabilities	6,235	4,557
Other provisions	1,409	858
	18,311	**16,175**
Total equity and liabilities	**663,899**	**621,303**

11.6.2 Comparison of the financial years ending 31 December 2014, 2013 and 2012

The following table shows the key items of the statement of financial position of the Company as of the dates indicated.

in TEUR	31 December 2014	31 December 2013	31 December 2012
		(audited)	
Assets			
Non-current assets			
Intangible assets	10	13	14
Property, plant and equipment	150	135	159
Investment property	606,849	595,423	510,834
Financial assets	495	434	203(1)
Other assets	275	297	321
	607,779	**596,302**	**511,531**(1)
Current assets			
Trade receivables and other assets	1,320	801	776(2)
Cash and cash equivalents	10,374	28,154	29,127(1)
Non-current assets held for sale	1,830	6,455	3
	13,524	**35,410**	**29,906**(1)
Total assets	**621,303**	**631,712**	**541,437**

in TEUR	31 December 2014	31 December 2013	31 December 2012
		(audited)	
Equity and Liabilities			
Equity			
Issued capital	45,493	45,493	45,493
Capital reserves	124,279	124,279	124,279
Retained earnings	64,520	67,338	72,453
Net retained profits	35,903	34,634	34,527
	270,195	**271,744**	**276,752**
Non-current liabilities and provisions			
Financial liabilities	311,469	321,345(3)	222,990
Derivative financial instruments	10,997	10,840	14,838
Trade payables and other liabilities	1,956	2,254	2,013
Pension provisions	7,452	7,491	8,160
Other provisions	3,059	1,926	1,566
	334,933	**343,856**	**249,567**
Current liabilities and provisions			
Financial liabilities	10,760	10,176(3)	7,707
Derivative financial instruments	—	—	367
Income tax liabilities	—	19	18
Trade payables and other liabilities	4,557	4,710	6,040(4)
Other provisions	858	1,207	986(4)
	16,175	**16,112**	**15,118**
Total equity and liabilities	**621,303**	**631,712**	**541,437**

(1) The Company renamed the item referred to as "Bank deposits and cash balances" in the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. In order to comply with the definition of "Cash and cash equivalents", the Company also reclassified the cash deposits by tenants to which the Company has limited access (TEUR 179) from "Bank deposits and cash balances" in the statement of financial position in the annual report 2012 to "Financial assets".

(2) For reasons of materiality and clarity, the item reported separately in the statement of financial position in the annual report 2012 as "Income tax receivables" (TEUR 7) is reported under "Trade receivables and other assets" in the annual report 2013.

(3) Corrected number as per annual report 2014.

(4) To allow a more transparent presentation of the net asset situation, the Company changed the reporting of the obligations for Supervisory Board remuneration, fees for auditors, legal and consulting costs, outstanding invoices, outstanding holiday obligations and overtime under current other provisions, which in the annual report 2012 in a total amount of TEUR 1,726 were reported under current "Other provisions", but in annual report 2013 were reported under "Trade payables and other liabilities" in accordance with IAS 37.11.

Intangible assets and property, plant and equipment – Intangible assets include acquired rights for the use of system and application software.

The carrying amount of the Company's administrative building in Duisburg reported under property, plant and equipment was TEUR 128 as of 31 December 2014 (2013: TEUR 97; 2012: TEUR 111).

Investment property – Investment property increased slightly by TEUR 11,426, or 1.9%, to TEUR 606,849 as of 31 December 2014 from TEUR 595,423 as of 31 December 2013, after it had increased by TEUR 84,589, or 16.6%, from TEUR 510,834 as of 31 December 2012.

In financial year 2014, investment property included additions of TEUR 40,279. TEUR 33,817 of this amount related to property acquired in 2014 and previous years, TEUR 2,456 to incidental acquisition costs for property not yet transferred to the Company and TEUR 4,006 to subsequent capitalisation in the portfolio. Taking into account the additions and disposals in the financial year 2014, the market value of investment property was TEUR 720,205 as at 31 December 2014 (2013: TEUR 683,771; 2012: TEUR 590,348).

The following table shows a breakdown of the market value of investment property as of the dates indicated:

in TEUR	31 December 2014	31 December 2013	31 December 2012
		(audited)	
Developed property portfolio	715,660	680,970	579,510
Incidental costs of pending acquisitions	2,456	438	8,475
Undeveloped land holdings	2,089	2,363	2,717
Total	**720,205**	**683,771**	**590,702**

Cash and cash equivalents – Cash and cash equivalents decreased by TEUR 17,780, or 63.2%, to TEUR 10,374 as of 31 December 2014 from TEUR 28,154 as of 31 December 2013, after they decreased by TEUR 973, or 3.3%, from TEUR 29,127 as of 31 December 2012.

in TEUR	31 December 2014	31 December 2013	31 December 2012
		(audited)	
Bank balances(1)	10,372	28,153	29,125
Cash balances	2	1	2
Total	**10,374**	**28,154**	**29,127**

(1) For reasons of clarity, the Company renamed the item referred to as "Bank deposits and cash balances" in the income statement of the 2012 annual report to "Cash and cash equivalents" in line with IAS 1.54 (i) in the annual report 2013. The figure shown for bank balances in the annual report is thus TEUR 29,304.

As of 31 December 2014, bank balances included TEUR 8,604 (2013: TEUR 26,024; 2012: TEUR 11,791) in demand deposits. The decrease from financial year 2013 to 2014 was due primarily to the outflow of own funds for investments in new properties and the dividend distribution for financial year 2013.

Financial liabilities and derivative financial instruments – The aggregate amount of current and non-current financial liabilities decreased by TEUR 9,292, or 2.8%, to TEUR 322,229 as of 31 December 2014 from TEUR 331,521 as of 31 December 2013, after they had increased by TEUR 100,824, or 43.7%, from TEUR 230,697 as of 31 December 2012. As there were no additional borrowings in the financial year 2014, financial liabilities declined essentially as a result of scheduled repayments.

As of 31 December 2014, the negative fair value of derivative financial instruments increased by a net amount of TEUR -157 to TEUR -10,997 as a result of the further decrease in interest rates on which their measurement was based on. The property loans in place are based on both long-term fixed-rate interest agreements and interest rate agreements based on EURIBOR. The interest rate risk was eliminated in these instances by concluding interest rate swaps, with which the Company receives EURIBOR and pays a constant fixed rate of interest over the entire term of the swap.

As of 31 December 2012, HAMBORNER's current derivative financial instruments amount to TEUR 367. Since then, HAMBORNER did not hold any current derivative financial instruments in the respective reporting periods. Non-current derivative financial instruments increased slightly by TEUR 157, or 1.5%, to TEUR 10,997 as of 31 December 2014 from TEUR 10,840 as of 31 December 2013, after they decreased by TEUR 3,998, or 26.9%, from TEUR 14,838 as of 31 December 2012.

As of 31 December 2014, the nominal hedge volume of the interest rate swaps amounted EUR 75.9 million (2013: EUR 78.8 million). Depending on the underlying loan transactions, the derivatives mature between 2017 and 2021. The change in the fair values of interest rate derivatives recognized in equity of EUR 0.2 million resulted in a rise in market value changes in derivatives in the revaluation surplus to EUR -11.0 million.

Trade payables and other liabilities – Current and non-current trade payables and other liabilities decreased by TEUR 451, or 6.5%, to TEUR 6,513 as of 31 December 2014 from TEUR 6,964 as of 31 December 2013, after they decreased by TEUR 1,089, or 13.5%, from TEUR 8,053 as of 31 December 2012.

Receivables and other assets are carried at amortized cost. There were no individual value adjustments on doubtful debts in the financial year 2014 (2013: TEUR 14; 2012: TEUR 21). Uncollectible receivables were derecognized in the amount of TEUR 15 (2013: TEUR 17; 2012: TEUR 19).

As of 31 December 2014, TEUR 201 (2013: TEUR 211), non-current other assets included development costs paid for the leasehold property in Solingen and rental income from incentives (rent-free periods, construction subsidies) deferred over the term of the lease of TEUR 74 (2013: TEUR 86). TEUR 65 (2013: TEUR 162; 2012: TEUR 313) of trade receivables were past due and not impaired. TEUR 14 (2013: TEUR 44; 2012: TEUR 15) of these were older than 60 days.

11.7 Explanations on the Annual Financial Statements (German Commercial Code) of HAMBORNER REIT AG for Financial Year 2014

The annual financial statements of HAMBORNER REIT AG for financial year 2014 were prepared according to the accounting regulations of the German Commercial Code (*Handelsgesetzbuch*) and the German Stock Corporation Act (*Aktiengesetz*).

The revenues of the Company from management of properties and buildings amounted to TEUR 46,694 in the financial year 2014 and were TEUR 2,104, or 4.7%, higher than in the financial year 2013 (TEUR 44,590). The increase was due primarily to the addition of properties in 2014 and 2013, which contributed TEUR 2,915 to the increase. Expenses for management of properties and buildings increased by TEUR 170 to TEUR 9,673 in 2014 (2013: TEUR 9,503). This increase was due primarily to property additions (increase by TEUR 146) and regular maintenance and renovation work of individual properties, which increased by TEUR 24 to the amount of TEUR 2,302 in 2014. Other operating income increased by TEUR 9,731 from TEUR 2,687 in the financial year 2013 to TEUR 12,418 in the financial year 2014. This increase was due primarily to the disposal of six smaller properties not fitting the Company’s strategy. Other operating expenses increased by TEUR 165, or 6.0%, from TEUR 2,749 in the financial year 2013 to TEUR 2,914 in the financial year 2014, primarily as a result of a sale of a property in Hamburg. The financial result decreased by TEUR 1,111, or 9.0%, from TEUR -12,342 in the financial year 2013 to TEUR -13,453 in the financial year 2014. This decrease was primarily due to the increase in interest expenses relating to property loans taken out to finance new properties. Extraordinary expenses of the Company were stable at TEUR 79 in financial years 2013 and 2014. The net income financial year 2014 was TEUR 17,660 (2013: TEUR 8,414).

Total assets of the Company as of 31 December 2014 amounted to TEUR 620,942 (31 December 2013: TEUR 631,444). Fixed assets amounted to TEUR 608,377, and were TEUR 6,749, or 1.1%, higher than as of 31 December 2013. Receivables and other assets decreased by TEUR 17,251 from TEUR 29,816 in 2013 to TEUR 12,565 in 2014. The decrease was principally related to the reduction in bank balances by TEUR 17,780 as a result of investments in the real estate portfolio. Equity decreased slightly by TEUR 537, or 0.2%, from TEUR 283,732 in the financial year 2013 to TEUR 283,195 in the financial year 2014. The equity ratio (i.e. the ratio of equity to total assets) increased to 45.6% as of 31 December 2014 (2013: 44.9%).

The Management Board of HAMBORNER proposed using the unappropriated surplus for the year 2014 of EUR 20,017,066.00 to distribute a dividend of EUR 0.40 per share. The unappropriated surplus consisted of the following:

Net income for 2014	EUR 17,660,091.17
Withdrawal from other revenue reserves	EUR 2,356,974.83
Unappropriated surplus on 31 December 2014	**EUR 20,017,066.00**

Due to the withdrawal of the other revenue reserves, the Management Board could provide a stable dividend in line with the EUR 0.40 per share paid in each of 2013 and 2012.

12. MARKET OVERVIEW AND COMPETITION

12.1 Introduction

The development of the German real estate market is influenced by numerous factors. In addition to the overall economic development and the demographic factors, a further aspect which is particularly important is the confidence of investors and consumers in the economy and the country's political development.

12.2 Overall Economic Development in Germany

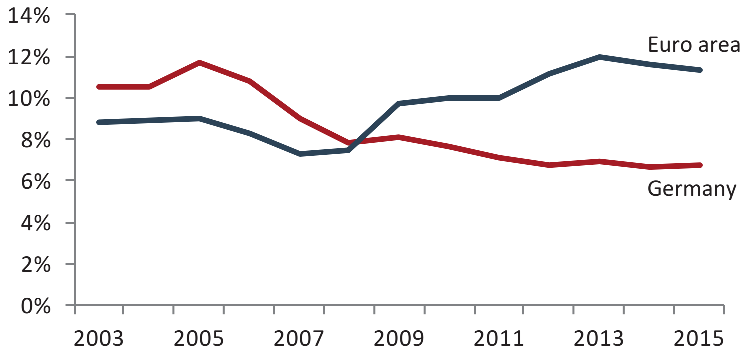
Real GDP growth at constant prices from 2005 to 2015 is estimated at 1.41% in Germany, which was larger than the Eurozone average of 0.8%, as well as larger than the GDP growth in France (0.89%), the Netherlands (0.92%), Spain (0.61%) and Italy (–0.22%) (*Source: IMF, World Economic Outlook Database, April 2014*).

Disposable income per capita (when measured against an average of 100 in 2006) was higher in Germany in 2012 at 118 in comparison to the Eurozone at 110 and also higher than in the Netherlands (104), France (113), Italy (104) and Spain (101) (*Source: Eurostat Database*).

Germany has had consistently low interest rates. As of January 2015, Germany's 9 to 10-year interest rates were at a low level of 0.39% in comparison to the Netherlands (0.52%), France (0.67%), Italy (1.54%) and Spain (1.70%) (*Source: ECB Database*). Low interest rates in Germany have impacted the funding spread (i.e. the difference in German residential real estate rental yield and the Bundesbank's long-term average yields). The following chart shows the 9-10 year average Bundesbank yield since 2001:

(Source: Bulwiengesa AG, Bloomberg Database)

The unemployment rate in Germany has developed well compared to other Eurozone countries. The following graphic shows the development of the unemployment rate in Germany compared to the Eurozone for the years 2003 to 2015:



Source: Eurostat Database

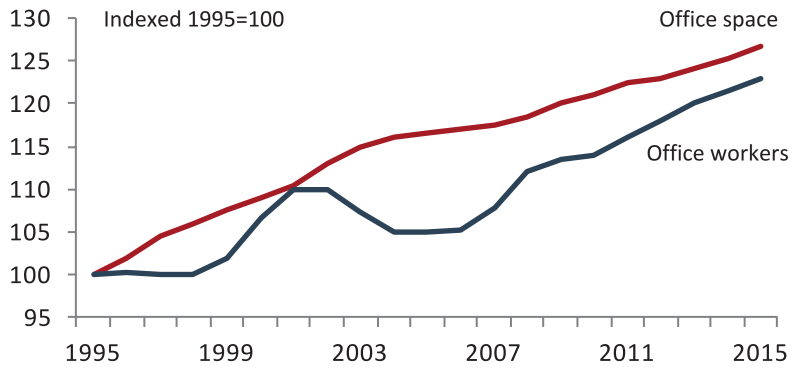
12.3 Commercial Real Estate Market in Germany

The Company operates throughout Germany, with a focus on the west and south, primarily in the area of commercial properties (office and retail). The Company operates in the investment market for commercial properties within the context of its business activities.

In contrast to other countries such as France and the United Kingdom, Germany is not a highly centralized country in which the real estate market is concentrated around a few centers. Rather, the German real estate market consists of a large number of individual regional and local markets.

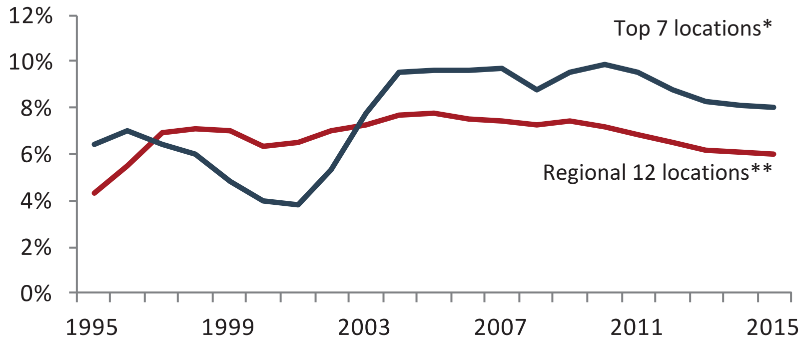
The regional markets in turn are segmented into residential and commercial properties, with the commercial properties distinguished by types of use. In addition to the two major types of use – office and retail properties – there are logistics and other properties such as operator-managed properties (e.g., hotels and retirement homes), industrial property and real estate properties for the medical industry.

The German commercial real estate market has achieved a substantial improvement with the ratio of office space and office employment being back at the level recorded towards the end of the 1990s, while the steady growth in office employment is not yet reflected in the supply of office space. The following graphic shows the ratio of office space to office workers between 1995 and 2015 (for the top seven cities in Germany: Berlin, Munich, Hamburg, Frankfurt, Dusseldorf, Stuttgart and Cologne):



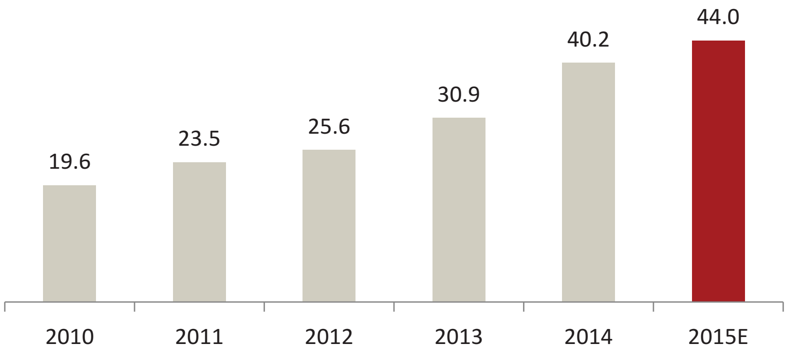
Source: Colliers International, Leasing and Investment 2014 - 2015

The following graphic shows the vacancy rate as a percentage of the supply of office space in Germany for the years 1995 until 2015 (2015 is based on an estimate) showing that the top seven locations have in recent years shown higher vacancy rates than the more regional smaller cities on which HAMBORNER focuses on:



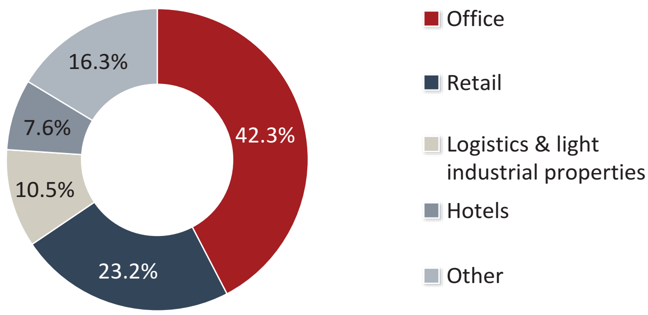
DG HYP, Real Estate Market Germany 2014 / 2015
* *Top 7: Berlin, Munich, Hamburg, Frankfurt, Dusseldorf, Stuttgart and Cologne;*
** *Regional 12: Augsburg, Bremen, Darmstadt, Dresden, Essen, Hannover, Karlsruhe, Leipzig, Mainz, Mannheim, Muenster, Nuremberg*

Germany has seen a consistent increase in the transaction volume of commercial properties in the last years which accelerated starting in 2013. The following graphic shows the transaction volume in EUR billions from 2010 to 2015 (2015 is based on an estimate):



Source: Colliers International, Leasing and Investment 2014 - 2015

By category, the transaction volume of commercial properties in the year 2014 was broken down as follows:



Source: DG HYP, Real Estate Market Germany 2014/2015

12.4 Competitive Position

Compared to other European markets, the German real estate market continues to feature high returns on rent and investment-friendly market structures, giving rise to a high level of interest among a large number of investors and owners, particularly foreign investors and owners. HAMBORNER faces intense competition both in real estate investments and in letting.

12.4.1 Investment Competition

HAMBORNER is regularly in competition with other prospective buyers when purchasing real estate properties. In general, the competitive situation in the commercial real estate segment is highly heterogeneous.

The structure of the competition to acquire suitable properties depends on the amount of the investment volume and the characteristics of the individual properties, and varies to different degrees. It is difficult to draw a comparison with competitors due to differing strategies in terms of location, market knowledge, and buyer structure. As a general rule, the barriers to entry for real estate investments are low. For the most part they are limited to the availability of capital, real estate expertise in the relevant segment, and access to sales offers. The investment market in mid-size cities is, however, not so transparent, since comparatively few market surveys are available for this sector. Investors have to rely on their own local market expertise or that of third parties. For that reason, entry barriers to the investment market in medium-sized cities are considerably higher than for the investment market in major cities.

HAMBORNER seeks in particular to acquire real estate properties with a medium investment volume in mid-size cities. The main competitors for the acquisition of individual commercial properties in these locations are initiators of both open-ended and closed-end real estate funds, institutional investors such as insurance companies and pension funds, real estate investors with a regional focus, as well as real estate companies having local or regional orientations and private investors. Furthermore, major international property finance investors (private equity companies) and listed property companies (including the other two German REIT corporations) also compete for these properties. Based on HAMBORNER's many years of experience in the acquisition of such properties, the strong relationships of its management with potential sellers and its organizational structure, which is designed to enable quick reaction times, HAMBORNER believes to have a good competitive position as far as the purchase of individual properties or portfolios of commercial properties is concerned. Such properties are rarely sold at auction; instead, they are offered exclusively or to a small circle of potential investors.

In so far as HAMBORNER competes for large individual projects and/or real estate portfolios in Germany's major cities and commercial centres in the future, its primary competitors would be international financial investors, listed property companies – including REIT corporations – providers of open-ended property funds, and other German institutional investors. In these areas, real estate transactions often take the form of auctions, the intensity of competition and the professionalism of competitors are often higher than in the case of smaller individual properties and portfolios. Generally, HAMBORNER prefers to acquire properties on the basis of exclusive negotiations, however, in recent years the market has shifted towards an increasing number of auctions with comparably more fierce competition and, in the view of the Company, associated high prices with the corresponding negative impact on the returns on investment.

Insofar as HAMBORNER enters the market as a seller of properties, the Company also faces competition in these areas. This competition is primarily dependent on what other comparable properties are available for sale and how much demand exists in the respective locations and in the respective segments.

12.4.2 Landlord Competition

When the need to re-let portfolio properties arises as part of the portfolio management HAMBORNER competes with other investors offering their properties for letting. These include both national institutional investors and regional, private and institutional investors. In general, owner competition is highly fragmented. HAMBORNER believes that in medium-sized towns the competitive situation is, according to the experience of the Company, currently more intense than in the major cities and commercial centres due to the low level of new construction activity in comparison to the respective market as a whole.

The competitive situation with respect to large-scale retail properties is characterized by a small supply of suitable properties due to a restrictive building permit situation for such large projects. At the same time alternative usability of these properties is limited due to typical retail layout and specific requirements as to building legislation.

13. DESCRIPTION OF THE BUSINESS ACTIVITY OF HAMBORNER

13.1 Introduction

HAMBORNER REIT AG is a listed German stock corporation (*Aktiengesellschaft*) in the form of a real estate investment trust (REIT). HAMBORNER operates in the property sector and has positioned itself as an asset manager for profitable commercial properties. The company believes it has an attractive, diversified property portfolio that consists essentially of large-scale retail properties, commercial buildings in prime locations (so called high street properties) and high-quality office buildings in established office locations. The company has generated stable rental income in recent years with its portfolio distributed throughout Germany and believes it has an attractive occupancy rate by market standards.

HAMBORNER has extensive experience in the German real estate market and the acquisition and management of commercial properties as well as long-standing capital market expertise. The Company believes to have a balanced tenant structure with comparatively low vacancy rates and long-standing business relationships with some of its tenants. Based on its current observations HAMBORNER believes to have a sound financial structure; it also enjoys certain benefits from its REIT status, such as exemption from corporate income and trade tax. In addition, the Company has a lean and efficient corporate structure.

As of 31 March 2015, HAMBORNER had a property portfolio of 70 portfolio properties (including the property in Celle for which the transfer of possession occurred in April 2015) in 54 locations in Germany with a fair value of EUR 780.6 million. The properties have a total useable area of 391,672 m², 385,846 m² of which is used commercially and 5,826 m² of which is used as residential space. The economic vacancy rate (taking into account rent guarantees and including the property in Celle) as of 31 March 2015 amounted to 2.4% (previous year: 2.5%).

The shares of HAMBORNER REIT AG were listed in the Prime Standard segment of Frankfurt Stock Exchange for the first time on 8 June 2009. On 18 February 2010, HAMBORNER retroactively acquired REIT status as of 1 January 2010. The shares of HAMBORNER were included in the REIT segment of Deutsche Börse AG on 22 February 2010. The Company has been listed on the stock exchange since 1954.

The Company intends to realise sustainable and yield-oriented growth with a balanced and diversified property portfolio located in Germany. To this extent, HAMBORNER engages in strategic portfolio management and will continue to focus its investments on large-scale retail properties, commercial properties in prime locations and office buildings primarily in mid-size cities and regions in Germany that promise long term growth perspectives. At the same time, the Company is committed to maintaining a sound financial basis with the ability to continuously pay out significant dividends in the future.

13.2 Competitive Strengths

HAMBORNER's key strengths include:

A leading real estate company in Germany – Based on the market value of its property portfolio of EUR 780.6 million as of 31 March 2015 (including the property in Celle), HAMBORNER believes it is one of the major listed real estate companies in Germany. Additionally, based on its own calculations, HAMBORNER is the second-largest German REIT in terms of market capitalization as of 31 December 2014.

Long-term experience in the real estate sector as well as the acquisition and management of real estate – Over many years, HAMBORNER has been successfully involved in the purchasing, managing as well as selling of commercial properties. Since focusing on the real estate business in 2007, HAMBORNER has almost quadrupled the fair market value of its property portfolio of 2006.

HAMBORNER made new investments of EUR 108.8 million (not including incidental cost of acquisition) in 2013, EUR 31.9 million in 2014 and EUR 62.1 million in 2015 up to the date of this Prospectus. HAMBORNER's management team has an extensive knowledge of and long-standing experience in the real estate industry as well as in capital markets.

Substantial property portfolio – HAMBORNER has a balanced property portfolio with a focus on large-scale retail properties in high-traffic areas, commercial buildings in prime locations (so-called High Street properties) and high quality office buildings on selected sites mainly in medium-sized cities in Germany. The existing portfolio is characterized by a high occupancy rate, long-term lease contracts and stable capital flows. The tenant structure is generally characterized by financially strong tenants (e.g., EDEKA Group, Kaufland Group, OBI AG, Bundesagentur für Arbeit / Jobcenter, real,- SB Warenhaus GmbH, C&A Mode GmbH & Co KG).

Sound financing structure – As of 31 December 2014, HAMBORNER's balance sheet equity ratio amounted to 43.5% and its REIT equity ratio amounted to 53.1%. As of 31 March 2015, HAMBORNER's balance sheet equity ratio amounted to 47.3% and its REIT equity ratio amounted to 57.4%. Moreover, based on its sectorial knowledge and observations, HAMBORNER maintains a comparatively low loan-to-value ratio of 43.3% as of 31 December 2014 and 39.0% as of 31 March 2015. As a result, the Company has further capacity for acquisitions in addition to the investments already made in properties. The Company believes to further support these investment capacities with the intended capital increase.

Attractive dividend payments, stable earnings position and conservative accounting policies – The Company paid dividends to its shareholders of EUR 0.40 in each of the financial years from 2012 to 2014. In relation to the annual closing prices of HAMBORNER's shares this corresponded to a dividend yield (in relation to the year-end share price in %) of 5.3% (2012), 5.4% (2013) and 4.9% (2014). The Funds from Operations (FFO) per share amounted to EUR 0.41 (2012), EUR 0.52 (2013) and EUR 0.54 (2014). On the balance-sheet, properties are shown conservatively at acquisition and production cost less annual depreciation and – if required – less impairments.

REIT status – As HAMBORNER benefits from corporate and trade tax exemptions as of 2010 due to its REIT status, taxation takes place at shareholder-level instead. As a result, this generally allows for higher dividend payments. Also, as the sale of properties that have been held in the portfolio for less than ten years is facilitated by the fact that restrictions applicable to such sale under the extended cut in trade tax are no longer applicable, there is increased flexibility for optimizing the property portfolio. This facilitation was made possible by Section 14 (2) REIT Act, which puts an end to the limitations formerly imposed on these sales by the extended trade tax reduction.

Transparent and efficient corporate and organizational structure – The Company pursues its business activities in hierarchically flat and efficient structures. HAMBORNER currently holds all its properties directly at a 100% (except for a few co-ownership shares in garages and heritable building rights) thus maintaining a simple and consequently low-cost corporate structure. The Company has immediate access to the cash flows generated by the properties and, due to the flat corporate hierarchy, can make decisions related to the purchase, management and sale of property quickly, based on facts without any reliance on third parties and with comparatively small administrative effort. With only two directors and currently 27 employees as of 31 December 2014, the Company is efficiently and leanly organized.

Many years of capital market expertise – HAMBORNER has been a listed company since 1954 and therefore has long-term capital market expertise. Shares of the Company are liquid and fungible due to the daily stock exchange trade. In addition, listing confers high transparency and corporate governance standards.

13.3 Corporate Strategy

The corporate strategy of HAMBORNER is geared towards value-adding growth through the yield-driven expansion of its commercial property portfolio in the fields of large-scale retail properties in high-traffic locations, which offer tenants the possibility to build a prominent market position, commercial buildings in prime locations (so-called high street properties), situated in pedestrian zones of cities with a high purchasing power, as well as high-quality office buildings, while at the same time maintaining its regional diversification. Its objective is to safeguard the profitability of its property portfolio in the long term by acquiring high quality properties. To improve profitability, it also sells smaller properties with well below-average fair values and properties at locations with less promising prospects, replacing them with properties with a higher fair value and significantly better cost/income structures. Through this objective, the Company intends to generate high yields and reduce its portfolio risks with the aim of achieving a consistent and attractive dividend distribution in future.

HAMBORNER intends to realize its strategic objectives through the following measures:

Concentration on large-scale retail properties in high-traffic locations, commercial buildings in prime locations (so-called High Street properties) and high quality office buildings – HAMBORNER concentrates its property portfolio on a balanced mix of the following three real estate categories: large-scale retail properties in high-traffic locations, which offer the tenants the possibility to build a prominent market position, commercial buildings in prime locations (so-called high street properties), situated in pedestrian zones of cities with a high purchasing power, as well as high-quality office buildings.

Large-scale retail properties offer a steady cash flow, thus forming the basis of ongoing dividend distributions. High street properties in prime locations offer the potential for appreciation in value. Office properties usually have fully index-linked rents and therefore offer greater protection against inflation.

Growth and expansion of its property portfolio – HAMBORNER plans to expand its property portfolio on an ongoing basis by acquiring further commercial properties. The future investment volume per property is expected to be in a range of between EUR 10 million and EUR 70 million. The company also plans to optimise its portfolio through targeted measures. To ensure long-term profitability, smaller portfolio properties with a low fair value or at locations with less-promising prospects will be sold. These are essentially properties with a fair value of less than EUR 5 million that incur high costs in proportion to their rental income. The aim is to replace these properties with larger ones with a higher fair value and at more attractive locations with significantly better relative cost and income structures. This active portfolio and acquisition management is limited to the Company's own portfolio. The business strategy does not include project development or services for third parties.

Focus on medium-sized cities and areas in Germany with long-term growth – HAMBORNER's strategy is to hold and manage commercial properties throughout Germany. It is not currently planning to acquire assets outside Germany. The Company plans to make future purchases of commercial properties with a focus on south and southwest Germany in particular as these regions promise long-term growth and allow the Company to increase the regional diversity of its portfolio, however, also plans to carefully monitor other acquisition opportunities throughout Germany.

In terms of the size classes of cities, the Company's focus is on large-scale retail properties and high street properties in cities of more than 60,000 people and office properties in cities with populations of more than 100,000. HAMBORNER focuses on properties in medium-sized cities because management of HAMBORNER believes that market prices in these regions are less volatile than in conurbations and fit best to the current portfolio. Developments in market prices, cash flows from rental operations and the returns generated in these target markets are usually more stable overall and can be planned better. However, HAMBORNER nevertheless plans to take advantage of opportunities to acquire office properties with reasonable sustainability credentials in major German cities as well.

Leveraging acquisition opportunities while retaining a healthy financing structure and ongoing distributions of attractive dividends – HAMBORNER's healthy financing structure with its relatively low loan-to-value ratio (LTV) of 43.3% as of 31 December 2014 and 39.0% as of 31 March 2015 and high equity ratio (compared to industry standards) helps it to leverage acquisition opportunities in the current market environment. The Company also plans to finance the growth of its property portfolio with a balanced mix of equity and debt capital moving forwards. Its REIT equity ratio will be maintained above the legally required minimum of 45% at around 50%. As a REIT company, HAMBORNER is also required to distribute 90% of its net income as determined under commercial law.

13.4 Business Activities

The following section describes HAMBORNER's business activities with regard to its investment activities and portfolio management.

13.4.1 Investment profile and investment process

Investment profile

HAMBORNER continuously monitors the German market for commercial properties. In this regard, it focuses on the acquisition of large-scale retail properties, commercial buildings in prime locations and office buildings. Due to the expertise of its management, its relationship with other market participants, such as project developers, investors or brokers, as well as its long-standing market presence, HAMBORNER has access to suitable investment opportunities which match the investment profile described below.

Sectorial focus – HAMBORNER focuses on large-scale retail properties in high-traffic areas, commercial buildings in prime locations (so-called high street properties) and high quality office buildings on selected sites mainly in medium-sized cities in Germany. The reason to focus on these sectors is a balanced yield/risk profile in accordance with the corporate strategy.

Regional focus – HAMBORNER intends to predominantly invest in growth regions across Germany focusing on cities with over 60,000 inhabitants and, with respect to office properties on cities with over 100,000 inhabitants. The primary focus of the Company's investment is on the growth regions in south and south-west Germany, however, the Company also plans to carefully monitor and potentially pursue other acquisition opportunities throughout Germany. The Company believes a concentration on properties in cities with intermediate size has the advantage that market prices in these areas are less volatile. In smaller cities, there are generally not so many large property projects which have an impact on market prices and rents, as it is often the case in large metropolitan areas. As a result, market prices and rents in HAMBORNER's target markets are more stable overall and can be anticipated more easily in the opinion of the Company.

Planned investment volumes – The Company's planned investment volumes of individual transactions should generally be in a range between EUR 10 million and EUR 70 million depending on the property, and may be above or below this range in individual cases and depending on the property and its location. The Company believes that investments in this range are no longer attractive to most private investors, while in general not all of these investment opportunities are suitable for the large (international) institutional investors, even though in recent years institutional investors as well as family offices have increasingly constituted competition for these investment opportunities. HAMBORNER believes that the risks from investments in this size class can be diversified over a greater number of investment properties in the overall portfolio, whereas investments with greater volumes are mainly associated with increased cluster risks.

Location – The requirements of HAMBORNER with respect to the location of the investments are determined by the individual types of usage. Commercial buildings in prime locations should be situated in the most frequented parts of a pedestrian zone and large-scale retail properties should be located in locations with optional infrastructural accessibility. Office properties should be located at central inner-city sites with good public transport connections or in well-developed enterprise zones.

Rental profile – When acquiring investment properties, HAMBORNER focuses on properties with a rental profile consisting of long-term rental agreements with reputable and credit-worthy tenants, and rent levels mirroring market conditions. The cash flow from the properties should be secured over a long period with a low default risk. Additionally, HAMBORNER prefers properties with reference index-linked rents and rental agreements passing incidental costs and maintenance obligations on to the tenant. HAMBORNER prefers multi-tenant properties due to the diversification of risk. Single-tenant properties are principally considered in case these properties with single tenants remain open to a potential use by new additional tenants. In addition, HAMBORNER carefully analyzes the creditworthiness of all its tenants and generally uses long term rental agreements.

Property profile – HAMBORNER focuses on good quality properties (either recently constructed or refurbished and in a good state of repair), with an adequate number of parking lots and low administrative burden when acquiring properties. Leasable space should be contemporarily furnished and easily divisible. HAMBORNER seeks to minimize its re-letting risk by focusing on property sizes that are easily marketable in locations that are in demand. Due to the increasing tenant demand for ecological sustainability and ecological building certification (e.g., *GreenBuilding* certification by the European Commission or *LEED* certification), these criterions play a growing role in HAMBORNER's selection of properties.

Profitability – The gross initial returns for properties meeting the investment criteria outlined above should be not significantly less than 6% with respect to large-scale retail and office buildings and not significantly less than 5% with respect to commercial buildings in prime locations.

Investment process

The following sets forth HAMBORNER's investment process, which can be subdivided into the following phases:

Pre-selection – The investment process usually commences when HAMBORNER is approached by a potential seller or an intermediary; however, sometimes the Company contacts potential sellers. Information regarding the investment property for sale is collected centrally in a database of HAMBORNER. The real estate manager at HAMBORNER makes a pre-selection of available investment properties after the identification of acquisition opportunities and requests further information from the seller for the purpose of evaluating the investment property. If the investment property matches the Company's investment profile, the real estate manager submits the investment opportunity to the Management Board for examination. In the event of a positive decision, the real estate manager inspects the property and HAMBORNER submits an indicative offer to buy as a basis for a due diligence and for the future contractual negotiations. The indicative offer to buy generally includes a confidentiality agreement between the parties, an indicative purchase price as well as the agreement of an exclusivity period for both parties.

Due diligence review – Subsequently, HAMBORNER carries out an economic, technical and legal due diligence of the investment property. In the case of larger investment properties or portfolios and when there is a requirement for specific expertise HAMBORNER will be assisted by external advisors.

The focal point of the economic due diligence is the analysis of the long-term value potential of the respective investment property. To this extent, the macro and micro situation, the terms of the rental agreements, which are already in existence or still being negotiated, as well as their relation to current market conditions for comparable properties, the creditworthiness of tenants, the general possibilities of equity capital and debt financing, the future earnings potential as well as possibilities for the attainment of additional earnings or of additional exploitation of the plot of land in question are investigated. The tax and actuarial factors are also analyzed in this connection.

The technical land and building inspection is an integral part of a due diligence process in relation to both portfolio property and new construction property acquisitions. The central point in this regard (in addition to the proper technical and structural design) is compliance with the requirements in terms of fire protection, as well as possible specifications and requirements from the planning permission documents. In the case of portfolio properties, a qualitative examination of the building fabric as well as a check for building contamination (e.g., through asbestos) as well as for contaminated waste from the building land on the basis of the existing technical expert reports is increasingly important.

In particular, existing or future rental agreements, the land register, the register of construction encumbrances (*Baulastenverzeichnis*), relevant contracts (e.g., urban development contracts, neighbourhood agreements), if applicable, the register of contaminated sites (*Altlastenkataster*) and the situation under construction planning legislation as well as, where appropriate, the seller's purchase agreement are examined within the framework of the legal due diligence.

Contractual negotiation – After conclusion of the due diligence, and in case of time-critical acquisitions also while the due diligence is carried out HAMBORNER enters into contractual negotiations with the seller of an investment property regarding important components of the purchase agreement. The indicative offer to buy forms the basis of the negotiations. The results of the due diligence influence the evaluation of the investment property and the determination of an appropriate purchase price. At this stage further purchase price negotiations take place with the seller if the due diligence has produced results which justify a reduction in the purchase price.

Investment decision – The Management Board of the Company makes the decision about the further pursuit of an investment opportunity on the basis of a decision paper. In addition to a description and evaluation of the investment property based on the due diligence that has been carried out, such decision papers include information on the opportunities and risks of the investment measure as well as possible alternative courses of action and significant key points of the purchase agreement. If the transaction volume exceeds an amount of EUR 5 million within the approved budget, the decision also requires the approval of the Supervisory Board in accordance with the procedural rules of the Management Board.

Conclusion and execution of the purchase agreement – After the approval of the Management Board and – if required – of the Supervisory Board has been obtained, the final purchase agreement is negotiated and concluded. HAMBORNER is only obligated to take over the investment property and to pay the agreed purchase price, once all contractually agreed conditions precedent are fulfilled. These may, for example, include release of a property from encumbrances, the finalisation of expert reports, examinations of the soil and hand-over of relevant documents (e.g., securities) or the conclusion of important rental agreements.

13.4.2 Portfolio management

Portfolio management entails the ongoing analysis and performance-oriented management of the real estate portfolio and updating of the portfolio strategy, as well as risk management, accompanied by the ongoing monitoring of relevant markets.

Within the portfolio management, HAMBORNER also makes the decisions on acquisitions and disposals of properties and manages the due diligence process for acquisitions.

13.4.3 Asset management

HAMBORNER's asset management comprises commercial and technical property management.

Commercial property management

The most important activities in the area of asset management are property analysis, the development of property strategies, the letting of vacant spaces and the purchase/sale of properties. In addition, it includes the selection, management, monitoring and quality control of external service providers in the areas of letting, purchase/sale and valuation as well as the involvement in, authorization and monitoring of strategically relevant decisions in property and technical management in the context of the letting activity.

Commercial property management at HAMBORNER comprises in particular, rental agreement administration, servicing of tenants, rent collection, preparation of statements of account for incidental expenses and the management of service providers (e.g. caretakers, cleaning) and supply agreements.

Technical property management

Technical property management primarily entails the planning, management and monitoring of ongoing maintenance and of renovation/modernization work, as well as technical property servicing. Activities of the technical management that are labor-intensive but characterized by low strategic relevance, such as the servicing and maintenance of technical equipment, are outsourced to external service providers.

13.5 Description of the Property Portfolio

13.5.1 Overview

As of 31 March 2015, HAMBORNER's property portfolio comprises 70 properties (including the property in Celle). The properties are predominantly in large and medium-sized cities at 54 different locations in Germany. The properties have a total useable area of 391,672 m², 385,846 m² of which is used commercially and 5,826 m² of which is used as residential space.

The following map displays the regional focus of HAMBORNER’s present investment activities as of the date of this Prospectus:

13.5.2 Significant key figures for the property portfolio

As of 31 March 2015, HAMBORNER’s 70 properties (including the property in Celle) consist of 52 retail properties (large-scale retail properties and commercial buildings in prime locations with residential units) (approximately 74%), 15 office buildings (approximately 22%) and 3 other commercial properties (approximately 4%). As of 31 March 2015, the properties have a total useable area of 391,672 m², of which approximately 61% are attributable to retail spaces, approximately 36% to office spaces, including medical practices, approximately 2% to production areas and other commercial premises and approximately 1% to residential spaces. The economic vacancy rate (taking into account rent guarantees) as of 31 March 2015 amounted to 2.4% (previous year: 2.5%).

As of 31 March 2015, HAMBORNER’s properties generated a total annualized rental income (including rent guarantees and excluding turnover rents and revenue from heritable building rights) of EUR 51.3 million. Approximately 60.0% of the rental income is generated by retail spaces, around 37.3% by office spaces and medical practices, about 1.6% by manufacturing and other industrial areas, around 0.5% by residential units (these figures partially include rent for parking areas) and around 0.6% by garages, car parking spaces and other rents.

In addition, HAMBORNER’s real estate portfolio comprises around 0.8 million. m² of mainly agricultural areas and woodlands acquired during the former mining business of the Company. The land predominantly used for agriculture and forestry was acquired by the company during its former mining operations. It is mainly freehold property held jointly by the municipalities of Hünxe, Dinslaken and Duisburg. In this regard, there are also only occasionally prospects for future re-zoning as commercial or residential land in the long term. The Company is therefore striving to gradually sell off these areas and to take advantage of attractive disposal opportunities. In the financial year of 2014 HAMBORNER was able to sell around 92,000 m² of predominantly agricultural land at a sale price of EUR 0.3 million.

The properties in Solingen, Friedenstraße 64, Gütersloh, Berliner Straße 29-31, and Freiburg, Robert-Bunsen-Straße 9a are heritable building rights properties (*Erbbaurechtsgrundstücke*); these sites are not or only partially in the ownership of HAMBORNER. The heritable building rights agreement for the property in Solingen terminates on 31 December 2034, for the property in Gütersloh on 31 March 2060, and for the property in Freiburg on 30 June 2023. In addition to the long-term heritable building right contract for the property in Gütersloh, the two heritable building right contracts for the other two properties grant HAMBORNER a pre-emptive extension option, as a result of which HAMBORNER is able to secure the long-term use of these properties.

As of 31 March 2015, the Company has taken out loans amounting to EUR 319.7 million to finance its properties. These loans are fully secured by land charges. Three of the newest loans have not yet been disbursed as of 31 March 2015, but were disbursed in April 2015.

The following table shows significant key figures for HAMBORNER's properties for the three property categories as of 31 March 2015 (including the property in Celle).

in TEUR	Large-scale retail trade	Commercial properties (with residential units)[1]	Office/Commercial	Total
Number of properties in units	21	31	18	70
Total usable area in m², approximately	171,667	90,855	129,150	391,672
Vacancies in %	0.06	3.20	3.93	2.4
Annualized contractual rent in thousand EUR (including rent guarantees, excluding interest on leaseholds (*Erbbauzinsen*))	18,292	15,103	17,885	51,281
Weighted remaining lease term in years	10.0	5.6	5.2	7.1
Market value in TEUR	257,140	246,850	276,600	780,590
Gross rate of return in %[2]	7.1	6.1	6.5	6.4

(1) Predominantly retail, properties also have a small proportion of office sites and residential units.
(2) Annualized contractual rent per year divided by fair value.

13.5.3 Regional distribution of the property portfolio

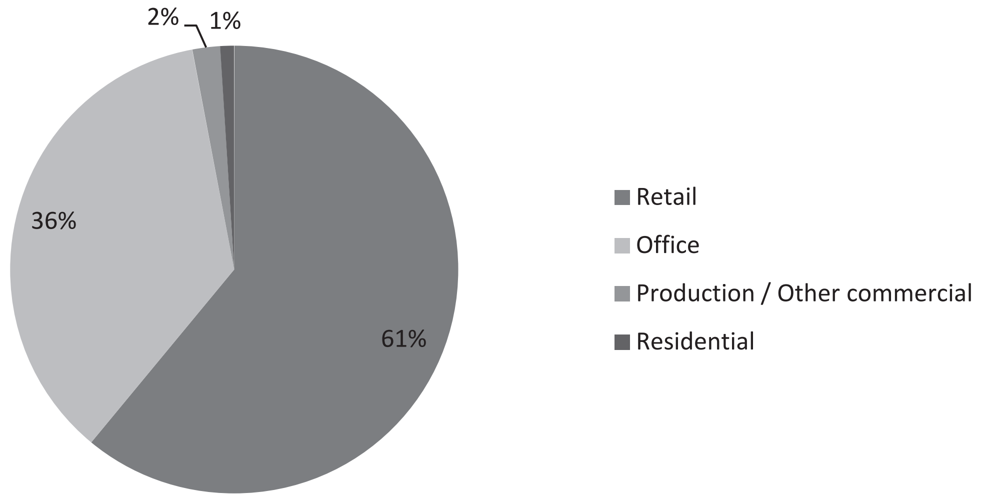
The following table provides an overview of the distribution of annualized rental income (including rent guarantees, and excluding turnover rents and revenue from heritable building rights) as well as market value of HAMBORNER's property portfolio by German federal state (*Bundesland*) as of 31 March 2015 (including the property in Celle):

Federal state	Number of properties	Share of the rental income in the total portfolio in %	Share of the fair value in the total portfolio in %
North Rhine-Westphalia	31	31	30
Bavaria	8	20	21
Baden-Württemberg	8	17	16
Lower Saxony	6	9	9
Hessen	6	6	6
Berlin	1	4	5
Hamburg	3	4	4
Bremen	2	3	3
Saxony	2	3	3
Rhineland-Palatinate	3	3	3
Total	**70**	**100%**	**100%**

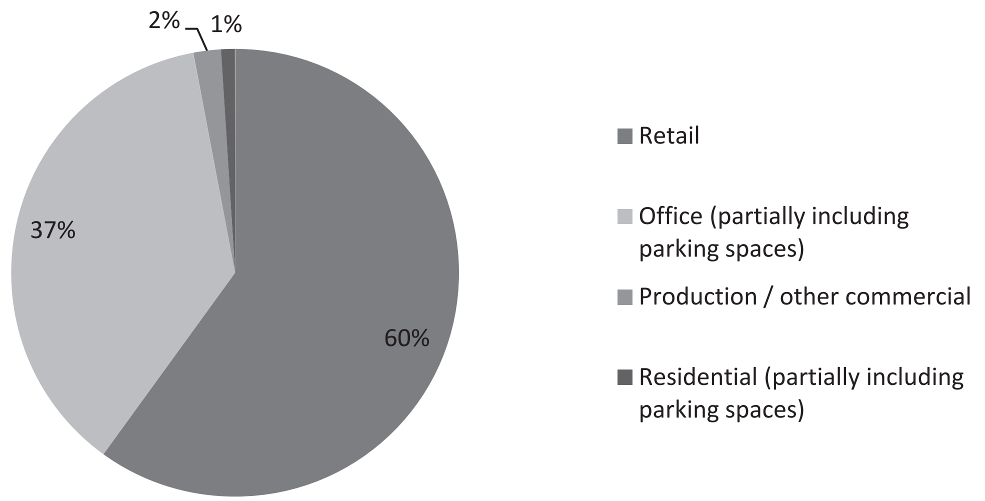
13.5.4 Breakdown of the property portfolio by types of usage

The following diagrams provide an overview of the distribution of annualized rental income (including rent guarantees, and excluding turnover rents and revenue from heritable building rights) as well as the usable of HAMBORNER's property portfolio by use category as of 31 March 2015 (including the property in Celle):

Rentable space based on type of use



Rental income based on type of use



13.6 Tenant Structure

13.6.1 Overview

The following table shows the tenant-structure of HAMBORNER's property portfolio as of 31 March 2015 (including the property in Celle for which the transfer of possession occurred in April 2015):

No.	City	Address	Transfer of Ownership	Type of Use	Annualized Rent (excl. turnover rent and interest on leaseholds *(Erbbauzinsen)*)	Fair Value According to Fair Value Appraisal as of 31 December 2014 (unless otherwise indicated)	Main Tenants	Occupancy Rate from 1 January to 31 March 2015 (in relation to rent including rent guarantees)	Occupancy Rate as of 31 March 2015 (in relation to m^2)[4]
1	Celle	An der Hasenbahn 3	2015	C	2,320,170.12	35,640,000[1]	real,-SB Warenhaus, tedox, ALDI	100%[5]	100%[5]
2	Aachen	Krefelder Str. 216	2015	O	1,708,742.04	27,460,000[1]	Jobcenter Aachen	100%	100%
3	Siegen	Bahnhofstr. 8	2014	C	931,380.00	15,050,000	C & A	100%	100%
4	Koblenz	Löhrstr. 40	2014	C	632,481.72	11,380,000	H & M	93%	82%
5	Bad Homburg	Louisenstr. 66	2014	O/C	440,044.68	8,200,000	Commerzbank, Derpart	95%	94%
6	Bayreuth	Spinnereistr. 5a, 5b, 6-8	2013	O/C	1,346,671.08	19,850,000	Jobcenter Bayreuth, Siemes Schuhcenter, Dt. Apo- u. Ärztebank	100%	99%
7	Hamburg	Kurt-A.-Körber-Chaussee 9	2013	C	1,248,271.92	17,590,000	OBI	100%	100%
8	Berlin	Torgauer Str. 12-15	2013	O/C	2,216,790.48	37,670,000	Schneider Electric, ARCADIS, BLS	100%	100%
9	München	Domagkstraße 10	2013	O/C	2,372,331.00	45,360,000	Estée Lauder, Giorgio Armani, Kinderkrippe Zwergenwiese	100%	100%
10	Karlsruhe	Mendelssohnplatz1/ Rüppurrerstr. 1	2012	O/C	2,473,168.80	37,630,000	EDEKA, BrandMaker	99%	100%
11	Tübingen	Eugenstraße 72-74	2012	C	1,599,999.96	25,370,000	EDEKA	100%	100%
12	Aachen	Debyestr./Trierer Str.	2012	C	1,110,000.00	16,190,000	OBI	100%	100%
13	Offenburg	Hauptstr. 72/74	2011	C	557,779.08	8,130,000	Müller	100%	100%
14	Langenfeld	Solinger Str. 5-11	2011	C	1,113,408.72	17,780,000	H & M, dm, Gries deco	98%	98%
15	Erlangen	Allee-am-Röthelheimpark 11-15	2011	O/C	1,671,069.36	29,220,000	Nutricia, MTS Meditel, Siemens, ALDI	98%	89%
16	Freiburg	Lörracher Str. 8	2011	C	860,000.04	13,100,000	EDEKA	100%	100%
17	Regensburg	Hildegard-von-Bingen-Str. 1	2011	O/C	1,519,995.60	21,700,000	Dr. Neumaier MVZ, Synlab	100%	100%
18	Leipzig	Brandenburger Str. 21	2011	C	889,527.72	12,290,000	OBI	100%	100%
19	Brunnthal	Eugen-Sänger-Ring 7	2011	O/Com	964,866.60	11,940,000	SFC Smart Fuel Cell AG	100%	100%
20	Bad Homburg	Louisenstr. 53-57	2011	O/C	872,740.08	15,600,000	Nassauische Sparkasse, Hof Apotheke	91%	94%

No.	City	Address	Transfer of Ownership	Type of Use	Annualized Rent (excl. turnover rent and interest on leaseholds (*Erbbauzinsen*))	Fair Value According to Fair Value Appraisal as of 31 December 2014 (unless otherwise indicated)	Main Tenants	Occupancy Rate from 1 January to 31 March 2015 (in relation to rent including rent guarantees)	Occupancy Rate as of 31 March 2015 (in relation to m²)[(4)]
21	Lemgo	Mittelstr. 24-28	2010	C	481,344.00	7,500,000	C & A, H & M	100%	100%
22	Ingolstadt	Despagstr. 3	2010	O/C	839,706.12	13,050,000	Kaspersky Labs	99%	96%
23	Stuttgart	Stammheimer Str. 10	2010	C	1,200,000.00	17,570,000	EDEKA	100%	100%
24	Hilden	Westring 5	2010	C	899,883.00	11,870,000	OBI	100%	100%
25	Erlangen	Wetterkreuz 15	2010	O	1,079,500.92	14,890,000	AREVA	100%	100%
26	Duisburg	Kaßlerfelder-Kreisel	2009	C	671,279.40	9,270,000	Welke, EDEKA, dm, KIK	100%	100%
27	Hamburg	Fuhlsbüttler Str. 107-109	2009	C/O/R	476,077.56	7,460,000	Budnikowsky, Brüche	100%	100%
28	Münster	Martin-Luther-King-Weg 18 - 28	2009	O	1,681,910.04	22,780,000	Bundesagentur für Arbeit / Jobcenter, IHK	98%	99%
29	Freiburg	Robert-Bunsen-Str. 9a	2008	C	1,032,427.68	12,770,000	Union SB Großmarkt	100%	100%
30	Herford	Bäckerstr. 24 - 28	2008	C	264,600.00	4,210,000	Mayersche Buchhandlung, Rossmann	96%	98%
31	Bremen	Linzer Str. 7 - 9a	2008	O	856,605.84	14,310,000	Telefonica, Universität Bremen, Lantmännen	70%	73%
32	Osnabrück	Sutthauser Straße 285-287	2008	O	367,420.80	6,480,000	Stroot, pro office, Ferchau	68%	69%
33	Bremen	Hermann-Köhl-Str. 3	2008	O	627,411.84	9,360,000	FLYLINE	98%	100%
34	Rheine	Emsstr. 10-12	2008	C/O/R	320,470.20	5,010,000	Dirk Rossmann	89%	76%
35	Villingen-Schwenningen	Auf der Steig 10	2007	C	249,999.96	2,890,000	Union SB Großmarkt	100%	100%
36	Mosbach	Hauptstr. 96	2007	C	640,763.28	7,890,000	Kaufland	100%	100%
37	Meppen	Am neuen Markt 1	2007	C	1,007,121.12	13,910,000	Kaufland	100%	100%
38	Lüneburg	Am Alten Eisenwerk 2	2007	C	455,031.48	6,000,000	Kaufland	100%	100%
39	Geldern	Bahnhofstr. 8	2007	C	863,387.28	11,850,000	Kaufland	100%	100%
40	Freital	Wilsdruffer Str. 52	2007	C	783,646.80	10,070,000	Kaufland	100%	100%
41	Neuwied	Allensteiner Str. 61/61a	2007	C	387,694.20	5,190,000	dm, KIK, Takko, Fressnapf	97%	88%
42	Münster	Johann-Krane-Weg 21-27	2007	O	1,016,652.96	15,160,000	BLB NRW	87%	89%
43	Minden	Bäckerstr. 8 - 10	2006	C/R	264,202.80	4,500,000	Bestseller Textilhandel, Tally Weijl	97%	88%
44	Krefeld	Hochstr. 123 - 131	2006	C	545,057.76	8,610,000	Douglas	100%	100%
45	Oldenburg	Achternstr. 47/48	2004	C	240,000.00	4,610,000	E-Plus	100%	100%
46	Leverkusen	Wiesdorfer Platz 33	2003	C/R	92,991.48	1,500,000	ICC Intern.-Candle-Comp.	96%	100%
47	Osnabrück	Große Str. 82/83	2002	C	306,000.00	6,000,000	Gerry Weber	100%	100%
48	Düren	Wirtelstr. 30	2002	C/R	126,481.92	1,830,000[(2)]	Tchibo	100%	100%
49	Hamburg	An der Alster 6	2001	O	249,382.56	3,990,000	Rasch	99%	100%

No.	City	Address	Transfer of Ownership	Type of Use	Annualized Rent (excl. turnover rent and interest on leaseholds *(Erbbauzinsen)*)	Fair Value According to Fair Value Appraisal as of 31 December 2014 (unless otherwise indicated)	Main Tenants	Occupancy Rate from 1 January to 31 March 2015 (in relation to rent including rent guarantees)	Occupancy Rate as of 31 March 2015 (in relation to m²)[(4)]
50	Gütersloh	Berliner Str. 29-31	2000	C/R	360,083.52	3,780,000	Telekom, Deichmann	99%	93%
51	Kassel	Quellhofstr. 22	1999	C	193,056.36	650,000[(3)]	SPAR	100%	100%
52	Kaiserslautern	Fackelstr. 12-14 / Jägerstr. 15	1999	C/O/R/U	391,932.96	6,770,000	Brezelbäckerei Ditsch, Telefonica, Gina Laura	96%	89%
53	Dinslaken	Neustraße 60/62 / Klosterstr. 8-10	1999	C/O/R	165,869.64	2,050,000	TARGOBANK	93%	89%
54	Augsburg	Bahnhofstr. 2	1997	C/O/R	472,740.12	7,700,000	TARGOBANK, Orsay	100%	100%
55	Duisburg	Fischerstr. 93	1996	C/R	42,531.84	480,000	Kamps	89%	79%
56	Dortmund	Königswall 36	1991	C/O/R	354,163.68	4,610,000	ver.di	98%	100%
57	Duisburg	Fischerstr. 91	1989	C/R	78,240.00	850,000	KODI	100%	100%
58	Dortmund	Westfalendamm 84-86	1988	O/R	214,908.36	3,190,000	Progas	100%	100%
59	Oberhausen	Marktstr. 69	1987	C/R	54,242.40	920,000	Telekom	87%	65%
60	Lüdenscheid	Wilhelmstr.9	1987	C	0.00	640,000	—	0%	0%
61	Frankfurt am Main	Königsteiner Str. 69a, 73-77	1986	C	348,701.64	4,950,000	REWE	100%	100%
62	Solingen	Kirchstr. 14-16	1985	C/R	263,850.36	3,360,000	KODI	93%	85%
63	Frankfurt am Main	Steinweg 8	1984	C/O	388,295.88	7,990,000	Bailly Textil, AX Classic's	100%	100%
64	Duisburg	Rathausstr. 18-20	1983	C/O/R	217,602.84	2,800,000	Netto	91%	90%
65	Wiesbaden	Kirchgasse 21	1983	C/R	591,090.00	11,990,000	Deichmann, Telefonica	100%	100%
66	Essen	Hofstr. 10 und 12	1982	C/O	267,651.36	3,300,000	EDEKA	92%	93%
67	Krefeld	Emil-Schäfer-Str. 22-24	1982	Com	168,127.92	1,450,000	Forbo Siegling	100%	100%
68	St.Augustin	Einsteinstr. 26	1982	Com	300,000.00	3,350,000	MAN	100%	100%
69	Köln	Von-Bodelschwingh-Str. 6	1981	C	435,401.64	6,410,000	REWE	100%	100%
70	Solingen	Friedenstr. 64	1976	C	1,096,121.40	15,670,000	Kaufland	100%	100%
	TOTAL				**51,281,101.92**	**780,590,000**		**97.6%**	**97.3%**

(1) Valuation has been performed by as of 31 March 2015.
(2) Purchase price as defined in the purchase agreement.
(3) Valuation as of 31 December 2014. There has been an adjustment of the purchase price for that asset, as defined in the purchase agreement. The adjustment amounts to TEUR 50.
(4) Relates to areas that can actually be rented out. The total available area of the portfolio includes a small number of areas that cannot be rented out.
(5) The property in Celle was not part of the portfolio as of 31 March 2015. The numbers provided refer to occupancy rates before the property was part of the portfolio.

O: Office spaces
C: Commercial spaces (retail, catering)
Com: Other commercial and manufacturing spaces
R: Residential units
U: Undeveloped reserve lands

As of 31 March 2015, about 36.4% of the total market value of HAMBORNER's real estate portfolio (including the property in Celle) is attributable to the ten properties with the highest market value.

13.6.2 Main tenants

The table below shows the ten largest tenants in terms of annualized rental income of HAMBORNER's property portfolio as of 31 March 2015 (including the property in Celle).

	Annualized contractual rent in EUR	Share in the total rent p.a. (incl. rent guarantees) in %
	(unaudited)	
EDEKA Group(1)	7,185,169.32	14.01
Kaufland Group	4,846,071.36	9.45
OBI	4,137,777.24	8.07
Bundesagentur für Arbeit / Jobcenter	2,668,783.56	5.20
real,- SB Warenhaus GmbH	1,653,961.08	3.23
C & A Mode GmbH & Co KG	1,172,580.00	2.29
H&M	1,085,595.60	2.12
Areva(2)	978,361.92	1.91
SFC Smart Fuel Cell AG	964,866.60	1.88
Estée Lauder Companies GmbH	925,781.52	1.81
Total	25,618,948.20	49.96

(1) Includes a rent step up of EUR 100,000 after 31 December 2014.

(2) One of the rental agreements with Areva in Erlangen is expiring in early 2016 (this agreement accounts for TEUR 759 annualized contractual rent). However, the agreed lease term for land and parking space rented in accordance with a supplement expires only at the end of 2019.

13.6.3 Remaining lease terms

The table below shows the rental income of HAMBORNER's property portfolio in relation to leases expiring in the coming years as of 31 March 2015 (including the property in Celle):

Year	Rental agreement termination dates (according to current contractual actual rent, including rent guarantees
2015	3%
2016	7%
2017	6%
2018	12%
2019	9%
2020	11%
2021	9%
2022	10%
2023 *et seqq.*	33%

The weighted remaining term of rental agreements for large scale retail as of 31 March 2015 was 10.0 years, for commercial buildings it was 5.6 years and for offices and other commercial premises it was 5.2 years. The weighted remaining term of all rental agreements as of 31 March 2015 was 7.1 years.

13.6.4 Rental and leasing income as well as vacancy rates

As of 31 March 2015, the annualized rental income (including rent guarantees, excluding revenue from leaseholds) amounted to around TEUR 51,281. Leasing income in the amount of TEUR 70 is added to the income. In calculating the annualized rent, interest on leaseholds *(Erbbauzinsen*) that are passed on to tenants are not taken into account.

The vacancy rate, i.e., the target rent for the vacant spaces in relation to the total target rent, amounted to around 2.4% per 31 March 2015 (including the property in Celle). On 31 March 2015, a total of approximately 10,500 m² were vacant. The economic vacancy rate amounted to approximately 2.3% for the period from January 1 to 31 December 2014. In the calculation of the economic vacancy rate, the rent losses for the vacant spaces are adjusted by contractually established lease guarantee claims.

13.7 Property and Real Estate

With the exception of its property portfolio (see section 13.5 "*Description of the Property Portfolio*"), and including its headquarters located in Goethestraße 45 in Duisburg, the Company had no other significant tangible assets as of 31 March 2015, or in the previous financial years of 2012, 2013 and 2014.

13.8 Investments

The following section describes HAMBORNER's main investments in financial years 2012, 2013, and 2014 respectively, as well as in financial year 2015 up to the date of this Prospectus:

13.8.1 Investments in financial year 2012

In financial year 2012, HAMBORNER made investments, including transaction costs, amounting to EUR 75.2 million, not including incidental cost of acquisition. All of the following properties were transferred into the Company's possession during the fiscal year of 2012. Further purchase agreements for an OBI store in Hamburg and an office property on EUREF Campus in Berlin worth around EUR 50.4 million were notarised in 2012. The purchase agreement for NuOffice in Munich had already been notarised in 2011.

In the financial year of 2012, the Company made the following major investments:

City	Address	Type of Use	Main Tenants	Usable Floor Space in m²
Aachen	Debyestr./Trierer Str.	Retail	Obi	11,431
Tübingen	Eurenstr. 72-74	Retail	Edeka	13,000
Karlsruhe	Mendelsohnplatz 1/Rüppurrerstr. 1	Office/Retail	Edeka	15,152

These investments were financed to approximately 40% from own funds with the remainder coming from bank loans.

13.8.2 Investments in financial year 2013

In accordance with its investment strategy, HAMBORNER made new investments amounting to EUR 108.8 million, not including incidental cost of acquisition. Furthermore, a purchase agreement for a retail property in Bad Homburg with a purchase price volume of EUR 7.9 million was notarised in 2013. The property has a usable area of 3,240 m² and retail income of EUR 434,000 per annum. The property was transferred on payment of the purchase price from the available cash and cash equivalents on 10 January 2014.

In the financial year of 2013, the Company made the following major investments:

City	Address	Type of Use	Main Tenants	Usable Floor Space in m²
Munich	Domagkstr. 10-16	Office	Estée Lauder, Giorgio Armani	12,257
Berlin	Torgauer Str. 12-15	Office	Schneider Electric	12,642
Bayreuth	Spinnereistr. 5a, 5b, 6-8	Office/Retail	Jobcenter	9,016
Hamburg	Kurt-A.-Körber-Chaussee 9, 11	Retail	OBI	10,408

The investments in 2013 were financed to approximately 40% from own funds with the remainder coming from bank loans.

13.8.3 Investments in financial year 2014

In financial year 2014, HAMBORNER acquired properties including transaction costs amounting to EUR 31.9 million, not including incidental cost of acquisition. Furthermore, two more purchase agreements were notarized in 2014, for an office property in Aachen and a retail property in Berlin with a combined purchase price of EUR 43.3 million that, on full letting of the property in Berlin still under construction, can increase to up to EUR 45.8 million.

In the financial year of 2014, the Company made the following investments:

City	Address	Type of Use	Main Tenants	Usable Floor Space in m²
Bad Homburg	Louisenstr. 66	High Street	Commerzbank	3,240
Koblenz	Löhrstr. 40	High Street	H&M	3,377
Siegen	Bahnhofstr. 8	High Street	C&A	7,112

These properties were initially completely financed from own funds and then partially re-financed on a property level with bank financing.

13.8.4 Investments in financial year 2015

In financial year 2015, one purchase agreement was notarised for a retail property in Celle with a purchase price of EUR 35.2 million not including incidental costs of transaction. In addition, at the end of March, the newly constructed property in Aachen, for which the purchase agreement was signed in 2014, transferred into the possession of the Company for a purchase price of EUR 26.8 million not including incidental costs of transaction.

The property in Aachen was initially completely financed from the Company's own funds and then partially re-financed on a property level with bank financing.

13.8.5 Future investments and investment pipeline

At present, HAMBORNER is considering the acquisition of several properties in line with HAMBORNER's acquisition strategy (see section 13.4.1 "*Investment Profile and Investment Process*"). HAMBORNER is currently actively involved in different stages of the acquisition processes for a total of ten properties. The combined investment volume for these properties totals approximately EUR 210 million. The following is an overview of these acquisition opportunities:

- HAMBORNER has gained the right to exclusively negotiate the acquisition of four separate properties with a combined purchase value of approximately EUR 88 million and is currently engaged in the due diligence processes for these acquisitions. One of these properties is a specialized retail park (*Fachmarktzentrum*) in the larger Nuremberg metropolitan area. This property has a potential purchase price of approximately EUR 30 million. The second property is a retail park in a town near Frankfurt with a potential purchase price of approximately EUR 13 million. The third property is a do-it-yourself market (*Baumarkt*) in a town near Stuttgart with a potential purchase price of approximately EUR 13 million. The fourth property is another specialised retail park (Fachmarktzentrum) in the northern Hesse area with a potential purchase price of approximately EUR 32 million.
- HAMBORNER has provided indicative purchase offers to different sellers for a further three properties with a combined indicative purchase price of approximately EUR 68 million.
- In relation to three other properties with a purchase price of approximately EUR 54 million, HAMBORNER is in early acquisition negotiations.

HAMBORNER's management believes that, if individual acquisition negotiations are successful, the signing of the purchase agreements for most of the above mentioned properties may occur in 2015. In addition, HAMBORNER is continuously analyzing potential additional acquisition targets and is monitoring market developments. Overall, the Company aims to invest the proceeds from the Offering within 12 to 18 months following the Offering.

HAMBORNER's management will, in line with its past acquisitions, acquire properties with cash on hand and then partially refinance such acquisitions on a property by property basis. At present, the Company believes that it can finance these investments up to a level of approximately 50% - 60% through bank loans in accordance with the provisions of the REIT Act.

13.9 Intellectual Property Rights

The Company owns the following internet domains: *www.hamborner.de*, *www.hamborner.com*, *www.hamborner-reit-ag.de*, *www.hamborner-reit-ag.com*, *www.hamborner-reit-ag.eu* and *www.facharztzentrum-regensburg.de*. HAMBORNER has no trademarks or other industrial property rights.

13.10 Research and Development

Due to its business purpose, HAMBORNER conducts no research and development.

13.11 Employees and Pension Obligations

As of the date of this Prospectus, HAMBORNER had 28 employees and two members on the Management Board. There is no employee bonus scheme or stock option plan. The table below contains an overview of the annual average number of employees in different areas:

	2014	2013	2012
		(audited)	
Commercial property management	9	8	6
Technical property management	5	4	4
Administration	13	13	13
Total	**27**	**25**	**23**

HAMBORNER has pension obligations with regard to former employees on the basis of corporate pension scheme commitments. As of 31 December 2014, eligible individuals include 4 direct pensioners and 9 widows of former employees. As of 31 December 2014, provisions for pensions amounted to TEUR 7,452. In this respect see also the section 11.5.5 "*Provisions for pensions*".

13.12 Material Contracts

The following section provides an overview of the material agreements to which HAMBORNER is a party.

13.12.1 Rental agreements

The following table shows the rental agreements of HAMBORNER's portfolio, generating total annual rental income of at least EUR 750,000 per tenant as of 31 March 2015 (including the property in Celle).

	Annualized Contractual Rent in EUR	Share of Total Rent Per Year (incl. rent guarantees) in %
	(unaudited)	
EDEKA, Karlsruhe	1,807,141.68	3.5
Jobcenter, Aachen	1,708,742.04	3.3
real,- SB Warenhaus, Celle	1,653,961.08	3.2
EDEKA, Tübingen	1,599,999.96	3.1
OBI, Hamburg	1,248,271.92	2.4
EDEKA, Stuttgart	1,200,000.00	2.3
OBI, Aachen	1,110,000.00	2.2
Kaufland, Solingen	1,096,121.40	2.1
EDEKA, Freiburg, Robert-Bunsen-Str	1,032,427.68	2.0
Kaufland, Meppen	1,007,121.12	2.0
SFC, Brunnthal	964,866.60	1.9
C&A, Siegen	931,380.00	1.8
Estée Lauder, München	925,781.52	1.8
OBI, Hilden	889,977.60	1.7
OBI, Leipzig	889,527.72	1.7
Kaufland, Geldern	863,387.28	1.7
EDEKA, Freiburg, Lörracher Str	860,000.04	1.7
Kaufland, Freital	783,646.80	1.5
AREVA, Erlangen(1)	758,743.08	1.5

(1) The rental agreement with Areva in Erlangen is expiring in early 2016 (this agreement accounts for TEUR 759 annualized contractual rent). However, the agreed lease term for land and parking space rented in accordance with a supplement expires only at the end of 2019.

13.12.2 Finance agreements

For the financing of its business activity, HAMBORNER has entered into the following finance agreements:

As of 31 December 2014, HAMBORNER utilizes property financing of various banks in the amount of approximately TEUR 322,229. These financing instruments are exclusively property-linked annuity loans, which are secured by HAMBORNER by means of first ranking mortgages. Additionally, the rent receivables relating to the secured properties are generally assigned to the lending banks in the form of an undisclosed assignment. Some of these loan agreements contain, in accordance with standard banking terms and conditions, extraordinary termination rights of the lending banks in the event of a significant deterioration in the financial circumstances of HAMBORNER as the borrower. The loans are based both on long-term fixed interest agreements and interest agreements based on EURIBOR. To hedge against interest rate risks, the Company regularly enters into interest rate swaps in which it receives EURIBOR and pays a fixed interest rate over the entire term of the swap. These derivatives to hedge interest rates expire within the years 2017 to 2021. Successively, HAMBORNER will undertake refinancing in these years.

The following table shows the Company's property financings from banks as of 31 March 2015:

	Initial loan volume in TEUR	As of 31 March 2015 in TEUR	Interest rate in %(2)	Fixed rate agreed until
	(unaudited)	(unaudited)(1)		
Loan 1	3,972	2,739	4.41	12/31/2016
Loan 2	2,420	1,669	4.41	12/31/2016
Loan 3	9,000	6,431	5.09	07/31/2017
Loan 4	40,400	30,534	5.16	10/31/2017
Loan 5	31,000	23,854	5.20	04/03/2018
Loan 6	13,400	10,745	4.19	12/31/2018
Loan 7	5,000	4,088	4.86	12/31/2018
Loan 8	5,400	4,513	4.70	07/30/2019
Loan 9	8,940	7,987	4.19	02/28/2020
Loan 10	18,660	18,660	3.99	06/30/2020
Loan 11	10,080	8,860	3.95	06/30/2020
Loan 12	14,925	13,460	4.05	09/30/2020
Loan 13	4,285	4,066	3.94	12/30/2020
Loan 14	8,610	8,169	3.94	12/30/2020
Loan 15	6,700	6,700	3.53	09/30/2020
Loan 16	6,600	5,798	4.15	02/28/2021
Loan 17	13,000	11,954	4.26	02/28/2021
Loan 18	16,620	16,620	4.03	11/01/2021
Loan 19	10,350	9,415	4.25	11/30/2021
Loan 20	4,400	4,107	3.66	08/23/2021
Loan 21	6,850	6,217	3.87	03/31/2022
Loan 22	8,800	8,180	3.95	08/30/2021
Loan 23	20,000	19,958	3.53	12/30/2022
Loan 24	2,000	2,000	3.46	12/30/2022
Loan 25	7,000	6,533	2.50	11/30/2022
Loan 26	23,000	22,055	2.74	01/31/2021
Loan 27	22,000	21,189	2.85	12/31/2022
Loan 28	12,059	11,692	2.51	06/01/2023
Loan 29	12,100	11,639	2.87	12/31/2023
Loan 30	10,300	9,906	3.20	12/31/2028
	357,871	**319,738**	**3.91**(4)	
Loan 31	17.500	0(3)	2.23	09/30/2024
Loan 32	8.300	0(3)	1.82	04/30/2025
Loan 33	7,100	0(3)	1.82	04/30/2025
	390,771	**319,738**	**3.74**(5)	

(1) This breakdown does not include accrued interest totalling TEUR 569, nor does it include deferred transaction costs of TEUR 640.

(2) The Company pays a fixed interest rate by hedging variable interest rate using derivative financial instruments.

(3) Loans 31 - 33 have been disbursed after 31 March 2015.

(4) Weighted average interest rate for Loans 1 - 30.

(5) Weighted average interest rate for Loans 1 - 33.

With respect to the financing of the Company see also the section 11.5.3 "*Refinancing and other liquidity sources*". The Company hedges all its variable rate loans via derivative transactions, which, as a percentage of the total amount of loans, amounted to 23.5% as of 31 March 2015. The remaining loans all have fixed rates.

13.13 Insurance Policies

For the limitation of risks, HAMBORNER concluded customary insurance policies, particularly including liability insurance (including building owner and landowner liability insurance policies) and buildings insurance policies for its real estate portfolio (including for fire, natural hazards and loss of rent). The buildings insurance policies include overall coverage (incl. to cover costs and loss of rent) up to EUR 25 million for damages from terrorist attacks. In addition, the Company has concluded a so-called D&O liability insurance policy (third-party liability insurance for executive bodies and managers) for the members of the Management Board and the Supervisory Board for the breach of their obligations associated with their work for the respective executive body. The limit of liability is EUR 7.5 million per occurrence, and a maximum of EUR 7.5 million in each insurance year. The insurance policies stipulate a deductible for the members of the Management Board and the Supervisory Board in the amount of at least 10% of the damages and at most 150% of the fixed annual remuneration for all occurrences within an insurance period, excluding liability claims in each case.

In the opinion of the Company, the insurance policies concluded and their respective terms and conditions (sums insured, premiums, limitations of liability and liability exclusions, deductibles etc.) are customary and tailored to the Company's industry and ensure adequate and appropriate protection, considering the costs and potential risks. The insurance protection is regularly reviewed and adjusted, if necessary. It can, however, not be excluded that the Company will incur losses or that claims will be brought against the Company which go beyond the nature and scope of the existing insurance protection.

13.14 Material Legal Proceedings

As is the case with other companies, the Company was and is involved in legal disputes, arbitration proceedings and administrative proceedings in the context of its business activities. Such legal disputes and proceedings may arise in particular in relation to tenants, suppliers, buyers and sellers of properties, employees or authorities. These proceedings may result in payments or other obligations for the Company.

The Company is currently not exposed to any state interventions and is not involved in administrative, legal or arbitration proceedings which could have a substantial impact on the financial position or the profitability of the Company, nor has the Company been exposed to, or involved in, such proceedings in the recent past. The Company believes that such proceedings are neither threatened nor expected nor have been pending or concluded in the past twelve months.

14. REGULATORY ENVIRONMENT

14.1 German REIT Legislation

The Act on the Introduction of German Real Estate Stock Corporations with Listed Shares ("**REIT-G**" or "**REIT Act**") was announced on 1 June 2007 in the German Federal Law Gazette (*Bundesgesetzblatt*). It entered into force with retroactive effect as of 1 January 2007. Following the model of the United States and other countries in Europe the legislator has thereby created a new asset class within the framework of a tax-exempt real estate corporation.

After the attainment of REIT status the REIT corporation is exempt from corporation and trade tax if it complies with the requirements of a REIT company. These requirements are essentially:

- the status of a stock corporation domiciled in Germany (registered seat and executive management);
- restriction of the corporate objective to the acquisition, holding, administration and sale of: (i) properties (including all assets necessary for the use and administration of such properties in accordance with Section 3 (7) REIT Act) but excluding existing residential properties and foreign properties which may not be owned by REITs in the country they are located in (existing residential properties are such domestic properties which are used mainly for residential purposes and which were completed before 1 January 2007); (ii) shares in property partnerships; (iii) shares in companies which offer services to REITs; (iv) shares in foreign property companies; (v) participations in companies limited by shares which are shareholders with personal liability in property partnerships and which do not have an asset interest in such companies. The REIT company may only provide paid services to third parties through the medium of a REIT service company;
- the corporation may not engage in any commercial property dealing;
- the shares of the corporation must be listed on a regulated stock exchange within the meaning of Section 2 (5) of WpHG in a member state of the EU or EEA;
- minimum share capital of EUR 15 million;
- no shareholder may have a share in the corporation of 10% or more directly or via a trustee (maximum participation limit);
- at least 15% of the shares, 25% at the time of Initial Public Offering, must be in free float. Free float is constituted by shares of those shareholders who directly or indirectly hold less than 3% of the voting rights (free-float ratio);
- the corporation must provide for indemnification for the free float shareholders in its Articles of Association in the event of the termination of the tax exemption status due to breaches of the maximum participation limit and/or of the free float ratio;
- at least 90% of the profit for the financial year must be distributed to the shareholders (minimum payout);
- the reported equity capital of the corporation may not fall below 45% of the amount at which the immovable assets are valued in the individual or consolidated financial statements in accordance with Section 12 (1) REIT Act;
- at least 75% of the assets of the corporation must consist of immovable assets (including investments in property companies) (asset structure);
- at least 75% of the sales revenues must originate from immovable assets (sales revenue structure).

- a total sales revenue of the REIT service companies, which are to be included in the consolidated financial statements of the REIT Corporation must not exceed 20% of the total proceed of the group.

For a detailed summary of the requirements for a REIT corporation and its tax free status see section 20.1.1 *"Qualification of a REIT corporation*".

The introduction of the REIT Company was promoted by a so-called exit tax (tax privilege for the disclosure of undisclosed reserves). According to this corporations that have realized profits from property sales (real estate and buildings) to a German REIT or a so called Pre-REIT effected before 1 January 2010 only had to pay taxes on half of the realised profits if certain conditions were fulfilled. The same applied to companies on the attainment of REIT status in respect of the required disclosure of undisclosed reserves in qualifying property assets – i.e., property assets of the REIT Company that were acquired or constructed before 1 January 2005 and the taxation of these undisclosed reserves (see section 20 "*Taxation in the Federal Republic of Germany – REIT corporation*" on this subject) **provided that** the final taxation happens before 1 January 2010.

The corporate name of the REIT corporation has to be registered with the competent court with the designation "*REIT Aktiengesellschaft*" or "*REIT-AG*" for entry in the commercial register after the listing on a regular market in the EU or in the European Economic Area ("**EEA**").

These designations enjoy protection to the same extent as designations which contain the term "**Real Estate Investment Trust**" or the abbreviation "**REIT**" on its own or in conjunction with other words, i.e., they may only be used in the corporate name or in addition to the corporate name of companies that have their registered office within the scope of application of the REIT Act and that are REIT corporations within the meaning of the REIT Act.

The REIT Act provides for sanctions in the event of non-compliance with the requirements of a REIT company:

The tax exemption of a REIT company will be terminated if:

- it loses its stock exchange listing;
- it trades in immovable assets, i.e. if it generated income from the sale of property assets within the last five years that exceeds half of the aggregate of its property assets for such five year period;
- for three consecutive financial years, less than 15% of the shares of the REIT company are in free float or if, for three consecutive financial years, a single investor holds 10% or more of the REIT corporation's shares;
- the minimum requirements as to equity capital have not been met for three consecutive financial years;
- the REIT company repeatedly and on a permanent basis infringes the requirements relating to its asset structure, sales revenue structure or minimum distributions or infringes the prohibition on providing non-gratuitous ancillary services; or
- requirements for a REIT company are no longer fulfilled.

If a REIT company infringes the requirements relating to its asset structure, sales revenue structure or minimum distributions or infringes the prohibition on providing non-gratuitous ancillary services, the tax competent authority will impose sanction payments against the REIT company. The amount of the sanction payments will vary depending on the severity and, as applicable, frequency of any breaches during prior financial years. Sanction payments will be calculated as follows:

- Violation of the required asset structure: 1% to 3% of the amount by which the share of the immovable assets falls short of 75%.

- Violation of the required revenue structure: 10% to 20% of the amount by which the gross revenue from leasing or sale of immovable assets is below the target of 75%.
- Violation of the 90% distribution requirement: 20% to 30% of the amount by which the actual dividend payment is below 90%;
- Violation of the prohibition on providing non-gratuitous services for third parties: 20% to 30% of the revenue obtained.

These sanctions can also be imposed cumulatively.

14.2 Restrictions in German Tenancy Law

Requirement for the written form – German lease law generally requires that lease agreements which provide for a term of more than one year must be concluded in written form. The written form requirements have been specified by comprehensive case law. However, the lease agreement in question is not invalid in the event of an infringement of the requirement for the written form. Rather, it is deemed to have been concluded for an indefinite period with the consequence that it can be terminated at the earliest at the end of one year after handover of the leased property to the tenant in accordance with the statutory notice period (i.e. six months to the end of the quarter minus three days in the case of rental agreements for commercial premises). As the case law concerning the written form requirements is still in flux, even lease agreements which originally met the written form requirements might now infringe the current requirements and might therefore be terminated. Furthermore the Federal Court of Justice (*BGH*) recently ruled that an acquirer of a property is not bound to a written form curing clause. Therefore, an acquirer is legally entitled to terminate a lease agreement due to written form issues even if a written form curing clause has been agreed.

Operating costs – In the area of the operating costs of commercial tenancies, virtually all the running costs of the property accruing to the landlord can essentially be proportionally charged to the tenants. A restriction pursuant to the law on General Terms and Conditions exists firstly for the costs of maintenance and repairs to the roof and structures (*Dach und Fach*), which cannot be charged in lease agreements that are subject to the provisions regarding general terms and conditions ("**General Terms and Conditions Agreements**"). Further restrictions on the charging of operating costs are placed by the case law concerning General Terms and Conditions Agreements in areas where the incurred costs cannot be overseen by tenants. According to the case law, the costs of the maintenance and repair of common areas located in the let property or the costs of general commercial property management might be charged to the tenant, **provided that** these are limited in amount ("**Cap**") or otherwise determinable for the tenant. If this is not the case, the costs cannot be charged and may be reclaimed by the tenants.

Index clauses – Generally, commercial rents are freely negotiable in German lease law. The legislator only provides a regulatory framework in the area of rent adjustments in connection with changes in prices or services ("**Index Clauses**"). The German Act on the Prohibition of Price Clauses when Determining Monetary Liabilities (*Preisklauselgesetz* – "**PKG**") governs the permissibility of Index Clauses. Pursuant to the PKG, the price (rent) must be comparable to the goods or services agreed in the lease. Therefore, a clause providing for an automatic adjustment of the lease is generally considered as an infringement of the PKG. However, this does not apply if the lease agreement is concluded for a period of more than ten years or the tenant is entitled to extend the lease agreement for up to ten years without the approval of the landlord by one-sided tenant options and if (i) the index clause is linked directly to the Consumer Price Index of the Federal Statistical Office (*Statistisches Bundesamt*) or (ii) the index clause is linked to the average price of services and goods provided by the tenant in its business. Furthermore the adjustment of the rent must be possible in both directions (upwards and downwards), must be linked both to an increase and to a decrease of the index and must be applied for by both the tenant and the landlord.

The prohibition on Index Clauses does furthermore not apply to tension clauses (the adjustment of the rent is linked to a reference figure of comparable goods or services), cost element clauses and clauses which may merely result in a reduction in monetary liabilities.

Index Clauses in lease agreements which are not subject to these exceptions are not automatically invalid but remain unaffected until their invalidity is legally established by a final court decision. If an Index Clause is legally established invalid, rent increases can therefore no longer be asserted and rising prices cannot be passed on to tenants.

Decorative repairs, final decorative repairs, current maintenance and repair – Responsibility for the maintenance and repair of rental properties may generally only be transferred to the tenants in commercial lease agreements. On the other hand, the landlord's expenses for decorative repairs and for maintenance and repair may in principle be passed on to the tenants both in commercial and residential leases. The obligation to perform decorative repairs may passed on to the tenant both in commercial and residential leases **provided that** – in cases of General Terms and Conditions Agreements – the execution of the cosmetic repairs is not linked to rigid deadlines or combined with a final decorative repair clause or the tenant is not otherwise unreasonably disadvantaged by them.

The jurisdiction of the German Federal Court of Justice (*Bundesgerichtshof*) increasingly tends to transfer restrictions originally developed for residential leases to commercial leases. This could lead to the fact that provisions contained in commercial lease agreements for cosmetic repairs and final decorative repair obligations, but also for maintenance and repair, might under certain circumstances no longer be enforceable against tenants in the future and that the costs of follow-up refurbishment or possibly also current maintenance and repair measures have to be borne by the landlord. The same could apply to measures carried out by tenants if they reclaimed refurbishment costs paid by them based on a future adjustment of case law.

Energy efficiency – The existing legislation regarding energy efficiency of buildings, which is likely to be tightened even further – for example in the German Energy Saving Regulation (*Energieeinsparverordnung*, "**EnEV**") or the EU Directive on the energy performance of buildings – will play an increasingly important regulatory role. It is to be expected that the relevant statutory regulations at the national and EU level will be modified further and increasing requirements on energy consumption and efficiency of buildings, particularly in the case of new buildings and modernizations will be stipulated. Depending on the political development and case law, this may result in obligations to undertake energy efficient refurbishments of existing buildings, for example insulation measures to reduce heating costs or to reduce the consumption of electricity. In the event of a sale or the conclusion of a new lease agreement for an existing building or in the event of the construction of a new building the respective owner is obligated to present to the relevant counterparty an Energy Performance Certificate (*Energieausweis*) according to section 16 of the EnEV. The issue of cost allocation between the owner and tenants has not been resolved conclusively, with the resultant risks that property owners might be obligated in the future to undertake energy-saving renovation measures, the costs of which may not be (fully) passed on to the tenants, or which may at the least give rise to considerable advance payments. This situation is already subject to long term planning, in case of any tightening of the legal framework significant changes are not expected.

Green Building Certificates – Based on the increasing requirements for energy efficiency of buildings, a market trend is emerging towards so-called Green Building Certificates, which means the certification of a certain level of energy efficiency and sustainability of a building. Although up to now there are no statutory provisions in Germany requiring the existence of such a certificate it is possible that in the future banks and investors might place greater value on green building certification. Uncertified buildings could therefore obtain lower evaluation than certified buildings when being appraised by banks and investors.

14.3 Liability for Contamination

HAMBORNER, as a real estate company, is subject to public law and civil law regulations on contaminated waste and detrimental soil pollution. In contrast to the guarantees under civil law, public law regulations cannot be excluded by agreements under civil law.

Responsibility for contaminated waste affects pursuant to the German Federal Soil Protection Act (*Bundesbodenschutzgesetz;* "**BBodSchG**") *inter alia* the party causing the contamination, its legal successors, the former owner of the contaminated land if its ownership was transferred after 1 March 1999 and if the owner knew of or should have known of the contamination, furthermore the holder of possession over the plot of land. Disciplinary powers based on the German Federal Soil Protection Act may relate to risk assessments, orders for investigations, cleanup orders and other necessary measures to protect against harmful soil changes or contaminated waste. Regardless of an official claim, there is a legal claim for compensation between the liable parties in accordance with the German Federal Soil Protection Act which is proportionate to the respective causal contributions. The claim for compensation may be waived by means of an explicit contractual agreement.

The Company may be exposed to such liability for compensation or removal of contamination, also when adversely affecting the property of third parties by emanating from a plot of land which is or has been owned/possessed by the Company. This civil liability exists irrespective of an official claim in accordance with the provisions of the German Federal Soil Protection Act.

Based on the current use of its property, the Company is not aware of the presence of any contamination on any property held by it which requires action on behalf of the Company.

14.4 Regional Planning, Zoning Planning and Building Law

HAMBORNER is subject to the provisions of public regional planning, construction planning and building law in its business activities. Regional planning, construction planning and building law is executed in two steps, namely the passing of a local development plan (*Flächennutzungsplan*) by the municipality, which the zoning plan (*Bebauungsplan*) then follows. Whereas the local development plan determines space utilization by means of overriding planning objectives and the needs of the respective municipality, the construction plan defines the permitted use of certain areas within the local development plan. Therefore, the construction plan sets stipulations regarding the permitted usages for buildings to be constructed, their height and the construction concentration. In the zoning plan, certain areas may also be determined for special purposes such as infrastructure, undeveloped areas, green areas, conservation areas and social housing. The local development plan, as well as the zoning plan, can therefore restrict the use of land. In fact, communities have considerable discretionary powers in terms of preparation. However, statutory provisions must be complied with and the interests of the landowners and the higher planning objectives should be taken into account.

If a plot of land is not located in the area of a zoning plan, the permissibility of the construction and use of buildings within improved districts (the so-called unplanned inner area) are covered by the provisions of the German Federal Building Code (*Baugesetzbuch,* "**BauGB**"). Here the nature and extent of the structural use, as well as the method of construction and the improved land area, must essentially be adapted to the characteristic features of the closer surroundings and the development (including connection to services) must be secured. If there is no zoning plan the surroundings of the plot of land to be developed will therefore have to be considered in any development to be undertaken. If the characteristic feature of the closer surroundings effectively corresponds to a development area covered by the German Land Use Ordinance (*Baunutzungsverordnung,* "**BauNVO**"), the permissibility of the plan should be assessed in accordance with Section 34 (2) of the German Federal Building Code as to whether it would be permitted in the area according to that Ordinance.

German building law establishes rules for the individual construction of buildings. It is very detailed and makes provisions, for example, regarding permitted building materials, minimum clearances, proper construction, fire prevention regulations, ventilation and noise protection.

14.5 Heritable Building Rights

In HAMBORNER's property portfolio contains three heritable building rights properties. Overall, a heritable building right gives the beneficiary of the heritable building right the right to own a building on a plot of land not owned by the beneficiary. However, a periodic ground rent has to be paid. Moreover, the heritable building right is only assigned for a certain period of time and the buildings on the plot of land will be transferred to the owner of the plot of land upon expiry of the heritable building right. In this case, as well as in the case of reversion (i.e. early taking back of the heritable building right by the landowner, for instance caused by a breach of obligations of the heritable building right agreement), a claim for compensation of the beneficiary of the heritable building right regularly arises with respect to any buildings unless this is contractually excluded or limited to a maximum percentage of the market value. In addition, the heritable building right can only be encumbered and is only marketable to a limited extent. Thus, it may be that a sale of the heritable building right or an encumbrance with land charges or mortgages is only permitted with the prior agreement of the owner. However, this must be explicitly agreed. Furthermore, if a mortgage is possible, it generally may not be effected to the full extent of the value, but merely up to approximately 60%-80% of the market value of the heritable building right.

14.6 Monument Protection

Several buildings or parts of buildings in the ownership/possession of HAMBORNER are classified as historic buildings on the basis of law or registration in a list of monument buildings. Monument buildings are objects, pluralities of objects or parts of objects in which there is a collective public interest in their conservation and use. As a result, ownership is subject to permitted public law restrictions. Specific obligations arise under the historic buildings protection laws of the individual German federal states, for instance for the maintenance, repair, appropriate management and protection of historic buildings. In addition, changes to historic buildings or their removal are not permitted if significant conservation reasons exist for maintaining the building's condition unchanged. Conservation legislation related matters should also be complied with in the context of planning permission processes, for instance for a change of use or for alterations, and may result in the refusal of the required permits.

14.7 Mining Damage Law

In Germany, the German Federal Mining Act (*Bundesberggesetz,* "**BBergG**") as of 13 August 1980 regulates legal issues on the subject of mining damages. According to this, the party responsible for the mining damages is liable for compensation in accordance with the rules of the German Civil Code (*Bürgerliches Gesetzbuch,* "**BGB**"), whereby this liability is unlimited. Furthermore, Section 120 of the German Federal Mining Act results in a shift of the burden of proof for underground exploration or extraction within the framework of strict liability, i.e. the mining operation has to prove, in cases of doubt, that subsidence is not involved. A mining damage is a damage, mostly at buildings and real estate, caused by mining activities.

HAMBORNER is possibly also entitled to mining damage claims against third parties for its own plots of land and real estate. Presently, 31.4% of HAMBORNER's property portfolio by annualized rental income are located in North Rhine-Westphalia and some of these in areas in which mining was formerly carried out by third parties or is still carried out today. It therefore cannot be ruled out that there may be a risk of mining damages for the properties concerned and owned by HAMBORNER.

On the other hand as a former mining company, HAMBORNER is liable for compensation for mining damage for those areas in the vicinity of which it or its predecessor in title carried out mining activities, but restricted to mines discontinued before its contribution into former Ruhrkohle AG. In the event of the sale or leasing of plots of land that are located in areas in which mining activities were carried out by third parties, HAMBORNER is only responsible to inform the buyer or leaseholder of potential mining damage risks.

14.8 General Provisions under Civil Law

In the context of HAMBORNER's business activities, e.g. the buying and selling of plots of land, the letting of commercial properties and the appointment of third parties for the construction of buildings, the provisions under civil law for sales, tenancy and contract law under the German Civil Code apply, as well as special laws that have also been enacted.

15. PRINCIPAL SHAREHOLDERS

The table below contains the names of the legal and natural persons who directly or indirectly hold voting rights in the Company as of the date of this Prospectus. The information is based on the notifications of the registrants to the Company in accordance with Sections 21 *et seq*. of the German Securities Trading Act.

The Company has received the following voting rights registrations until the date of this Prospectus:

Registrant	Residence or location	Number of voting right			Percentage of voting rights		
		Directly held	Allocation	Total	Directly held	Allocation	Total
						(%)	
RAG-Stiftung, Essen*	Germany		4,549,332	4,549,332		9.09	9.09
Siegert, Prof. Dr. Theo, Düsseldorf	Germany	930,000	1,370,000	2,300,000	1.86	2.74	4.60
Kingdom of Belgium, Brussels through Belfius Insurance NV/SA	Belgium		2,522,668	2,522,668		5.04	5.04
BNP Paribas, London**	UK		1,548,903	1,548,903		3.10	3.10

* RAG-Stiftung, Essen holds its shares through the RAG-Stiftung's fund RAGS-FundMaster, managed by DEKA-Investment GmbH.

** Based on the separate shareholder voting rights notification to HAMBORNER as of 13 April 2015. On 29 January 2015, however, BNP Paribas, Paris, notified HAMBORNER that it held 3.13% of HAMBORNER's shares.

RAG-Stiftung, Essen holds 9.09% of HAMBORNER's shares through the RAG-Stiftung's fund RAGS-FundMaster, managed by DEKA-Investment GmbH. Prof. Dr. Siegert, Düsseldorf, holds 4.60% of the shares in the Company (he indirectly holds 2.74% of the shares through TEC Düsseldorf GbR). The Kingdom of Belgium, Brussels, through Belfius Insurance NV/SA, indirectly holds 5.04% of the Company's shares. BNP Paribas, UK holds through BNP Paribas, Belgium, 3.10% of HAMBORNER's shares.

The voting rights of these principal shareholders of the Company do not differ from the voting rights of the other shareholders.

16. TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

According to International Accounting Standard 24 (IAS 24), entities and persons are considered to be related to a company if the entity or a close relative of the person:

- controls the company or is involved in its joint management, exercises significant influence over this company or holds a key position in the management of the company or a parent entity;

and the company

- is a member of the same group of companies;
- is associated with the company within the meaning of IAS 28 or a joint venture in which the company is a partner within the meaning of IAS 31;
- to the same extent as the company is a joint venture of the same third parties;
- is a company that is controlled by a related party, is significantly influenced by it or is subject to a joint management, in which a related party of that company is involved or in which such a person holds a key position in the management; or
- is a pension fund established for the benefit of the employees of the company or for the benefit of an entity related to that company for payments after termination of the employment relationship.

Material transactions and legal relationships which existed between the Company and the above-mentioned related persons and entities in the financial years 2012 to 2014, as well as in the current financial year 2015 up to and including the date of this Prospectus, are set out below.

In 2012, the Company acquired the office property "EUREF Campus 12-13" in Berlin. Supervisory Board member John v. Freyend had a personal interest in this property due to his position on the supervisory board of EUREF AG. As a result, John v. Freyend did not take part in the discussions relating to the purchase of this property.

No legal transactions with controlling companies or associates were entered, on the initiative or in the interest of these companies. Measures on the initiative or in the interest of these companies also neither have been taken nor refrained.

Management Board members and Supervisory Board members have completed various transactions in the shares of the Company since 1 January 2012. Management Board member Dr. Rüdiger Mrotzek acquired 17,000 shares and Management Board member Hans Richard Schmitz acquired 18,000 shares. Dr. Rüdiger Mrotzek's son Christian Mrotzek acquired 1,400 shares. Supervisory Board member John v. Freyend acquired 11,000 shares and sold 5,746 shares (and John v. Freyend Future KG, held by John v. Freyend, acquired 2,000 shares) and Supervisory Board member Robert Schmidt sold all his shares in the Company.

The members of the Management Board and the Supervisory Board do not have a conflict of interest or a potential conflict of interest between their obligations *vis-à-vis* the issuers and their private interests or other obligations.

The Company did not grant loans to the members of the Management Board. No member of the Management Board received benefits or corresponding commitments from a third party in the past financial year with regard to his activity as a member of the Management Board.

17. GENERAL INFORMATION ABOUT THE COMPANY

17.1 Foundation and History of the Company

1953 The Company was founded on 18 June 1953 under the corporate name of "*Hamborner Bergbau Aktiengesellschaft*" with registered office in Duisburg. In accordance with the Articles of Association, the object of the Company was: "*Coal mining and processing of its products, including the refinement and conversion of the coal and coal chemicals as well as the marketing of these products; the execution of associated transactions of any kind*".

1954 The Company has been listed on the stock exchange since 1954.

1969 In 1969, the Company contributed its mining activities into the former Ruhrkohle AG. Liabilities connected with the mining activities that had not come into existence until that date were only transferred insofar as provisions had not been made. Liabilities in connection with possible subsidence damages, which exceeded the provisions in the contribution balance sheet in the amount of, at that time, around DM 5 million, remained with the Company. As of 31 March 2012, the provisions made for that amounted to TEUR 1,565.

1990 In 1990, the shares which had directly been held by the Company were implemented into the special stock fund Südinvest 107. The regrouping took place following the amendment of the German Investment Companies Act (*Gesetz über Kapitalanlagegesellschaften,* "**KAGG**") as of 1 March 1990, with which the purpose limitation of special funds was revoked. Profits resulting from the regrouping which were made after the contribution into the fund remained tax free at the level of the shareholder for as long as the profits were reinvested in the fund. The units in this special fund were returned in 2007 and the fund was liquidated.

1991 In 1991, the Company changed its corporate name to "*Hamborner Aktiengesellschaft*".

2007 In the context of a voluntary takeover offer in accordance with the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz,* "**WpÜG**"), subsidiaries of the former HSH N Real Estate AG (now HSH Real Estate AG) acquired, in 2007, a total of 50.47% of the share capital of the Company, in particular from the former principal shareholder Thyssen'schen Handelsgesellschaft mbH, as well as from other shareholders.

2008/2009 In the following period, the Company focused on its conversion into a REIT stock corporation and divested all activities that were not compatible with the REIT status or its REIT strategy. Therefore, it returned its shares in the special stock fund Südinvest 107. Subsequently, *inter alia*, a minor portfolio consisting of residential properties, as well as the shares in Wohnbau Dinslaken GmbH and in Montan GmbH Assekuranz Makler were sold.

2009 On 9 June 2009, the General Shareholders' Meeting of the Company resolved all amendments to the Articles of Association required for the conversion into a REIT corporation, subject to the condition that the prerequisites for the conversion into a REIT were only created in 2010 and that the amendments to the Articles of Association were only entered into the Commercial Register without undue delay upon expiry of 31 December 2009. On 16 December 2009, the merger of Hambornberg Immobilien- und Verwaltungs-GmbH with registered office in Duisburg into the Company was registered with the commercial register. Since then, the Company has no longer any group companies. On 8 June 2009, the shares of HAMBORNER were admitted to Prime Standard.

2010 The Company's new corporate name "**HAMBORNER REIT AG**" was registered with the Commercial Register on 18 February 2010. The Company obtained REIT status, which applied retroactively as of 1 January 2010. On 22 February 2010, the shares of the Company were admitted to the REIT segment of Deutsche Börse AG.

2011 With effect from 28 February 2011, HSH Real Estate AG withdrew as the Company's largest shareholder at the time; the approximately 12 million shares held directly and indirectly by it were sold in the context of a secondary placement. On 21 March 2011, Deutsche Börse included the Company in the German small cap index SDAX.

2012 The shares of HAMBORNER REIT AG were included in the FTSE EPRA/NAREIT Developed Europe Index on 19 March 2012. The European Public Real Estate Association (EPRA) is a Brussels-based organization which represents the interests of listed European real estate companies in the public sphere and supports the development and market presence of German real estate stock corporations. The associated index FTSE EPRA/NAREIT Developed Europe includes Europe's largest real estate companies.

In accordance with its growth strategy, HAMBORNER increased its equity in July 2012. It issued 11,373,333 new bearer shares at EUR 6.50 per share. The net proceeds for the Company amounted to EUR 71.4 million.

2015 In February, HAMBORNER successfully increased its equity by issuing 4,549,332 new shares. The net proceeds of the transaction amount to EUR 40.9 million. The Company gained RAG-Stiftung as principal shareholder.

17.2 Legal Form, Corporate Name of the Company, Domicile, Financial Year and Duration of the Company

The Company is a REIT stock corporation established under German law and is, in addition to other German legislative provisions, subject to the provisions of the German Stock Corporation Act as well as the law on German Real Estate Public Limited Companies with listed shares ("**REIT Act**") (see also the section 14.1 "*German REIT Legislation*").

The Company is registered with the commercial register of the local court of Duisburg under HRB 4. The Company's registered corporate name is "**HAMBORNER REIT AG**". It uses the commercial name "**HAMBORNER**". The Company has its registered office in Duisburg-Hamborn. The Company's business address is: Goethestraße 45, 47166 Duisburg (Tel: +49-203-54405-0).

The Company's financial year corresponds to the calendar year. The Company is established for an indefinite term.

17.3 Object of the Company

In accordance with its REIT status, the object of the Company according to Section 2 of the Articles of Association of the Company reads as follows:

"(1) The object of the Company is limited to:

(a) ownership of or easement rights to

(i) German immovables within the meaning of Section 3 (8) German REIT Act with the exception of existing residential rental properties within the meaning of Section 3 (9) REIT Act,

(ii) foreign immovables within the meaning of Section 3 (8) German REIT Act, in so far as this may be in the state of location owned by a REIT-corporation, association of individuals or -estate or of a corporation, association of individuals or estate comparable to a REIT, and

(iii) acquiring or holding other assets within the meaning of Section 3 Paragraph 7 of the German REIT Act, for the purposes of letting, renting and leasing including managing and selling necessary property-orientated auxiliary activities within the meaning of Section 3 Paragraph 4 and Paragraph 6 of the German REIT Act,

(b) acquiring, holding, managing and selling shares in property partnerships within the meaning of Section 3 Paragraph 1 of the German REIT Act, REIT service companies within the meaning of Section 3 Paragraph 2 of the German REIT Act and foreign property companies within the meaning of Section 3 Paragraph 3 of the German REIT Act,

(c) acquiring, holding, managing and selling shares in public limited companies, which are personally liable partners of a property partnership within the meaning of Section 3 Paragraph 1 of the German REIT Act and are not involved in these in terms of assets.

(2) If legally permitted and compatible with the status of the company as a REIT company within the meaning of the German REIT Act, the company is authorised for all actions and measures that appear appropriate to serve the object of the company.

(3) The company is authorised to acquire companies, to participate in them as well as to conclude intercompany agreements or to amalgamate companies under integrated management, in so far as this activity is not contrary to § 2 Paragraph 1.

(4) The company may not conduct trading in its immovables. Such trading only takes place if the company as well as its subsidiaries to be included in consolidated financial statements have achieved proceeds from the sale of immovables within the last five financial years, which represent more than half the value of the average portfolio of immovables within the same period. For determination of the average portfolio, the inventories should be taken into account, which are shown in the individual or consolidated financial statements of the company in accordance with Section 12 Paragraph 1 of the German REIT Act at the end of those financial years that are included in the five-year period. If the company has not yet existed for five years, the individual or consolidated financial statements of the previous financial years should be taken into account.

(5) The company may only provide secondary activities for third parties against payment via a REIT service company."

17.4 Corporate Structure

The Company does not hold investments in other companies.

17.5 Auditor

The auditor of the Company is Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Schwannstrasse 6, 40476 Düsseldorf, Germany ("**Deloitte & Touche**"). Deloitte & Touche has audited the financial statements of the Company prepared in accordance with IFRS for financial years 2014, 2013 and 2012 as well as the annual financial statements of the Company prepared in accordance with the German Commercial Code for financial year 2014, and, in each case, issued an unqualified audit opinion. Deloitte & Touche is a member of the German Chamber of Public Accountants.

For financial year 2015, Deloitte & Touche has again been appointed as auditor of the Company.

17.6 Notifications and Paying Agent

In accordance with Section 5 (1) of the Articles of Association of the Company, the Company's announcements are published in the German Federal Gazette, unless otherwise stipulated by law.

Notifications relating to the approval of this Prospectus or of supplements to this Prospectus are made in the form specified in this Prospectus in compliance with the provisions of the German Securities

Prospectus Act (*Wertpapierprospektgesetz*), i.e. in particular by means of publication on the Company's website. Printed copies of the Prospectus can be obtained from HAMBORNER REIT AG, Goethestraße 45, 47166 Duisburg, Germany, and Joh Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20335 Hamburg, Germany, during regular business hours.

Subscription agent is Berenberg.

17.7 Specific Provisions of the Articles of Association according to the German REIT Act

In addition to the REIT-specific corporate name (Section 1) and the restriction to the object of the Company as per Section 2 of the Articles of Association, the Company's Articles of Association contain the following specific provisions according to the German REIT Act:

17.7.1 Free Float and maximum participation limit

Section 6 (2) to (7) of the Articles of Association of the Company contain the following provisions on the free float and on the maximum participation limit:

"(2) At least 15% of the shares in the company must be owned by those shareholders, to whom less than three per cent of the voting rights in the company are due at any one time ("**free float**"). The calculation complies with Sections 22 and 23 of the German Securities Trading Act. The company must notify the free float ratio of its shareholders to the German Federal Financial Supervisory Authority annually as of 31 December.

(3) If the acquisition of shares results in a breach of the free float ratio in accordance with Section 11 Paragraph 1 of the German REIT Act, then the company shall inform the respective shareholder about it. The voting rights notification in accordance with Section 21 of the German Securities Trading Act is decisive for the determination of a breach of the free float ratio. The notification is made to the shareholder's address stipulated in the voting rights notification and is deemed to be received on the third day after dispatch. The shareholder is obligated, from receipt of the notification and before the expiry of the following 31 December, to transfer as many of his shares so that his share ownership, including the shares attributable to him, is again in free-float. The shareholder must ensure as far as possible, particularly in the case of a transfer outside the stock exchange, that the free float ratio is not breached once again due to the transfer.

(4) No shareholder may directly hold 10% or more of the shares in the company or shares to an extent that he has 10% or more of the voting rights. Shares that are held on behalf of a third party are deemed to be held by the third party.

(5) If a shareholder directly holds 10% or more of the shares or of the voting rights in the company within the meaning of Section 6 (4), then the shareholder is obligated, before the expiry of the following 31 December, to transfer as many of his shares so that he no longer infringes Section 6 (4) with his share ownership. The shareholder must ensure as far as possible, particularly in the event of the transfer outside the stock exchange, that no infringement of Section 6 (4) arises due to the transfer.

(6) For the monitoring of compliance with the threshold values in accordance with Section 6 (2) and Section 6 (4), the Management Board is authorised to request from each shareholder, within a deadline of five stock market trading days, the notification of the number of shares and voting rights that are due to the shareholder at the time of the Management Board request.

(7) A shareholder who contravenes the provisions of Section 6 (3) and (5) of these Articles of Association is obligated to reimburse the company for all losses arising from the contravention."

In addition, Section 3 (4) of the Articles of Association of the Company allows for an exclusion of the subscription rights in the case of a capital increase from authorized capital in order to protect the Free Float ratio:

"(4) To the extent the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription right in the case of a capital increase from authorized capital, use may always be made of this authorization with the objective of maintaining or restoring the prerequisites of § 6 Paragraph 2 Sentence 1 of these Articles of Association."

17.7.2 Further REIT-specific provisions

Section 18 of the Articles of Association of the Company stipulates that the financial circumstances of the Company must be in accordance with statutory requirements, particularly the German REIT Act.

According to Section 19 of the Articles of Association of the Company, the Management Board must, in the first three months of a financial year, prepare the annual balance and the profit and loss statement (annual financial statements) as well as the annual report for the past financial year and submit them to the auditors.

Section 20 of the Articles of Association of the Company contains the following stipulations with respect to the appropriation of profits:

"(1) The general shareholders' meeting decides on the distribution of the unappropriated surplus.

(2) The profit shares of the shareholders are determined by their percentage in the share capital.

(3) In the event of an increase in the share capital, the profit participation of the new shares may be determined in deviation from Section 60 Paragraph 2 of the German Stock Corporation Act.

(4) The determination of the unappropriated surplus complies with the statutory provisions, particularly the German REIT Act.

(5) The general shareholders' meeting may also approve a distribution in kind. The Management Board is authorised, with the agreement of the Supervisory Board, to pay an instalment to the shareholders on the probable unappropriated surplus upon expiry of the financial year, if this is legally permitted."

In the event of a termination of the Company's tax exemption according to Section 18 (3) German REIT Act, shareholders having less than 3% of the voting rights at the time of the termination may request, within three months, the redemption of their shares by the Management Board, and the redemption shall be deemed to have been ordered. The Management Board decides on the redemption together with the determination of the consideration to be paid to the affected shareholders for the redemption. The redemption consideration per share corresponds to the volume-weighted three-month average price before the day on which the event triggering the termination of the tax exemption according to Section 18 (3) of the German REIT Act became public. The Management Board must forward a copy of the resolution on the redemption to the affected shareholders and must apply for registration of the reduction in the share capital caused by the redemption with the commercial register. The consideration for the redemption should be paid six months after the application for registration of the capital reduction. The consideration for redemption becomes due and payable six months after the application for registration of the capital reduction. If the financial circumstances of the Company require so, the Management Board may decide, with the approval of the Supervisory Board, that the consideration for the redemption should be paid in two equal installments after the expiry of six and twelve months (Section 21 of the Articles of Association of the Company).

18. DESCRIPTION OF THE SHARE CAPITAL OF THE COMPANY

18.1 Share Capital and Shares

The share capital of the Company amounts to EUR 50,042,665 and is divided into 50,042,665 no-par value bearer shares and is fully paid up. Each no-par share represents a notional value of EUR 1.00 of the share capital.

Holders of shares have property- and administrative-rights. The property rights include, in particular, the right to participate in profits and liquidation proceeds, as well as in subscription rights in the event of a capital increase. Administrative rights include the right to speak at a General Shareholders' Meeting, to ask questions, to propose motions and to exercise the voting right. Shareholders can enforce these rights in particular through actions seeking disclosure, actions for avoidance and actions for annulment.

In accordance with Article 17 (1) of the Articles of Association of the Company, each share confers one vote at the General Shareholders' Meeting. The General Shareholders' Meeting resolves, in particular, on the use of net profits, on the formal approval of the actions of the Management Board and the Supervisory Board, on the election of the auditor and on other particular measures of fundamental importance such as corporate actions and enterprise agreements (see also section 19.4 "*General Shareholders' Meeting*").

In accordance with Article 17 (2) of the Articles of Association of the Company, all resolutions of the General Shareholders' Meeting require a simple majority of the share capital represented at the time the resolution is adopted, unless statutory law requires a different majority.

With respect to further rights of the shareholders in connection with the General Shareholders' Meeting please refer to section 19.4 "*General Shareholders' Meeting*" below.

18.2 Development of Share Capital

The initial share capital of the Company amounted to DM 69 million.

On 27 November 1970, the General Shareholders' Meeting resolved to reduce the share capital from DEM 69 million to DEM 34.5 million. The capital reduction was entered into the commercial register on 4 January 1971.

On 8 July 1977, the General Shareholders' Meeting resolved to increase the share capital with company funds to DEM 37.95 million. The implementation of the capital increase was entered into the commercial register on 13 July 1977.

On 15 June 1999, the General Shareholders' Meeting resolved to convert the share capital to euros and to increase the share capital with company funds from EUR 19,403,526.89 to EUR 19,430,400.00. These changes to the Articles of Association of the Company were entered into the commercial register on 23 June 1999.

On 5 June 2007, the General Shareholders' Meeting resolved to increase the share capital with company funds to EUR 22,770,000.00. At the same time, the share capital, which was divided into 7,590,000 no-par shares each representing a notional value of EUR 2.56 of the share capital, was redistributed into 22,770,000 no-par shares each representing a value of EUR 1.00 of the share capital. These changes to the Articles of Association were entered into the commercial register on 23 July 2007 and 2 August 2007.

On 23 September 2010, the Management Board, with the consent of the Supervisory Board, resolved to increase the share capital by EUR 11,350,000.00 to EUR 34,120,000.00 by issuing 11,350,000 new no-par value bearer shares without nominal value against cash contribution, with shareholder subscription rights based on the authorization granted by the General Shareholders' Meeting on 5 June 2008 and 9 June 2009. The implementation of the capital increase was entered into the commercial register on 11 October 2010.

On 29 June 2012, the Management Board of the Company, with the consent of the Supervisory Board, resolved to increase the share capital by EUR 11,373,333.00 to EUR 45,493,333.00 by issuing 11,373,333 new no-par value bearer shares without nominal value against cash contribution, with shareholder subscription rights based on the authorization granted by the General Shareholders' Meeting on 17 May 2011. The implementation of the capital increase was entered into the commercial register on 18 July 2012.

On 18 February 2015, the Management Board, with the consent of the Supervisory Board, resolved to increase the share capital by EUR 4,549,332.00 to EUR 50,042,665.00 by issuing 4,549,332 new no-par value bearer shares without nominal value against cash contribution to Deka Investment GmbH for the account of RAGS-FundMaster, a special asset fund held by RAG-Stiftung, Essen, Germany, by excluding the subscription rights of the Company's shareholders, based on the authorization granted by the General Shareholders' Meeting on 7 May 2013. The implementation of the capital increase was entered into the commercial register on 20 February 2015.

18.3 Certification and Transferability of the Shares

According to Section 6 (1) of the Articles of Association, the Management Board decides, with the approval of the Supervisory Board, on the form and content of share certificates and the dividend coupons and the renewal talons. The right of a shareholder to request certification of its interest is excluded, unless such certification is required by the rules of a stock exchange where the shares are listed. Global share certificates may be issued. The shares are freely transferable.

The shares of the Company are represented by global share certificates. The global share certificates are deposited at Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany.

18.4 Admission to the Stock Exchange

All shares of the Company have been admitted to exchange trading at the regulated market and, with simultaneous admission to the sub-segment of the regulated market with additional post admission duties (Prime Standard) at the Frankfurt Stock Exchange as well as to the regulated market on stock exchanges in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart.

The no-par shares of the Company have been assigned the German Securities Identification number (WKN) 601300 and the International Securities Identification Number (ISIN) DE0006013006 respectively.

18.5 General Provisions on the Change in the Share Capital

Capital increase

According to the German Stock Corporation Act, the share capital of a stock corporation (*Aktiengesellschaft*) can be increased by a shareholder resolution, which requires a majority of at least three-quarters of the share capital represented at the time the resolution is adopted, to the extent no other majority requirements are stipulated in the stock corporation's articles of association (Section 182 (1) AktG). The Company exercised its right to stipulate a smaller majority. In accordance with Article 17 (2) of the Articles of Association of the Company, all resolutions of the General Shareholders' Meeting require a simple majority of the share capital represented at the time the resolution is adopted, unless statutory law requires a different majority.

Authorized capital

Furthermore, according to the German Stock Corporation Act, the General Shareholders' Meeting may adopt a resolution, with a majority of at least three-quarters of the share capital represented at the time the resolution is adopted, to issue authorized capital, which authorizes the Management Board to issue shares within a period of not more than five years following the registration of the amendment of the Articles of Association. The Articles of Association may provide for a larger majority and other requirements. The nominal value of the authorized capital may not exceed half of the share capital existing at the time of the authorization.

Contingent capital

The General Shareholders' Meeting may also resolve to issue contingent capital for the purpose of issuing shares to the holders of convertible bonds or other securities which grant a subscription right, or for the purpose of issuing shares that serve as consideration for a merger with another company, or for the purpose of issuing shares which are to be offered to executive managers and employees. According to the German Stock Corporation Act, such resolution of the General Shareholders' Meeting requires a majority of three-quarters of the share capital represented at the time the resolution is adopted. The nominal value of the contingent capital may not exceed one tenth of the share capital existing at the time of the resolution if the contingent capital is created to issue shares to executive managers and employees; in all other cases, it may not exceed half of the share capital existing at the time the resolution is adopted.

Capital reduction

In accordance with the German Stock Corporation Act, a reduction of the share capital may be resolved. In general, the German Stock Corporation Act stipulates that such a resolution requires a majority of three-quarters of the share capital represented at the resolution. The articles of association may provide for a larger majority and further requirements.

18.6 Capital Increase with Respect to New Shares

The New Shares, up to 16,680,888 of which are offered in this Prospectus and which are governed by German law, will be issued based on the resolution of the Management Board dated 24 June 2015 with the consent of the Supervisory Board on the same date, by using up to EUR 13,648,001 of the Authorized Capital II and up to EUR 3,032,887 of the Authorized Capital 2015/II (meaning a total of up to EUR 16,680,888) thereby increasing the Company's capital from EUR 50,042,665 to up to EUR 66,723,553.

18.7 Authorized Capital

The authorized capital of the Company amounts to a total of EUR 18,652,267 as of the date of this Prospectus. The Authorized Capital II was created by virtue of a resolution dated 7 May 2013 (entered into the commercial register on 28 June 2013) and the Authorized Capital 2015/II was created by a resolution dated 7 May 2015 (entered into the commercial register on 8 June 2015).

The General Shareholders' Meeting of the Company of 7 May 2015 resolved to cancel the existing Authorized Capital I which had a term until 6 May 2018 and which at that time had an amount of EUR 4,546,333. The same General Shareholders' Meeting further resolved to create a new Authorized Capital 2015/II. Accordingly, the following two authorized capitals are available:

18.7.1 Authorized Capital II

According to article 3 (5) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions by up to a total of EUR 13,648,001.00 by issuing new bearer shares against cash or non-cash contributions by 6 May 2018. The new shares must be offered to the shareholders for subscription. The new shares can be underwritten by one or more banks or companies operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the German Banking Act designated by the Management Board with the obligation to offer them to the shareholders for subscription (indirect pre-emption rights). However, the Management Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' pre-emption rights in the following cases:

(i) for fractional shares that arise as a result of the subscription ratio;

(ii) for capital increases against non-cash contributions in order to grant shares for the purposes of acquiring property or shares in

 (a) property partnerships within the meaning of section 3(1) of the *REIT-Gesetz* (REITG – German REIT Act),

 (b) REIT service companies within the meaning of section 3(2) REITG,

(c) foreign property companies within the meaning of section 3(3) REITG and

(d) corporations that are general partners of a property partnership within the meaning of section 3(1) REITG and do not hold an interest in its assets.

However, this authorisation to disapply the pre-emption rights applies only to capital increases that do not exceed 20% of the share capital, either at the time that the authorisation becomes effective or – if this value is lower – at the time that this authorisation is exercised. The above 20% limit also includes treasury shares that are sold with pre-emption rights disapplied during the term of this authorisation;

(iii) If the capital increase is implemented against cash contributions and the pro rata amount of the share capital accruing in total to the new shares for which the pre-emption rights are disapplied does not exceed 10% of the share capital existing at the time that this authorisation becomes effective or – if this value is lower – at the time that this authorisation is exercised and the issue price is not significantly lower than the stock market price. The above 10% limit also includes treasury shares that are sold to third parties for cash during the term of this authorisation in a way other than on the stock market or through an offer to all shareholders in accordance with sections 71(1) no. 8 sentence 5 and 186(3) sentence 4 AktG. Furthermore, the above 10% limit includes shares for which there are option or conversion rights or option or conversion obligations on the basis of bonds that have been issued since the granting of this authorisation in accordance with sections 221(4) and 186(3) sentence 4 AktG.

Furthermore, the Management Board is also authorized, with the approval of the Supervisory Board, to define the further details of the implementation of capital increases from Authorized Capital II.

18.7.2 Authorized Capital 2015/II

According to article 3(6) of the Articles of Association, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions by up to a total of EUR 5,004,266.00 by issuing new bearer shares against cash contributions (Authorized Capital 2015/II) by 6 May 2020. The new shares must be offered to the shareholders for subscription. The new shares can be underwritten by one or more banks or companies operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the *Gesetz über das Kreditwesen* (KWG – German Banking Act) designated by the Management Board with the obligation to offer them to the shareholders for subscription (indirect pre-emption rights). However, the Management Board is authorized, with the approval of the Supervisory Board, to exclude fractional shares from shareholders' pre-emption rights. Furthermore, the Management Board is authorized, with the approval of the Supervisory Board, to define the further details of the implementation of capital increases from Authorized Capital 2015/II. The Supervisory Board is authorized to revise Article 3(6) of the Articles of Association in line with the extent of capital increases from Authorized Capital 2015/II after the share capital increase from Authorized Capital 2015/II has been implemented in full or in part or after the authorisation period has expired.

18.8 Authorization to Exclude Statutory Subscription Right

The Management Board of the Company has committed itself in its General Shareholders' Meeting on 7 May 2013 to the effect that it will only make use of the authorisations to exclude the statutory subscription right of the shareholders in the authorisations described under 18.7.1 above and in the existing authorisation regarding the issuance of option and convertible bonds described in 18.9. below insofar as the issuance of new shares of the Company and the issuance of option and/or convertible bonds with an option or conversion right or an option or conversion obligation on shares of the Company does not exceed 20% of the share capital in total, either at the time of the voting in the annual General Shareholders' Meeting on 7 May 2013 or – if this value is lower – at the time that the authorisation is exercised.

18.9 Convertible Bonds and Bonds with Warrants

The General Shareholders' Meeting of the Company of 7 May 2013 resolved upon an authorization to issue option and convertible bonds, the creation of contingent capital and the corresponding amendment of Article 3 of the Company's Articles of Association.

The Management Board was authorized, with the approval of the Supervisory Board, to issue bearer and/or registered option and/or convertible bonds ("**bonds**") of a total value of up to EUR 250,000,000.00 up to 6 May 2018 with or without a limit on the term and to grant the bearers or creditors ("**bearers**") of bonds conversion rights to new bearer shares of the company with a pro rata amount of the share capital of up to EUR 22,746,666.00 in total in accordance with the more detailed conditions of the option or convertible bonds ("**bond conditions**"). The bonds can be issued on one or more occasions, in total or in instalments and also in different tranches at the same time. The bonds can also be furnished with a variable interest rate, where the interest rate can be fully or partially dependent on the amount of the dividend of the company.

The bonds can be issued in euros and – limited to the corresponding equivalent value in euros – also in the legal currency of an OECD country. The bonds can be issued against cash or against non-cash contributions.

In the event that option bonds are issued, one or more warrants shall be attached to each individual bond that entitle the holder to subscribe for bearer shares of the company in accordance with the option conditions to be established in more detail by the Management Board . The proportion of the share capital attributable to the shares to be acquired for each individual bond may not exceed the nominal amount of the individual bonds. The term of the option right may not exceed the term of the option bond. Moreover, it can be stipulated that fractions will be consolidated and/or settled in cash.

In the event that convertible bonds are issued, the bearers of the convertible bonds are granted the right to exchange their individual bonds for new bearer shares of the company in accordance with the convertible bond conditions to be established in more detail by the Management Board . The conversion ratio is calculated by dividing the nominal amount of an individual bond by the conversion price that has been fixed in each case for one new bearer share of the company. The conversion ratio can also be calculated by dividing the issue price of an individual bond that is below the nominal amount by the conversion price that has been fixed for one new bearer share of the company. The conversion ratio can in any event be rounded up or down to a whole number; furthermore, an additional payment to be paid in cash can be stipulated. Moreover, it can be stipulated that fractions will be consolidated and/or settled in cash.

The bond conditions can also stipulate an unconditional or conditional option or conversion obligation at the end of the term or at an earlier time. Furthermore, the bond conditions can stipulate or provide for the right of the company in full or in part not to grant new shares of the company to the bearers of the bond in the event of the exercise of an option or conversion, but to pay the equivalent value of the shares otherwise to be delivered in cash. The equivalent value per share corresponds in accordance with the more detailed bond conditions to the weighted average closing price, rounded up to the nearest cent, of the shares of the company in electronic trading on the Frankfurt Stock Exchange during the last one to ten trading days before the exercise of the option or the conversion is declared. The bond conditions can also stipulate or provide for the right of the company to grant new bearer shares or treasury shares of the company to the bearers of the bond in full or in part instead of the payment of any cash amount that is due ("**right to tender**"). In this event, the shares are credited at a value that corresponds in accordance with the more detailed bond conditions to the weighted average closing price, rounded up to the nearest cent, of the shares of the company in electronic trading on the Frankfurt Stock Exchange during the last one to ten trading days before the exercise of the option or the conversion is declared.

The option or conversion price to be fixed each time may, with the exception of the cases in which an option or conversion obligation is provided for, not be lower than 80% of the average closing price of the shares of the company in electronic trading on the Frankfurt Stock Exchange. The key factor here is the weighted average closing price on the ten market trading days before the date of the final resolution of the Management Board to issue the bonds. In the case of trading in subscription rights, the dates of trading in subscription rights with the exception of the last two trading days of trading in subscription rights are the key dates. In the case of bonds, the conditions of which provide for an option or conversion obligation, the option or conversion price can, in accordance with the bond conditions, either amount as a minimum to the aforementioned minimum price or correspond to the weighted average closing price of the shares of the company in electronic trading on the Frankfurt Stock Exchange during the last one to ten trading days before the date of final maturity or of the exercise of the option obligation or of the mandatory conversion, even if this average price is lower than the aforementioned minimum price (80%). Section 9(1) AktG and section 199 AktG remain unaffected.

Irrespective of section 9(1) AktG, the option or conversion price can be reduced on the basis of an anti-dilution clause in accordance with a more detailed determination of the bond conditions by payment of a corresponding amount in cash upon exercise of the option or conversion right or of the option or conversion obligation or by reduction of the additional payment if the company increases the share capital during the option or conversion period while granting a subscription right to its shareholders or issues further bonds or grants option or conversion rights or option or conversion obligations and the bearers of existing option or conversion rights or option or conversion obligations are not granted a subscription right for this to the extent to which they would be entitled after exercising the option or conversion right or after fulfilling the option or conversion obligation. Instead of a payment in cash or a reduction of the additional payment, the conversion ratio can also be adjusted by dividing by the reduced option or conversion price. The bond conditions can additionally stipulate an adjustment of the option or conversion rights or of the option or conversion obligations in the event of a capital reduction or other extraordinary measures or events (e.g. extraordinary dividend payment, acquisition of control by third parties). Furthermore, a standard market adjustment of the option or conversion price and a shortening of the term can be stipulated in the event of control being acquired by third parties.

In each case, the proportion of the share capital of the shares to be issued in the event of the exercise of an option or conversion may not exceed the nominal amount of the convertible bonds. Section 9(1) in conjunction with section 199(2) AktG is to be observed.

The shareholders are entitled to a subscription right, i.e. the bonds are to be offered to the shareholders of the company for subscription as a matter of principle. The subscription right can be granted to the shareholders in such a way that the bonds are underwritten by one or more banks or companies operating in accordance with section 53(1) sentence 1 or section 53b(1) sentence 1 or (7) of the German Banking Act designated by the Management Board with the obligation to offer them to the shareholders for subscription (indirect subscription right). The Management Board shall, however, be authorized to exclude the statutory subscription right of the shareholders with the approval of the Supervisory Board in the following cases:

(1) for fractional shares that arise as a result of the subscription ratio;

(2) if this is necessary to grant to the bearers of option or conversion rights that have previously been issued and/or the bearers of bonds furnished with option or conversion obligations a subscription right in the scope to which they would be entitled after exercising the option or conversion rights or after fulfilling the option or conversion obligations;

(3) in the case of the issue of bonds against non-cash contributions in order to grant shares for the purposes of acquiring property or shares in

(i) property partnerships within the meaning of section 3(1) of the *REIT*-Gesetz (REITG – German REIT Act),

(ii) REIT service companies within the meaning of section 3(2) REITG,

(iii) foreign property companies within the meaning of section 3(3) REITG,

(iv) corporations that are general partners of a property partnership within the meaning of section 3(1) REITG and do not hold an interest in its assets;

(4) if the bonds are issued against payment in cash and the Management Board , after conducting an examination with due diligence, comes to the opinion that the issue price of the option or convertible bonds is not significantly lower than their hypothetical market value ascertained on the basis of recognised methods, in particular methods of financial mathematics. This authorisation to exclude the subscription right applies, however, only for bonds with an option or conversion right or an option or conversion obligation on shares representing a proportion of the share capital that does not exceed 10% of the share capital in total, either at the time that the authorisation becomes effective or – if this value is lower – at the time that this authorisation is exercised. The aforementioned 10% limit shall also include treasury shares that are sold to third parties for cash during the term of this authorisation in a way other than on the stock market or through an offer to all shareholders in accordance with sections 71(1) no. 8 sentence 5 and 186(3) sentence 4 of the *Aktiengesetz* (AktG – German Stock Corporation Act). Furthermore, the aforementioned 10% limit shall also include the shares that are issued from authorized capital excluding subscription rights in accordance with section 186 (3) sentence 4 AktG during the term of this authorisation.

The Management Board was authorized to define, with the approval of the Supervisory Board, the details of the issue and structure of the bonds, in particular the interest rate, issue price, term and denomination, anti-dilution provisions, option and conversion period and the option and conversion price.

The Management Board was further authorized to increase the share capital on a contingent basis by up to EUR 22,746,666.00 by issuing up to 22,746,666 new bearer shares (Contingent Capital). The contingent capital increase serves to grant shares to the bearers of bonds that are issued by the company up to 6 May 2018 on the basis of the above authorisation under a).

A new paragraph (7) was inserted in Article 3 of the Articles of Association of the Company accordingly:

"(7) The share capital is increased on a contingent basis by up to EUR 22,746,666.00 (in words: twenty-two million seven hundred and forty-six thousand six hundred and sixty-six euros), divided into up to 22,746,666 bearer shares (Contingent Capital).

The contingent capital increase is implemented only to the extent that the bearers or creditors of option or convertible bonds (bonds) that are issued by the company up to 6 May 2018 on the basis of the authorisation of the Management Board granted by resolution of the Annual General Shareholders' Meeting on 7 May 2013 make use of their option or conversion rights or bearers or creditors of bonds with an obligation to exercise the option or conversion fulfil their obligation to exercise the option or conversion or the company makes use of a right granted to it to grant in full or in part new bearer shares of the company instead of the payment of a cash amount that is due and if a cash settlement is not granted or treasury shares are not used for this purpose. The new shares are issued at the option or conversion price to be determined each time under the terms of the authorisation resolution described above. The new shares that are issued participate in the profit from the beginning of the financial year in which they are created. The Management Board shall be authorized to define the further details of the implementation of the contingent capital increase with the approval of the Supervisory Board."

The Supervisory Board was also authorized to amend Article 3 (7) of the Articles of Association of the Company in accordance with the respective utilisation of the Contingent Capital or after the periods for exercising options or conducting conversions have elapsed.

At the date of this Prospectus, the Company has not utilized the authorization to issue options or convertible bonds and has not increased its share capital accordingly.

18.10 Stock Option Plan

The Company does not have a stock option plan.

18.11 Authorization to Acquire Own Shares

Based on the resolution of the General Shareholders' Meeting on 17 May 2011, the Management Board is authorized to acquire any class of the shares of the Company on or before 16 May 2016. The authorization is limited to the acquisition of shares amounting to no more than 10% of the existing share capital as of the date of the resolution by the General Shareholders' Meeting with respect to the authorization on 17 May 2011 or – if this amount is lower – the existing share capital as of the date on which the authorization is exercised. The authorization may be exercised in whole or in part on one or more occasions. The authorization may not be exercised by the Company for the purpose of trading in its own shares. The shares may also be acquired by third parties for the account of the Company.

The shares may be acquired at the Management Board's discretion via the stock exchange, a public tender offer to all shareholders in the Company or a public invitation to all shareholders to submit tenders.

If the shares are purchased via the stock exchange, the price per share (excluding ancillary costs) paid by the Company may not deviate by more than 5% above or below the arithmetic mean of the closing auction prices of shares of the same class in XETRA trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the three trading days preceding the acquisition of the shares.

If the shares are purchased via a public tender offer addressed to all shareholders or an invitation to submit tenders, the purchase price or the upper and lower thresholds of the price range offered per share (excluding ancillary costs) may not deviate by more than 10% above or below the arithmetic mean of the closing auction prices of shares of the same class in XETRA trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the three trading days preceding the public announcement of the tender offer or the public invitation to submit tenders. If subsequently to the publication of a public tender offer or a public invitation to submit tenders there are substantial deviations from the purchase price or the upper and lower thresholds of the price range offered per share, the offer or invitation may be adjusted accordingly. In such a case, the arithmetic mean of the closing auction prices of shares of the same class in XETRA trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the three trading days preceding the public announcement of any such adjustment is applied; the purchase price or price range offered per share (excluding ancillary costs) may not deviate by more than 10% above or below this mean value. The tender offer or public invitation to submit tenders may be subject to further conditions.

The volume of shares acquired may be restricted. If the tender offer is oversubscribed or several similar tenders have been submitted and it is not possible to accept them all due to a restriction on volume, the tendered shares may be purchased *pro-rata* (tender ratios). In addition, commercial rounding may be stipulated in order to avoid fractions of shares, and preference may be given to shareholders tendering less than 100 shares. Any further right of shareholders to tender shares is excluded in the cases listed in this subsection.

The Management Board is also authorized, with the consent of the Supervisory Board (which may also be granted in advance as a maximum amount authorization for periods between two Supervisory Board meetings), to use – on one or several occasions, in whole or in part, individually or jointly – the shares of the Company acquired either based on the above authorization, in accordance with Section 71d sentence 5 AktG, or via third parties for the account of the Company, for sale via the stock exchange or via an offer to all shareholders, for the following purposes:

(1) The Management Board is authorized to sell back the own shares acquired under the exclusion of shareholders' subscription rights pursuant to Section 71 (1) no. 8 AktG and in analogous application of Section 186 (3) sentence 4 AktG on the basis of the

authorization in another manner than via the stock exchange or via an offer to all shareholders if the sale price to be paid in cash does fall not significantly below the market price of the shares. For these purposes, if the sale price does not fall more than 5% below the arithmetic mean of the closing auction prices of shares of the same class in XETRA trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the five trading days preceding the sale of the shares, it shall not be deemed to have fallen significantly below the market price of the shares. This authorization is limited to a maximum of 10% of the share capital of the Company as of the date of the resolution by the General Shareholders' Meeting concerning the authorization on 17 May 2011 or – if this amount is lower – 10% of the share capital as of the date on which the shares are sold.

(2) The Management Board is authorized to sell the shares of the Company acquired on the basis of the authorization for contributions in kind, particularly for the purposes of acquiring real property or shares in:

(i) property partnerships within the meaning of Section 3 (1) REIT Act,

(ii) REIT service companies within the meaning of Section 3 (2) REIT Act,

(iii) foreign property companies within the meaning of Section 3 (3) REIT Act, and

(iv) corporations which are the general partner of a property partnership within the meaning of Section 3 (1) REIT Act and which do not hold an equity interest in the partnership.

(3) The Management Board is authorized to retire shares of the Company acquired on the basis of the authorization, without the implementation of such retirement requiring a further resolution by the General Shareholders' Meeting. They may also be retired in the simplified process without a capital decrease by adjusting the *pro rata* share of the remaining no-par value shares in the share capital of the Company. The Supervisory Board or – to the extent the retirement is implemented without a capital decrease by adjusting the *pro rata* share of the remaining no-par value shares in the share capital – the Management Board is authorized to amend the Articles of Association with respect to the scope of the capital decrease and to amend the number of no-par value shares.

The shareholders' subscription right is excluded if the Management Board uses shares of the Company pursuant to the authorizations listed under 1), 2) and 3) above. In addition, in the event own shares are sold by way of tender offer to all shareholders, the Management Board may, with the consent of the Supervisory Board, exclude the subscription right of the shareholders for residual amounts – on one or several occasions, in whole or in part, individually or jointly, also for shares of the Company acquired on the basis of Section 71d sentence 5 AktG or by third parties for the account of the Company.

18.12 Own-shares

The Company does not hold own shares.

18.13 Allocation of Profits and Payment of Dividends

In accordance with Section 20 (1) of the Articles of Association of the Company, the General Shareholders' Meeting resolves on the allocation of balance sheet profit. Shareholders participate in the profits according to their share in the share capital. In the event of a capital increase, the participation in profits of new shares can be determined in deviation from Section 60 (2) of the German Stock Corporation Act. The balance sheet profit is determined according to statutory law, in particular the German REIT Act (please see the remarks in the section 7.2 "*Special Rules for the Appropriation of Profit and Dividend Payments*"). The General Shareholders' Meeting may also resolve on the payment of a dividend in kind. The Management Board is authorized, with the approval of the Supervisory Board, to pay an installment of the anticipated balance sheet profit to the shareholders upon expiry of the financial year, to the extent permitted by law.

18.14 General Provisions Regarding the Liquidation of the Company

Other than a liquidation due to insolvency proceedings, the Company may only be liquidated by virtue of a resolution by the General Shareholders' Meeting, which requires at least a three-quarters majority of the share capital at the date of the resolution, in accordance with the German Stock Corporation Act. In such a case, pursuant to the German Stock Corporation Act, the assets of the Company remaining after settlement of the Company's liabilities will be distributed among the shareholders according to their share in the share capital. In particular, certain provisions of creditor protection must be observed.

18.15 General Provisions Regarding Subscription Rights

According to the German Stock Corporation Act, in principle, each shareholder has the right to subscribe new shares issued in connection with a capital increase. The same applies to convertible bonds, warrant bonds, profit participation rights and participation bonds. Concrete subscription rights are freely transferable, so that among other things they can be traded on the German stock exchanges during the subscription period until a fixed date prior to the expiration of this period, **provided that** a trade in subscription rights has been established. Generally, there is no right to demand the establishment of such a trade in subscription rights. If the articles of association do not require a larger capital majority, the General Shareholders' Meeting may, in the determination resolution or, in the case of contingent capital, in the authorization resolution, with a majority of three-quarters of the share capital represented at the resolution, resolve to completely or partially exclude subscription rights or, in the case of contingent capital, authorize the management board to do so.

A valid exclusion of subscription rights further requires a report by the Management Board and, pursuant to the case law, an objective justification demonstrating that the interest of the Company in excluding subscription rights outweighs the interest of the shareholders in retaining their subscription rights. The report by the Management Board must demonstrate the fact that the interest in excluding subscription rights outweighs the interests of the shareholders in the objective justification. According to Section 186 (3) sentence 4 of the German Stock Corporation Act (so-called simplified exclusion of subscription rights), the exclusion of subscription rights is in particular admissible if the capital increase is made against cash contribution, the amount by which the capital is increased does not exceed 10% of the existing share capital and the issue price of the new shares is not significantly less than the stock market price.

Subscription rights are not considered to have been excluded if, according to the resolution, the new shares are subscribed by a credit institute or an enterprise, active in the banking sector in accordance with Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or Section 53b (7) of the German Banking Act (*Gesetz über das Kreditwesen*), with the obligation to offer them to shareholders (Section 186 (5), sentence 1 of the German Stock Corporation Act, so-called indirect subscription right).

18.16 Exclusion of Minority Shareholders

Shareholder squeeze out

According to Sections 327a *et seq*. of the Stock Corporation Act (so-called stock corporation law squeeze out), the general shareholders' meeting of a stock corporation may, upon the request of a shareholder, holding 95% of the Company's share capital (the majority shareholder), resolve that the shares held by the other shareholders (minority shareholders) are transferred to the majority shareholder against payment of an adequate cash compensation.

Takeover Squeeze out

According to Sections 39a *et seq*. of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz,* so-called takeover law squeeze out), the remaining voting shares must, upon request of a bidder holding at least 95% of the voting share capital of the target company after a takeover or mandatory bid, by court order, be transferred to the bidder against payment of an adequate cash compensation. An application to transfer the shares must be filed within three months following the expiration of the acceptance period. The district court of Frankfurt am Main has exclusive jurisdiction. The type of compensation must correspond to the type of compensation of the takeover or mandatory bid. Cash payment always has to be offered as an alternative.

Squeeze out pursuant to German Transformation Act

Pursuant to Section 62 (5) of the German Transformation Act (*Umwandlungsgesetz*, "**UmwG**") (shareholder squeeze-out), the general shareholders' meeting of a transferring German stock corporation may pass a resolution in accordance with Section 327a (1) sentence 1 of the German Stock Corporation Act if the transferee company holds at least 90% of the share capital of the transferring company. The resolution may only be passed within three months following the completion of a merger agreement between the transferring company and the transferee. The merger agreement or the draft thereof must include a note that the subscription rights of the minority shareholders of the transferring company will be excluded in the context of the merger.

Integration

According to Sections 319 *et seq*. of the German Stock Corporation Act (Integration), the general shareholders' meeting of a stock corporation can resolve on the integration of the company into another stock corporation with registered seat in Germany (the principle company), **provided that** the prospective principle company holds all the shares in the company or shares representing 95% of the company's share capital. The former shareholders of the integrated company are entitled to an adequate compensation.

18.17 Notice Periods for Shareholdings

Notification of voting rights

Due to the admittance of its shares for trading in the regulated market of German stock exchanges, the Company is, amongst others, subject to the terms of the German Securities Trading Act (*Wertpapierhandelsgesetz,* "**WpHG**") regarding disclosure requirements in connection with voting rights attached to the shares in the Company. This means that every German share issuer must disclose the total number of voting rights at the end of each calendar month in which there has been either an increase or a decrease in voting rights. Furthermore, anyone who reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in a listed company either through acquisition, sale or by any other means, must immediately, in any event within four days of trading, inform both the share issuer and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* "**BaFin**") (so-called notification of voting rights). With respect to a REIT stock corporation according to Section 11 (5) of the German REIT Act, the stipulations of the German Securities Trading Act are supplemented by notification obligations at the thresholds of 80% and 85%.

For the determination whether a voting right threshold has been reached, exceeded or fallen below, the Securities Trading Act contains various stipulations, which should ensure that voting rights are allocated to the individual, who has, or may in an abstract case have, influence on the voting rights attached to the shares. For example, shares held by one company are allocated to another company if, amongst others, one company controls the other. The same applies to shares which are held by a company on account of another or which are held on behalf of a company controlled by another. Upon receipt of a notification of voting rights, the German share issuer must immediately, at the latest within three trading days following receipt of the notification, publicly disclose the notification in the media, including media of which it can be assumed that it will distribute the information throughout the entire European Union and the other member states within the European Economic Area (EEA).

If a registrant, having own voting rights, or to whom voting rights of a subsidiary or of a third party are allocated, or who is holding voting rights on account of the registrant, does not comply with the notification obligation, all rights attached to these shares (including voting rights and rights to dividends; however, the right to dividends is only suspended if the notification has intentionally not been made and also not been made at a later date) are suspended for the period of omission. If the number of voting rights is concerned, the period extends to six months in the case of intentional or gross negligent breach of the notification obligations. The Federal Financial Supervisory Authority (BaFin) may impose a fine upon the breach of the obligation to notify voting rights, irrespective of the applicable allocation rule.

Notification requirements for holders of financial instruments and other instruments

Direct or indirect holders of financial instruments or other instruments that are, by means of a legally binding agreement, unilaterally entitled to acquire voting shares already issued by a person originating from the Federal Republic of Germany, must immediately inform both the issuer and the Federal Authority once a level of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of voting rights has been reached, exceeded or fallen below. They are then added to shareholdings which are subject to the notification obligation.

Notification requirements for holders of further financial instruments and other instruments

Direct or indirect holders of financial instruments or other instruments that, on the basis of their design, entitle the holder or a third party to acquire voting shares already issued by a person originating from the Federal Republic of Germany, must immediately inform both the issuer and the German Federal Financial Supervisory Authority (BaFin) once a level of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of voting rights has been reached, exceeded or fallen below. "**Entitlement**" is deemed to exist in particular if the counterparty of the holder is able to exclude or reduce their risk of holding shares in the issuer or the financial instruments or other instruments grant the right or give rise to an obligation to acquire shares of the issuer. They are then added to shareholdings which are subject to the notification obligation. The amount of the shareholdings which are subject to the notification obligation can be calculated as the number of shares of the issuer, the acquisition of which entitles the holder or a third party on the basis of the financial instrument of other instrument. If the financial instrument or other instrument does not include such information, the shareholdings which are subject to the notification obligation arise from the number of shares required for the counterparty to completely hedge them at the date on which the financial instruments or other instruments are acquired.

Notification of director's dealings

Individuals performing executive functions within the meaning of the Securities Trading Act for an exchange-listed issuer of shares, must notify both the issuer and the Federal Authority within five business days about own transactions regarding shares of the issuer or related financial instruments, in particular derivatives. This obligation also applies to persons "*having a close relationship*" with such individual, as defined in the Securities Trading Act. The notification obligation does not exist as long as the total amount of transactions by a person closely related to a person performing executive functions does not reach the threshold of EUR 5,000.00 by the end of the calendar year.

Notification requirement of those holding significant shareholdings

Anyone reaching or exceeding a threshold of 10% of voting shares, or a higher threshold, must, in principal, inform the issuer originating from the Federal Republic of Germany of the goals pursued with the acquisition of the voting rights as well as the source of the financial means used for the acquisition within 20 trading days of reaching or exceeding the threshold in question. A change in goals must also be disclosed within 20 trading days.

Notification of gaining control

Moreover, anyone gaining direct or indirect control of a company listed in Germany is obligated to immediately, at the latest within seven calendar days, disclose this fact, including the share of voting rights held. The Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz,* "**WpÜG**") defines control as the holding of at least 30% of the voting rights in a company listed in Germany. Subsequently, a mandatory offer must be made to all shareholders of the company for the acquisition of their shares, unless the Federal Financial Supervisory Authority (BaFin) has granted or approved a release from this requirement that the voting rights may be excluded from the calculation of the shareholding. As with respect to the notification requirements, the Securities Acquisition and Takeover Act also contains rules on attribution.

Notification requirements under the Articles of Association

In order to monitor compliance with the thresholds according to Section 6 (2) of the Articles of Association (free float ratio) and Section 6 (4) (maximum participation limit) of the Articles of Association, the Management Board is authorized to request from each shareholder, within a deadline of five stock market trading days, the notification of the number of shares and voting rights held by that shareholder at the time of the request.

19. INFORMATION ON THE GOVERNING BODIES OF THE COMPANY

The governing bodies of the Company are the Management Board, the Supervisory Board and the General Shareholders' Meeting. The responsibilities of these bodies are primarily governed by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association of the Company and the Rules of Procedure for the Management Board and the Supervisory Board, each in their current version.

Provisions relating to both the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board owe a duty of care and loyalty to the Company. The members of these governing bodies must take into account a broad spectrum of interests, especially those of the Company, its shareholders, its employees and its creditors when discharging these duties. The Management Board must also take into account the rights of shareholders with respect to equal treatment and equal information. Members of the Management Board or the Supervisory Board that breach any of their duties, are jointly and severally liable to the Company for any resulting damages. The members of the Management Board and the Supervisory Board of the Company are, up to a certain limit, covered for breaches of their duties as board members by a D&O insurance policy (directors and officers liability insurance). This insurance policy covers financial damages resulting from activities of the members of the governing bodies of the Company. The limit of liability is EUR 7.5 million per occurrence, and a maximum of EUR 7.5 million in each insurance year. The insurance policies stipulate a deductible for the members of the Management Board and the Supervisory Board members in the amount of at least 10% of the damages and at most 150% of the fixed annual remuneration for all occurrences within an insurance period, excluding liability claims in each case. The insurance does not provide any cover in the event of intentional misconduct, and insurance coverage may be revoked (retroactively) and payments be required to be reimbursed to the insurance if such intentional misconduct is determined. Currently, the annual insurance rate amounts to TEUR 12.5 plus insurance tax.

If members of the Management Board or the Supervisory Board have breached their duties towards the Company and if the Company suffers a loss, the Company can file damage claims in court against the members of the Management Board or the Supervisory Board. In such cases, in the event of claims against members of the Supervisory Board, the Company will be represented by the Management Board and in the event of claims against the members of the Management Board, it will be represented by the Supervisory Board.

According to a decision of the German Federal Supreme Court (*Bundesgerichtshof*), the Supervisory Board is required to bring damages claims against the Management Board if they appear to be enforceable, unless significant grounds relating to the welfare of the Company speak against such action and unless these grounds outweigh the grounds in favour of the pursuit of such claims or are at least of equal weight. If the relevant body with the power to represent the Company decides not to pursue a damages claim, the claims for damages of the Company against members of the Management Board or the Supervisory Board must nevertheless be brought if the General Shareholders' Meeting so decides by a simple majority vote. The General Shareholders' Meeting can appoint a special representative to pursue these claims. Shareholders whose combined shareholding constitutes 10% of the share capital of the Company or a *pro rata* share of the share capital of the Company of EUR 1 million may also request the court to appoint a special representative to assert these claims for damages. If such a representative is appointed, he will be responsible for pursuing the claims instead of the governing bodies of the Company. If there are facts justifying a strong suspicion that the Company has suffered losses due to dishonesty or gross breaches of duty, shareholders whose shares collectively constitute 1% of the share capital or a proportionate total of EUR 100,000, may, under certain conditions, be permitted by the court with jurisdiction to assert the claims for damages of the Company against members of the Management Board in their own names on behalf of the Company. Such a claim becomes impermissible if the Company itself files a claim for damages.

The Company may waive or settle any damage claims against members of the Management Board only if three years have elapsed since the claims came into existence, and only if a simple majority of the shareholders votes in favour of such waiver or settlement at the General Shareholders' Meeting and **provided that** a minority of the shareholders whose shares collectively reach the level of 10% of the share capital does not raise an objection which is entered in the minutes of the meeting.

Under German law, individual shareholders like any other persons, are prohibited from using their influence on the Company to instruct a member of the Management Board or Supervisory Board to take an action detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause a controlled stocks corporation with which no management control agreement (*Beherrschungsvertrag*) exists to enter into a legal transaction that is disadvantageous to such corporation or to take or refrain from taking any measures that are disadvantageous to such corporation, unless the disadvantages are compensated. Any person who intentionally uses its influence over the Company to cause members of the Management Board or the Supervisory Board, an authorized signatory (*Prokurist*), or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders will be required to compensate the Company for any resulting losses. Moreover, in this case the members of the Management Board and the Supervisory Board will be jointly and severally liable if they have acted in breach of their duties.

19.1 The Management Board

19.1.1 Legal status within the organizational structure of the Company

Composition of the Management Board and appointment of its members

In accordance with Section 7 (1) of the Articles of Association of the Company, the Management Board is, composed of various members, the exact number of which is determined by the Supervisory Board. As of the date of this Prospectus, the Management Board consists of two members.

The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. The reappointment or extension of the term is permissible, in each case for a maximum of five years. The Supervisory Board can revoke the appointment of a member of the Management Board before expiration of the term of appointment for good cause, e.g. for gross breach of duties, or if the General Shareholders' Meeting declares it has no confidence in the member of the Management Board, unless the vote of no confidence is based on grounds that are obviously not objective. The Supervisory Board is also responsible for entering into, amending and terminating employment contracts with the members of the Management Board.

Assignment of responsibilities and internal structure

The Management Board conducts the business of the Company in accordance with statutory law, the Articles of Association of the Company and the Rules of Procedure of the Management Board. The Management Board manages the Company under its own responsibility.

The Rules of Procedure of the Management Board, established in accordance with Article 7 (2) of the Articles of Association of the Company, essentially contain the following provisions:

All members of the Management Board have equal rights, each member of the Management Board is personally responsible for the management of the entire business. Notwithstanding this personal responsibility, the primary competences, the primary responsibilities and the mutual substitution of single members of the Management Board is set out in a schedule of responsibilities, which forms part of the rules of procedure.

Within their respective area of responsibility, each member of the Management Board takes decisions under its own responsibility, **provided that** statutory law, the Articles of Association or the Rules of Procedure do not require a decision of the entire Management Board. Each member of the Management Board represents his area of responsibility on the Management Board as well as in negotiations with third parties related to their area of responsibility and is required to comply with the Rules of Procedure as well as to report adequately to the other members of the Management Board.

According to the schedule of responsibilities, the area of responsibility headed by Mr. Schmitz, covers: Asset Management, Technology and Maintenance, Legal, Investor Relations and Public Relations, Corporate Governance and Insurance.

According to the schedule of responsibilities, the area of responsibility headed by Dr. Mrotzek, covers: Finance and Accounting, Controlling, Taxes, Portfolio Management, HR, IT, Risk Management, Controlling and Investments.

As the Management Board currently only has two members, board resolutions must be passed unanimously, unless otherwise stipulated. If there is a tied vote, each member of the Management Board can ask the chairman of the Supervisory Board to conciliate in the matter. A board resolution is required for:

(a) Matters, which, according to statutory law, the Articles of Association or the Rules of Procedure of the Management Board, require a resolution of the Management Board,

(b) Matters, which, according to statutory law, the Articles of Association, the Rules of Procedure of the Management Board, or direction of the Supervisory Board, require the approval of the Supervisory Board or the approval of a committee of the Supervisory Board,

(c) Matters of fundamental or extraordinary importance,

(d) Matters, for which a member of the Management Board requests a decision of the entire Management Board or the submission to the Supervisory Board.

According to its Rules of Procedure, the Management Board requires the prior approval of the Supervisory Board for the following transactions:

(a) The acquisition or sale of real estate property, rights equivalent to real estate property and right in real estate properties, **provided that** the transaction value exceeds EUR 5 million in each case;

(b) The acquisition, establishment and sale of companies and interests in other companies, as well as the opening and closing of branches of the Company;

(c) The construction of new buildings, if the individual investment sum exceeds EUR 2 million, in each case, as well as reinvestments or supplemental investments in existing property, if the individual investment sum exceeds EUR 1 million, in each case;

(d) Obtaining or granting loans or shareholder loans, respectively, which exceed an amount of EUR 5 million, in each case, as well as the granting or procurement of suretyships (*Bürgschaften*), guarantees, security transfers or similar liabilities, encumbrances on buildings, real estate property, rights equivalent to real estate property, rights in property, shares and other assets as well as subordination agreements, **provided that** these transactions have not already been approved in connection with an investment which had a finance volume or financial commitment consisting of the purchase price, asset exposures/grants/assumed liabilities and/or guarantees/liability agreements requiring approval;

(e) Initiating or terminating legal disputes or arbitration procedures with an amount in dispute of more than EUR 100,000.00;

(f) Entering into consultancy or similar service contracts with an agreed remuneration of more than EUR 250,000.00. If the contracts provide for annual renewal, the contracts must be submitted for approval each year;

(g) Entering into, amending or terminating/canceling of employment contracts which provide for a fixed annual salary of more than EUR 100,000.00, or which provide for pension obligations and their increase (with the exception of general adjustments);

(h) Entering into, amending, canceling or terminating enterprise agreements within the meaning of Sections 291 *et seq*. of the German Stock Corporation Act,

(i) Speculative trading, especially currency swaps and commodity futures deals, if they do not serve as congruent hedging transaction for closed deals.

Annual budgets and medium-term planning must be submitted to the Supervisory Board in the last meeting of the Supervisory Board of the year at the latest. The Supervisory Board may, at any time, extend the scope of transactions, which require its approval, or determine approval requirements in the individual case.

According to Article 8 of the Articles of Association of the Company, the Company is legally represented by two members of the Management Board or by one member of the Management Board together with an authorized signatory (*Prokurist*).

The Management Board must ensure that an adequate risk management and risk control system is established within the Company so that developments which may jeopardize the existence of the Company can be recognized at an early stage.

19.1.2 Members of the Management Board

The names of the members of the Management Board, their age, the year of their first appointment and the areas for which they are responsible are listed in the following overview.

Name	Age in years	Year of first appointment	Area of responsibility
Dr. Rüdiger Mrotzek	57	2007	Director for Finance / Accounting, Controlling, Taxes, Portfolio Management, HR, IT, Risk Management and Controlling, Investments
Hans Richard Schmitz	58	2008	Director for Asset Management, Technology / Maintenance, Legal, Investor Relations / Public Relations, Corporate Governance, Insurance

Dr. Rüdiger Mrotzek

Dr. Rüdiger Mrotzek has been a board member of the Company since 8 March 2007, and his term of appointment expires on 7 March 2018.

Dr. Mrotzek is a graduate in economics from the Ruhr University in Bochum and was awarded a doctorate in this field in 1988. Afterwards, he worked, in various executive and managing positions with VEBA AG (now E.ON AG), VEBA Immobilien AG, Viterra Wohnen AG, WohnBau Rhein-Main AG, WBRM-Holding GmbH, Deutschbau Wohnungsgesellschaft mbH and Deutschbau Immobilien-Dienstleistungen GmbH. From January 2002 to March 2006, Dr. Mrotzek was managing director of Deutschbau Immobilien Dienstleistungen GmbH (since 9 January 2006 Deutsche Annington Dienstleistungen GmbH). During this time, he was also managing director of Deutschbau Wohnungsgesellschaft mbH, until the company's merger into Viterra GmbH. Furthermore, from July 2003 to March 2006, he was managing director of DEUTSCHBAU Immobilien Verwaltungs GmbH.

Hans Richard Schmitz

Hans Richard Schmitz has been a board member of the Company since 1 December 2008, and his term of appointment expires on 31 December 2017.

Mr. Schmitz is a qualified banker and studied law at the University of Hanover. From 1985 to 1991, he worked as managing director of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. in Düsseldorf. Afterwards, he was, amongst others, engaged as Head of Investor Relations at RWE AG and subsequently at Deutsche Post AG. Furthermore, Mr. Schmitz was a member of the Management Board of DIRK e.V. (Deutscher Investor Relations Verband) for ten years, two of which he served as president. Since 1987, Mr. Schmitz is admitted as a lawyer with a focus on capital market and stock corporation law.

The members of the Management Board can be contacted at the business address of the Company, Goethestrasse 45, 47166 Duisburg (Tel.: +49-203/54405-0)

Overview of further activities of the members of the Management Board

The following overview contains a list of all entities and companies, at which the members of the Management Board were members of the administrative, management or supervisory bodies or were partners during the last five years.

Name	Activity
Dr. Rüdiger Mrotzek	No such activities
Hans Richard Schmitz	Chairman of the Supervisory Board of Waldbrunnen Beteiligungs AG (until 15 December 2014)

19.1.3 Compensation of members of the Management Board

The following overview shows the remuneration granted in or for the financial year 2014 to the members of the Management Board of the Company who are in duty as of the date of this Prospectus.

The remuneration actually paid to active members of the Management Board on the basis of existing service agreements for the 2014 financial year broke down as follows:

in TEUR	Dr. Rüdiger Mrotzek	Hans Richard Schmitz
	(unaudited)	
Fixed remuneration	200	200
Additional Benefits	28	46
Total	**228**	**246**
Short-term variable remuneration	162	162
Long-term variable remuneration	—	—
Other	—	—
Total	**390**	**408**
Pension Cost	30	30
Total	**420**	**438**

The remuneration granted to active members of the Management Board (which includes long-term incentives which are not actually paid out) on the basis of existing service agreements for the 2014 financial year broke down as follows:

	Dr. Rüdiger Mrotzek				Hans Richard Schmitz			
	2014	2014(min)	2014(max)	2013	2014	2014(min)	2014(max)	2013
				EUR thou.				
Fixed remuneration	200	200	200	191	200	200	200	200
Additional benefits	28	28	28	27	46	46	46	22
Total	**228**	**228**	**228**	**218**	**246**	**246**	**246**	**222**
Short-term variable remuneration	**125***	**0**	**300**	**125***	**125***	**0**	**300**	**125**
Long-term variable remuneration	**130**	**0**	**546**	**130**	**130**	**0**	**546**	**130**
LTI 1 (2013) Maturing 2016				65				65
LTI 2 (2013) Maturing 2016				65				65
LTI 1 (2014) Maturing 2017	65	0	312		65	0	312	
LTI 2 (2014) Maturing 2017	65	0	234	—	65	0	234	—
Total	**483**	**228**	**1,074**	**473**	**501**	**246**	**1,092**	**477**
Pension cost	30	30	30	30	30	30	30	30
Total remuneration as per GCGC**	**513**	**258**	**1,104**	**503**	**531**	**276**	**1,122**	**507**
Adjustment of short-term variable remuneration	37	0	0	76	37	0	0	76
Total remuneration	**550**	**258**	**1,104**	**579**	**568**	**276**	**1,122**	**583**

* Based on 100% attainment of goals.

** (Current) German Corporate Governance Code.

16,884 virtual share commitments were approved for the Management Board for the 2014 financial year. They are subject to a three-year retention period. Their fair value as of the grant date was EUR 130 thousand.

The system of Management Board remuneration is geared in particular to providing incentives for successful management of the Company designed to create sustainable value added. The remuneration system motivates the members of the Management Board to dedicate themselves to and for the Company in the long term.

A further aim is that remuneration is consistent with the size and economic situation, success and future prospects of the company. On the one hand, special achievements should be rewarded appropriately, while on the other the failure to achieve targets should result in a tangible reduction in remuneration.

In order to gear the remuneration of the members of the Management Board towards the goal of sustainable value added, some of their pay is granted as long-term, share-based remuneration after a retention period of three years.

More than 50% of variable remuneration is set on the basis of multi-year target parameters. The remuneration of members of the Management Board is also closely linked to the interests of shareholders in an attractive long-term investment, in that half of long-term share-based remuneration is pegged to the price performance of HAMBORNER shares relative to the EPRA/NAREIT Europe ex UK Index over several years.

In calculating the attainment of goals for variable remuneration components, adjustments are narrowly limited to extraordinary, previously unknown issues.

The system and amount of Management Board remuneration are set and regularly reviewed by the full Supervisory Board at the proposal of the Executive Committee of the Supervisory Board.

The remuneration system for the Management Board consists of the following components:

Fixed remuneration

As of 2015, the fixed remuneration amounts to TEUR 210 and is paid in twelve equal instalments. The amount of fixed remuneration is reviewed by the Supervisory Board every two years.

Short-term variable remuneration (bonus)

In the event of 100% attainment of targets, the short-term variable remuneration (bonus) will amount to TEUR 125 dependent on target agreements and the achievement of the FFO stipulated in the budget. The bonus will not be paid if targets are missed by more than 50%. The bonus is capped at 200% of the maximum of TEUR 250. Furthermore, the Supervisory Board can adjust the bonus for target achievement by up to 20% in either direction in light of the personal performance by the member of the Management Board.

Long-term share-based remuneration

Non-vested share commitments will be granted from the 2013 financial year onwards. The annual target amount for individual Management Board members on 100% target achievement is TEUR 130. The Supervisory Board can adjust this target amount by up to 20% in either direction based on the personal performance by the member of the Management Board.

Half of the set target amount (LTI 1) is linked to development in absolute FFO and FFO per share and to the like-for-like development in the value of the portfolio over the past three years. The Supervisory Board determines the degree of target attainment, which can vary between 0% and 200% (cap). The attainment of goals determines the actual cash value of the commitment and the resulting number of share commitments.

For the other half of the set target amount (LTI 2), the Supervisory Board shall initially grant a number of share commitments equivalent to the cash value of half of the target amount on the commitment date. The Supervisory Board also determines a target system (target value for 100% and target corridor) for the performance in the price of HAMBORNER shares relative to the EPRA/NAREIT Europe ex UK Index. After the end of the three-year retention period, the Supervisory Board determines the relative performance of HAMBORNER shares as against the index. This results in a degree of target attainment that can vary between 0% and 200% (cap). If targets are achieved by more than 100%, the Management Board members shall receive an additional cash payment in line with the amount by which targets are exceeded. In the event of targets being achieved by less than 100%, a number of share commitments corresponding to the shortfall will be forfeit.

The value in excess of the cap will be disregarded if the closing price at the settlement date amounts to more than 200% (cap) of the closing price on the respective commitment date. Thus, the maximum amount for short-term variable remuneration and long-term, share-based remuneration of the members of the Management Board totals TEUR 846 in each case.

The members of the Management Board receive the equivalent value of their share commitments in cash after the three-year retention period.

Obligation to hold shares in the company

Each member of the Management Board is required to hold 200% of his fixed remuneration in shares of the Company while serving as a member of the Management Board . This is determined as the average value of fixed remuneration for the last four years. This will be documented for the first time in 2017 after a start-up phase and updated annually thereafter.

Pension

HAMBORNER provides each member of the Management Board with a company pension in the form of an employer-funded defined contribution pension by way of reinsured provident fund. This commitment is valid for the duration of the service agreement with a respective annual amount of TEUR 30.

Termination benefits for the Management Board

Members of the Management Board are appointed for a maximum of five years. In the event of the Supervisory Board revoking the appointment of a member of the Management Board , the member of the Management Board shall receive the present value (calculated with a 4% interest rate) of fixed remuneration that would have been earned by the regular end of his or her contract as compensation for early termination, whereby compensation cannot exceed the value of total remuneration including benefits for two years.

Furthermore, the member of the Management Board shall receive variable, pro rata temporis remuneration up to the time of his or her dismissal. If the member of the Management Board still has share commitments subject to the retention period as at the time of his or her departure, they expire at the end of the second trading day after publication of the results for the past financial year. The Company will settle the commitment in cash at this time.

In the event of a change of control - i.e. if one or more shareholders acting in concert acquire 30% or more voting rights in HAMBORNER REIT AG and are therefore required to issue a public takeover bid, HAMBORNER becomes a dependent company by concluding a company agreement within the meaning of section 291 AktG or if HAMBORNER merges with another company - each member of the Management Board shall have the right to terminate his employment agreement if the change of control would mean a significant change to his position, such as through a change in the strategy of the Company or a change in the activities of the member of the Management Board.

In exercising this right of termination, each member of the Management Board has a claim to compensation in the amount of the total annual remuneration to the end of his original service agreement, not to exceed total remuneration for three years. The share-based remuneration components committed in the past remain unaffected. Any retention periods end on the day of departure. The Company will settle the commitment in cash at this time.

There is no claim to compensation if the respective member of the Management Board receives benefits from third parties in connection with the change of control. There is also no right to termination if the change of control occurs within twelve months of the member of the Management Board retiring.

The current members of the Management Board participate as of 1 January or 1 March 2010, respectively, for the term of their employment contracts, in a company pension scheme in the form of an employer-financed, contribution-related, performance commitment. Stock option plans or compensation models based on stocks, such as phantom stocks, do not exist for members of the Management Board.

No loans were granted to members of the Management Board by the Company. No members of the Management Board received benefits or corresponding commitments from third parties in the past financial year for their work as members of the Management Board .

19.1.4 Shares held by members of the Management Board

Dr. Rüdiger Mrotzek holds 41,250 shares and Hans Richard Schmitz holds 43,000 shares in the Company. Christian Mrotzek, the son of Dr. Rüdiger Mrotzek owns 1,400 shares.

19.2 Supervisory Board

19.2.1 Legal status within the organizational structure of the Company

Composition of the Supervisory Board and appointment of its members

In accordance with Section 9 (1) of the Articles of Association of the Company, the Supervisory Board consists of nine members.

The members of the Supervisory Board are elected, for a term that expires upon the close of the General Shareholders' Meeting that resolves on the formal approval of the actions of the member for the fourth financial year after the beginning of their term of office, without including the financial year in which the term commences and unless the General Shareholders' Meeting expressly resolves on a shorter term. By-elections are for the remainder of the term of the resigning member.

Duties of the Supervisory Board

The Supervisory Board appoints the members of the Management Board and is authorized to remove them for cause.

The Supervisory Board advises the Management Board on managing the Company and supervises its conduct of business. For this purpose, the Supervisory Board may request special reports from the Management Board at any time. Furthermore, the Management Board is obligated to report regularly to the Supervisory Board about the Company's business and fundamental matters of business planning.

Internal organization and committees

In accordance with the German Stock Corporation Act, the Supervisory Board elects a chairman and at least one deputy chairman for the respective term of office. If the chairman or a deputy resigns before expiration of the term of office, the Supervisory Board must, without undue delay, conduct new elections to replace the resigning member for the remainder of its term. According to the Articles of Association of the Company, declarations of intent by the Supervisory Board, are made by the chairman of the Supervisory Board on its behalf.

According to Section 11 (5) of the Articles of Association of the Company, the Supervisory Board may form committees for specific functions from among its own members. At present, the Supervisory Board has formed the following committees: the presiding, the audit and the nomination committee.

The presiding committee has, in particular, the function to prepare the resolutions of the Supervisory Board and to decide on contractual matters regarding the Management Board. The Supervisory Board decides, however, on the total compensation of the individual members of the Management Board. At present, the members of the presiding committee are: Dr. Eckart John von Freyend (Chairman), Dr. Helmut Linssen, Robert Schmidt and Bärbel Schomberg.

The audit committee prepares the consultation and resolutions of the Supervisory Board on accounting matters. This includes, in particular, the approval of the annual financial statements of the Company, questions regarding accounting and risk management, especially reviewing the risk monitoring systems with respect to compliance issues, and the requisite independence of the auditor as well as the engagement of an auditor for the audit of the year-end and review of the half-year financial statements including determining the focus of the audit and agreeing on fees. The Supervisory Board may assign further functions to the audit committee. At present, the members of the audit committee are: Robert Schmidt (Chairman), Claus-Matthias Böge, Christel Kaufmann-Hocker and Wolfgang Heidermann.

The function of the nomination committee is to suggest suitable candidates to the Supervisory Board for its proposal for election to the General Shareholders' Meeting. At present, the members of the nomination committee are: Dr. Eckart John von Freyend (Chairman), Claus-Matthias Böge, Dr. Helmut Linssen and Bärbel Schomberg.

Meetings and adoption of resolutions

Generally, the Supervisory Board should hold quarterly meetings. In financial year 2014, the Supervisory Board held four meetings; in addition, with respect to three urgent matters, the Supervisory Board passed resolutions outside of formal meetings. In financial year 2015, until the date of this Prospectus, the Supervisory Board held two meetings. According to the Articles of Association of the Company, meetings of the Supervisory Board are convened by the chairman. There is no special form for convening a meeting. The agenda should be included in the convening. The chairman decides on the place and time of the Supervisory Board meeting.

According to Section 11 (3) sentence 4 of the Articles of Association of the Company, the Supervisory Board has a quorum only if at least half of its members participate in the adoption of the resolution. The chairman in office decides on the form of the meeting and on the type of voting in the Supervisory Board and its committees.

Resolutions of the Supervisory Board require a majority of votes cast, unless otherwise provided by the Articles of Association or by law. Abstentions do not count as votes cast. If in case of a tied vote of the Supervisory Board, the matter must be dealt at the next meeting of the Supervisory Board.

A member of the Supervisory Board, who is unable to attend a meeting of the Supervisory Board or of any of its committees is entitled to have his/her written votes on individual items of the agenda submitted by another member.

The Supervisory Board has established its own Rules of Procedure. Accordingly, amongst others, the following applies:

At the time of the election to the Supervisory Board, a member should not be older than 75 years. Not more than two former members of the Management Board should be members of the Supervisory Board. Members of the Supervisory Board should not be a member of the governing bodies or serve as a consultant of an important competitor.

The Supervisory Board elects a chairman and one or two deputies from amongst its own members. The election is supervised by the oldest member of the Supervisory Board, unless that member is up for election. If the chairman or one of his deputies resigns from the Supervisory Board during the term of office, new elections must be held without undue delay to replace the member who resigned.

Meetings of the Supervisory Board are headed by the chairman or, in the event of his/her absence, by a deputy. The Supervisory Board has a quorum if, after invitation of all the members, at least half of its members participate in the adoption of the resolution. Resolutions of the Supervisory Board are passed by simple majority, unless otherwise provided by law or the Articles of Association. This also applies to elections. The chairman decides on the type of voting. However, if a member of the Supervisory Board requests a secret ballot, then voting must be secret.

The members of the Management Board attend the meetings of the Supervisory Board and its committees, unless the Supervisory Board decides otherwise.

The Supervisory Board forms the committees required by statutory law and other committees. The chairman of the Supervisory Board coordinates the work of the committees. A committee should comprise at least three members. The election of deputies is permitted for the event that a member of the committee is unable to participate.

The presiding, audit and nomination committees should be formed regularly.

The approval of the Supervisory Board is required for the matters set out in the Rules of Procedure of the Management Board, valid at that time. In addition, the Supervisory Board may decide that certain transactions may only be carried out with its approval.

The Supervisory Board may resolve by simple majority to deviate from its Rules of Procedure in individual cases.

19.2.2 *Members of the Supervisory Board*

The following overview contains the names of the members of the Supervisory Board of the Company as well as all entities and companies at which the members of the Supervisory Board were members of the administrative, management or supervisory bodies or were partners during the last five years.

Name, position, experience	Date membership began	Expiration of current term of membership	Further activities
Dr. Eckart John von Freyend (Chairman) Shareholder of Gebrüder John von Freyend Verwaltungs- und Beteiligungsgesellschaft m.b.H.	16 February 2007	2020	• Member of the Supervisory Board of AVECO Holding AG (continuing) • Chief executive of A.G.E.G. Allgäuer Gewerbebau Entwicklungs GmbH (continuing) • Chief executive of FUTARK Verwaltungs GmbH (continuing) • Executive limited partner of Einkaufszentrum Altenstadt-Mitte GmbH & Co KG (continuing) • Executive limited partner of Nahversorgungszentrum Buxheim GmbH & Co KG (continuing) • Vice chairman of the Supervisory Board of Investment AG für langristige Investoren TGV (continuing) • Chairman of the Supervisory Board of EUREF AG (continuing) • Vice Chairman of the Supervisory Board of Hahn-Immobilien Beteiligungs AG (continuing) • Member of the administrative board of Bundesanstalt für Immobilienaufgaben (BImA) (continuing) • General partner of the John von Freyend Future KG (continuing) • Member of the Supervisory Board of VNR Verlag für die Deutsche Wirtschaft AG (until August 2014) • Chairman of the Supervisory Board of GSW Immobilien AG (until July 2013) • Member of the administrative board of FMS Wertmanagement AöR (until July 2013) • Member of the Supervisory Board of IVG Immobilien AG (until April 2010) • Chairman of the Supervisory Board of Finum Finanzhaus AG (until April 2010)
Robert Schmidt (Vice Chairman)	2 June 2005	2020	• Chairman of the management of THS GmbH (until April 2015) • Member of the Supervisory Board of Wohnbau Dinslaken GmbH (until April 2015) • Chairman of the Supervisory Board of Vestische Wohnungsgesellschaft mbH (until April 2015) • Chairman of the management of Vivawest GmbH, Chairman of the management of Vivawest Wohnen GmbH (until April 2015)
Christel Kaufmann-Hocker Management consultant	24 June 2010	2020	• Member of the Advisory Board of Mercator GmbH (continuing) • Member of the Advisory Board of Max Mothes GmbH (until February 2011)
Bärbel Schomberg Managing partner of Schomberg & Co Real Estate Consulting GmbH	17 May 2011	2020	• Member of the Supervisory Board of Deutsche Investment Kapitalanlagegesellschaft mbH, Hamburg (continuing) • Member of the Supervisory Board, HAHN-Immobilien-Beteiligungs AG, Bergisch Gladbach (continuing)

Name, position, experience	Date membership began	Expiration of current term of membership	Further activities
			• Managing director of Schomberg & Co Real Estate Consulting GmbH, Königstein (continuing) • Member of the Advisory Board of Cityhold Property AB, Sweden (until March 2015) • Member of the Advisory Board of Bilfinger Berger Facility Services GmbH, Mannheim (until May 2014) • Member of the Supervisory Board of WISTA Management GmbH, Berlin (until December 2012) • Member of the Supervisory Board of WGF AG Düsseldorf (until December 2011)
Dr. Helmut Linssen (CFO of RAG-Stiftung)	7 May 2015	2020	• Chairman of the Supervisory Board of Vivawest Wohnen GmbH (continuing) • Chairman of the Supervisory Board of Vivawest GmbH (continuing) • Member of the Supervisory Board of Deutsche Steinkohle AG (continuing) • Member of the Supervisory Board of RAG Aktiengesellschaft (continuing)
Claus-Matthias Böge (CEO of Deutsche Europshop AG)	7 May 2015	2020	• Member of the Management Board and CEO of Deutsche Euroshop AG (continuing) • Managing director EKZ Eins Errichtungs- und Betriebs Ges.m.b.H. (continuing) • Managing director EKZ Vier Errichtungs- und Betriebs Ges.m.b.H. (continuing) • General Partner CMB Beteiligungs KG (continuing) • Managing director CMB Böge Vermögensverwaltung GmbH (continuing) • Member of the Supervisory Board of Bijou Brigitte modische Accessoires AG (Deputy Chairman) (continuing) • Managing director ILWRO Holding B.V. (until May 2015) • Managing director City Point Beteiligungs GmbH (until February 2015) • Member of the Supervisory Board of Douglas Holding AG (until May 2013)
Mechthilde Dordel Commercial employee at HAMBORNER REIT AG	2 June 2010	2020	• No outside mandates
Dieter Rolke (Commercial employee)	1 January 2012	2020	• No outside mandates
Wolfgang Heidermann (Technical employee)	1 January 2013	2020	• No outside mandates

Dr. Eckart John von Freyend

Dr. Eckart John von Freyend studied economics and political science in Bonn, Heidelberg and Cologne. After receiving his doctoral degree, Dr. John von Freyend served as a member of the executive management of Bundesverband der deutschen Industrie and as ministerial director at the German Ministry of Finance (head of Government Investments and the German Treuhandanstalt privatization agency). From 1995 to 2006, Dr. John von Freyend was Chairman of the Executive Board of IVG Immobilien AG. In addition, Dr. John von Freyend founded ZIA Zentralen Immobilienausschuss e.V. (Berlin) in 2006, serving as its president until 2009.

Robert Schmidt

Mr. Schmidt served as an officer in the German navy from 1975 to 1983 and studied business administration at Universitäts-Gesamthochschule Paderborn and the University of Illinois, Champaign-Urbana, USA, from 1982 to 1987. Mr. Schmidt was an apprentice corporate client advisor at Deutsche Bank AG from 1987 to 1991. From 1994 to 1999, Mr. Schmidt was a managing director at

Rhein-Lippe-Wohnstättengesellschaft mbH in Duisburg. In addition, Mr. Schmidt was a member of the Executive Board of RAG Immobilien AG from 1998 to 2006. Between 2012 and April 2015, Mr. Schmidt was the chairman of the Vivawest GmbH and Vivawest Wohnen GmbH.

Christel Kaufmann-Hocker

Ms. Kaufmann-Hocker studied economics at the University of Tübingen and subsequently completed a traineeship at UBS in Zürich and Deutsche Bank Frankfurt, specializing in corporate client lending. Ms. Kaufmann-Hocker served as head of branch offices of Deutsche Bank AG in Germany and abroad for many years.

Mechthilde Dordel

Ms. Dordel trained as a specialist assistant for fiscal and economic advisory professions from 1987 to 1990 before working at a tax advisory office. Since 1997, Ms. Dordel has worked for the Company in the tax, payroll and financial accounting department.

Bärbel Schomberg

Ms. Schomberg is managing partner at Schomberg & Co Real Estate Consulting GmbH, specializing in the fields of investment strategy, fund management and asset management. Ms. Schomberg was a director at DEGI Deutsche Gesellschaft für Immobilienfonds mbH from 1978 to 1993 and managing director of SEB Immobilien-Investment GmbH from 1992 to 1999.

Dieter Rolke

Mr. Rolke completed his professional training in business administration in 1983 and since 1984 has been a commercial employee at the Company.

Wolfgang Heidermann

Mr. Heidermann studied civil engineering and architecture from 1978 to 1986 in Essen. From 1986 to 1991 he worked for the Staatsbauamt in Frankfurt am Main and since 1991 as a technical employee of HAMBORNER.

Dr. Helmut Linssen

Dr. Linssen studied economics in Hamburg and Munich and received his doctorate in 1972. He worked as the general secretary of the German Christian Democratic Party (*Christlich Demokratische Union Deutschlands*) in North Rhine-Westphalia and held various other positions within the party later on including the position of finance minister in North Rhine-Westphalia from 2005 to 2010. He has also been a member of the management board of RAG-Stiftung, Essen, the Company's largest shareholder, since 2012.

Claus-Matthias Böge

Mr. Böge studied management in Hamburg from 1982 to 1986 and worked in the corporate finance department at Bankhaus Trinkaus & Burkhardt KGaA in Düsseldorf from 1987 to 1989. Thereafter he was a managing director of KST Stahltechnik GmbH and KCT Technologie GmbH in Hamburg and from 1993 to 2011 he worked for ECE Projektmanagement GmbH & Co KG in Hamburg. Starting in 2012, he has been a member of the management board of Deutsche EuroShop AG in Hamburg.

The members of the Supervisory Board can be contacted at the business address of the Company, Goethestrasse 45, 47166 Duisburg (Tel: +49-203/54405-0)

19.2.3 Compensation of the members of the Supervisory Board

Pursuant to the resolution of the General Shareholders' Meeting of 15 May 2012, which was entered into the commercial register of the Local Court of Duisburg on 22 May 2012, the remuneration of the members of the Supervisory Board is governed as follows: According to Section 13 of the Articles of Association of the Company, members of the Supervisory Board receive the following compensation each financial year, in addition to reimbursement of their expenses:

- A fixed compensation of EUR 22,500.00, payable after the end of the financial year.
- An attendance allowance of EUR 500.00 per meeting.

The chairman of the Supervisory Board receives the double and his/her deputies one-and-a-half times the amount of the compensation. Supervisory Board members who sit on the presiding committee or audit committee receive an additional annual remuneration of EUR 5,000.00 per committee membership, payable at the end of the financial year; the committee chairman receives the double amount of this remuneration. Supervisory Board members who sit on the nomination committee receive an additional annual remuneration of EUR 2,500.00, payable at the end of the financial year, **provided that** the committee has been convened during the financial year; the committee chairman receives the double amount of this remuneration. Members of the Supervisory Board who are only appointed to the Supervisory Board or a committee for a fraction of the financial year, receive a compensation *pro rata* temporis.

The table below provides an overview of the compensation (excluding VAT) of the members of the Supervisory Board of the Company which are still members of the Supervisory Board in financial year 2014 (Dr. Helmut Linssen and Claus-Matthias Böge have not been members of the Supervisory Board in 2014 and thus are not listed):

in TEUR	**Fixed remuneration**	**Attendance fee (unaudited)**	**Total**
Dr. Eckart John von Freyend	60.0	2.0	62.0
Christel Kaufmann-Hocker	27.5	2.0	29.5
Robert Schmidt	32.5	2.0	34.5
Bärbel Schomberg	30.0	2.0	32.0
Mechthilde Dordel	22.5	2.0	24.5
Wolfgang Heidermann	27.5	2.0	29.5
Dieter Rolker	22.5	2.0	24.5
Total	**222.5**	**14.0**	**236.5**

19.2.4 Shares held by and share options of members of the Supervisory Board

The member of the Supervisory Board Dr. Eckart John von Freyend, directly holds 18,244 shares in the Company. He indirectly, through the John von Freyend Future KG, holds additional 8,000 shares in the Company.

The member of the Supervisory Board Bärbel Schomberg directly holds 2,666 shares in the Company. The member of the Supervisory Board Wolfgang Heidermann holds 345 shares in the Company.

19.3 Certain information regarding the members of the Management Board and the Supervisory Board

In the last five years, no current member of the Management Board or the Supervisory Board has been convicted of criminal acts of fraud. Likewise, no public accusations and/or sanctions have been imposed by statutory or regulatory authorities on the members of the Management Board or the Supervisory Board.

No current member of the Management Board or the Supervisory Board has been involved in insolvency, receivership or liquidation proceedings in their capacity as a member of an administrative, management or supervisory body or as a member of management during the last five years.

No current member of the Management Board or the Supervisory Board has ever been ordered by a court to be disqualified from being a member of an administrative, management or supervisory body or from acting in the management or from managing the business of an issuer.

As of the date of this Prospectus, there are no family relationships amongst the members of the Management Board nor between the members of the Management Board and the members of the Supervisory Board.

With the exception of the benefits described in section 19.1.3 "*Compensation of members of the Management Board*", there are no service contracts between the Company and members of the Management Board or the Supervisory Board, which provide for benefits at the end of the service contract.

19.4 General Shareholders' Meeting

Convening meetings and announcement of the agenda

The General Shareholders' Meeting is convened by the Management Board and, in the cases prescribed by law, by the Supervisory Board, accompanied by the announcement of the agenda. The annual General Shareholders' Meeting must take place within the first eight months of the financial year. It is held at the place of the registered office of the Company or of the German government or in any other city in the Federal Republic of Germany with more than 100,000 inhabitants (Section 14 (1) of the Company's Articles of Association).

A General Shareholders' Meeting must also be convened if the welfare of the Company requires so or if shareholders whose combined shareholdings amount to 5% of share capital demand a meeting in writing, accompanied by a statement of the purpose and the reasons for the meeting.

A General Shareholders' Meeting must be convened at least 30 days before the date on which the deadline for registration of shareholders expires.

The agenda must be announced with the convening of the General Shareholders' Meeting; with respect to items of the agenda announced at a later date, resolutions may not be passed. This does not apply to items which have been placed on the agenda and made public upon demand of a minority according to Section 122 (2) or (3) of the German Stock Corporation Act after the convening of a General Shareholders' Meeting. With respect to these items, resolutions may only be passed, regardless of the majority required to adopt such resolution, if the items (including the explanatory statement or proposed resolution) are received by the Company at least 30 days prior to the General Shareholders' Meeting. The day of receipt is not to be included in the calculation.

Responsibility and resolutions

The annual General Shareholders' Meeting adopts resolutions regarding, in particular, the distribution of balance sheet profit, the payment of a compensation to the members of the Supervisory Board, the formal approval of the actions of the Management Board and the Supervisory Board, the election of members of the Supervisory Board, the election of the auditor and, in the cases prescribed by law, the approval of the annual financial statements.

Unless otherwise required by mandatory law, resolutions of the General Shareholders' Meeting are adopted by simple majority of the share capital represented at the time the resolution is adopted, unless mandatory law requires a different majority.

According to the German Stock Corporation Act, resolutions of fundamental importance require, in addition to a majority of the shareholders present, a majority of at least three-quarters of the share capital represented at the time the resolution is adopted. Resolutions of fundamental importance include, in particular:

- Changes in the object of the Company,
- Capital increases under the exclusion of subscription rights, creation of authorized capital or contingent capital and capital decreases,

- The entering into enterprise agreements (e.g. domination and profit and loss transfer agreements),
- Mergers, demergers and changes of corporate form according to the German Transformation Act (*Umwandlungsgesetz* "**UmwG**"), and
- Liquidation of the Company.

Right to participate in the General Shareholders' Meeting and shareholder rights at the General Shareholders' Meeting

According to Section 15 (2) of the Articles of Association of the Company, only those shareholders who have registered in writing or by fax, have the right to participate in the General Shareholders' Meeting and to exercise their voting right. Registration must be received by the Company at the address indicated in the invitation at least seven days prior to the General Shareholders' Meeting. For the rest, Section 121 (7) of the Stock Corporation Act applies.

Furthermore, the shareholders must be able to prove their right to participate in the General Shareholders' Meeting and to exercise their voting right by submitting a proof of share ownership issued by the depositary institution in text form (Section 126b of the German Civil Code) in German or in English. The proof must relate to the beginning of the 21st day before the General Shareholders' Meeting and must be received by the Company at the address indicated in the invitation at least seven days prior to the General Shareholders' Meeting. For the rest, Section 121 (7) of the Stock Corporation Act applies.

Each no-par value bearer share confers one vote in the General Shareholders' Meeting. The Company is not entitled to any voting rights for own shares.

Each shareholder has the right to speak and to ask questions in the General Shareholders' Meeting which is subject to certain restrictions, in particular with respect to confidentiality concerns of the Company and an orderly and expeditious course of the General Shareholders' Meeting. According to Section 16 (3) of the Articles of Association of the Company, the chairman of the General Shareholders' Meeting is authorized to impose reasonable time restrictions on the shareholders' right to speak and to ask questions. In doing so, the chairman of the General Shareholders' Meeting should be guided by the goal of completing the General Shareholders' Meeting within a reasonable and appropriate period of time.

19.5 Corporate Governance

The Government Commission on the German Corporate Governance Code, appointed by the Federal Ministry of Justice in September 2001, adopted the German Corporate Governance Code (the "**Code**") on 26 February 2002, and, most recently on 24 June 2014, adopted various amendments to the Code. The Code provides recommendations and suggestions on managing and supervising German listed companies. It is based on nationally and internationally recognized standards regarding good and responsible corporate practice. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code contains recommendations and suggestions on corporate governance with respect to shareholders and the General Shareholders' Meeting, the Management Board and the Supervisory Board, transparency, accounting and the annual audit. The Code can be downloaded at www.corporate-governance-code.de.

There is no obligation to comply with the recommendations or suggestions of the Code. The stock corporation law only requires the Management Board and the Supervisory Board of a listed company annually either to declare that the company has and will comply with the recommendations of the Code or to declare which recommendations were or will not be applied and why. The declaration is to be made permanently available on the website of the Company and is to be included in the management report as part of the statement on corporate governance. A company may deviate from the suggestions contained in the Code without public disclosure. In December 2014, the Management Board and the

Supervisory Board of the Company, lastly issued the legally required declaration of compliance with the Code, in accordance with Section 161 of the German Stock Corporation Act, as follows:

"The Management Board and Supervisory Board of Hamborner REIT AG declare that Hamborner REIT AG has complied with the recommendations of the Government Commission for the German Corporate Governance Code as amended 24 June 2014, with the exception of the recommendation of item 4.2.1 sentence 1, since issuing its last declaration of compliance in December 2013. Hamborner REIT AG will continue to comply with the Code as amended 24 June 2014 in future, with the exception of the recommendation of item 4.2.1 sentence 1."

The declaration contains the following explanatory note: Item 4.2.1 of the Code recommends that the Management Board should have a chairman or spokesperson. A chairman or spokesperson has not and will not be appointed as the Management Board consists of just two people. The Management Board and the Supervisory Board are expected to publish the next declaration of compliance in December 2015

The content of the Company's declaration of compliance of December 2014 is still accurate.

20. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY – REIT STOCK CORPORATION

The following section summarizes certain major taxation principles which are or may be relevant in connection with the acquisition, holding or transfer of the shares and subscription rights of a REIT stock corporation (*REIT Aktiengesellschaft*). The information herein does not purport to be exhaustive and does not provide a complete explanation of all possible tax relevant issues. The summary is based on current German tax law, including typical provisions from double taxation treaties ("**DTT**") concluded between the Federal Republic of Germany and other states. It should be considered that provisions may – under certain circumstances even retroactively – be changed.

Should the Company lose the tax privilege of a REIT company, the general principles of taxation would apply to both taxation for the Company and the shareholders. The application of general principles of taxation could trigger a significant tax burden for the Company and/or the shareholders. However, as the Company currently assumes that it meets the requirements for the preferential REIT taxation status and there are no indications at the present time to contradict such an assumption, only those principles of taxation connected to a REIT company and shareholders of a REIT company have been outlined below.

Potential investors should consult their tax advisor with regard to tax implications which may arise in connection with the purchase, receipt, holding and sale or transfer by way of inheritance or gift of shares and subscription rights, in particular REIT Shares and REIT Subscription Rights, as well as to any possible tax implications resulting from a loss of the Company's preferential REIT taxation status. The specific tax situations of the individual shareholder can only be considered in a sufficient manner by means of individual professional tax advice.

Due to the fact that the German REIT Act applies only to very few companies no precedent has been set with respect to its construction and interpretation by the financial authorities and courts, it cannot be ruled out that its actual application and interpretation may differ in questions of doubt in some areas.

20.1 Taxation of the Company

REIT companies, which are subject to unlimited domestic corporate income tax and that are not deemed to be domiciled in another country for purposes of a double-taxation treaty and that meet the conditions set out in Sections 8 – 15 REIT Act, enjoy full exemption from corporate income and trade tax.

However, the exemption of a REIT company from corporate income and trade tax does not extend to subsidiaries, in particular not to commercial or deemed commercial real-estate partnerships. While income at the level of a subsidiary partnership is determined at partnership level for reasons of fiscal transparency before being attributed to its partners, (such income is tax-exempt for corporate income tax purposes at the level of the REIT company), it should be noted that the subsidiary partnership is an independent taxable entity for trade tax purposes. As a result, liability for trade tax may arise for the subsidiary real-estate partnership due to its commercial or deemed commercial business activities.

By contrast, a REIT Company is subject to, *inter alia*, real estate transfer tax and land tax as well as to value added tax. To that extent, the REIT Act does not provide for exceptions, so that the respective legal and tax regulations fully apply to a REIT company without limitations.

20.1.1 Qualifications for REIT status

REIT stock corporations are stock corporations whose type of business is restricted to so-called real estate-related activities by the REIT Act. Specifically, REIT companies are permitted to acquire, hold, manage and sell property and rights *in rem (dingliche Nutzungsrechte)* in the form of or with regard to the following assets:

- domestic real estate, except rental properties of predominantly residential use (*Bestandsmietwohnimmobilien*),

- foreign real estate to the extent that such assets may be held as part of REIT corporate bodies, associations or estates or any REIT-comparable corporate body under the laws of the country where such assets are situated, as well as
- other assets required to manage real estate assets, as well as credit balances, money market instruments, receivables and payables originating from the use or sale of real estate assets or held, entered into or set up for the purposes of the capital preservation, management or inventory change of these assets.

REIT companies may further acquire, hold, manage and sell interests in real-estate partnerships (without limitation as to the amount of participation), shares in REIT service companies (only at 100%), shares in foreign property companies (only at 100%) as well as shares in corporations that are general partners of real-estate partnerships without a financial stake in such real estate partnerships (*Komplementärkapitalgesellschaften*).

To qualify as REIT stock corporation, a company must in addition inter alia fulfil the following requirements:

20.1.1.1 Legal requirements

- The REIT stock corporation as well as its management must be domiciled in Germany.
- The share capital must have a nominal value of at least EUR 15 million.
- The shares in the REIT corporation must be admitted to a regulated market in either an EU or an EEA member state.
- At least 25% of the REIT company's shares must be free float at the time of listing. Thereafter, the free float ratio must be at least 15%. Free float refers to those shares attributable to shareholders with less than 3% of the company's voting rights. In addition, no investor may directly hold 10% or more of the REIT shares. The free float must be reported annually, and demonstrated upon request, to BaFin on 31 December of each year.

20.1.1.2 Requirements as to assets and profits from operations

The tax exemption for the REIT corporation will only be granted if the structural conditions in relation to the composition of the assets and total sales revenues (plus any other revenues from immovable assets), as provided for in the REIT Act, are met. A decision as to whether or not these requirements have been met will be made on the basis of the IFRS consolidated financial statement. As a rule, the REIT corporation will be required to prepare consolidated annual financial statements. If exceptionally this will not be the case, the preparation of an IFRS individual financial statement is mandatory.

With respect to the composition of the assets, the following criteria must be met at the end of any given financial year:

- At least 75% of total assets must consist of immovable assets, after the deduction of dividend payment commitments (see also the explanation in the following subsection 20.1.1.3 "*Dividend payments to investors*") and the reinvestment reserve for capital gains made in the current or previous financial year, and
- A maximum of 20% of the reported assets may come from REIT service companies.

With respect to the composition of the total sales revenues (plus any other revenues from immovable assets), the following criteria must be met at the end of any given financial year:

- At least 75% of the total sales revenues (plus any other revenues from immovable assets) must be derived from the leasing, letting (including real estate related services and activities) or selling of immovable assets, and

- A maximum of 20% of the reported total sales revenues (plus any other revenues from immovable assets) may come from REIT service companies.

20.1.1.3 Dividend payments to investors

In addition to complying with the asset and profits from operations requirements (see section 20.1.1.2 "*Requirements as to assets and profits from operations*"), a REIT's exemption from corporate income and trade tax is contingent on its making dividend payments to a specific degree.

To qualify, a REIT corporation is required to pay out at least 90% of its annual net accounting profit (within the meaning of Section 275 of the German Commercial Code ("**HGB**")), less the allocation of the reinvestment reserve and any losses carried forward from the previous year, plus the dissolution of the reinvestment reserve (reserves from previous years) by the end of the following financial year. When determining the annual net profit, depreciation deductions are only permitted in equal annual instalments. Up to half of the capital gains from the sale of immovable assets can be allocated into a reinvestment reserve. This reserve has to be dissolved until the end of the second financial year following the year of its accumulation, insofar as it has not been previously deducted from the costs of purchased or manufactured immovable assets.

20.1.1.4 Other requirements

The REIT corporation must not engage in any kind of trading with its immovable assets. Such trading is deemed to have occurred whenever the REIT corporation (and, if applicable, its subsidiaries) within the past five financial years, realized revenues from the sale of real estate, exceeding 50% of the average portfolio of immovable assets over the same period.

The amount of equity capital for a REIT corporation (i.e. equity reported according to Section 12 (1) German REIT Act at the end of a financial year as part of IFRS individual or consolidated financial statements) must not fall below 45% of the value of its immovable assets at the end of any given financial year (minimum equity capital).

The REIT corporation may acquire equity interests in so-called REIT service companies. REIT service companies are corporations wholly owned by a REIT corporation and whose purpose is limited to providing real estate-related services for third parties on behalf of the REIT corporation in return for a fee. Thus, a REIT corporation can also carry out those real estate-related activities which are beyond its own property portfolio via the REIT service company. The participation of a REIT corporation in a real estate service company may not exceed 20% of its total assets (see above). Total revenue (plus other revenues from immovable assets) of REIT service companies may not exceed 20% of total revenue (plus other revenue from immovable assets) of the consolidated IFRS annual financial statements for the REIT corporation (see above).

The REIT corporation is permitted to acquire, hold, manage and sell equity interests in real estate partnerships. There is no minimum rate of equity interest. Therefore, it is possible to hold less than 100% as well as minority interests in real estate partnerships. Furthermore, a REIT corporation may hold an indirect equity interest in a real estate partnership via direct equity (so-called two-tier interest). The real estate partnership may hold assets in the same way as a REIT corporation, with the exception of participations in foreign real estate holding entities and REIT service companies.

20.1.2 Beginning and end of tax exemption

The tax exemption will come into effect at the beginning of the financial year in which the REIT corporation is registered as a REIT with the commercial register. Upon transition of a taxable real estate corporation to the tax-exempt REIT status, any difference between fair value and carrying amount (hidden reserves) in the assets must be disclosed and will be taxed in accordance with general taxation principles.

In particular, the tax exemption for a REIT corporation will expire upon any of the following:

- It loses its stock exchange listing;
- It engages in real estate trading-activities;
- For three consecutive financial years, less than 15% of the shares of the REIT company are in free float or, for three consecutive financial years, a single investor holds 10% or more of the REIT corporation's shares;
- The minimum requirements as to equity capital have not been met for three consecutive financial years;
- Under certain terms and conditions, the net assets and revenue requirements, as well as the minimum dividend payments of 90%, as well as the prohibition to perform other services to third parties against remuneration (other than via a REIT services company) have not been met; or
- The terms and conditions for a REIT company are no longer fulfilled.

Once the tax exemption has been lost, a further and/or new tax exemption as REIT corporation can only be acquired after a period of at least four years.

20.1.3 Sanctions

In the event that a REIT corporation fails to satisfy the requirements as to asset composition, revenue, minimum dividend payment or prohibition to render services to third parties against remuneration, the relevant financial authorities may impose penalty payments on the REIT corporation. The penalty payments depend on the nature of the violation and the incidence and frequency of violations of previous financial years. The penalty payments are calculated as follows:

- Violation of the required composition of assets: 1% to 3% of the amount by which the share of the immovable assets falls short of 75%.
- Violation of the required composition of revenue: 10% to 20% of the amount by which the gross revenue from leasing or sale of immovable assets is below the target of 75%.
- Violation of the 90% distribution requirement: 20% to 30% of the amount by which the actual dividend payment is below 90%.
- Violation of the prohibition on providing real estate-related services for third parties: 20% to 30% of the revenue obtained.

These sanctions can also be imposed cumulatively.

20.2 Taxation of Shareholders

With respect to the taxation of shareholders, a distinction has to be made between the taxation in connection with the holding of REIT shares (taxation of dividends), the sale of REIT shares and subscription rights (capital gains tax) and the gratuitous transfer of REIT shares and subscription rights (taxation of inheritance and gifts). With effect for the tax assessment period 2009, taxation of shareholders has been fundamentally changed by introduction of the so-called Flat Tax (*Abgeltungsteuer*) as well as by other related substantial changes in the German income tax law. Compared to the general tax provisions, certain peculiarities resulting from the REIT Act, are applied to REIT companies, including the Company.

The following section describes the tax law applicable to REIT shares or subscription rights acquired in the tax assessment period 2015.

20.3 Taxation of Dividends

20.3.1 Withholding tax

The Company is required to withhold and remit for account of the shareholders a withholding tax (*Kapitalertragsteuer*) in the amount of 25% as well as the solidarity surcharge of 5.5% on the amount of the withholding tax (combined tax rate of 26.375%) on its dividend distribution. In compliance with the requirements of statutory law, the Company generally assumes the responsibility for the withholding of taxes at source. However, if and to the extend dividends are paid in connection with shares (i) which are eligible to be held in collective custody by a central securities depositary pursuant to Section 5 of the German Securities Custody Act (*Depotgesetz*) which are deposited to be held in collective custody in Germany, (ii) that are held in special custody pursuant to Section 2 sentence 1 of the German Securities Custody Act, or (iii) on which income is distributed and credited in exchange for dividend notes, a company is under no obligation to withhold and remit such tax on the dividends. Therefore, to this extent, the Company does not assume the responsibility for the withholding of taxes at source. This obligation is assumed by the agent paying the dividends, i.e., the Domestic Paying Agent (*inländische Zahlstelle*) (as defined in "*Taxation of capital gains – Domestic-resident shareholders – Shares/subscription rights held as private assets (acquired after 31 December 2008)*"). Church tax, which is a tax payable in Germany by members of a respective church resident in Germany, is generally withheld and remitted by the Domestic Paying Agent (*inländische Zahlstelle*) (as defined in "*Taxation of capital gains – Domestic-resident shareholders – Shares/subscription rights held as private assets (acquired after 31 December 2008)*") where applicable (see subsection 20.7 "*Other Taxes*"). The assessment basis for the withholding tax is the dividend resolved by the General Shareholders Meeting.

In principle, tax on the distribution of dividends is withheld regardless of whether and to what extent the dividend is tax exempt at the level of the shareholder and whether the shareholder is a tax resident in Germany or abroad.

Due to the participation maximum limit of less than 10% and the associated exclusion of the use of any rights from a higher level of participation, no waiver will be granted in respect of withholding tax (tax exemption), even for dividends distributed to a company based in another member state of the European Union as determined by Article 2 of the Parent Subsidiary Directive (Council Directive) 90/435/EEC of 23 July 1990 in its currently applicable version ("**P-S Directive**") i.e., to the parent company.

20.3.2 Taxation of shareholders resident in Germany

20.3.2.1 REIT shares held as private assets

In the case of individuals who are subject to unlimited taxation (*unbeschränkte Steuerpflicht*) in Germany and hold shares as private assets (*Privatvermögen*), dividends are subject to individual income tax as capital income at a special flat tax rate of 25% plus a solidarity surcharge of 5.5% of payable tax, i.e., a total of 26.375% (*Abgeltungsteuer*) (the "**Flat Tax**") and, where applicable, church tax.

In principle, the Flat Tax (and where applicable church tax) on dividends is deducted by the Company or the Domestic Paying Agent (*inländische Zahlstelle*) (as defined in "Taxation of Capital gains – Domestic-resident shareholders" – shares/subscription rights held as private assets (acquired after 31 December 2008)) (see above under "*Taxation of Dividends – Withholding Tax*") from the taxable investment income by way of withholding tax. Generally speaking, as a result of the withholding, personal income tax liability with respect to the dividend distribution is covered, and the individual shareholder does not have to report the dividend income in his personal income tax return. This is subject to certain obligations relating to church taxes where applicable (see subsection 20.7 "*Other taxes*").

If the investment income has been subject to withholding tax, the shareholder may – upon application – declare such income in his income tax return, e.g. in order to utilize unused amounts of the general saver's allowance (*Sparer-Pauschbetrag*) or a loss carry-forward, credit foreign taxes or to avoid the application of the withholding tax based on a lump sum substitute basis (*Ersatz-Bemessungsgrundlage*). In cases where such income is declared and transferred into the assessment procedure, income tax will still be applied at the special tax rate of the Flat Tax, and church tax if applicable, but not at the individual, progressive income tax rate.

In the tax assessment procedure and, upon request, *vis-à-vis* the Domestic Paying Agent in the withholding procedure, a saver's allowance in the amount of EUR 801 (or EUR 1,602 for married couples filing jointly) per calendar year can be deducted from the investment income. Expenses actually incurred to generate the income (*Werbungskosten*) cannot be deducted.

The shareholder can apply for a so-called most-favoured-test (*Günstigerprüfung*) and thus achieve that the investment income is not subject to the tax rate of the Flat Tax, but rather to the individual progressive income tax rate, if this leads to a lower tax burden regarding the investment income. Regarding such an application, further details need to be taken into consideration. In this case, the withholding taxes withheld are credited against the personal tax liability of the shareholder or reimbursed if the personal tax liability is exceeded.

Furthermore, upon application, the Flat Tax will not be applied to dividends received by a shareholder, who, directly or indirectly holds at least 25% of the registered share capital of a company or, directly or indirectly, holds at least 1% of the registered share capital of a company and is simultaneously an employee of such company; regarding the period of validity of such application, further details need to be taken into consideration.

If the Flat Tax is not applicable due to the reasons mentioned in the paragraph above, dividends are generally fully taxable, as they are being paid by a REIT company. They are subject to the individual progressive income tax rate (up to the maximum rate of 45%) plus solidarity surcharge in the amount of 5.5% of payable tax (at the present maximum rate of 45% that would result in a combined maximum rate of rounded 47,475%) as well as any applicable church taxes. At the same time, any expenses economically related to such dividends are fully tax – deductible. The saver's (tax-free) allowance is not granted additionally.

To the extent to which, in cases in which the Flat Tax is not applicable, the dividends of the REIT corporation come from already taxed profits, only 60% of the dividends are subject to taxation (*Teileinkünfteverfahren*) and to this extent are subject to the individual progressive income tax rate and church tax, if applicable. Similarly, expenses actually incurred to generate the income (*Werbungskosten*) are deductible only at 60% of these expenses. Already taxed are any profits gained by the REIT corporation that have been subject to a German corporate income tax rate of at least 15% or a similar foreign income tax for the relevant tax assessment period. A number of additional restrictions apply when determining the income tax rate for these profits and the temporal proximity to the dividend.

20.3.2.2 REIT shares held as business assets

If REIT shares are held as business assets, taxation depends on whether the shareholder is a corporation, a sole proprietor or a commercial or deemed commercial partnership (*Mitunternehmerschaft*). Withholding taxes amounting to 26.375% (including solidarity surcharge) are withheld and remitted by the company (or the Domestic Paying Agent, if applicable) and will be credited against the respective individual income or corporate income tax liability of the shareholder, or refunded to the extent of a potential overpayment. The Flat Tax rate is not applicable in the assessment procedure.

(i) *Corporations*

Dividend income received by corporations resident in Germany are fully taxable and therefore subject to the full corporate income tax rate (in addition to the solidarity surcharge), i.e. a 15% corporate income tax rate plus 5.5% for solidarity surcharge, making a total of 15.825%. This deviates from the usually applicable exemption of 95% of dividend income from corporate income taxation and solidarity surcharge. Business expenses actually incurred in connection with the dividends should be fully deductible. Dividend income is also fully subject to trade tax.

The exemption of 95% of dividend income for tax purposes can only be applied insofar as the dividends distributed by the REIT company result from a distribution of already taxed profits (see also subsection 20.3.2.1 "*REIT shares held as private assets*"), 5% of these dividends are deemed to be non-deductible business expenses and are thus subject to corporate income tax. Certain companies in the financial and insurance sectors are excluded from this (see subsection 20.5 "*Special regulations for companies in the financial and insurance sectors*"). The participation exemption for trade tax purposes for so-called inter-company dividends cannot be claimed, as the shareholder can only derive rights for an equity interest of less than 10%. Thus, the dividends are also fully subject to trade tax.

(ii) *Sole proprietors (individuals)*

If the REIT shares are held as business assets of a sole proprietor, the full amount of the dividend income is considered as income for the purposes of income taxation and is subject to the individual income tax rate (including solidarity surcharge approx. up to 47,475% and plus church tax, if applicable). Business expenses economically related to such dividends are fully tax deductible. In addition, the dividends are fully subject to trade tax if the shares are attributable to a permanent establishment of a commercial business in Germany. In principle, trade tax will be credited against the shareholder's individual income tax on a lump sum basis.

Insofar as portions of the dividends from the REIT company are already taxed profits (see subsection 20.3.2.1 "*REIT shares held as private assets*"), only 60% of the dividends are considered income for the purposes of income taxation (*Teileinkünfteverfahren*). Accordingly, business expenses economically related to such dividends are deductible only at 60%. The participation exemption for trade tax purposes for so-called inter-company dividends cannot be claimed, as the shareholder can only derive the rights for an equity interest of less than 10%. Thus, the dividends are fully subject to trade tax.

(iii) *Partnerships (Mitunternehmerschaft)*

If the shareholder is a partnership, individual income or corporate income tax, as the case may be, is levied only at the level of each respective partner of the partnership. The taxation of each partner depends on whether the partner is a corporation or an individual.

If the partner is a corporation domiciled in Germany, the dividend is fully subject to corporate income tax (see also subsection "*Corporations*") and/or subject to income tax, if the partner is a German tax resident (see also subsection "*Sole proprietors*") (as well as solidarity surcharge each and church tax if necessary).

If the shares are held as business assets in a permanent establishment in the partnership in Germany, the dividend income is generally fully subject to trade tax regardless of whether corporations or individuals are involved as partners. The participation exemption for trade tax purposes for so-called inter-company dividends cannot be claimed, as the shareholder can only derive the rights for an equity interest of less than 10%.

To the extent the dividend from the REIT corporation is distributed from already taxed profits (see also subsection 20.3.2.1 "*REIT shares held as private assets*") and the shareholder is a corporation resident in Germany 95% of the dividend income is exempt from taxation. An exemption of 40% of the income from income tax (*Teileinkünfteverfahren*) is applicable insofar as the dividend from the REIT corporation is distributed from already taxed profits (see also subsection 20.3.2.1 "*REIT shares held as private assets*") and the shareholder is an individual residing in Germany. The participation exemption for trade tax purposes for so-called inter-company dividends cannot be claimed, as the shareholder can only derive the rights for an equity interest of less than 10%. Thus the dividends are also fully subject to the full amount of trade tax at the partnership level.

If the shareholder of the partnership is an individual, a full or partial credit for any trade tax incurred by the partnership, against their individual income tax liability will be granted on a lump-sum tax basis if and to the extent the trade tax is attributable to such partner.

Special regulations for credit institutions, financial service providers, financial enterprises, as well as life-insurance and health-insurance companies and pension funds are described in section 20.5 "*Special regulations for companies in the financial and insurance sectors*" below.

20.3.3 Taxation of non-resident shareholders

Shareholders (individuals or corporations) resident outside of Germany holding their REIT shares as business assets in a permanent establishment or fixed place of business in Germany or as business asset for which a permanent representative has been appointed in Germany, are subject to German taxation on their individual income. Insofar the above statements with respect to German residents holding the REIT shares as business assets apply accordingly.

If non-resident shareholders subject to limited tax liability in Germany hold REIT shares neither as business assets of a permanent establishment or fixed base in Germany, nor as business assets for which a permanent representative has been appointed in Germany, potential German tax liability will be deemed settled by way of withholding tax.

If the shareholder is a corporation subject to the non-resident limited tax liability, two-fifths of the withheld and remitted withholding tax and the solidarity surcharge for dividends will be refunded by the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) upon request, under an officially provided form whereas further details need to be considered with respect to the application. The refund requires that the shareholder does not fall within the scope of the anti-abuse rule as set out in Section 50d (3) of the German Income Tax Act (*Einkommensteuergesetz* – "**EStG**").

The withholding tax rate for distributions to such non-resident shareholders may be (further) reduced in accordance with the provisions of a potentially applicable DTT provided such reduction does not require a 10% or more shareholding as condition for reduction. The P-S Directive will not be applied to dividends from a REIT Company. Any additional reductions applicable in accordance with any applicable DTT in connection with a participation of 10% or more of the shares in the REIT Company are excluded, as the REIT Act provides that a shareholder can only derive those rights for an equity interest of less than 10%. In principle, a withholding tax reduction is granted in such a manner that the difference between the total amount withheld including the solidarity surcharge, and the withholding tax which is actually due in accordance with the applicable DTT (normally 15%) is refunded, upon application, by the German tax authorities (*Bundeszentralamt für Steuern*). Forms for the refund procedure can be obtained from the German Federal Central Tax Office (*Bundeszentralamt für Steuern* at www.bzst.bund.de), as well as from German embassies and consulates. In particular the refund will require that non-resident shareholders do not fall within the scope of the anti-abuse provision set out in Section 50d (3) of the German Income Tax Act.

20.4 Taxation of Capital Gains

20.4.1 Taxation of shareholders resident in Germany

20.4.1.1 REIT shares/subscription rights held as private assets (acquisition after 31st Dec 2008)

Capital gains derived from the sale of (REIT-) shares (acquired after 31 December 2008) constitute investment income and are fully subject to taxation, regardless of any holding periods. A sale in this sense encompasses also redemption, repayment, assignment or hidden contribution of (REIT-) shares into a corporation.

If the (REIT-) shares are held in custody or are administered by a domestic credit institution, domestic financial services provider, domestic broker or a domestic securities trading bank (including domestic branches of such foreign institutions) or the sale of the shares is conducted by such institutions which credits or disburses the proceeds from the sales to the shareholder (the "**Domestic Paying Agent**"), the Domestic Paying Agent has to withhold the Flat Tax (including solidarity surcharge) and if applicable also the church tax from the capital gains by way of withholding tax from the taxable investment income. Regarding the withholding mechanism and the applicable tax rate, the information provided with regards to withholding tax on dividends discussed in subsection 20.3.2.1 "*REIT shares held private assets*" apply accordingly. Generally speaking, as a result of the withholding, personal income tax liability with respect to the capital gains is covered, and the individual shareholder does not have to report the capital gains in his personal income tax return. This is subject to certain obligations relating to church taxes, where applicable (see subsection 20.7 "*Other Taxes*"). The possibility to transfer investment capital income – upon application – into the assessment procedure as well as the possibility for a most-favored-test (*Günstigerprüfung*) corresponds to the information provided above in connection with dividends (see subsection 20.3.2.1 "*REIT shares held as private assets*").

If the (REIT-) shares are held in the custody of a foreign paying agent and no withholding tax on capital gains is applied, capital gains earned must be declared in the tax return filing and assessment process.

The guiding principles set forth above also apply to the sale of subscription rights. Generally, the acquisition costs of the subscription rights are taken into account upon the sale at EUR 0 and the Flat Tax will be determined based on the proceeds from the sale.

A saver's allowance (*Sparer-Pauschbetrag*) in the amount of EUR 801 (or EUR 1,602 for married couples filing jointly) can be deducted from the total amount of investment income (dividends, interest, certain liquidation proceeds, revenue from silent partnerships, capital gains etc.); the deduction of expenses actually incurred (*tatsächliche Werbungskosten*) is excluded.

As in the case of all shares, losses from the sale of REIT shares may solely be offset against capital gains from the sale of shares in stock corporations (including REIT shares), but not against other investment income e.g. dividends, and also not against income of any other kind (limitation of loss utilization, *Verlustverrechnungsbeschränkung*). Losses from the sale of (REIT) shares in stock corporations not yet off-set can only be carried forward to future tax periods but not carried back to preceding tax periods. These amounts need to be assessed separately

Losses from the sale of subscription rights may only be offset against investment income, e.g. received dividends, but not against income from of any other kind. Losses from capital income not yet off-set, e.g. losses from the sale of subscription rights – may only be carried forward to future tax assessment periods but not, carried back to preceding tax periods. The amounts need to be assessed separately.

German tax authorities assume that subscription rights are acquired at the same time as the old underlying (REIT) shares. If the old (REIT) shares underlying the subscription rights have been acquired by the shareholder before 1 January 2009, and hence prior to the introduction of the Flat Tax, capital gains from the sale of the subscription rights (as well as the sale of such (REIT) shares) would be tax exempt, as the sale would occur outside the one-year holding period.

The German tax authorities do not consider the exercise of subscription rights which are held in private assets as a sale. At the time of exercising the subscription right, the New (REIT) Shares are purchased at Subscription Price.

The Flat Tax does not apply to capital gains realized on a sale of REIT shares or subscription rights if, at any time during the five years preceding the sale, the shareholder (a natural person) or, in the case of a gratuitous transfer, his or her predecessor directly or indirectly held at least 1% of the share capital of the company. The same applies if the shares have been gratuitously transferred several consecutive times prior to the sale.

Generally speaking, as a result of the withholding tax, the personal income tax liability with respect to the dividend distribution is covered, and the individual shareholder does not have to report the dividend income in his personal income tax return. This is subject to certain obligations relating to church taxes where applicable. The obligation of the Domestic Paying Agent to withhold the withholding tax (plus the solidarity surcharge and if applicable also church tax) remains unaffected by this.

If the Flat Tax does not apply due to a significant participation (1% or more - see preceding paragraph), the capital gains or losses from the sale of REIT shares shall be fully subject to tax or deductible as applicable. Corresponding principles should also apply with respect to capital gains from the sale of subscription rights. Taxation is implemented on the basis of the personal progressive income tax rate (for tax rates see subsection 20.3.2.1 "*REIT shares held as private assets*").

20.4.1.2 REIT shares/subscription rights held as business assets

If the REIT shares or subscription rights are held as business asset, taxation depends on whether the shareholder is a corporation, sole proprietor or partnership (*Mitunternehmerschaft*).

(i) *Corporations*

Capital gains (sale price reduced by tax book value and business expenses of the sale) from the sale of REIT shares by taxable persons that are subject to corporate income tax are fully subject to trade tax and corporate income tax (including the solidarity surcharge). The usual exemption of 95% of dividend income from corporate and trade taxation and solidarity surcharge by which a lump sum of 5% of the capital gain is charged as a non-deductible business expense does not apply to REIT shares.

Capital gains from the sale of subscription rights are fully subject to corporate income tax (plus solidarity surcharge) as well as trade tax. As a consequence, losses from the sale of subscription rights and other profit reductions in this connection should generally be fully tax deductible. The tax authorities do not consider the exercise of subscription rights a sale of subscription rights.

An existing Domestic Paying Agent is generally exempt from its obligation to withhold tax from the capital gain.

(ii) *Sole proprietors (individuals)*

Capital gains from the sale of shares held as business assets by a sole proprietor who is subject to unlimited taxation in Germany, is subject to individual income tax and solidarity surcharge (plus church tax, if applicable) and also to trade tax if the (REIT) shares are allocated to a permanent establishment of a commercial business in Germany.

When (REIT) shares are sold, the capital gains are fully subject to income tax. Economically related business expenses are fully tax deductible. Losses from the sale of REIT shares and any other profit reductions related to such sales must be taken into account in the tax returns and filings and respective assessments. However, such losses in business assets and business expenses economically related to REIT shares may only be off-set against increases in business assets and business income resulting from the sale of REIT shares or participations in other REIT corporations, REIT associations or REIT assets. The partial income system (*Teileinkünfteverfahren*, only 60% of income is subject to tax) is not applicable with regard to capital gains from REIT shares. Taxation applies at the individual progressive income tax rate.

Additionally, capital gains resulting from the sale of subscription rights should be generally fully subject to income tax (plus solidarity surcharge and if applicable also church tax) and trade tax. Correspondingly, losses realized from the sale of subscription rights and other related reductions in profits would are generally fully tax deductible. The tax authorities do not consider the exercise of subscription rights a sale of subscription rights.

In principle, trade tax is fully or partially credited as a lump sum deduction against the shareholder's individual income tax liability.

The Domestic Paying Agent is released from its obligation to withhold tax on capital gains, if the sole proprietor declares *vis-à-vis* the Domestic Paying Agent that the (REIT-) shares are held as German business assets, using an official form. If withholding tax and solidarity surcharge are withheld, these do not have any settling effect on the (REIT) shares or subscription rights held as business assets: instead they are credited against the individual income tax liability and the solidarity surcharge of the seller, or refunded to the extent of a potential overpayment.

(iii) *Partnerships (Mitunternehmerschaft)*

If the shareholder is a partnership, individual income and/or corporate income tax, as the case may be, is levied only at the level of each partner. The taxation depends on whether the partner is a corporation or individual.

Regardless of whether the partner is a corporation and/or an individual residing in Germany, capital gains from the sale of (REIT) shares are fully subject to corporate income tax or individual income tax (and in each case also solidarity surcharge and if applicable church tax) (see above subsections "*Corporations*" and "*Sole proprietors*"). The exemptions otherwise granted for capital gains from shares which are not REIT shares (exemption of 95% of income for corporate entities and of 40% for individuals in the case of operational participations) do not apply to capital gains from REIT shares. Losses from the sale of REIT shares and any other profit reductions related to such sales may be taken into account in the tax returns and filings and respective assessments. However, such losses in business assets and business expenses economically related to REIT shares may only be offset against increases in business assets and business income resulting from the sale of REIT shares or participations in other REIT corporations, REIT associations or REIT assets.

Furthermore, if REIT shares are attributable to a German permanent establishment of a commercial business of the partnership, the capital gain from the sale is fully subject to trade tax at the level of the partnership. For purposes of trade tax, losses and other profit reductions connected to the disposed shares are also completely taken into consideration. To the extend the partners are individuals, all or part of the trade tax of the partnership is usually credited as a lump-sum against the individual partners' individual income tax liability.

To the extent the partner is a corporation, capital gains realized from the sale of subscription rights are fully subject to taxation, i.e., corporate income tax (plus solidarity surcharge) (see the section (i) "*Corporations*" above) and individual income tax (plus solidarity surcharge and if applicable church tax), insofar as the partner is an individual person (see section "*Sole proprietors* (individuals)"). Hence connected losses or reductions in profits should be completely tax deductible. Moreover, capital gains are subject to trade tax. The tax authorities do not consider the exercise of subscription rights a sale of subscription rights.

The Domestic Paying Agent is released from its obligation to retain withholding tax on capital gains if the partnership declares *vis-à-vis* the Domestic Paying Agent, that the REIT shares are held as German business assets on an official form. If taxes and solidarity surcharge are withheld, these do not have any settling effect on the (REIT) shares or subscription rights held as business assets; instead they are credited against the individual income tax respectively the corporate income tax liability and the solidarity surcharge of the seller, or refunded to the extent of a potential overpayment.

20.4.2 Taxation of non-resident shareholders

If the REIT shares or subscription rights are sold by an individual tax resident outside Germany, who (i) holds the REIT shares or subscription rights as business assets of a permanent establishment or fixed place of business in Germany, or as business asset for which a permanent representative is appointed in Germany, or who (ii) himself or herself or in case of a gratuitous transfer of REIT shares his or her legal predecessors held directly or indirectly at least 1% of the share capital of the Company at any time during the five years preceding the sale of such REIT shares, the capital gains derived in Germany are fully subject to income tax plus 5.5% solidarity surcharge on the income tax liability as well as trade tax if the shares are attributable to a German commercial permanent establishment. The partial income system (*Teileinkünfteverfahren*) whereby only 60% of income is subject to tax is not applicable to capital gains from REIT-shares.

If the capital gains on REIT shares or subscription rights in cases (i) and (ii) mentioned in the above paragraph are earned by a corporation being a non-German tax resident, these gains are also completely subject to corporate income tax and, if applicable, trade tax.

Losses resulting from the sale of, and other reductions in profits related to, the REIT shares or subscription rights sold are tax deductible. However, if REIT shares are attributable to German business assets, they may only be balanced against increased business assets and business income resulting from the sale of REIT shares or participations in other REIT corporations, REIT associations or REIT assets or in all other cases with income resulting from the sale of REIT shares or in all other cases from the capital gains from REIT shares.

Regarding the above-mentioned scenario (i) in the event of a Domestic Paying Agent being involved, this agent is released from its obligation to retain withholding tax on capital gains if the shareholder declares on *vis-à-vis* the Domestic Paying Agent, that the (REIT-) shares are held as German business assets on an official form. If withholding tax and solidarity surcharge are withheld, these do not have any settling effect on the (REIT-) shares or subscription rights held as business assets: instead they are credited against the individual income tax liability and the solidarity surcharge of the seller, or refunded to the extent of a potential overpayment.

However, regarding the above-mentioned scenario (ii), most DTTs provide for an exemption from German taxation.

According to the tax authorities, in case (ii) a Domestic Paying Agent has no obligation to retain withholding tax on capital gains.

20.5 Special Regulations for Companies in the Financial and Insurance Sectors

As far as the rules on exemption from corporate income tax and the partial income system for income tax (in each case including solidarity surcharge) as well as the trade tax, if applicable, of 95% of income related to REIT shares in each respective case are to be applied (dividends from already taxed profit of the REIT corporation; see subsection 20.3.2.1 "*REIT share held as private assets*"), these exemptions do not apply to credit institutions (*Kreditinstitute*) or financial services providers (*Finanzdienstleistungsinstitute*) holding REIT shares that are allocable to their trading book (*Handelsbuch*) according to Section 1 (1a) of the KWG. The same applies to REIT shares that are acquired by a financial enterprise (*Finanzunternehmen*) within the meaning of the KWG for purposes of realizing short-term gains for their own account. The preceding sentence also applies to credit institutions, financial services providers and financial companies residing in another Member State of the European Union or another contracting state to the EEA Agreement.

Additionally, the rules on income exemption (see above) do also not apply to dividends from REIT-shares which are attributable to the investments of life insurance and health insurance companies. The same applies to pension funds.

20.6 Inheritance and Gift Tax

In principle, a transfer of REIT shares or subscription rights to another person by way of gift or due to death is subject to German gift or inheritance tax only if:

(i) the testator, donator, heir, donee, or other transferee had his place of residence or ordinary residence in Germany, or held the German citizenship and had not lived abroad for a continuous period of more than 5 years without having a domicile in Germany at the time that transfer took place; or

(ii) the REIT shares or subscription rights belonged to the testator's or donator's business assets, for which a permanent establishment was maintained in Germany or a permanent representative was appointed, or

(iii) at the time of death or transfer by way of gift, the testator, or donator alone, or jointly with other persons closely related to him, held a direct or indirect participation in the share capital of the in Germany-based company of at least 10%.

Generally, all treaties on double taxation with regard to inheritance tax currently in effect in Germany typically provide that German gift or inheritance tax is only payable under the circumstances specified under (i) and, with certain limitations, under the circumstances specified under (ii) above.

Special regulations apply to certain German citizens living outside Germany and former German citizens.

20.7 Other Taxes

The purchase, sale or other disposition of (REIT) shares or subscription rights is not subject to German capital transfer tax, value added tax, stamp duty, or similar tax. However, under certain circumstances enterprises may opt for value added tax in cases that would otherwise be exempt from value added tax. Presently Germany does not levy wealth tax (*Vermögenssteuer*).

Since the 2015 tax assessment period, for a shareholder subject to church tax who holds (REIT) shares as private assets generally the Domestic Paying Agent withholds the amount of church tax due on the capital gains and dividends of the shareholder (*Kirchensteuerabzug*). The withholding of church tax generally settles any church tax liability of the shareholder. The church tax paid in such withholding scenario cannot be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment. As a compensation, the Flat Tax will be reduced by 26.375% of the church tax due on the investment income. The Domestic Paying Agent receives the relevant information regarding the shareholder's obligation to church tax from the German Federal Central Tax Office unless the relevant shareholder has applied for that the relevant information shall not be provided to any Domestic Paying Agents. If and to the extent that the church tax liability is not settled by a respective withholding tax, e.g. in case the shareholder has made an application that the relevant church tax information shall not be disclosed by the Federal Tax Office to the Domestic Paying Agent, the respective capital income must be declared separately in the shareholder's tax returns and the applicable church tax will be levied in the assessment procedure.

20.8 European Union Financial Transaction Tax

In September 2011, the European Commission tabled a proposal for a common system of financial transaction taxes ("**EU Financial Transaction Tax**" or "**FTT**"). Despite intense discussions on this proposal there was no unanimity amongst the 27 Member States. Certain Member States (including Germany) ("**Participating Member States**") requested enhanced cooperation on a EU Financial Transaction Tax based upon the European Commission's original proposal. The European Commission presented a decision to this effect and this decision was adopted by the EU's Council of Finance Ministers at its committee meeting on 22 January 2013. The proposal for a Directive was published on 14 February 2013, under which Participating Member States may charge a EU Financial Transaction Tax on all financial transactions where (i) at least one party to the transaction is established in the territory of a Participating Member State and (ii) a financial institution established in the territory of a Participating Member State is a party to the transaction acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction. The EU Financial Transaction Tax imposes a charge on financial transactions including purchases and sales of financial instruments; this charge will be levied at not less than 0.1% of the sale price. The EU Financial Transaction Tax also imposes a charge on the conclusion of, and a purchase and sale of a derivative contract; this charge will be levied at not less than 0.01% of the nominal amount of the derivative. Whilst primary market transactions are exempt from the scope of the proposed Directive, the Directive proposals in general are broad and as such may impact secondary market transactions completed by financial institutions operating in non-Participating Member States. Notwithstanding that the proposed Directive does not provide for the shareholder to be subject to financial transaction tax as implemented under the laws of a Participating Member State, it cannot be ruled out that an emerging tax burden would be commercially passed on to the respective shareholder.

Joint statements issued by Participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation. Additional Member States of the European Union may decide to participate in the FTT proposal.

Prospective shareholders are advised to seek their own professional advice in relation to the FTT.

21. TAXATION IN LUXEMBOURG

The following section is a short summary of certain important taxation principles that may be or become relevant with respect to the shares of the Company. The section does not purport to be a complete summary of tax law and practice currently applicable in any of the jurisdictions mentioned in the Prospectus. The general information set forth below is based on law and administrative practice currently applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and may be subject to modification thereof.

Prospective shareholders are advised to consult their own professional tax advisers in respect of their investment in the Company.

Shareholders resident in Luxembourg are subject to taxation in connection with the holding, disposal, redemption of shares of the Company and the income derived from shares of the Company according to Luxembourg income tax law.

21.1 Taxation of the Company's Shareholders

21.1.1 Income Taxation of Luxembourg Resident Shareholders

Luxembourg Individual Residents

Any dividends received by Luxembourg tax resident individuals are in principle subject to personal income tax at the normal progressive rate (for fiscal year 2015, the maximum effective marginal tax rate being at 42.80% or 43.60% depending on the amount of taxable income).

However, provided that the Company, as non-resident Luxembourg company, is fully liable to a tax corresponding to the Luxembourg corporate income tax, 50% of the dividends received by resident individuals, who act in the course of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary where the other 50% are tax exempt. Any withholding tax may be credited against the Luxembourg income tax liability under ordinary rules.

Notwithstanding the above, a Luxembourg tax resident individual is not taxable on the first tranche of EUR 1,500 (or EUR 3,000 in case of collective taxation with his/her spouse) of the aggregate amount of dividend income he/she receives during any given year.

A gain realized upon the sale, disposal or redemption (note that if some but not all the shares of a given shareholder are redeemed, the same tax treatment may apply as for dividends) of shares by Luxembourg resident individual shareholders, acting in the course of the management of their private wealth is not subject to Luxembourg income tax provided (i) this sale, disposal or redemption took place more than 6 months after the acquisition of the shares and (ii) it does not represent a substantial shareholding.

In this respect, a substantial shareholding is defined where (i) the relevant shareholder has held, either alone or together with its spouse or partner and/or its minor children, either directly or indirectly, at any time within the five years preceding the realization of the gain, more than 10% of the share capital of the company or (ii) the taxpayer acquired free of charge, within the 5 years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than 6 months after the acquisition thereof are subject to income tax according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

Capital gains realized on the disposal of the shares by resident individual shareholders, who act in the course of their professional / business activity, are subject to income tax at ordinary rates.

Luxembourg Corporate Residents

Luxembourg resident corporate shareholders (*organisme à caractère collectif*) must include any profits derived (e.g. dividends), as well as any capital gains realized from the shareholder, in their taxable profits for Luxembourg income tax assessment purposes (Corporate Income Tax "**CIT**" and Municipal Business Tax "**MBT**") at the maximum aggregate rate of 29.22% in 2015 for corporate shareholders having their statutory seat in Luxembourg City. Any withholding tax may be credited against the corporate income tax liability. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the shareholder sold or redeemed.

Provided that the Company, as a non-resident Luxembourg company, is fully liable to a tax corresponding to the Luxembourg corporate income tax, 50% of the dividends received from the Company are exempt from CIT and MBT.

However, dividends and liquidation proceeds received by Luxembourg resident corporate shareholders will be exempt from CIT and MBT in case of a participation held directly, or indirectly through a tax transparent vehicle (holding a participation through a tax transparent entity is deemed to be a direct participation in the proportion of the net assets held in this entity), representing at least 10% of the share capital of the company or an acquisition price of at least EUR 1.2 million, provided that at the time of the income is made available, the recipient has held or commits to hold the participation for an uninterrupted period of at least twelve months and provided that the company, as non-resident Luxembourg company, is fully liable to a tax corresponding to the Luxembourg corporate income tax.

Capital gains realized upon disposal of the shares by Luxembourg resident corporate shareholders will be exempted in case of a participation held directly, or indirectly through a tax transparent vehicle (holding a participation through a tax transparent entity is deemed to be a direct participation in the proportion of the net assets held in this entity), representing at least 10% of the share capital of the company or an acquisition price of at least EUR 6 million, provided that at the time of the disposal, the beneficiary has held or commits to hold the participation during an uninterrupted period of at least twelve months and provided that the company, as non-resident Luxembourg company, is fully liable to a tax corresponding to the Luxembourg corporate income tax. The capital gain would remain taxable up to the aggregate amount of expenses and impairment incurred during the year of disposal and previous years which have been deducted from the taxable base.

Luxembourg Residents Benefiting from a Special Tax Regime

Luxembourg resident shareholders that are entities benefiting from a special tax regime, such as, (i) undertakings for collective investment subject to the amended law of 17 December 2010 (*Loi du 17 décembre 2010 concernant les sociétés de placement collectif*), (ii) specialized investment funds subject to the amended law of 13 February 2007 (*Loi du 13 février 2007 relative aux fonds d'investissement spécialisés*) or (iii) family wealth management companies governed by the amended law of 11 May 2007 (*Loi du 11 mai 2007 relative à la création d'une société de gestion de patrimoine familial* – "**SPF**") are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax.

21.1.2 Net Wealth Tax

Luxembourg resident corporate shareholders and non-resident shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable are subject to Luxembourg Net Wealth Tax ("**NWT**") except if such shareholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010 (*Loi du 17 décembre 2010 concernant les societies de placement collectif*), (iii)a securitization company governed by the amended law of 22 March 2004 on securitization (*Loi du 22 mars 2004 relative à la titrisation*), (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles (*Loi du 15 juin 2004 relative à la Société d'investissement en capital à risque* (**SICAR**)), (v) a specialised investment fund governed by the amended law of 13 February 2007

(*Loi du 13 février 2007 relative aux fonds d'investissement spécialisés*), or (vi) family wealth management company governed by the amended law of 11 May 2007 (*Loi du 11 mai 2007 relative à la création d'une société de gestion de patrimoine familial* (**SPF**)).

Subject to certain conditions being satisfied, Luxembourg resident corporate shareholders and certain non resident corporate shareholders that have a permanent establishment in Luxembourg to which the shareholder are attributable may benefit from a NWT exemption.

21.2 Other Taxes

No Luxembourg registration duties or similar taxes are levied on the transfer of foreign shares.

No estate or inheritance tax is levied on the transfer of the shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg tax may be levied on a gift or donation of the shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg. Where a shareholder is a resident of Luxembourg for tax purposes at the time of his death, the shares are included in its taxable estate for inheritance tax or estate tax purposes.

22. FINANCIAL SECTION

Interim Condensed Financial Statements (IFRS) of HAMBORNER REIT AG as of 31 March 2015 (Unaudited)

Interim Condensed Income Statement (Unaudited)

€ thousand	1 January– 31 March 2015	1 January– 31 March 2014
Income from rents and leases	11,901	11,697
Income from passed-on incidental costs to tenants	1,295	1,317
Real estate operating expenses	-1,755	-1,651
Land and property maintenance	-380	-469
Net rental income	**11,061**	**10,894**
Administrative expenses	-294	-283
Personnel expenses	-1,023	-816
Amortisation and depreciation expense for intangible assets, property, plant and equipment and investment property	-4,247	-4,450
Other operating income	421	187
Other operating expenses	-315	-312
	-5,458	**-5,674**
Operating result	**5,603**	**5,220**
Result from the sale of investment property	0	4,409
Earnings before interest and taxes (EBIT)	**5,603**	**9,629**
Interest income	5	28
Interest expenses	-3,211	-3,325
Financial result	**-3,206**	**-3,297**
Net profit for the period	**2,397**	**6,332**
Basic = diluted earnings per share in €	0.05	0.14

Interim Condensed Statement of Comprehensive Income (Unaudited)

€ thousand	1 January–31 March 2015	1 January–31 March 2014
Net profit for the period as per the income statement	2,397	6,332
Items reclassified to profit or loss in future if certain conditions are met:		
Unrealised gains/losses (–) on the revaluation of derivative financial instruments	502	-370
Other comprehensive income for the period	**502**	**-370**
Total comprehensive income for the period	**2,899**	**5,962**

Other comprehensive income relates to changes in the market value of interest rate swaps used to manage the risk of interest fluctuations. Corresponding changes in market value are recognised in the revaluation surplus if risks are hedged with sufficient efficiency and this is documented.

Interim Condensed Statement of Financial Position – Assets (Unaudited)

€ thousand	**31 March 2015**	**31 December 2014**
NON-CURRENT ASSETS		
Intangible assets	8	10
Property, plant and equipment	418	150
Investment property	630,836	606,849
Financial assets	492	495
Other assets	270	275
	632,024	**607,779**
CURRENT ASSETS		
Trade receivables and other assets	1,466	1,320
Cash and cash equivalents	27,883	10,374
Non-current assets held for sale	2,526	1,830
	31,875	**13,524**
Total assets	**663,899**	**621,303**

Interim Condensed Statement of Financial Position – Equity and Liabilities (Unaudited)

€ thousand	31 March 2015	31 December 2014
EQUITY		
Issued capital	50,043	45,493
Capital reserves	160,569	124,279
Retained earnings	65,022	64,520
Net retained profits	38,300	35,903
	313,934	**270,195**
NON-CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	309,001	311,469
Derivative financial instruments	10,495	10,997
Trade payables and other liabilities	1,880	1,956
Pension provisions	7,362	7,452
Other provisions	2,916	3,059
	331,654	**334,933**
CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	10,667	10,760
Trade payables and other liabilities	6,235	4,557
Other provisions	1,409	858
	18,311	**16,175**
Total equity and liabilities	**663,899**	**621,303**

Interim Condensed Statement of Cash Flows (Unaudited)

€ thousand	1 January–31 March 2015	1 January–31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	2,397	6,332
Financial result	3,206	3,297
Depreciation, amortisation and impairment (+)/write-ups (–)	4,247	4,450
Change in provisions	278	46
Gains (–)/losses (+) (net) on the disposal of property, plant and equipment and investment property	0	-4,409
Change in receivables and other assets not attributable to investing or financing activities	-271	-168
Change in liabilities not attributable to investing or financing activities	-403	-709
Interest received	5	10
Tax payments	0	-19
	9,459	**8,830**
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets, property, plant and equipment and investment property	-27,199	-9,524
Proceeds from disposals of property, plant and equipment and investment property	0	10,864
Proceeds from disposals of financial assets	1	1
	-27,198	**1,341**
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of borrowings	-2,317	-2,447
Proceeds from the capital increase	40,912	0
Costs of capital increase	-72	0
Interest payments	-3,275	-3,576
	35,248	**-6,023**
Changes in cash and cash equivalents	**17,509**	**4,148**
Cash and cash equivalents on 1 January	**10,374**	**28,154**
= Cash and Cash equivalents	10,374	28,154
Cash and cash equivalents on 31 March	**27,883**	**32,302**
= Cash and Cash equivalents	27,883	32,302

Interim Condensed Statement of Changes in Equity (Unaudited)

€ 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 Jan. 2014	**45,493**	**124,279**	**81,565**	**-14,227**	**16,330**	**8,521**	**9,783**	**271,744**
Carryforward to new account					18,304	-8,521	-9,783	0
Other comprehensive income for the period 1 January – 31 March 2014				-370				-370
Net profit for the period 1 January – 31 March 2014						6,332		6,332
Total comprehensive income for the period 1 January – 31 March 2014				**-370**		**6,332**		**5,962**
As at 31 March 2014	**45,493**	**124,279**	**81,565**	**-14,597**	**34,634**	**6,332**	**0**	**277,706**
Distribution of profit for 2013					-18,197			-18,197
Other comprehensive income for the period 1 April – 31 December 2014				-91				-91
Withdrawal from other retained earnings			-2,357				2,357	0
Net profit for the period 1 April – 31 December 2014						10,777		10,777
Total comprehensive income for the period 1 April – 31 December 2014				**-91**		**10,777**		**10,686**
As at 31 Dec. 2014	**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
Capital increase	4,550	36,362						40,912
Costs of capital increase		-72						-72
Other comprehensive income for the period 1 January – 31 March 2015				502				502
Net profit for the period 1 January – 31 March 2015						2,397		2,397
Total comprehensive income for the period 1 January – 31 March 2015				**502**		**2,397**		**2,899**
As at 31 March 2015	**50,043**	**160,569**	**79,208**	**-14,186**	**35,903**	**2,397**	**0**	**313,934**

NOTES ON THE INTERIM CONDENSED 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 quarter of 2015 was published on 5 May 2015. The interim condensed 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 31 March 2015 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 2014.

The interim condensed financial statements as at 31 March 2015 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2014. The accounting standards applicable from 1 January 2015 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.

This interim report was neither audited nor reviewed by a person capable of performing an audit.

In our opinion, 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 reporting period are presented in the interim management report of this document.

The office property in Aachen was transferred to our portfolio on 31 March 2015 after it was completed and the tenant moved in. The purchase agreement had been signed in May 214. The purchase price for the property was €26.8 million.

In addition, on 24 March 2015 we signed an agreement to acquire a retail property in Celle. The purchase price is €35.2 million with annual rental income of €2.3 million. The property was transferred at the start of the second quarter on 16 April of this year.

Other selected Notes

On the basis of the authorisation of the Annual General Meeting on 7 May 2013, the Managing Board, with the approval of the Supervisory Board, increased share capital from Authorised Capital II by issuing 4,549,332 new shares against cash contributions with existing shareholders' pre-emption rights disapplied. As a result, the issued capital rose from €45,493,333 to €50,042,665. The new shares are entitled to dividends in full from 1 January 2014. The capital increase was entered in the commercial register on 20 February 2015.

In the process of preparing these interim condensed financial statements, we reviewed the fair values of our properties as calculated by expert opinion as at 31 December 2014. 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 published as at 31 December 2014 in these interim condensed financial statements. The property in Aachen added after 31 December 2014 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 interim condensed 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 €349,062 thousand as at 31 March of this year (31 December 2014: €349,650 thousand).

The derivative financial instruments reported in the interim condensed 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 quarter of 2015.

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, 5 May 2015

The Managing Board

Dr. Rüdiger Mrotzek Hans Richard Schmitz

Audited Financial Statements (IFRS) of HAMBORNER REIT AG as of 31 December 2014

Income Statement
For the period from 1 January to 31 December 2014

EUR thousand	Note	2014	2013
Income from rents and leases		46,823	45,227
Income from passed-on incidental costs to tenants		5,650	5,027
Real estate operating expenses		-7,371	-7,158
Property and building maintenance		-2,244	-2,163
Net rental income	(1)	**42,858**	**40,933**
Administrative expenses	(2)	-1,109	-1,131
Personnel expenses	(3)	-3,452	-3,311
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	(4)	-17,841	-16,379
Other operating income	(5)	714	1,334
Other operating expenses	(6)	-1,277	-1,030
		-22,965	**-20,517**
Operating result		**19,893**	**20,416**
Result from the sale of investment property	(7)	10,688	354
Earnings before interest and taxes (EBIT)		**30,581**	**20,770**
Interest income		68	42
Interest expenses		-13,540	-12,291
Financial result	(8)	**-13,472**	**-12,249**
Net profit for the year		**17,109**	**8,521**
Earnings per share (EUR)	(9)	0.38	0.19

Statement of Comprehensive Income
For the period from 1 January to 31 December 2014

EUR thousand	Note	2014	2013
Net profit for the year as per income statement		**17,109**	**8,521**
Items reclassified to profit or loss in future if certain conditions are met:			
Unrealised gains/losses (–) on the revaluation of derivative financial instruments	(17)	-157	4,364
Items not reclassified to profit or loss in future:			
Actuarial gains/losses (–) on defined benefit obligations	(20)	-304	304
Other comprehensive income		**-461**	**4,668**
Total comprehensive income		**16,648**	**13,189**

Statement of Financial Position – Assets

EUR thousand	**Note**	**31 Dec. 2014**	**31 Dec. 2013**
NON CURRENT ASSETS			
Intangible assets	(10)	10	13
Property, plant and equipment	(10)	150	135
Investment property	(11)	606,849	595,423
Financial assets	(12)	495	434
Other assets	(13)	275	297
		607,779	**596,302**
CURRENT ASSETS			
Trade receivables and other assets	(13)	1,320	801
Cash and cash equivalents	(14)	10,374	28,154
Non-current assets held for sale	(15)	1,830	6,455
		13,524	**35,410**
Total assets		**621,303**	**631,712**

Statement of Financial Position – Equity and Liabilities

EUR thousand	Note	31 Dec. 2014	31 Dec. 2013
EQUITY	(16)		
Issued capital		45,493	45,493
Capital reserves		124,279	124,279
Retained earnings		64,520	67,338
Net retained profits		35,903	34,634
		270,195	**271,744**
NON-CURRENT LIABILITIES AND PROVISIONS			
Financial liabilities	(17)	311,469	321,345
Derivative financial instruments	(17)	10,997	10,840
Trade payables and other liabilities	(19)	1,956	2,254
Pension provisions	(20)	7,452	7,491
Other provisions	(21)	3,059	1,926
		334,933	**343,856**
CURRENT LIABILITIES AND PROVISIONS			
Financial liabilities	(17)	10,760	10,176
Income tax liabilities	(18)	0	19
Trade payables and other liabilities	(19)	4,557	4,710
Other provisions	(21)	858	1,207
		16,175	**16,112**
Total equity and liabilities		**621,303**	**631,712**

Statement of Cash Flows
For the Period from 1 January to 31 December 2014

EUR thousand	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES	(24)		
Net profit for the year		17,109	8,521
Financial result		13,472	12,249
Depreciation, amortisation and impairment (+)/write-ups (–)		17,841	16,380
Change in provisions		224	-452
Gains (–)/losses (+) (net) on the disposal of property, plant and equipment and investment property		-10,861	-355
Change in receivables and other assets not attributable to investing or financing activities		-182	-315
Change in liabilities not attributable to investing or financing activities		-623	1,273
Interest received		67	113
Tax payments		-19	0
		37,028	**37,414**
CASH FLOW FROM INVESTING ACTIVITIES	(25)		
Investments in intangible assets, property, plant and equipment and investment property		-40,574	-110,407
Proceeds from disposals of property, plant and equipment and investment property		26,543	1,257
Payments for investments in non-current financial assets		-20	0
Proceeds from disposals of financial assets		5	13
Proceeds relating to the short-term financial management of cash investments		0	15,000
		-14,046	**-94,137**
CASH FLOW FROM FINANCING ACTIVITIES	(26)		
Dividends paid		-18,197	-18,197
Proceeds from borrowings of financial liabilities		0	108,459
Repayments of borrowings		-9,276	-7,121
Interest payments		-13,289	-12,391
		-40,762	**70,750**
Changes in cash and cash equivalents		**-17,780**	**14,027**
Cash and cash equivalents on 1 January		**28,154**	**29,127**
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
Cash and cash equivalents		**28,154**	**29,127**
Cash and cash equivalents on 31 December		**10,374**	**28,154**
Cash and cash equivalents (with a remaining term of up to three months)		10,374	28,154
Cash and cash equivalents		**10,374**	**28,154**

Statement of Changes in Equity

EUR thousand	Issued capital	Capital reserves	Retained earnings		Net retained profits			Total equity
			Other retained earnings	Revaluation surplus	Profit carryforward	Net profit for the year	Withdrawal from other retained earnings	
As at 1 Jan. 2013	**45,493**	**124,279**	**91,348**	**-18,895**	**12,496**	**7,741**	**14,290**	**276,752**
Carryforward to new account					22,031	-7,741	-14,290	0
Distribution of profit for 2012 (EUR 0.40 per share)					-18,197			-18,197
Other comprehensive income 1 Jan. – 31 Dec. 2013				4,668				4,668
Withdrawal from other retained earnings			-9,783				9,783	0
Net profit for the year 1 Jan. – 31 Dec. 2013						8,521		8,521
Total comprehensive income 1 Jan. – 31 Dec. 2013				**4,668**		**8,521**		**13,189**
As at 31 Dec. 2013	**45,493**	**124,279**	**81,565**	**-14,227**	**16,330**	**8,521**	**9,783**	**271,744**
Carryforward to new account					18,304	-8,521	-9,783	0
Distribution of profit for 2013 (EUR 0.40 per share)					-18,197			-18,197
Other comprehensive income 1 Jan. – 31 Dec. 2014				-461				-461
Withdrawal from other retained earnings			-2,357				2,357	0
Net profit for the year 1 Jan. – 31 Dec. 2014						17,109		17,109
Total comprehensive income 1 Jan. – 31 Dec. 2014				**-461**		**17,109**		**16,648**
As at 31 December 2014	**45,493**	**124,279**	**79,208**	**-14,688**	**16,437**	**17,109**	**2,357**	**270,195**

Statement of Changes in Fixed Assets*

EUR thousand	Cost				
	As at 1 Jan. 2014	Additions	Disposals	Reclassification under IFRS 5	As at 31 Dec. 2014
Intangible assets	146	4	0	0	150
Property, plant and equipment	855	52	36	0	871
Investment property	681,321	40,279	12,511	-2,686	706,403
Total	**682,322**	**40,335**	**12,547**	**-2,686**	**707,424**

EUR thousand	Cost				
	As at 1 Jan. 2013	Additions	Disposals	Reclassification under IFRS 5	As at 31 Dec. 2013
Intangible assets	140	9	3	0	146
Property, plant and equipment	851	14	10	0	855
Investment property	584,881	108,275	2,249	-9,586	681,321
Total	**585,872**	**108,298**	**2,262**	**-9,586**	**682,322**

* Component of the notes

Depreciation/amortisation/write-ups					Carrying amounts	
As at 1 Jan. 2014	**Additions (depreciation/ amortisation for the financial year)**	**Disposals**	**Reclassification under IFRS 5**	**As at 31 Dec. 2014**	**As at 31 Dec. 2013**	**As at 31 Dec. 2014**
133	7	0	0	140	13	10
720	37	36	0	721	135	150
85,898	17,797	3,285	-856	99,554	595,423	606,849
86,751	**17,841**	**3,321**	**-856**	**100,415**	**595,571**	**607,009**

Depreciation/amortisation/write-ups					Carrying amounts	
As at 1 Jan. 2013	**Additions (depreciation/ amortisation for the financial year)**	**Disposals**	**Reclassification under IFRS 5**	**As at 31 Dec. 2013**	**As at 31 Dec. 2012**	**As at 31 Dec. 2013**
126	10	3	0	133	14	13
692	38	10	0	720	159	135
74,047	16,331	1,349	-3,131	85,898	510,834	595,423
74,865	**16,379**	**1,362**	**-3,131**	**86,751**	**511,007**	**595,571**

NOTES TO THE FINANCIAL STATEMENTS

General Information

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. It is entered in the Commercial Register of Duisburg District Court under HRB 4. Since its transformation into a REIT company as at 1 January 2010, it is also subject to the provisions of the German Act on German Real Estate Stock Corporations with Listed Shares (REITG – German REIT Act).

HAMBORNER REIT AG acquires ownership or easement rights for German and foreign immovable property within the meaning of section 3 of the German REIT Act for use, management or disposal, with the exception of residential properties in Germany. It can also acquire, hold, manage and dispose of equity investments in partnerships and corporations within the meaning of section 3 of the German REIT Act. As a REIT company, HAMBORNER has been exempt from both corporation tax and trade tax since 1 January 2010.

As a listed REIT stock corporation, Hamborner REIT AG prepares and publishes separate financial statements within the meaning of section 325(2a) of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the provisions of the International Financial Reporting Standards (IFRS). The management report in accordance with section 289 HGB is published with the IFRS separate financial statements in the Federal Gazette.

The separate financial statements as at 31 December 2014 were prepared in accordance with IFRS as applicable in the European Union at the end of the reporting period and the additional provisions of commercial law in accordance with section 325 (2a) HGB. IFRS include the IFRS passed by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). All the standards and interpretations issued by the IASB and effective as at the time of the preparation of the financial statements have been applied to the extent that they have been endorsed by the EU. Thus, the separate financial statements of the company comply with IFRS.

The financial statements were prepared in euro (EUR). All amounts are shown in thousands of euro (EUR thousand) unless stated otherwise. Minor rounding differences may occur in totals and percentages.

The Managing Board prepared the separate financial statements as at 31 December 2014 and the management report for 2014 on 27 February 2015 and approved them for submission to the Supervisory Board.

The separate financial statements prepared in accordance with IFRS in accordance with section 325(2a) HGB and the HGB annual financial statements have been submitted to the operator of the Federal Gazette. The IFRS financial statements will then be published there. The financial statements are available for download on the Internet at www.hamborner.de. They can also be requested from HAMBORNER REIT AG, Goethestrasse 45, 47166 Duisburg, Germany.

Accounting Policies

These separate financial statements as at 31 December 2014 are based on the same accounting policies as the separate financial statements for the previous year. The statement of financial position as at 31 December 2014 is structured by maturity in accordance with IAS 1(60). Items that have been summarised in the statement of financial position and the income statement are explained in the notes.

Total financial liabilities reported as at 31 December 2013 amounted to EUR 331,521 thousand. In the statement of financial position, current financial liabilities were understated by EUR 2,693 thousand and non-current financial liabilities were overstated by the same amount. The comparative figures as at 31 December 2013 were adjusted in line with the accurate presentation in note (18) of the IFRS financial statements in these separate financial statements.

Revised or new standards or interpretations and the resulting changes in accounting policies

As against the separate financial statements as at 31 December 2013, the following standards and interpretations have been amended or were effective for the first time as a result of their endorsement in EU law or their coming into effect:

Standard/ interpretation	**Name**	**Nature of amendment**
IFRS 10	Consolidated Financial Statements	New standard including subsequent amendments for investment entities and transition regulations; replaces IAS 27 and SIC-12
IFRS 11	Joint Arrangements	New standard including subsequent amendments for transition regulations; replaces IAS 31 and SIC-13
IFRS 12	Disclosure of Interests in Other Entities	New standard including subsequent amendments for investment entities and transition regulations; extension of disclosure requirements for a reporting entity's involvement in subsidiaries, joint arrangements, associates and unconsolidated SPEs/structured entities
IAS 27	Separate Financial Statements	Owing to the introduction of IFRS 10, the standard now only applies to separate financial statements
IAS 28	Investments in Associates and Joint Ventures	Standard replaces previous version of IAS 28 (2003) Investments in Associates
IAS 32	Financial Instruments: Presentation	Amendments to improve disclosures on offsetting of financial assets and liabilities
IAS 36	Impairment of Assets	Disclosures regarding recoverable amount for non-financial assets
IAS 39	Financial Instruments: Recognition and Measurement	Novation of derivatives and continuation of hedge accounting

The new or revised standards and interpretations had no material influence on the HAMBORNER financial statements.

The following standards and interpretations already passed, amended or issued by the IASB were not yet effective for the 2014 financial year: The option to apply standards and interpretations early was not exercised.

Standard/ interpretation	Name	Nature of amendment	Effective date	Material expected effect
IFRS 9	Financial Instruments	New standard; replaces IAS 39 as currently amended	1 January 2018	Under examination
IFRS 10	Consolidated Financial Statements	Clarification of the extent of gain or loss recognition in transactions with associates or joint ventures; changes in connection with consolidation exceptions for investment entities	1 January 2016	None
IFRS 11	Joint Arrangements	Compliance with IFRS 3 principles when acquiring an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, with the exception of those principles that conflict with the guidance in IFRS 11	1 January 2016	None
IFRS 12	Disclosure of Interests in Other Entities	Amendments in connection with consolidation exceptions for investment entities	1 January 2016	None
IFRS 14	Regulatory Deferral Accounts	New standard	1 January 2016	None
IFRS 15	Revenue from Contracts with Customers	New standard on the recognition of revenue from contracts with customers. The standard replaces IAS 11 and IAS 18 and various interpretations relating to this issue.	1 January 2017	None
IAS 1	Presentation of Financial Statements	Removing boundaries with regard to judgements by the preparer in the presentation of the financial statements	1 January 2016	Under examination
IAS 16	Property, Plant and Equipment	Guidance on the use of methods of depreciation on property, plant and equipment; inclusion of certain bearer plants in the scope of IAS 16	1 January 2016	None
IAS 19	Employee Benefits	Clarification of allocation of employee contributions or contributions from third parties that are linked to service	1 February 2015	None
IAS 27	Separate Financial Statements	Amendment allowing the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor again	1 January 2016	None
IAS 28	Investments in Associates and Joint Ventures	Compliance with IFRS 3 principles when acquiring an interest in a joint operation, with the exception of those principles that conflict with the guidance in IFRS 11; amendments in connection with consolidation exceptions for investment entities	1 January 2016	None
IAS 38	Intangible assets	Guidance on the use of methods of amortisation for intangible assets	1 January 2016	None
IAS 41	Agriculture	Inclusion of certain bearer plants in the scope of IAS 16	1 January 2016	None
IFRIC 21	Levies	New interpretation; guidance on when to recognise a liability for a levy imposed by a government	17 June 2016	None
Various	Annual IFRS improvement project (2010 – 2012)	Amendments relate essentially to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24	1 July 2014	None
Various	Annual IFRS improvement project (2011 – 2013)	Amendments relate essentially to IFRS 1, IFRS 3, IFRS 13, IAS 40	1 July 2014	None
Various	Annual IFRS improvement project (2012 – 2014)	Amendments relate essentially to IFRS 5, IFRS 7, IAS 19, IAS 34	1 January 2016	Under examination

Segment reporting

Segment reporting in accordance with IFRS 8 is based on the management approach and is therefore consistent with the management and reporting system used in the company for its segments. HAMBORNER only operates in one business segment and one geographical segment, and generates its revenue and holds its assets exclusively in Germany. As in previous years, it therefore did not prepare a segment report. Internal reporting is also based on the IFRS accounting figures.

Assumptions and estimates

In preparing the financial statements, assumptions have been made and estimates used that affect the reporting and amount of the recognised assets, liabilities, income and expenses. These assumptions and estimates relate essentially to the determination of useful lives, the fair value of land, buildings and receivables, the calculation of the fair value of financial instruments and the recognition and measurement of provisions. The carrying amounts of the items concerned can be found in the statement of financial position and the notes. Actual values may deviate from the assumptions and estimates made in individual cases. Changes are taken into account when new information is available.

Intangible assets

Intangible assets are measured at cost less straight-line amortisation. Amortisation is recognised in line with the economic life, which is between three and eight years.

Property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation. The company's administrative building in Duisburg and operating and office equipment are reported under property, plant and equipment. Depreciation for the administrative building is based on a total useful life of 50 years and a remaining useful life at the end of the reporting period of five years. The operating and office equipment has an average useful life of between three and 15 years.

The results of disposals of property, plant and equipment are reported under "*Other operating income*" (gains) or "*Other operating expenses*" (losses).

Investment property

Investment property is measured at amortised cost less straight-line depreciation in accordance with the option under IAS 40 (30) in conjunction with (56). All land, buildings and parts of buildings already developed and under development held to generate future rental income or gains from appreciation or with an undetermined use are classified as investment property. They are not intended for HAMBORNER's own administrative purposes or for short-term trading in the context of the ordinary business activities. Depreciation is recognised on a straight-line basis over the economic life. A useful life of 33 years is assumed when a property is acquired. If this principle is contradicted by the actual circumstances (e.g. on account of age, quality, options for use of the building), the useful life is estimated differently accordingly. The remaining useful life is also reviewed in the context of major modernisation work. The results from the sale of the investment property are shown separately in the income statement.

The following useful lives were applied in the reporting year:

Useful lives of non-current assets	**Years**
Commercial and office buildings	33 to 50
Other commercial buildings	40
Self-service shops	33 to 40

To calculate the fair value disclosed in the notes in accordance with IAS 40, our developed property portfolio was valued by an independent expert at the end of 2014. The market values of property were calculated in line with internationally recognised standards using the discounted cash flow (DCF) method (level 3 of the measurement hierarchy in accordance with IFRS 13). Under this method, the market value of a property is calculated as the total of the discounted cash flows for the entire planning period, usually ten years (2015 to 2024), plus the residual value of the property calculated on the basis of its long-term free cash flow less costs to sell, also discounted to the measurement date.

Discount rates of between 3.85% and 8.70% (previous year: 4.50% and 8.70%) were used to calculate residual values. Cash flows and residual values were discounted using risk-adjusted interest rates of between 4.25% and 9.60% (previous year: 4.75% and 9.25%). For further information please see "*Performance of the property portfolio*" in the management report.

We used the respective carrying amounts for the fair values of the cost of acquisition for properties not yet transferred to us.

The fair value of our undeveloped land holdings was calculated using the market-based approach in accordance with level 2. The standard land values calculated in expert reports for similar properties and areas are used and risks deductions are charged in line with the particular characteristics of the properties. On average, the fair value of undeveloped land is EUR 2.74 per m² (previous year: EUR 2.77 per m²).

Impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment and investment property

The recoverability of the carrying amounts of all intangible assets, property, plant and equipment and investment property is reviewed regularly. In addition, the carrying amounts are reviewed if events or changes in circumstances indicate that it may no longer be possible to recover the recognised carrying amount. If the recoverable amount of these assets is less than the carrying amount at the end of the reporting period, this is shown by the recognition of impairment losses.

The recoverable amount is determined using the fair value as calculated by an expert before the deduction of transaction costs of a notional acquisition (gross capital value) as the value in use within the meaning of IAS 36.30. If the reasons for impairment losses recognised in previous years no longer exist, they are reversed up to the amortised carrying amounts of the respective assets. Impairment losses are reported under "*Amortisation of intangible assets, depreciation of property, plant and equipment and investment property*". Reversals of write-downs are recognised in "Other operating income".

Leases

Leases in which the risks and rewards incidental to ownership of a leased asset remain with the lessor are classified as operating leases in line with IAS 17. Payments made or received for an operating lease are recognised in the income statement over the term of the lease. All properties are let under operating leases at HAMBORNER.

If the significant risks and rewards incidental to ownership of a leased asset are transferred to the lessee, these are classified as finance leases. There are no leases of this kind at HAMBORNER.

Financial assets

In accordance with IAS 39, financial assets are measured at fair value including transaction costs for acquisitions on first-time recognition, **provided that** subsequent measurement is at amortised cost. Subsequent measurement is determined by the category to which a financial asset is allocated.

- Loans and receivables are measured at amortised cost. Any discernible specific risks are taken into account appropriately by way of write-downs
- Financial assets held to maturity are measured at the lower of amortised cost and fair value. The "Other loans" included here have a fixed term and are therefore measured using the effective interest method.

Derivative financial instruments

HAMBORNER uses derivative financial instruments in the form of interest rate swaps to manage risks from interest rate fluctuations.

Derivative financial instruments are recognised for the first time on the trade date. For cash flow hedges used to hedge risks affecting the amount or timing of future cash flows, any changes in market value are recognised in equity (revaluation surplus) and hedge effectiveness is documented. The effectiveness of cash flow hedges is determined in line with the dollar-offset method. In these cases this resulted in the recognition of the changes in carrying amounts in full in equity. Asset and liability derivative financial instruments are reported in separate items of the statement of financial position.

The market values calculated by banks as at the end of the respective reporting period including the risk of default result from discounting the expected future cash flows over the residual term of the contracts on the basis of current market interest rates or yield curves. Derivatives are measured in line with level 2. This means that the measurement models use factors observed directly (i.e. as prices) or indirectly (i.e. derived from prices) on active markets.

The fair value of the derivative financial instruments designated as hedging instruments is reported in full as a non-current asset or liability if the remaining term of the hedged item is longer than twelve months after the end of the reporting period, and as a current asset or liability if the remaining term is shorter.

Cash and cash equivalents

Cash and cash equivalents comprise call money with an initial remaining term of less than three months.

Non-current assets held for sale

Non-current assets are classified as held for sale if a sale is highly likely in the next twelve months. The assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. Depreciation is no longer recognised from the time of reclassification.

Provisions

Provisions are classified as non-current or current in line with the maturity structure required under IFRS and reported accordingly.

Pension provisions

Pension provisions are calculated using the projected unit credit method, taking into account future adjustments in salaries and pensions. They are calculated using the biometric data of the 2005 G Heubeck mortality tables.

The following parameters were applied:

Parameter p. a. in %	**2014**	**2013**
Interest rate	1.9	3.2
Pension trend	2.0	2.0
Inflation	2.0	2.0

Sensitivity analyses, which are shown under note 20, were performed to show the sensitivity of the parameters used that are considered significant. These sensitivity analyses should not be considered representative for the actual change in defined benefit pension obligations. It is thought unlikely that the deviations from assumptions will occur in isolation as the assumptions are related in some cases.

Actuarial gains and losses from experience adjustments and changes in assumptions are recognised in the revaluation surplus in the year in which they arise. The interest expenses included in pension expenses is reported in interest expenses.

Expenses for defined contribution plans are recognised as an expense and reported in personnel expenses.

Other provisions

Current provisions are recognised in the amount of expected utilisation (best estimate) without discounting and take into account all obligations identifiable at the end of the reporting period based on transactions or past events for which the amount or timing is uncertain. This includes only third-party obligations for which an outflow of assets is likely.

Provisions for obligations that will not result in a reduction of assets in the subsequent year are recognised in the amount of the present value of the forecast outflow of assets.

Long-term, share-based remuneration is measured with the fair value of the liability as at the end of each reporting period and on the settlement date.

Financial liabilities

Liabilities are measured at fair value taking into account transaction costs on first-time recognition. Subsequent measurement is at amortised cost using the effective interest method. Liabilities are classified as non-current if the agreements provide for repayment after twelve months.

Recognition of expenses and revenue

The recognition of revenue and other operating income is based on when services are rendered or, for sales transactions, when substantially all the risks and rewards of ownership have been transferred to the buyer.

Operating expenses are recognised when services are utilised or when they are incurred.

Notes to the Income Statement

(1) Net rental income

Income from rents and leases for properties recognised in accordance with IAS 40 increased by EUR 1,596 thousand to EUR 46,823 thousand in the reporting year. The change was due to rent increases due to property additions in the reporting year and the previous year (EUR 2,695 thousand), rent losses as a result of property disposals (EUR –1,268 thousand) and increases in rents (like-for-like) of EUR 169 thousand.

HAMBORNER generated more than 10% of its rental income with the Edeka Group (EUR 7.0 million; previous year: EUR 6.9 million) and the Kaufland Group (EUR 5.1 million; previous year: EUR 5.0 million) in the 2014 financial year.

EUR thousand	2014	2013
INCOME FROM RENTS AND LEASES		
Retail space	27,591	26,556
Office space and medical practices	17,536	16,279
Production and other commercial space	889	934
Apartments	288	410
Garages/car parking spaces	219	232
Other lettings and leases (agricultural leases, licensing agreements, etc.)	160	168
Income from rent guarantees	140	648
Total	**46,823**	**45,227**
Income from passed-on incidental costs to tenants	5,650	5,027
Total	**52,473**	**50,254**
Real estate operating expenses	-7,371	-7,158
Property and building maintenance	-2,244	-2,163
Net rental income	**42,858**	**40,933**

Income from passed-on incidental costs to tenants mainly includes heating costs, property charges and other incidental rental costs that can be reallocated under the lease agreements. This income increased by EUR 623 thousand in the reporting year. EUR 391 thousand of the increase in income from passed-on incidental costs to tenants was due to the change in the investment property portfolio. The income from charging incidental costs on to tenants for the other properties in the portfolio increased by a total of EUR 232 thousand.

Most of the real estate operating expenses can be passed on to the tenants under the terms of their rental agreements. They increased by EUR 213 thousand to EUR 7,371 thousand as a result of changes in the property portfolio.

EUR thousand	2014	2013
REAL ESTATE OPERATING EXPENSES		
Energy, water, etc.	4,034	4,060
Land taxes	1,684	1,490
Other property charges	623	602
Ground rent costs	543	527
Insurance premiums	346	320
Miscellaneous	141	159
Total	**7,371**	**7,158**

The expenses for **property and building maintenance** amounted to EUR 2,244 thousand compared to EUR 2,163 thousand in the previous year. The largest individual measures related to modernisation work for a new letting in Linzer-Str., Bremen, and the refurbishment of the parking deck of a Kaufland store in Freital.

The direct operating expenses for our leased property were EUR 9,615 thousand in the reporting year (previous year: EUR 9,321 thousand). With the exception of temporary, partial vacancies in individual properties, the entire inventory was let at the end of the reporting period.

(2) Administrative expenses

The item includes the costs for the Annual General Meeting, the Supervisory Board and the auditor as stipulated in the Articles of Association and actual costs of administration.

The following fees were recognised for the appointed auditor in the financial year:

EUR thousand	2014	2013
Audits of financial statements	86	88
Other assurance services	10	10
Other services	9	4
Total	**105**	**102**

(3) Personnel expenses

Personnel expenses increased by EUR 141 thousand to EUR 3,452 thousand, essentially on account of the slightly higher headcount than in the previous year.

EUR thousand	2014	2013
Wages and salaries	3,062	2,942
Social security contributions and related expenses	318	295
Retirement benefit expenses/pension expenses	72	74
Total	**3,452**	**3,311**

(4) Amortisation of intangible assets, depreciation of property, plant and equipment and investment property

The depreciation and amortisation expense for 2014 was up EUR 1,462 thousand on the previous year at EUR 17,841 thousand. EUR 17,797 thousand of this increase relates to investment property (previous year: EUR 16,331 thousand). This item includes impairment losses of EUR 1,179 thousand (previous year: EUR 463 thousand). These were necessary on portfolio properties in Leverkusen (EUR 292 thousand) and Kassel (EUR 691 thousand) as a result of the difficult letting situation at the respective locations. There were impairment losses after the adjustment of fair values in line with contractually agreed sale prices on the property held for sale in Düren (EUR 101 thousand) and the property in Hamburg sold in the reporting year (EUR 95 thousand).

(5) Other operating income

Other operating income breaks down as follows:

EUR thousand	2014	2013
Compensation in connection with section 15a UStG	270	65
Reversal of provisions and accruals	157	34
Compensation for early lease termination	115	1,113
Other compensation and reimbursement	42	57
Charges passed on to tenants and leaseholders	36	23
Miscellaneous	94	42
Total	**714**	**1,334**

(6) Other operating expenses

Other operating expenses rose by EUR 247 thousand to EUR 1,277 thousand. This item includes legal and consulting costs of EUR 195 thousand (previous year: EUR 292 thousand) and costs of public relations work of EUR 173 thousand (previous year: EUR 182 thousand). Furthermore, the item includes input tax adjustments due to the conclusion of VAT-exempt leases (section 15a of the Umsatzsteuergesetz (UStG – German VAT Act) of EUR 304 thousand (previous year: EUR 131 thousand), EUR 270 thousand (previous year: EUR 65 thousand) of which was passed on to the tenants in question (see table under note 5).

(7) Result from the sale of investment property

In the reporting year, we generated net income from the disposal of investment property of EUR 10,688 thousand after EUR 354 thousand in the previous year. This resulted from the disposal of seven properties from our portfolio and an area of around 92,000 m² from our undeveloped land holdings.

(8) Financial result

The financial result consists solely of interest income and expenses. The interest income amounts to EUR 68 thousand (previous year: EUR 42 thousand) and mainly consists of interest on call money or fixed-term deposits at various banks.

Interest expenses increased by a total of EUR 1,249 thousand to EUR 13,540 thousand in the 2014 financial year as a result of interest on property loans borrowed in the previous year and included for the entire year for the first time in the reporting year. EUR 12,985 thousand of this relates to financial liabilities (previous year: EUR 11,892 thousand).

The interest expenses for interest rate hedges amounted to EUR 3,217 thousand (previous year: EUR 3,723 thousand). The payments we make quarterly on the basis of agreed interest rates amounted to EUR 3,399 thousand in the reporting year (previous year: EUR 3,918 thousand).

In return, we received variable interest in line with agreements on the basis of three-month EURIBOR of EUR 182 thousand (previous year: EUR 195 thousand). The decline is due to development of short-term interest rates in 2013 and 2014. For further details and information on interest rate hedges please see note 17.

(9) Earnings per share

The net profit for the year amounted to EUR 17,109 thousand, up EUR 8,588 thousand on the figure for the previous year.

Earnings per share amounted to EUR 0.38 and are calculated in line with IAS 33. Thus, earnings per share are determined by dividing the net profit for the period attributable to the shareholders by the weighted average number of shares in the financial year.

Earnings per share are not diluted by, for example, stock options or convertible bonds as HAMBORNER has no such programmes. The basic and diluted earnings per share are therefore the same.

		2014	2013
Weighted average number of shares outstanding	Thousands	45,493	45,493
Net earnings/net profit for the year	EUR thousand	17,109	8,521
Earnings per share	EUR	0.38	0.19

Notes to the Statement of Financial Position

(10) Intangible assets and property, plant and equipment

Intangible assets include acquired rights for the use of system and application software.

The carrying amount of the company's administrative building in Duisburg reported under property, plant and equipment was EUR 128 thousand (previous year: EUR 97 thousand) as at the end of the reporting period.

(11) Investment property

Additions to investment property amounted to EUR 40,279 thousand in the financial year. EUR 33,817 thousand of this amount relates to property acquired in the reporting year and previous years, EUR 2,456 thousand to incidental acquisition costs for property not yet transferred to the company and EUR 4,006 thousand to subsequent capitalisation in the portfolio.

Investment property developed as follows in the reporting year:

EUR thousand	**2014**	**2013**
As at 1 January	**595,423**	**510,834**
+ Additions due to acquisition	33,817	106,809
+ Additions due to advance payments	2,456	437
+ Additions due to subsequent expenditures	4,006	1,029
	40,279	**108,275**
– Disposals due to sales	-9,226	-900
– Disposals due to IFRS 5 reclassifications	-1,830	-6,455
	-11,056	**-7,355**
– Depreciation for the financial year	-16,618	-15,868
– Impairment losses for the financial year	-1,179	-463
	-17,797	**-16,331**
As at 31 December	**606,849**	**595,423**

Taking into account the additions and disposals in the reporting year, the market value of investment property was EUR 720,205 thousand as at 31 December 2014 (previous year: EUR 683,771 thousand). The market value of investment property breaks down as follows:

EUR thousand	**2014**	**2013**
Developed property portfolio	715,660	680,970
Incidental costs of pending acquisitions	2,456	438
Undeveloped land holdings	2,089	2,363
Total	**720,205**	**683,771**

(12) Financial assets

At EUR 470 thousand (previous year: EUR 422 thousand) financial assets relate essentially to cash security deposits by tenants. This item also includes other loans of EUR 25 thousand (previous year: EUR 12 thousand).

(13) Trade receivables and other assets

All receivables and other assets are carried at amortised cost. There were no individual value adjustments on doubtful debts in the reporting year (previous year: EUR 14 thousand). Uncollectible receivables were derecognised in the amount of EUR 15 thousand (previous year: EUR 17 thousand).

At EUR 201 thousand, non-current other assets included development costs paid for the leasehold property in Solingen and rental income from incentives (rent-free periods, construction subsidies) deferred over the term of the lease of EUR 74 thousand.

Trade receivables and other current assets break down as follows:

EUR thousand	2014	2013
Trade receivables	614	430
Others	706	371
Total	**1,320**	**801**

EUR 65 thousand (previous year: EUR 162 thousand) of trade receivables were past due and not impaired as at the end of the reporting period. EUR 14 thousand (previous year: EUR 44 thousand) of these were older than 60 days.

(14) Cash and cash equivalents

Cash and cash equivalents break down as follows:

EUR thousand	2014	2013
Bank balances	10,372	28,153
Cash balances	2	1
Total	**10,374**	**28,154**

Bank balances include EUR 8,604 thousand (previous year: EUR 26,024 thousand) in demand deposits.

(15) Non-current assets held for sale

Non-current assets held for sale relate to a smaller property no longer consistent with strategy in Düren, for which a purchase agreement was signed at the end of 2014 and that will not be transferred to the buyer until 2015. The fair value of this property is EUR 1,830 thousand and is equal to the contractually agreed sale price.

The carrying amounts reported under this item in the previous year for the properties in Hanover, Moers and Wuppertal were transferred at the start of the 2014 financial year.

(16) Equity

The development of equity from 1 January 2013 to 31 December 2014 is shown in the statement of changes in equity. As at 31 December 2014, the issued capital of the company amounted to EUR 45,493 thousand and was divided into 45,493 thousand no-par-value bearer shares.

By way of the resolutions of the Annual General Meeting on 7 May 2013, the Managing Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company as follows:

- EUR 4,549 thousand (Authorised Capital I)
- EUR 18,197 thousand (Authorised Capital II)

The authorised capital amounts give rise to 22,747 thousand authorised shares that can be issued to shareholders as no-par-value shares. The authorisation remains in effect until 6 May 2018.

Furthermore, the Managing Board was authorised, with the approval of the Supervisory Board, to issue bearer or registered warrant and convertible bonds ("**bonds**"), dated or undated, up to a total of EUR 250,000 thousand until 6 May 2018, and to grant the bearers or creditors ("**bearers**") of bonds conversion rights to new bearer shares of the company with a total *pro rata* amount of share capital of up to EUR 22,747 thousand in accordance with the more detailed conditions of the warrant or convertible bonds ("**bond conditions**").

In issuing warrant or convertible bonds, the Managing Board is authorised to contingently increase the share capital of the company by up to EUR 22,746 thousand, divided into up to 22,747 thousand bearer shares (Contingent Capital).

With the approval of the Supervisory Board, the Managing Board can disapply shareholders' statutory pre-emption rights in certain cases for a partial amount. The above authorisations had not been used as at the end of the reporting period.

By way of the resolutions of the Annual General Meeting on 17 May 2011, the Managing Board was also authorised to acquire own shares in the company. The authorisation is limited to the acquisition of shares accounting for not more than 10% in total of the lower of share capital at the time of the resolution by the Annual General Meeting on this authorisation or at the time that this authorisation is exercised. The authorisation is therefore limited to 3,412 thousand shares and until 16 May 2016. The Managing Board has not yet utilised this authorisation.

The company reported net retained profits of EUR 35,903 thousand (previous year: EUR 34,634 thousand) as at 31 December 2014. The Managing Board will propose the distribution of a dividend of EUR 20,017 thousand for the 2014 financial year at the Annual General Meeting. This corresponds to a dividend of EUR 0.40 per share. The dividend proposal is based on net retained profits for the company under German commercial law of EUR 20,017 thousand.

As in the previous year, the capital reserves still amount to EUR 124.3 million and include amounts generated when issuing shares in the context of capital increases in previous years that exceeded the notional value of the shares less the costs of capital increases.

The other retained earnings include earnings generated in the past to the extent that these have not been distributed or carried forward to new account. Under the Managing Board's proposal for the appropriation of earnings, EUR 2,357 thousand was withdrawn from other retained earnings as at 31 December 2014, resulting in an amount of EUR 79,208 thousand as at the end of the reporting period.

The revaluation surplus includes the negative fair values of derivatives in connection with cash flow hedges in the amount of EUR -10,997 thousand (previous year: EUR -10,840 thousand) and actuarial losses on defined benefit obligations accrued as at 31 December 2014 in the amount of EUR -3,691 thousand (previous year: EUR -3,387 thousand).

The objectives of our capital management are to ensure the continuation of the company as a going concern, generate an adequate return on equity and remain solvent.

The main control parameter for this is the equity ratio, a business ratio also recognised by investors, analysts and banks.

EUR thousand	2014	2013	Change in %
Equity	270,195	271,744	-0.6%
Total assets	621,303	631,712	-1.6%
Reported equity ratio	**43.5%**	**43.0%**	**+0.5% percentage points**

In addition, the company is required to comply with the equity coverage ratio of at least 45% codified in accordance with section 15 REITG in order to maintain its status as a real estate investment trust. Compliance with the REIT equity ratio is therefore subject to ongoing monitoring. The equity ratio was 53.1% as at 31 December 2014 (previous year: 52.5%).

A key figure in connection with solvency is the loan-to-value (LTV) ratio. This ratio is defined as net financial liabilities to the calculated value of the company's properties. The figure was 43.3% as at 31 December 2014 (previous year: 43.7%).

The framework for the management of the capital structure e.g. by capital increases, is defined by the provisions of company law.

The capital management targets were achieved in the financial year.

(17) Financial liabilities and derivative financial instruments

As there was no additional borrowing in the reporting year, financial liabilities declined essentially as a result of scheduled repayments by EUR 9,292 thousand EUR 322,229 thousand. The fair value of derivative financial instruments decreased by a net amount of EUR 157 thousand to EUR -10,997 thousand as a result of the further slide in interest rates on which their measurement is based. The property loans in place are based on both long-term fixed-rate interest agreements and interest rate agreements based on EURIBOR. The interest rate risk was eliminated in these instances by concluding interest rate swaps, with which we receive EURIBOR and pay a constant fixed rate of interest over the entire term of the swap.

At the end of the reporting period, the nominal hedge volume of the interest rate swaps was EUR 75.9 million. Depending on the underlying loan transactions, the derivatives mature between 2017 and 2021. The change in the fair values of interest rate derivatives recognised in equity of EUR 4.4 million resulted in a rise in market value changes in derivatives in the revaluation surplus to EUR -11.0 million.

NO.	Type	Maturity	Nominal value as at 31 Dec. 2014 EUR thousand	Fair value as at 31 Dec. 2014 EUR thousand
1	Interest rate swap	October 2017	30,938	-3,688
2	Interest rate swap	April 2018	14,005	-1,881
3	Interest rate swap	April 2018	10,161	-1,363
4	Interest rate swap	December 2018	4,131	-584
5	Interest rate swap	November 2021	16,620	-3,481
Total			**75,855**	**-10,997**

Financial liabilities and derivative financial instruments break down by maturity as follows:

	31 Dec. 2014			31 Dec. 2013		
	Current	Non-current		Current	Non-current	
EUR thousand	less than 1 year	2 to 5 years	more than 5 years	less than 1 year	2 to 5 years	more than 5 years
Financial liabilities	10,760	109,290	202,179	10,176	107,714	213,631
Derivative financial instruments	0	7,516	3,481	0	8,497	2,343
Total	**10,760**	**116,806**	**205,660**	**10,176**	**116,211**	**215,974**

The table below shows the contractually agreed payments for interest and the repayment of financial liabilities and derivative financial instruments. Interest payments on floating-rate loans are calculated uniformly using the last interest rate set before the end of the reporting period.

	31 Dec. 2014			31 Dec. 2013		
EUR thousand	**less than 1 year**	**2 to 5 years**	**more than 5 years**	**less than 1 year**	**2 to 5 years**	**more than 5 years**
Financial liabilities	19,552	141,767	214,419	20,441	143,145	232,812
Derivative financial instruments	3,200	7,236	987	3,192	9,433	1,446
Total	**22,752**	**149,003**	**215,406**	**23,633**	**152,578**	**234,258**

All loans are secured by investment property. There were land charges of EUR 364.5 million chargeable to the company for the financial liabilities reported as at 31 December 2014. In addition, the rent receivables on the collateralised properties have usually been assigned to the lending banks by way of undisclosed assignment. The non-current property loans bear interest at interest rates of between 2.50% and 5.21% (average interest rate: 3.92%). In line with loan agreements, repayments are made monthly, quarterly, semi-annually or annually.

HAMBORNER is exposed to various risks on account of its business activities. The risk report, which is a component of the management report, includes a detailed presentation of these risks and their management.

Derivative financial instruments in the form of interest rate swaps are used mainly to manage interest rate risks. The risks resulting in connection with the use of these derivative financial instruments are subject to risk management and control.

The risks resulting from financial instruments relate to credit, liquidity and market risks. There are credit risks in the form of risks of default on financial assets. The maximum value of this risk is the carrying amount of the financial assets. For derivatives, this is the total of all the positive fair values and, for primary financial instruments, the total of the carrying amounts. If risks of default exist, they are taken into account by means of value adjustments.

Liquidity risks constitute refinancing risks and thus risks of a fulfilment of existing obligations to pay when due. The strategy and the results of the planning process are taken as a basis for the early identification of the future liquidity situation. The expected liquidity requirements are scheduled in medium-term planning, which covers a period of five years.

Liquidity requirements are calculated using daily, weekly and monthly forecasts.

Sensitivity analyses are required for the presentation of market risks in accordance with IFRS 7. The effects on earnings and equity are shown by way of hypothetical changes in risk variables based on past data. Interest rate risks in particular are relevant for HAMBORNER in this regard.

Interest rate risks result from changes in the level of market interest rates. We limit such risks by using interest rate swaps. Sensitivity analyses, which show the effects of changes of market interest rate levels on interest payments, interest expenses, interest income and equity, are performed in line with IFRS 7. The following premises apply:

Interest rate risks regarding primary financial instruments with a fixed interest rate are reported only if they are measured at fair value. For financial instruments measured at amortised cost, changes in interest rates have no effect on accounting. For cash flow hedges used to hedge fluctuations due to interest rates, changes in market interest rates can affect the revaluation surplus in equity. Therefore, these financial instruments are taken into account in the sensitivity analysis. In the sensitivity analysis, the indicative measurement was calculated on the basis of the market value, taking into account accrued interest.

Change in revaluation surplus EUR thousand	**2014**	**2013**
Interest rate +1%	2,247	2,903
Interest rate – 1%	-2,678	-4,043

Fair value of financial assets and liabilities measured at amortised cost

Except for financial liabilities, the carrying amounts of the financial assets and liabilities in the statement of financial position constitute a reliable approximation of the 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 matched-term interest rate parameters at the end of the reporting period (level 2).

	31 Dec. 2014		31 Dec. 2013	
EUR thousand	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities	322,229	349,650	331,521	342,206

Additional disclosures on financial instruments

In the annual financial statements, financial instruments are classified in line with the classification used for the statement of financial position. The following table shows the reconciliation of the items of the statement of financial position to IAS 39 categories. IFRS 7 applies to all assets and liabilities measured in accordance with IAS 39.

31 Dec. 2014	**Carrying amount**	**Measurement in accordance with IAS 39**			**Non-financial assets/ liabilities**
EUR thousand		**Amortised cost, held-to-maturity**	**Amortised cost, loans and receivables**	**Fair value, derivatives designated as hedges**	
ASSETS					
Financial assets	495	495			
Current trade receivables and other assets	1,320		1,188		132
Cash and cash equivalents	10,374		10,374		
	12,189	**495**	**11,562**	**0**	**132**
EQUITY AND LIABILITIES					
Non-current financial liabilities	311,469		311,469		
Non-current derivative financial instruments	10,997			10,997	
Non-current trade payables and other liabilities	1,956		783		1,173
Current financial liabilities	10,760		10,760		
Current trade payables and other liabilities	4,557		3,121		1,436
	339,739	**0**	**326,133**	**10,997**	**2,609**

31 Dec. 2013	**Carrying amount**	**Measurement in accordance with IAS 39**			**Non-financial assets/ liabilities**
EUR thousand		**Amortised cost, held-to-maturity**	**Amortised cost, loans and receivables**	**Fair value, derivatives designated as hedges**	
ASSETS					
Financial assets	434	434			
Current trade receivables and other assets	801		640		161
Cash and cash equivalents	28,154		28,154		
	29,389	**434**	**28,794**	**0**	**161**
EQUITY AND LIABILITIES					
Non-current financial liabilities	321,345		321,345		
Non-current derivative financial instruments	10,840			10,840	
Non-current trade payables and other liabilities	2,254		854		1,400
Current financial liabilities	10,176		10,176		
Current trade payables and other liabilities	4,710		2,660		2,050
	349,325	**0**	**335,035**	**10,840**	**3,450**

(18) Income tax liabilities

The income tax liabilities reported as at 31 December of the previous year relate essentially to the retroactive withdrawal of tax exemptions granted for exit taxation (section 3 no. 70 of the

Einkommensteuergesetz (EStG – German Income Tax Act) from the sale of land in 2012 in connection with the transformation into a REIT. After 31 December 2013, property sales at Hamborner no longer result in a retroactive adjustment of exit taxation. The company will therefore no longer incur income tax for such matters in future.

(19) Trade payables and other liabilities

EUR thousand	2014	2013
Trade payables	**202**	**347**
Other liabilities	**6,311**	**6,617**
Outstanding invoices	1,924	1,429
Rental and leasing advances	1,565	2,192
Other purchase price retention	625	428
VAT liabilities	597	528
Security deposits	470	422
Supervisory Board remuneration	316	303
Security retention for rent guarantees	133	199
Audit fees	86	85
Land transfer tax liabilities	0	397
Miscellaneous	595	634
Total	**6,513**	**6,964**

EUR 4,557 thousand (previous year: EUR 4,710 thousand) of trade payables and other liabilities are due within one year.

(20) Pension provisions

There are pension scheme commitments for former employees and their surviving dependents. These are defined benefit commitments within the meaning of IAS 19. Provisions are measured using the projected unit credit method. In addition to the pensions and vested claims known at the end of the reporting period, the projected unit credit method also takes into account forecast increases in pensions and assumed inflation.

In connection with defined benefit pension plans, the company is exposed to general actuarial risks such as longevity and interest rate risks. In particular, the risks affect the allocation to pension provisions at HAMBORNER and therefore the net asset situation of the company. In order to quantify these risks and present them appropriately in the statement of financial position, we had the provision measured by an independent expert, taking into account the sensitivities of actuarial parameters.

HAMBORNER is able to pay the monthly pension payments to recipients or their surviving dependents from its operating activities (internal financing). The company’s liquidity management monitors that it is able to meet payment obligations at all times.

As at 31 December 2014, the pension obligations are distributed among four (previous year: seven plus one beneficiary who has left the company) and nine (previous year: six) surviving dependents.

The weighted average term of defined benefit obligations was around 11.0 years as at the end of the reporting period (previous year: around 10.5 years).

Pension provisions developed as follows:

EUR thousand	2014	2013
Carrying amount 1 January (= present value 1 January)	7,491	8,160
Interest expenses	230	244
Actuarial gains (–)/losses recognised for the current year	304	-303
(due to change in financial assumptions)	(+1,012)	(-78)
(due to experience adjustments)	(-708)	(-225)
Pension payments	-573	-610
Total	**7,452**	**7,491**

The changes in the main actuarial assumptions would have had the following effects on the present value of pension obligations:

Change in pension provision EUR thousand	Increase	Decrease
Discounting rate	466	-420
(–0.5/+0.5 percentage points)	(404)	(-368)
(Previous year:)		
Inflation	200	-191
(+0.25/–0.25 percentage points)	(199)	(-207)
(Previous year:)		
Pension trend	200	-191
(+0.25/–0.25 percentage points)	(199)	(-207)
(previous year:)		
Deviation in mortality from standard	248	-225
(–7.5%/+7.5%)	(237)	(-217)
(Previous year:)		

The sensitivity calculations are based on the average term of the pension obligation calculated as at 31 December 2014. The calculations were performed in isolation for the actuarial parameters classified as significant in order to show the effects on the present value of pension obligations separately.

Pension payments from defined benefit commitments of EUR 487 thousand are expected in the 2015 financial year (previous year: EUR 596 thousand).

In the year under review, HAMBORNER paid contributions of EUR 168 thousand (previous year: EUR 155 thousand) deemed as a defined contribution pension scheme to statutory pension insurance. In addition, the company paid direct insurance premiums of EUR 7 thousand (previous year: EUR 7 thousand) and premiums for employer-funded commitments of EUR 60 thousand (previous year: EUR 60 thousand). The company has no obligations other than its payment obligations under defined contribution schemes. The expenses are recognised in personnel expenses.

(21) Other provisions

Other provisions break down as follows:

EUR thousand	1 Jan. 2014	Additions	Utilisation	Reversals	31 Dec. 2014	of which non-current	of which current
provisions for							
Mining damage	1,926	579	0	0	2,505	2,505	0
Bonuses	922	896	659	0	1,159	554	605
Reimbursements from operating costs not yet invoiced	100	64	53	0	111	0	111
Miscellaneous	185	101	94	50	142	0	142
Total	**3,133**	**1,640**	**806**	**50**	**3,917**	**3,059**	**858**

The provision for bonus obligations assumes that the expected bonuses for 2014 will be EUR 237 thousand higher than in the previous year and amount to EUR 1,159 thousand. Of this amount, EUR 554 thousand (previous year: EUR 275 thousand) and EUR 323 thousand (previous year: EUR 402 thousand) respectively relate to long-term, share-based remuneration and short-term remuneration for the Managing Board. The remaining term of the share-based remuneration as at the end of the reporting period was 15 months (long-term, share-based commitments for 2013) and 27 months (long-term, share-based commitments for 2014).

The provisions for mining damage relate to the potential risks from our former mining activities. Please see the more detailed information in the risk report, which is a component of the management report. Provisions relating to mining activities are non-current provisions measured at their probable settlement amount at the end of the reporting period. Depending on their respective remaining term (between three and 20 years; previous year: between four and 21 years), interest rates of between 0.4%

and 2.0% (previous year: between 1.5% and 3.3%) were assumed for discounting. The provision increased by a total of EUR 579 thousand and EUR 2,505 thousand as at 31 December 2014 owing to interest effects (maturity adjustment: EUR 42 thousand; interest rate adjustment: EUR 244 thousand) and inflation-based adjustments.

(22) Contingent liabilities and financial obligations

On 31 December 2014 there were obligations arising from two notarised land purchase agreements to pay total purchase price obligations of EUR 43.3 million as per the agreements. On full letting at the transfer date of the property in Berlin still under construction, the purchase price obligation can increase to up to EUR 45.8 million.

As part of the new letting of space in Linzer Str., Bremen, we entered into a commitment to the tenant to implement conversion work specific to the tenant of EUR 0.9 million, EUR 0.4 million of which will be reimbursed by the tenant in the form of a construction subsidy.

Investments under lease commitments of provisionally EUR 0.3 million will be made in 2015 for outstanding work in connection with the work in Robert-Bunsen-Str., Freiburg, that was essentially completed in the reporting year.

Furthermore, as at the end of the reporting year, work began on the extension on our office building. The financial obligations resulting from this amount to EUR 0.5 million.

The other financial obligations after the end of the reporting period result from three long-term leasehold contracts. These are as follows:

Maturing on	Payment obligation (EUR thou p.a.)	Passed on to tenants (EUR thou p.a.)
30 June 2023	226	0
31 December 2034	204	204
31 March 2060	113	0
Total	**543**	**204**

There are no further significant contingent liabilities or other financial obligations.

(23) Leases

All rental agreements that HAMBORNER has concluded with its tenants are classified as operating leases under IFRS as all the risks and rewards of ownership remain with the company.

Investment property with a carrying amount of EUR 605.7 million (previous year: EUR 600.9 million) was let under operating leases as at 31 December 2014.

The leases, which are essentially for office and retail space, are usually concluded for terms of between five and 15 years. Around 95% of our commercial leases contain indexation clauses that peg rents to development of the consumer price index. Rent deposits are usually agreed. The full reallocation of incidental costs is intended.

HAMBORNER will receive the following contractually guaranteed rent payments (minimum lease payments) from its current commercial rental agreements:

EUR thousand	31 Dec. 2014	31 Dec. 2013
Up to one year	46,359	44,803
Between two and five years	149,823	148,038
More than five years	115,160	131,526
Total	**311,342**	**324,367**

The minimum lease payments include rent income until the end of the agreed lease or until the tenant's earliest possible termination date, regardless of whether termination or non-utilisation of a prolongation option is actually expected.

There were contingent rent payments of only an insignificant amount in the reporting period.

Notes to the Statement of Cash Flows

The statement of cash flows shows development of cash flows broken down according to cash generated by and used in operating, investing and financing activities.

The cash and cash equivalents comprise bank deposits and cash balances with an initial remaining term of less than three months. As at the end of the reporting period, cash and cash equivalents increased by EUR 17.8 million as against the previous year to EUR 10.4 million. EUR 1.0 million of this relates to property financing not at the company's disposal.

The statement of cash flows was prepared in accordance with the provisions of IAS 7. Exchange rate fluctuations have no effect at HAMBORNER.

(24) Cash flow from operating activities

The cash flow from operating activities was EUR 37.0 million after EUR 37.4 million in the previous year. Despite an increase in rental income, the slight decline is due in particular to the non-recurring compensation of EUR 1.0 million received in the previous year from a tenant for the early termination of its lease. Other than this, cash flow from operating activities was not influenced by any significant extraordinary effects.

Operating cash flow per share developed as follows

		2014	2013
Number of shares outstanding	Thousands	45,493	45,493
Operating cash flow	EUR thou.	37,028	37,414
Operating cash flow per share	EUR	0.81	0.82

(25) Cash flow from investing activities

As a result in particular of acquisitions in the financial year on the one hand (EUR -40.6 million) and payments received from properties sold in the reporting year (EUR +26.5 million), the net cash flow from investing activities was a cash outflow of EUR 14.0 million (previous year: EUR 94.1 million).

The payments for investments in intangible assets, property, plant and equipment and investment property do not correspond to the additions shown in the statement of changes in non-current assets. The reason for this is mainly the retention of purchase price and payments for the land transfer tax that are not yet due as at as at the end of the reporting period.

(26) Cash flow from financing activities

In addition to the dividend payment for 2013, the cash flow from financing activities of EUR -40.8 million (previous year: EUR +70.8 million) results from the interest and principal payments on the loans borrowed for the *pro rata* financing of our properties. There were no proceeds from the borrowing of loans in the reporting year (previous year: EUR 108.5 million).

The company also has total funds not yet utilised of EUR 32.9 million at its disposal from concluded loan agreements. These funds can be accessed at short notice on fulfilment of the payout requirements.

Other Notes and Mandatory Disclosures

Events after the end of the reporting period

On 18 February 2015 Hamborner resolved a capital increase of 10% of share capital from Authorised Capital II. This corresponds to an increase in share capital of EUR 4,549 thousand from currently EUR 45,493 thousand to EUR 50,042 thousand.

With existing shareholders' pre-emption rights disapplied, the new shares were acquired at a price of EUR 8.99 per share by a fund of the RAG Foundation, Essen, and have full profit participation rights from 1 January 2014. The gross issue proceeds of EUR 40,912 thousand serve to further enhance the equity base and as a foundation for the next steps in the company's growth.

Employees

The average number of employees over the year (not including the Managing Board) was as follows:

	2014	**2013**
Commercial property management	9	8
Technical property management	5	4
Administration	13	13
Total	**27**	**25**

Corporate governance

In December 2014, the Managing Board and Supervisory Board issued an updated declaration of compliance and published it on the Internet at www.hamborner.de under Investor Relations/Corporate Governance. The full declaration of compliance has also been published in this 2014 annual report.

Notification of the existence of an equity investment

In order to maintain REIT status, investors are not permitted to directly hold 10% or more of shares or shares to such an extent that they hold 10% or more of voting rights under section 11(4) of the German REIT Act. As at the end of the reporting period on 31 December 2014, the company was not aware of any shareholders with a direct shareholding of more than 10% of share capital.

In accordance with section 160(1) no. 8 AktG, the existence of equity investments reported to the company in accordance with section 21(1) or (1a) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) must be disclosed.

The following table shows the reportable equity investments of which the company was notified by 27 February 2015. The information was taken from the most recent notification from a reporting entity received by the company. All publications by the company on notifications of equity investments in the year under review and also until 27 February 2015 can be found on the HAMBORNER REIT AG website under Investor Relations/Notifications. Please note that the percentage and voting right information for equity investments may now be out of date on account of non-reportable acquisitions or sales of shares.

Voting Right Notifications

No	Reporting entity	Voting rights (new)	Share of voting rights (new) in %	Threshold affected	Date threshold affected	Assignment of voting rights	Entities to which 3% or more is assigned
1	Ruffer LLP London, UK	1,321,447	2.90	Drop below 3%	12 June 2014	Yes[2]	
2	Allianz Global Investors Europe GmbH, Frankfurt a. M., Germany	1,158,195	2.55	Drop below 3%	31 July 2014	Yes[2]	
3	BNP Paribas Investment Partners S.A., Paris, France	1,426,120	3.13	Rise above 3%	29 Jan. 2015	Yes[1] = 3.13% [3] = 3.10%	
4	Deka Investment GmbH, Frankfurt a. M., Germany	4,549,332	9.09	Rise above 3%, 5%	20 Feb. 2015	Yes[2]	RAG Foundation, Essen, Germany
	RAG Foundation, Essen, Germany	4,549,332	9.09	Rise above 3%, 5%	20 Feb. 2015	No	
5	TEC Düsseldorf GbR, Düsseldorf, Germany	1,370,000	2.74	Drop below 3%	20 Feb. 2015	No	
6	Prof Siegert, Germany	2,300,000	4.60	Drop below 5%	20 Feb. 2015	Yes[1]	
7	Kingdom of Belgium, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 Feb. 2015	Yes[1]	Société Fédérale de Participations et d`Investissement/ Federale Participatie – en Investeringsmaatschappij SA/NV (“**SFPI/FPIM**”), Brussels, Belgium
	Société Fédérale de Participations et d`Investissement/Federale Participatie – en Investeringsmaatschappij SA/NV (“**SFPI/FPIM**”), Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 Feb. 2015	Yes[1]	Belfius Bank SA/NV, Brussels, Belgium
	Belfius Bank SA/NV, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 Feb. 2015	Yes[1]	Belfius Insurance NV/ SA, Brussels, Belgium
	Belfius Insurance NV/SA, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 Feb. 2015	Yes[1] = 2.02%	
8	BlackRock, Inc., New York, USA	1,377,603	2.75	Drop below 3%	20 Feb. 2015	Yes[1] = 0.69% [3] = 2.13%	
	BlackRock Holdco 2, Inc., Wilmington, DE, USA	1,377,603	2.75	Drop below 3%	20 Feb. 2015	Yes[1] = 0.69% [3] = 2.13%	
	BlackRock Financial Management Inc., New York, USA	1,377,603	2.75	Drop below 3 %	20 Feb. 2015	Yes[1] = 0.69% [3] = 2.13%	

1 Assigned as per section 22(1) sentence 1 no. 1 WpHG
2 Assigned as per section 22(1) sentence 1 no. 6 WpHG
3 Assigned as per section 22(1) sentence 1 no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG

Indirect equity holdings in the capital of the company that indirectly amount to or exceed 10% of the voting rights

According to the voting right notifications we received, there were no indirect equity investments in the capital of the company indirectly amounting to or exceeding 10% of the voting rights as at 31 December 2014.

Related party disclosures for the 2014 financial year

The only related parties of HAMBORNER within the meaning of IAS 24 are the members of the Managing Board, the Supervisory Board and their close relatives. There were no reportable transactions with related parties in the 2014 financial year.

Remuneration of the Managing Board and the Supervisory Board

The remuneration of the Managing Board and the Supervisory Board and the principles of the remuneration system are presented in detail in the remuneration report, which is a component of the management report.

The remuneration paid to persons in key positions at our company that is reportable under IAS 24 comprises the remuneration of the active Managing Board and the Supervisory Board. Total remuneration for active members of the Managing Board amounted to EUR 1,118 thousand in the reporting year (previous year: EUR 1,162 thousand). This includes current remuneration of EUR 858 thousand (previous year: EUR 902 thousand) and non-current, share-based remuneration of EUR 260 thousand (previous year: EUR 260 thousand). The remuneration of the members of the Supervisory Board is due in the short term and amounted to EUR 316 thousand (previous year: EUR 303 thousand) for the financial year.

The pension provisions recognised for former Managing Board members and their surviving dependents amounted to EUR 4,328 thousand as at the end of the reporting period. Post-employment benefits under these pension commitments amounted to EUR 382 thousand in the reporting year.

Executive Bodies of the Company and their Mandates

Supervisory Board

Dr Josef Pauli, Essen († 18 December 2014)
Honorary Chairman

Dr Eckart John von Freyend, Bad Honnef
Chairman
Partner in Gebrüder John von Freyend Verwaltungs- und Beteiligungsgesellschaft m.b.H.
External mandates:

> AVECO Holding AG*
> Bundesanstalt für Immobilienaufgaben (BImA)**
> EUREF AG*
> HAHN-Immobilien-Beteiligungs AG*
> Investment AG für langfristige Investoren TGV*
> VNR Verlag für die Deutsche Wirtschaft AG*
> (until 31 August 2014)

Dr Bernd Kottmann, Münster
Deputy Chairman
MBA

Christel Kaufmann-Hocker, Düsseldorf
Management consultant
External mandates:

> Stiftung Mercator GmbH**

Dr David Mbonimana, Seevetal
Head of Strategy at HSH Nordbank AG
External mandates:

> Capcellence Mittelstandspartner GmbH**
> HGA Real Estate GmbH**
> HSH N Securities S. A. **

Robert Schmidt, Datteln
Managing Director of Vivawest GmbH
Managing Director of Vivawest Wohnen GmbH
Managing Director of THS GmbH
External mandates:

> Vestische Wohnungsgesellschaft mbH
> (Chairman)

Wohnbau Dinslaken GmbH**

Bärbel Schomberg, Königstein
Managing Partner at Schomberg & Co
Real Estate Consulting GmbH
External mandates:

> Deutsche Investment Kapitalanlagegesellschaft*
> (from 31 March 2014)
> HAHN-Immobilien-Beteiligungs AG*

Mechthilde Dordel***, Oberhausen
Clerical employee

Wolfgang Heidermann***, Raesfeld
Technician

Dieter Rolke***, Oberhausen
Clerical employee

Committees of the Supervisory Board

Executive Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Robert Schmidt
Bärbel Schomberg

Audit Committee
Dr Bernd Kottmann (Chairman)
Wolfgang Heidermann
Christel Kaufmann-Hocker
Robert Schmidt

Nomination Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Dr David Mbonimana
Bärbel Schomberg

Managing Board

Dr Rüdiger Mrotzek, Hilden
Director for Finance/Accounting, Controlling, Taxes, Portfolio Management, HR, IT Risk Management and Controlling, Investments

Hans Richard Schmitz, Bonn
Director for Asset Management, Technology/ Maintenance, Legal, Investor Relations/Public Relations, Corporate Governance, Insurance
External mandates:

> Waldbrunnen Beteiligungs AG* (Chairman)
> (until 15 December 2014)

Duisburg, 27 February 2015

The Managing Board

Dr Rüdiger Mrotzek Hans Richard Schmitz

* Membership of other statutory supervisory boards

** Membership of similar executive bodies in Germany and abroad

*** Employee member of the Supervisory Board

The following auditors' report (*Bestätigungsvermerk*) has been issued in accordance with section 322 German Commercial Code (*Handelsgesetzbuch*) in German language on the German version of the separate financial statements of HAMBORNER REIT AG as of and for the fiscal year ended December 31, 2014 and the management report (*Lagebericht*). The management report is not included and is not incorporated by reference in this Prospectus.

Independent Auditor's Report

To HAMBORNER REIT AG, Duisburg

We have audited the separate financial statements – comprising the income statement and statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the financial statements – together with the bookkeeping system and the management report of HAMBORNER REIT AG, Duisburg, for the financial year from 1 January 2014 to 31 December 2014. The maintenance of the books and records and the preparation of the separate financial statements and the management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law in accordance with section 325(2a) HGB ("German Commercial Code") are the responsibility of the Company's management. Our responsibility is to express an opinion on the separate financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the separate financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and result of operations in the separate financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the bookkeeping system, the separate financial statements and the management report are examined primarily on a test basis. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the separate financial statements of the HAMBORNER REIT AG, Duisburg, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law in accordance with section 325(2a) HGB and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with these requirements. The management report is consistent with the separate financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 27 February 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)	(Leber)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Financial Statements (IFRS) of HAMBORNER REIT AG as of 31 December 2013

Income Statement
For the period from 1 January to 31 December 2013

EUR THOUSAND	Note	2013	2012
Income from rents and leases		45,227	36,993
Income from passed-on incidental costs to tenants		5,027	3,416
Real estate operating expenses		-7,158	-5,076
Property and building maintenance		-2,163	-2,104
Net rental income	(1)	**40,933**	**33,229**
Administrative expenses	(2)	-1,131	-993
Personnel costs	(3)	-3,311	-2,868
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	(4)	-16,379	-12,287
Other operating income	(5)	1,334	1,345
Other operating expenses	(6)	-1,030	-917
		-20,517	**-15,720**
Operating result		**20,416**	**17,509**
Result from the sale of investment property	(7)	354	884
Earnings before interest and taxes (EBIT)		**20,770**	**18,393**
Interest income		42	347
Interest expenses		-12,291	-10,974
Financial result	(8)	**-12,249**	**-10,627**
Earnings before taxes (EBT)		**8,521**	**7,766**
Income taxes	(9)	0	-25
Net profit for the year		**8,521**	**7,741**
Profit carryforward from the previous year		34,527	26,144
Dividends		-18,197	-13,648
Withdrawal from other retained earnings		9,783	14,290
Net retained profits		**34,634**	**34,527**
Earnings per share (EUR)	(10)	0.19	0.20

Statement of Comprehensive Income
For the period from 1 January to 31 December 2013

EUR THOUSAND	Note	2013	2012
Net profit for the year as per income statement		8,521	7,741
Items reclassified to profit or loss in future if certain conditions are met:			
Unrealised gains/losses (–) on the revaluation of derivative financial instruments	(18)	4,364	-2,478
Items not reclassified to profit or loss in future:			
Actuarial gains/losses (–) on defined benefit obligations	(21)	304	-1,361
Other comprehensive income		4,668	-3,839
Total comprehensive income		**13,189**	**3,902**

Statement of Financial Position – Assets

EUR THOUSAND	Note	31.12.2013	31.12.2012
Non-current assets			
Intangible assets	(11)	13	14
Property, plant and equipment	(11)	135	159
Investment property	(12)	595,423	510,834
Financial assets	(13)	434	203
Other assets	(14)	297	321
		596,302	**511,531**
Current assets			
Trade receivables and other assets	(14)	801	776
Cash and cash equivalents	(15)	28,154	29,127
Non-current assets held for sale	(16)	6,455	3
		35,410	29,906
Total assets		**631,712**	**541,437**

Statement of Financial Position – Equity and Liabilities

EUR THOUSAND	Note	31.12.2013	31.12.2012
Equity	(17)		
Issued capital		45,493	45,493
Capital reserves		124,279	124,279
Retained earnings			
Other retained earnings		81,565	91,348
Revaluation surplus		-14,227	-18,895
		67,338	72,453
Net retained profits			
Profit carryforward		16,330	12,496
Net profit for the year		8,521	7,741
Withdrawal from other retained earnings		9,783	14,290
		34,634	34,527
		271,744	**276,752**
Non-current liabilities and provisions			
Financial liabilities	(18)	324,038	222,990
Derivative financial instruments	(18)	10,840	14,838
Trade payables and other liabilities	(20)	2,254	2,013
Pension provisions	(21)	7,491	8,160
Other provisions	(22)	1,926	1,566
		346,549	**249,567**
Current liabilities and provisions			
Financial liabilities	(18)	7,483	7,707
Derivative financial instruments	(18)	0	367
Income tax liabilities	(19)	19	18
Trade payables and other liabilities	(20)	4,710	6,040
Other provisions	(22)	1,207	986
		13,419	15,118
Total equity and liabilities		**631,712**	**541,437**

Statement of Cash Flows
For the period from 1 January To 31 December 2013

EUR THOUSAND	Note	2013	2012
Cash flow from operating activities	(25)		
Earnings before taxes (EBT)		8,521	7,766
Financial result		12,249	10,627
Depreciation, amortisation and impairment (+)/write-ups (–)		16,380	11,989
Change in provisions		-452	657
Gains (–)/losses (+) (net) on the disposal of property, plant and equipment and investment property		-355	-934
Change in receivables and other assets not attributable to investing or financing activities		-315	-284
Change in liabilities not attributable to investing or financing activities		1,273	-1,279
Interest received		113	275
Tax payments		0	-1,293
		37,414	**27,524**
Cash flow from investing activities	(26)		
Investments in intangible assets, property, plant and equipment and investment property		-110,407	-88,408
Proceeds from disposals of property, plant and equipment and investment property		1,257	9,332
Proceeds from disposals of financial assets		13	6
Payments relating to the short-term financial management of cash investments		0	-15,000
Proceeds relating to the short-term financial management of cash investments		15,000	0
		-94,137	**-94,070**
Cash flow from financing activities	(27)		
Dividends paid		-18,197	-13,648
Proceeds from borrowings of financial liabilities		108,459	20,050
Repayments of borrowings		-7,121	-5,669
Interest payments		-12,391	-9,914
Proceeds from the capital increase		0	73,926
Payments for the costs of the capital increase		0	-2,559
		70,750	**62,186**
Changes in cash and cash equivalents		**14,027**	**-4,360**
Cash and cash equivalents on 1 January		**14,127**	**18,487**
Cash and cash equivalents (with a remaining term of up to three months)		14,127	18,487
Fixed-term deposits (with a remaining term of more than three months)		15,000	0
Cash and cash equivalents		**29,127**	**18,487**
Cash and cash equivalents on 31 December		**28,154**	**14,127**
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
Cash and cash equivalents		**28,154**	**29,127**

Statement of Changes in Equity

EUR THOUSAND	ISSUED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS		NET RETAINED PROFITS			TOTAL EQUITY
			OTHER RETAINED EARNINGS	REVALUATION SURPLUS	PROFIT CARRY FORWARD	NET PROFIT FOR THE PERIOD	WITHDRAWAL FROM OTHER RETAINED EARNINGS	
As at 1 Jan. 2012	**34,120**	**64,285**	**105,638**	**-15,056**	**17,064**	**7,865**	**1,215**	**215,131**
Carryforward to new account					9,080	-7,865	-1,215	0
Distribution of profit for 2011					-13,648			-13,648
Capital increase	11,373	62,553						73,926
Costs of capital increase		-2,559						-2,559
Other comprehensive income 1 Jan. – 31 Dec. 2012				-3,839				-3,839
Withdrawal from other retained earnings			-14,290				14,290	0
Net profit for the year 1 Jan. – 31 Dec. 2012						7,741		7,741
Total comprehensive income 1 Jan. – 31 Dec. 2012				**-3,839**		**7,741**		**3,902**
As at 31 Dec. 2012	**45,493**	**124,279**	**91,348**	**-18,895**	**12,496**	**7,741**	**14,290**	**276,752**
Carryforward to new account					22,031	-7,741	-14,290	0
Distribution of profit for 2012					-18,197			-18,197
Other comprehensive income 1 Jan. – 31 Dec. 2013				4,668				4,668
Withdrawal from other retained earnings			-9,783				9,783	0
Net profit for the year 1 Jan. – 31 Dec. 2013						8,521		8,521
Total comprehensive income 1 Jan. – 31 Dec. 2013				**4,668**		**8,521**		**13,189**
As at 31 Dec. 2013	**45,493**	**124,279**	**81,565**	**-14,227**	**16,330**	**8,521**	**9,783**	**271,744**

Statement of Changes in Fixed Assets*

	COST				
EUR THOUSAND	BALANCE AS AT 1 JAN. 2013	ADDITIONS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS AT 31 DEC. 2013
Intangible assets	140	9	3	0	146
Property, plant and equipment	851	14	10	0	855
Investment property	584,881	108,275	2,249	-9,586	681,321
Total	**585,872**	**108,298**	**2,262**	**-9,586**	**682,322**

	COST				
EUR THOUSAND	BALANCE AS AT 1 JAN. 2012	ADDITIONS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS AT 31 DEC. 2012
Intangible assets	132	8	0	0	140
Property, plant and equipment	841	34	24	0	851
Investment property	497,309	88,307	732	-3	584,881
Total	**498,282**	**88,349**	**756**	**-3**	**585,872**

* Component of the notes.

DEPRECIATION/AMORTISATION/WRITE-UPS						CARRYING AMOUNTS	
BALANCE AS AT 1 JAN. 2013	ADDITIONS (DEPRECIATION/ AMORTISATION FOR THE FINANCIAL YEAR)	WRITE-UPS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS AT 31 DEC. 2013	BALANCE AS AT 31 DEC. 2012	BALANCE AS AT 31 DEC. 2013
126	10	0	3	0	133	14	13
692	38	0	10	0	720	159	135
74,047	16,331	0	1,349	-3,131	85,898	510,834	595,423
74,865	**16,379**	**0**	**1,362**	**-3,131**	**86,751**	**511,007**	**595,571**

DEPRECIATION/AMORTISATION/WRITE-UPS						CARRYING AMOUNTS	
BALANCE AS AT 1 JAN. 2012	ADDITIONS (DEPRECIATION/ AMORTISATION FOR THE FINANCIAL YEAR)	WRITE-UPS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS AT 31 DEC. 2012	BALANCE AS AT 31 DEC. 2011	BALANCE AS AT 31 DEC. 2012
109	17	0	0	0	126	23	14
672	43	0	23	0	692	169	159
62,119	12,227	299	0	0	74,047	435,190	510,834
62,900	**12,287**	**299**	**23**	**0**	**74,865**	**435,382**	**511,007**

NOTES ON THE FINANCIAL STATEMENTS

Notes on the financial statements

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. It is entered in the Commercial Register of Duisburg District Court under HRB 4. Since its transformation into a REIT company as at 1 January 2010, it is also subject to the provisions of the German Act on German real estate stock corporations with listed shares (REITG – German REIT Act).

HAMBORNER REIT AG acquires ownership or easement rights for German and foreign immovable property within the meaning of section 3 of the German REIT Act for use, management or disposal, with the exception of residential properties in Germany. It can also acquire, hold, manage and dispose of equity investments in partnerships and corporations within the meaning of section 3 of the German REIT Act. As a REIT company, HAMBORNER has been exempt from both corporation tax and trade tax since 1 January 2010.

As a listed REIT stock corporation, HAMBORNER REIT AG prepares and publishes separate financial statements within the meaning of section 325(2a) of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the provisions of the International Financial Reporting Standards (IFRS). The management report in accordance with section 289 HGB is published with the IFRS separate financial statements in the Federal Gazette.

The separate financial statements as at 31 December 2013 were prepared in accordance with IFRS as applicable in the European Union at the end of the reporting period and the additional provisions of commercial law in accordance with section 325 (2a) HGB. IFRS include the IFRS passed by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). All the standards and interpretations issued by the IASB and effective as at the time of the preparation of the financial statements have been applied to the extent that they have been endorsed by the EU. Thus, the separate financial statements of the company comply with IFRS.

The financial statements were prepared in euro (EUR). All amounts are shown in thousands of euro (EUR thousand) unless stated otherwise. Minor rounding differences may occur in totals and percentages.

The Managing Board prepared the separate financial statements as at 31 December 2013 and the management report for 2013 on 28 February 2014 and approved them for submission to the Supervisory Board.

The separate financial statements prepared in accordance with IFRS in accordance with section 325(2a) HGB and the HGB annual financial statements have been submitted to the operator of the Federal Gazette. The IFRS financial statements will then be published there. The financial statements are available for download on the Internet at www.hamborner.de. They can also be requested from HAMBORNER REIT AG, Goethestrasse 45, 47166 Duisburg, Germany.

Accounting policies

Barring the changes described below, these separate financial statements as at 31 December 2013 are based on the same accounting policies as the separate financial statements for the previous year. The statement of financial position as at 31 December 2013 is structured by maturity in accordance with IAS 1 (60). Items that have been summarised in the statement of financial position and the income statement are explained in the notes.

Changes in accounting policies

For reasons of materiality and clarity, the item reported separately in the statement of financial position in the separate financial statements for the previous year as "Income tax receivables"

(EUR 7 thousand) is reported in the prior-year column of the statement of financial position in the separate financial statements as at 31 December 2013 under "*Trade receivables and other assets*". The comparative figure for the year under review reported under "*Trade receivables*" amounts to EUR 5 thousand.

To allow a more transparent presentation of the net asset situation, the obligations for Supervisory Board remuneration, fees for auditors, legal and consulting costs, outstanding invoices, outstanding holiday obligations and overtime under current other provisions in the previous year of a total amount of EUR 1,726 thousand (reporting year: EUR 1,924 thousand) were reported under current "*Trade payables and other liabilities*" in accordance with IAS 37.11.

For reasons of clarity we have renamed the item referred to as "Bank deposits and cash balances" in previous financial years as "Cash and cash equivalents" in line with IAS 1.54 (i). In order to comply with the definition of "**Cash and cash equivalents**", reclassified the cash deposits by tenants to which the company has limited access (EUR 179 thousand) from "Bank deposits and cash balances" in the statement of financial position in the separate financial statements for the previous year to "Financial assets". Accordingly, the amounts in the prior-year column of the statement of cash flows in "Cash and cash equivalents on 1 January" and "Cash and cash equivalents on 31 December" were down by EUR 198 thousand and EUR 179 thousand respectively, while "Cash flow from operating activities" was up EUR 19 thousand. The cash deposits reported under "*Financial assets*" for the reporting year amount to EUR 422 thousand.

Revised or new standards or interpretations and the resulting changes in accounting policies

As against the separate financial statements as at 31 December 2012, the following standards and interpretations have been amended or were effective for the first time as a result of their endorsement in EU law or their coming into effect:

STANDARD/ INTERPRETATION	NAME	NATURE OF AMENDMENT
IFRS 1	First-time Adoption of IFRS	Amendments in relation to government loans at below-market rates of interest; amendment in relation to severe hyperinflation; deletion of references to fixed dates for first-time adopters of IFRS
IFRS 7	Financial Instruments: Disclosures	Amendments to improve disclosures on offsetting of financial assets and liabilities
IFRS 13	Fair Value Measurement	New standard; harmonises regulations on the measurement of fair value. This standard applies when other standards require measurement at fair value
IAS 1	Presentation of Financial Statements	Amendments relating to presentation of comprehensive income
IAS 12	Income Taxes	Deferred taxes: recovery of underlying assets
IAS 19	Employee Benefits	Amendment in treatment of defined benefit plans and termination benefits
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	New interpretation
Various	Annual IFRS improvement project (2009 – 2011)	Amendments essentially relate to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34

The introduction of IFRS 13 affected the financial statements of the company only in the form of extended disclosure requirements for financial instruments and investment property.

The amendments to IAS 1 changed the presentation of comprehensive income in that items that can be subsequently reclassified to the income statement under certain conditions are shown separately from those that cannot be reclassified.

The amendments to IAS 19 resulted in changed and in some cases extended disclosure requirements in the HAMBORNER financial statements. For example, a sensitivity analysis of the significant actuarial assumptions had to be included in this annual report for the first time.

Other than this, the new or revised standards and interpretations had no material influence on the HAMBORNER financial statements.

The following standards and interpretations already passed, amended or issued by the IASB were not yet effective for the 2013 financial year: The option to apply standards and interpretations early was not exercised.

STANDARD/ INTERPRETATION	NAME	NATURE OF AMENDMENT	EFFECTIVE DATE	MATERIAL EXPECTED EFFECT
IFRS 9	Financial Instruments	Classification and measurement of financial instruments (published 2009); classification and measurement of financial liabilities and derecognition (published 2010); hedge accounting and change in effective date and amendments to transition disclosures (published 2013)	1 January 2017 or later	Under examination
IFRS 10	Consolidated Financial Statements	New standard including subsequent amendments for investment companies and transition regulations; replaces current versions of IAS 27 and SIC 12	1 January 2014	None
IFRS 11	Joint Arrangements	New standard including subsequent amendments for transition regulations; replaces IAS 31 and SIC 13	1 January 2014	None
IFRS 12	Disclosure of Interests in Other Entities	New standard including subsequent amendments for investment companies and transition regulations; extension of disclosure requirements for a reporting entity's involvement in subsidiaries, joint arrangements, associates and unconsolidated SPEs/ structured entities	1 January 2014	None
IAS 19	Employee Benefits	Clarification of allocation of employee contributions or contributions from third parties that are linked to service	1 July 2014	None
IAS 27	Separate Financial Statements	Owing to the introduction of IFRS 10, the standard now only applies to separate financial statements	1 January 2014	None
IAS 28	Investments in Associates and Joint Ventures	Standard replaces previous version of IAS 28 (2003) Investments in Associates	1 January 2014	None
IAS 32	Financial Instruments: Presentation	Amendments to improve disclosures on offsetting of financial assets and liabilities	1 January 2014	None
IAS 36	Impairment of Assets	Disclosures regarding recoverable amount for non-financial assets	1 January 2014	None
IAS 39	Financial Instruments: Recognition and Measurement	Novation of derivatives and continuation of hedge accounting	1 January 2014	None
IFRIC 21	Levies	New interpretation; guidance on when to recognise a liability for a levy imposed by a government	1 January 2014	None
Various	Annual IFRS improvement project (2010 – 2012)	Amendments essentially relate to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 7, IAS 16/38, IAS 24	1 July 2014	None
Various	Annual IFRS improvement project (2011 – 2013)	Amendments essentially relate to IFRS 1, IFRS 3, IFRS 13, IAS 40	1 July 2014	None

Segment reporting

Segment reporting in accordance with IFRS 8 is based on the management approach and is therefore consistent with the management and reporting system used in the company for its segments.

HAMBORNER only operates in one business segment and one geographical segment, and generates its revenue and holds its assets exclusively in Germany. As in previous years, it therefore did not prepare a segment report. Internal reporting is also based on the IFRS accounting figures.

Assumptions and estimates

In preparing the financial statements, assumptions have been made and estimates used that affect the reporting and amount of the recognised assets, liabilities, income and expenses. These assumptions and estimates essentially relate to the determination of useful lives, the fair value of land, buildings and receivables, the calculation of the fair value of financial instruments and the recognition and measurement of provisions. The carrying amounts of the items concerned can be found in the statement of financial position and the notes. Actual values may deviate from the assumptions and estimates made. Changes are taken into account when new information is available.

Intangible assets

Intangible assets are measured at cost less straight-line amortisation. Amortisation is recognised in line with the economic life, which is between three and eight years.

Property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation. The company's administrative building in Duisburg and operating and office equipment are reported under property, plant and equipment. Depreciation for the administrative building is based on a total useful life of 50 years and a remaining useful life at the end of the reporting period of six years. The operating and office equipment has an average useful life of between three and fifteen years.

The results of disposals of property, plant and equipment are reported under "*Other operating income*" (gains) or "*Other operating expenses*" (losses).

Investment property

Investment property is measured at amortised cost less straight-line depreciation in accordance with the option under IAS 40 (30) in conjunction with (56). All land, buildings and parts of buildings already developed and under development held to generate future rental income or gains from appreciation or with an undetermined use are classified as investment property. They are not intended for HAMBORNER's own administrative purposes or for short-term trading in the context of the ordinary business activities. Depreciation is recognised on a straight-line basis over the economic life. The results from the sale of the investment property are shown separately in the income statement.

The following useful lives were applied in the reporting year:

USEFUL LIVES OF NON-CURRENT ASSETS	YEARS
Commercial and office buildings	33 to 50
Other commercial buildings	40
Self-service shops	33 to 40

To calculate the fair value disclosed in the notes in accordance with IAS 40, our developed property portfolio was valued by an independent expert at the end of 2013. The market values of property were calculated in line with internationally recognised standards using the discounted cash flow (DCF) method (level 3 of the measurement hierarchy in accordance with IFRS 13). Under this method, the market value of a property is calculated as the total of the discounted cash flows for the entire planning period, usually ten years (2014 to 2023), plus the residual value of the property calculated on the basis of its long-term free cash flow less costs to sell, also discounted to the measurement date. Discount rates of between 4.05% and 8.70% (previous year: 4.75% and 8.50%) were used to calculate residual values. Cash flows and residual values were discounted using risk-adjusted interest rates of between 4.75% and 9.25% (previous year: 5.00% and 9.25%). For further information please see "*Performance of the property portfolio*" in the management report.

We used the respective carrying amounts for the fair values of the cost of acquisition and advance payments for properties not yet transferred to us.

The fair value of our undeveloped land holdings was calculated using the market-based approach in accordance with level 2. The standard land values calculated in expert reports for similar properties and areas are used and risks deductions are charged in line with the particular characteristics of the properties. The measurement of fair value at amortised cost performed in the previous year was adjusted accordingly. On average, the fair value of undeveloped land is unchanged at EUR 2.77 per m².

Impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment and investment property

The recoverability of the carrying amounts of all intangible assets, property, plant and equipment and investment property is reviewed regularly. In addition, the carrying amounts are reviewed if events or changes in circumstances indicate that it may no longer be possible to recover the recognised carrying amount. If the recoverable amount of these assets is less than the carrying amount at the end of the reporting period, this is shown by the recognition of impairment losses.

The recoverable amount is determined using the fair value calculated an expert before the deduction of transaction costs of a fictitious acquisition (gross capital value) as the value in use within the meaning of IAS 36.30. If the reasons for impairment losses recognised in previous years no longer exist, they are reversed up to the amortised carrying amounts of the respective assets. Impairment losses are reported under "*Amortisation of intangible assets, depreciation of property, plant and equipment and investment property*". Write-ups are recognised in "Other operating income".

Leases

Leases in which the risks and rewards incidental to ownership of a leased asset remain with the lessor are classified as operating leases in line with IAS 17. Payments made or received for an operating lease are recognised in the income statement over the term of the lease. All properties are let under operating leases at HAMBORNER.

If the significant risks and rewards incidental to ownership of a leased asset are transferred to the lessee, these are classified as finance leases. There are no leases of this kind at HAMBORNER.

Financial assets

In accordance with IAS 39, financial assets are measured at fair value including transaction costs for acquisitions on first-time recognition, **provided that** subsequent measurement is at amortised cost. Subsequent measurement is determined by the category to which a financial asset is allocated.

- Loans and receivables are measured at amortised cost. Any discernible specific risks are taken into account appropriately by way of write-downs.
- Financial assets held to maturity are measured at the lower of amortised cost and fair value. The "Other loans" included here have a fixed term and are therefore measured using the effective interest method.

Derivative financial instruments

HAMBORNER uses derivative financial instruments in the form of interest rate swaps to manage risks from interest rate fluctuations.

Derivative financial instruments are recognised for the first time on the trade date. For cash flow hedges used to hedge risks affecting the amount or timing of future cash flows, any changes in market value are recognised in equity (revaluation surplus) and hedge effectiveness is documented. The effectiveness of cash flow hedges is determined in line with the dollar-offset method. In these cases this resulted in the recognition of the changes in carrying amounts in full in equity. Derivative financial instruments that are assets are reported under "*Other assets*", those that are liabilities are reported separately under "*Financial liabilities*".

The market values calculated by banks as at the end of the respective reporting period including the risk of default result from discounting the expected future cash flows over the residual term of the contracts on the basis of current market interest rates or yield curves. Derivatives are measured in line with level 2. This means that the measurement models use factors observed directly (i.e. as prices) or indirectly (i.e. derived from prices) on active markets.

The fair value of the derivative financial instruments designated as hedging instruments is reported in full as a non-current asset or liability if the remaining term of the hedged item is longer than twelve months after the end of the reporting period, and as a current asset or liability if the remaining term is shorter.

Cash and cash equivalents

Cash and cash equivalents comprise call money with an initial remaining term of less than three months. As at 31 December 2012, bank balances included a fixed-term deposit of EUR 15.0 million with an initial remaining term of five months that was repaid at the start of January 2013. These items are recognised at nominal amount.

Non-current assets held for sale

Non-current assets are classified as held for sale if a sale is highly likely in the next twelve months. The assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. Depreciation is no longer recognised from the time of reclassification.

Provisions

Provisions are classified as non-current or current in line with the maturity structure required under IFRS and reported accordingly.

Pension provisions

Pension provisions are calculated using the projected unit credit method, taking into account future adjustments in salaries and pensions. They are calculated using the biometric data of the 2005 G Heubeck mortality tables.

The following parameters were applied:

PARAMETERS P.A. (%)	2013	2012
Interest rate	3.2	3.1
Pension trend	2.0	2.0
Inflation	2.0	2.0

Sensitivity analyses, which are shown under note 21, were performed to show the sensitivity of the parameters used that are considered significant. These sensitivity analyses should not be considered representative for the actual change in defined benefit pension obligations. It is thought unlikely that the deviations from assumptions will occur in isolation as the assumptions are related in some cases.

Actuarial gains and losses from experience adjustments and changes in assumptions are recognised in the revaluation surplus in the year in which they arise. The interest expense included in pension expenses is reported in interest expenses.

Expenses for defined contribution plans are recognised as an expense and reported in personnel costs.

Other provisions

Current provisions are recognised in the amount of expected utilisation (best estimate) without discounting and take into account all obligations discernible at the end of the reporting period based on transactions or past events for which the amount or timing is uncertain. This includes only third-party obligations for which an outflow of assets is likely.

Provisions for obligations that will not result in a reduction of assets in the subsequent year are recognised in the amount of the present value of the forecast outflow of assets.

Long-term, share-based remuneration is measured with the fair value of the liability as at the end of each reporting period and on the settlement date. All changes in fair value are recognised in profit or loss.

Financial liabilities

Liabilities are measured at fair value taking into account transaction costs on first-time recognition. Subsequent measurement is at amortised cost using the effective interest method. Liabilities are classified as non-current if the agreements provide for repayment after twelve months.

Recognition of expenses and revenue

The recognition of revenue and other operating income is based on when services are rendered or, for sales transactions, when substantially all the risks and rewards of ownership have been transferred to the buyer.

Operating expenses are recognised when services are utilised or when they are incurred.

Notes on the Income Statement

(1) Net rental income

Income from rents and leases for properties recognised in accordance with IAS 40 increased by EUR 8,234 thousand to EUR 45,227 thousand in the reporting year. The change was due to rent increases due to property additions in the current year and the previous year (EUR 8,852 thousand), rent losses as a result of property disposals (EUR -93 thousand) and declines in rents (like-for-like) of EUR 525 thousand.

Charges for passed-on incidental costs to tenants include mainly heating costs, property charges and other incidental rental costs that can be reallocated under the lease agreements. The corresponding income increased by EUR 1,611 thousand in the reporting year. EUR 1,362 thousand of the increase in income from passed-on incidental costs to tenants was due to the net change in the investment property portfolio. The income from charging incidental costs on to tenants for the other properties in the portfolio increased by a total of EUR 249 thousand.

EUR THOUSAND	2013	2012
Income from rents and leases		
Retail space	26,556	23,124
Office space and medical practices	16,279	12,329
Production and other commercial space	934	605
Apartments	410	434
Garages/car parking spaces	232	202
Other lettings and leases (agricultural leases, licensing agreements, etc.)	168	164
Income from rent guarantees	648	135
Total	**45,227**	**36,993**
Income from passed-on incidental costs to tenants	5,027	3,416
Total	**50,254**	**40,409**
Real estate operating expenses	-7,158	-5,076
Property and building maintenance	-2,163	-2,104
Net rental income	**40,933**	**33,229**

HAMBORNER generated more than 10% of its rental income with each of the Edeka Group (EUR 6.9 million; previous year: EUR 4.2 million) and the Kaufland Group (EUR 5.0 million; previous year: EUR 5.0 million) in the 2013 financial year.

EUR THOUSAND	2013	2012
Real estate operating expenses		
Energy, water, etc.	4,060	2,445
Land taxes	1,490	1,165
Other property charges	602	533
Ground rents	527	575
Insurance premiums	320	245
Miscellaneous	159	113
Total	**7,158**	**5,076**

Most of the real estate operating expenses can be passed on to the tenants under the terms of their rental agreements. They increased by EUR 2,082 thousand to EUR 7,158 thousand as a result of additions to the investment property portfolio.

The expenses for property and building maintenance amounted to EUR 2,163 thousand compared to EUR 2,104 thousand in the previous year. The biggest measure in the reporting year was the revitalisation of an EDEKA store in Freiburg. Of the EUR 1,107 thousand in costs incurred for this operation in the 2013 financial year, expenses that cannot be capitalised accounted for EUR 194 thousand.

The direct operating expenses for our leased property were EUR 9,321 thousand in the reporting year (previous year: EUR 7,180 thousand). With the exception of temporary, partial vacancies in individual properties, the entire inventory was let at the end of the reporting period.

(2) Administrative expenses

The item includes the costs for the Annual General Meeting, the Supervisory Board and the auditor as stipulated in the Articles of Association and actual costs of administration. The rise of EUR 138 thousand is due mainly to higher Annual General Meeting costs.

The following fees were recognised for the appointed auditor in the financial year:

EUR THOUSAND	2013	2012
Audits of financial statements	88	76
Other assurance services	10	185
Other services	4	5
Total	**102**	**266**

Other assurance services in the previous year include mainly fees in connection with the capital increase, which were offset against capital reserves.

(3) Personnel expenses

As a result in particular of a slight increase in headcount and the adjustment of Managing Board remuneration in 2013, personnel costs increased by EUR 443 thousand year-on-year to EUR 3,311 thousand.

EUR THOUSAND	2013	2012
Wages and salaries	2,942	2,494
Social security contributions and related expenses	295	277
Retirement benefit expenses/pension expenses	74	97
Total	**3,311**	**2,868**

(4) Amortisation and depreciation expense for intangible assets, property, plant and equipment and investment property

The depreciation and amortisation expense for 2013 was up EUR 4,092 thousand on the previous year at EUR 16,379 thousand. EUR 16,331 thousand of this increase relates to investment property (previous year: EUR 12,227 thousand). This item includes an impairment loss of EUR 463 thousand (previous year: EUR 0 thousand) for the property in Oberhausen sold in the reporting year.

(5) Other operating income

EUR THOUSAND	2013	2012
Receipt of indemnifications and reimbursements	1,235	278
Reversal of provisions	34	705
Charges passed on to tenants and leaseholders	23	38
Reversal of impairment losses	0	299
Others	42	25
Total	**1,334**	**1,345**

EUR 1.0 million of the receipt of indemnifications and reimbursements relates to compensation paid by a tenant for the early termination of its lease.

The reversal of impairment losses in the previous year relates to the adjustment of properties impaired in previous years based on the fair values determined by valuation experts as at 31 December 2012.

(6) Other operating expenses

Other operating expenses rose by EUR 113 thousand to EUR 1,030 thousand. This item essentially includes legal and consulting costs of EUR 292 thousand (previous year: EUR 235 thousand), additions to the provision for mining damage of EUR 240 thousand (previous year: EUR 241 thousand) (see also note 22) and costs of public relations work of EUR 182 thousand (previous year: EUR 161 thousand).

(7) Result from the sale of investment property

In the reporting year, we generated net income from the disposal of investment property of EUR 354 thousand after EUR 884 thousand in the previous year. This results from the disposal of a smaller area from our undeveloped land holdings.

(8) Financial result

The financial result consists solely of interest income and expenses. The interest income amounts to EUR 42 thousand (previous year: EUR 347 thousand) and comprises mainly interest on call money or fixed-term deposits at various banks.

Interest expenses increased by a total of EUR 1,317 thousand to EUR 12,291 thousand in the 2013 financial year as a result of the interest recognised for the entire year for the first time for the investment property loans borrowed in the previous year and the *pro rata* interest expense for the additional loans of the reporting year. EUR 11,892 thousand of this relates to financial liabilities (previous year: EUR 10,085 thousand).

The interest expenses for interest rate hedges amounted to EUR 3,723 thousand (previous year: EUR 3,386 thousand). The payments we make quarterly on the basis of agreed interest rates amounted to EUR 3,918 thousand in the reporting year (previous year: EUR 4,107 thousand).

In return, we received variable interest in line with agreements on the basis of three-month EURIBOR of EUR 195 thousand (previous year: EUR 721 thousand). The decline is due to the development of short-term interest rates in 2012 and 2013. For further information on interest rate hedges, please see "*Financial liabilities and derivative financial instruments*".

(9) Income taxes

The income taxes for the previous year (EUR 25 thousand) was incurred for the retroactive withdrawal of tax exemptions granted for exit taxation (section 3 no. 70 of the Einkommensteuergesetz (EStG – German Income Tax Act) from the sale of undeveloped land. The income taxes for the previous year relate solely to past financial years.

(10) Earnings per share

The net profit for the year amounted to EUR 8,521 thousand, up EUR 780 thousand on the figure for the previous year.

Earnings per share amounted to EUR 0.19 and are calculated in line with IAS 33. Thus, earnings per share are determined by dividing the net profit for the period attributable to the shareholders by the weighted average number of shares in the financial year.

Earnings per share are not diluted by, for example, stock options or convertible bonds as HAMBORNER has no such programmes. The basic and diluted earnings per share are therefore the same.

		2013	2012
Weighted average number of shares outstanding	Thousands	45,493	39,309
Net earnings/net profit for the year	EUR thousand	8,521	7,741
Earnings per share	EUR	0.19	0.20

Notes on the statement of financial position

(11) Intangible assets and property, plant and equipment

Intangible assets include acquired rights for the use of system and application software.

The carrying amount of the company's administrative building in Duisburg reported under property, plant and equipment amounted to EUR 97 thousand (EUR 111 thousand) as at the end of the reporting period.

(12) Investment property

Additions to investment property amounted to EUR 108,275 thousand in the financial year. EUR 106,809 thousand of this amount relates to property acquired in the reporting year and previous years, EUR 437 thousand to incidental acquisition costs for property not yet transferred to the company and EUR 1,029 thousand to reinstated portfolio assets.

Investment property developed as follows in the reporting year:

EUR THOUSAND	2013	2012
As at 1 January	**510,834**	**435,190**
+ Additions due to acquisition	106,809	81,530
+ Additions due to advance payments	437	5,608
+ Additions due to subsequent expenditures	1,029	1,169
	108,275	**88,307**
– Disposals due to sales	-900	-732
– Disposals due to IFRS 5 reclassifications	-6,455	-3
	-7,355	**-735**
+ Reversals of impairment losses	0	299
– Depreciation for the financial year	-15,868	-12,227
– Impairment losses for the financial year	-463	0
As at 31 December	**595,423**	**510,834**

Taking into account the additions and disposals in the reporting year, the market value of investment property was EUR 683,771 thousand as at 31 December 2013 (previous year: EUR 590,348 thousand).

(13) Financial assets

At EUR 422 thousand (previous year: EUR 179 thousand) financial assets essentially relate to cash security deposits by tenants. This item also includes other loans of EUR 12 thousand (previous year: EUR 24 thousand).

(14) Trade receivables and other assets

All receivables and other assets are carried at amortised cost. Write-downs on doubtful debts amounted to EUR 14 thousand (previous year: EUR 21 thousand). Moreover, the result for the reporting year was reduced by the derecognition of receivables of EUR 17 thousand (previous year: EUR 19 thousand).

At EUR 211 thousand, non-current other assets included development costs paid for the leasehold property in Solingen and rental income from incentives (rent-free periods, construction subsidies) deferred over the term of the lease of EUR 86 thousand.

Trade receivables and other current assets break down as follows:

EUR THOUSAND	2013	2012
Trade receivables	430	411
Others	371	365
Total	**801**	**776**

EUR 162 thousand (previous year: EUR 313 thousand) of trade receivables were past due and not impaired as at the end of the reporting period. EUR 44 thousand (previous year: EUR 15 thousand) of this were older than 60 days.

(15) Cash and cash equivalents

Cash and cash equivalents break down as follows:

EUR THOUSAND	2013	2012
Bank balances	28,153	29,125
Cash balances	1	2
Total	**28,154**	**29,127**

Bank balances include EUR 26,024 thousand (previous year: EUR 11,791 thousand) in demand deposits. There were no fixed-term deposits as at the end of the reporting period (previous year: EUR 15,520 thousand).

(16) Non-current assets held for sale

Non-current assets held for sale relate to three properties no longer consistent with strategy in Hanover, Moers and Wuppertal, for which purchase agreements were signed in 2013 and that were transferred to their respective buyers at the start of 2014. The fair value of these properties is EUR 10.9 million and is equal to the contractually agreed sale prices.

A carrying amount of EUR 3 thousand was reported in this item in the previous year for an area of undeveloped land, which was transferred to the new owner in January 2013.

(17) Equity

The development of equity from 1 January 2012 to 31 December 2013 is shown in the statement of changes in equity. As at 31 December 2013, the issued capital of the company amounted to EUR 45,493 thousand and was divided into 45,493 thousand no-par-value bearer shares.

By way of the resolutions of the Annual General Meeting on 7 May 2013, the Managing Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company as follows:

- EUR 4,549 thousand (Authorised Capital I)
- EUR 18,197 thousand (Authorised Capital II)

The authorised capital amounts give rise to 22,747 thousand authorised shares that can be issued to shareholders as no-par-value shares. The authorisation remains in effect until 6 May 2018.

Furthermore, the Managing Board was authorised, with the approval of the Supervisory Board, to issue bearer or registered warrant and convertible bonds ("**bonds**"), dated or undated, up to a total of EUR 250,000 thousand until 6 May 2018, and to grant the bearers or creditors ("**bearers**") of bonds conversion rights to new bearer shares of the company with a total *pro rata* amount of share capital of up to EUR 22,747 thousand in accordance with the more detailed conditions of the warrant or convertible bonds ("**bond conditions**").

In issuing warrant or convertible bonds, the Managing Board is authorised to contingently increase the share capital of the company by up to EUR 22,746 thousand, divided into up to 22,747 thousand bearer shares (Contingent Capital).

With the approval of the Supervisory Board, the Managing Board can disapply shareholders' statutory pre-emption rights in certain cases for a partial amount. The above authorisations have not been used to date.

By way of the resolutions of the Annual General Meeting on 17 May 2011, the Managing Board was also authorised to acquire own shares in the company. The authorisation is limited to the acquisition of shares accounting for not more than 10% in total of the lower of share capital at the time of the resolution by the Annual General Meeting on this authorisation or at the time that this authorisation is exercised. The authorisation is therefore limited to 3,412 thousand shares and until 16 May 2016. The Managing Board has not yet utilised this authorisation.

The company reported net retained profits of EUR 34,634 thousand (previous year: EUR 34,527 thousand) as at 31 December 2013. The Managing Board will propose the distribution of a dividend of EUR 18,197 thousand for the 2013 financial year at the Annual General Meeting. This corresponds to a dividend of EUR 0.40 per share. The dividend proposal is based on net retained profits for the company under German commercial law of EUR 18,197 thousand.

As in the previous year, the capital reserves still amount to EUR 124.3 million and include amounts generated when issuing shares in the context of capital increases in previous years that exceeded the notional value of the shares less the costs of capital increases.

The other retained earnings include earnings generated in the past to the extent that these have not been distributed or carried forward to new account. Under the Managing Board's proposal for the appropriation of earnings, EUR 9,783 thousand was withdrawn from other retained earnings as at 31 December 2013, resulting in an amount of EUR 81,565 thousand as at the end of the reporting period.

The revaluation surplus includes the negative fair values of derivatives in connection with cash flow hedges in the amount of EUR -10,840 thousand (previous year: EUR -15,205 thousand) and actuarial losses on defined benefit obligations accrued as at 31 December 2013 in the amount of EUR -3,387 thousand (previous year: EUR -3,690 thousand).

The objectives of our capital management are to ensure the continuation of the company as a going concern, generate an adequate return on equity and remain solvent.

The main control parameter for this is the equity ratio, a business ratio also recognised by investors, analysts and banks.

EUR THOUSAND	2013	2012	CHANGE IN %
Equity	271,744	276,752	-1.8%
Total assets	631,712	541,437	+16.7%
Reported equity ratio	**43.0%**	**51.1%**	**-8.1% percentage points**

In addition, the company is required to comply with the equity coverage ratio of at least 45% codified in accordance with section 15 REITG in order to maintain its status as a real estate investment trust. Compliance with the REIT equity ratio is therefore subject to ongoing monitoring. The equity ratio was 52.5% as at 31 December 2013 (previous year: 60.3%).

A key figure in connection with solvency is the loan-to-value (LTV) ratio. This ratio is defined as net financial liabilities to the calculated value of the company's properties. The figure was 43.7% as at 31 December 2013 (previous year: 34.2%).

The framework for the management of the capital structure e.g. by capital increases, is defined by the provisions of company law.

The capital management targets were achieved in the financial year.

(18) Financial liabilities and derivative financial instruments

Financial liabilities increased by a net amount of EUR 100,824 thousand to EUR 331,521 thousand as a result of further borrowing for property financing. The fair value of derivative financial instruments rose by EUR 4,365 thousand to EUR -10,840 thousand as a result of remaining terms that were one year shorter compared with the previous year and due to a different yield curve. Furthermore, an interest rate swap expired as planned in December 2013. The floating rate loan hedged with this interest rate swap was replaced by a fixed-rate loan agreement. The property loans in place are based on both long-term fixed-rate interest agreements and interest rate agreements based on EURIBOR. The interest rate risk was eliminated in these instances by concluding interest rate swaps, with which we receive EURIBOR and pay a constant fixed rate of interest over the entire term of the swap.

At the end of the reporting period, the nominal hedge volume of the interest rate swaps was EUR 78.8 million. Depending on the underlying loan transactions, the derivatives mature between 2017 and 2021. The change in the fair values of interest rate derivatives recognised in equity of EUR 4.4 million resulted in a rise in market value changes in derivatives in the revaluation surplus to EUR -10.8 million.

NO.	TYPE	MATURITY	NOMINAL VALUE AS AT 31 DEC 2013	FAIR VALUE EUR THOUSAND EUR MILLION
1	Interest rate swap	Apr. 2018	14.7	-2.084
2	Interest rate swap	Apr. 2018	10.7	-1.510
3	Interest rate swap	Dec. 2018	4.3	-562
4	Interest rate swap	Oct. 2017	32.5	-4.341
5	Interest rate swap	Nov. 2021	16.6	-2.343
Total			**78.8**	**-10.840**

Financial liabilities and derivative financial instruments break down by maturity as follows:

EUR THOUSAND	31 DEC. 2013			31 DEC. 2012		
	CURRENT	NON-CURRENT		CURRENT	NON-CURRENT	
	LESS THAN 1 YEAR	2 TO 5 YEARS	MORE THAN 5 YEARS	LESS THAN 1 YEAR	2 TO 5 YEARS	MORE THAN 5 YEARS
Financial liabilities	10,176	107,714	213,631	7,707	65,245	157,745
Derivative financial instruments	0	8,497	2,343	367	5,946	8,892
Total	**10,176**	**116,211**	**215,974**	**8,074**	**71,191**	**166,637**

The table below shows the contractually agreed payments for interest and the repayment of financial liabilities and derivative financial instruments. Interest payments on floating-rate loans are calculated uniformly using the last interest rate set before the end of the reporting period.

EUR THOUSAND	31 DEC. 2013			31 DEC. 2012		
PAYMENTS FOR INTEREST AND THE REPAYMENT OF	**LESS THAN 1 YEAR**	**2 TO 5 YEARS**	**MORE THAN 5 YEARS**	**LESS THAN 1 YEAR**	**2 TO 5 YEARS**	**MORE THAN 5 YEARS**
Financial liabilities	20,441	143,145	232,812	13,595	89,796	176,413
Derivative financial instruments	3,192	9,433	1,446	3,743	11,961	2,385
Total	**23,633**	**152,578**	**234,258**	**17,338**	**101,757**	**178,798**

All loans are secured by investment property. There were land charges of EUR 364.5 million chargeable to the company for the financial liabilities reported as at 31 December 2013. In addition, the rent receivables on the collateralised properties have usually been assigned to the lending banks by way of undisclosed assignment. The non-current property loans bear interest at interest rates of between 2.50% and 5.21% (average interest rate: 3.92%) In line with loan agreements, repayments are made monthly, quarterly, semi-annually or annually. HAMBORNER is exposed to various risks on account of its business activities. The risk report, which is a component of the management report, includes a detailed presentation of these risks and their management.

Derivative financial instruments in the form of interest rate swaps are used mainly to manage interest rate risks. The risks resulting in connection with the use of these derivative financial instruments are subject to risk management and control.

The risks resulting from the financial instruments relate to credit, liquidity and market risks. There are credit risks in the form of risks of default on financial assets. The maximum value of this risk is the carrying amount of the financial assets. For derivatives, this is the total of all the positive fair values and, for primary financial instruments, the total of the carrying amounts. If risks of default exist, they are taken into account by means of value adjustments.

Liquidity risks constitute refinancing risks and thus risks of a fulfilment of existing obligations to pay when due. The strategy and the results of the planning process are taken as a basis for the early identification of the future liquidity situation. The expected liquidity requirements are scheduled in medium-term planning, which covers a period of five years.

Liquidity requirements are calculated using daily, weekly and monthly forecasts.

Sensitivity analyses are required for the presentation of market risks in accordance with IFRS 7. The effects on earnings and equity are shown by way of hypothetical changes in risk variables based on past data. Interest rate risks in particular are relevant for HAMBORNER in this regard.

Interest rate risks result from changes in the level of market interest rates. We limit such risks by using interest rate swaps. Sensitivity analyses, which show the effects of changes of market interest rate levels on interest payments, interest expenses, interest income and equity, are performed in line with IFRS 7. The following premises apply:

Interest rate risks regarding primary financial instruments with a fixed interest rate are reported only if they are measured at fair value. Interest rate changes are not reported for financial instruments measured at amortised cost. Therefore, these financial instruments are taken into account in the sensitivity analysis. In the sensitivity analysis, the indicative measurement was calculated on the basis of the market value, taking into account accrued interest.

CHANGE IN REVALUATION SURPLUS EUR THOUSAND	2013	2012
Interest rate +1%	2,903	3,856
Interest rate –1%	-4,043	-4,719

Fair value of financial assets and liabilities measured at amortised cost

Except for financial liabilities, the carrying amounts of the financial assets and liabilities in the statement of financial position constitute a reliable approximation of the 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 matched-term interest rate parameters at the end of the reporting period (level 2).

EUR THOUSAND	31 DEC. 2013		31 DEC. 2012	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial liabilities	331,521	342,206	230,697	245,700

Additional disclosures on financial instruments

In the annual financial statements, financial instruments are classified in line with the classification used for the statement of financial position. The following table shows the reconciliation of the items of the statement of financial position to IAS 39 categories. IFRS 7 applies to all assets and liabilities measured in accordance with IAS 39.

31 DEC. 2013	CARRYING AMOUNT	MEASUREMENT IN ACCORDANCE WITH IAS 39			NON-FINANCIAL ASSETS/LIABILITIES
EUR THOUSAND		AMORTISED COST, HELD-TO-MATURITY	AMORTISED COST, LOANS AND RECEIVABLES	FAIR VALUE, DERIVATIVES DESIGNATED AS HEDGES	
Assets					
Financial assets	434	434			
Current trade receivables and other assets	801		640		161
Cash and cash equivalents	28,154		28,154		
	29,389	**434**	**28,794**	**0**	**161**
Equity and liabilities					
Non-current financial liabilities	324,038		324,038		
Non-current derivative financial instruments	10,840			10,840	
Non-current trade payables and other liabilities	2,254		854		1,400
Current financial liabilities	7,483		7,483		
Current trade payables and other liabilities	4,710		2,841		1,869
	349,325	**0**	**335,216**	**10,840**	**3,269**

31 DEC. 2012	CARRYING AMOUNT	MEASUREMENT IN ACCORDANCE WITH IAS 39			NON-FINANCIAL ASSETS/LIABILITIES
EUR THOUSAND		AMORTISED COST, HELD-TO-MATURITY	AMORTISED COST, LOANS AND RECEIVABLES	FAIR VALUE, DERIVATIVES DESIGNATED AS HEDGES	
Assets					
Financial assets	203	203			
Current trade receivables and other assets	776		653		123
Cash and cash equivalents	29,127		29,127		
	30,106	203	29,780	0	123
Equity and liabilities					
Non-current financial liabilities	222,990		222,990		
Non-current derivative financial instruments	14,838			14,838	
Non-current trade payables and other liabilities	2,013		389		1,624
Current financial liabilities	7,707		7,707		
Current derivative financial instruments	367			367	
Current trade payables and other liabilities	6,040		2,608		3,432
	253,955	**0**	**233,694**	**15,205**	**5,056**

(19) Income tax liabilities

The income tax liabilities reported as at 31 December 2013 essentially relate to the retroactive withdrawal of tax exemptions granted for exit taxation (section 3 no. 70 of the Einkommensteuergesetz (EStG – German Income Tax Act) from the sale of land in 2012 in connection with the transformation into a REIT.

(20) Trade payables and other liabilities

EUR THOUSAND	2013	2012
Trade payables	347	231
Other liabilities	6,617	7,822
Rental and leasing advances	2,192	1,902
Outstanding invoices	1,429	1,261
VAT liabilities	528	593
Other purchase price retention	428	228
Security deposits	422	180
Land transfer tax liabilities	397	2,419
Supervisory Board remuneration	303	308
Security retention for rent guarantees	199	531
Audit fees	85	55
Miscellaneous	634	345
Total	**6,964**	**8,053**

EUR 4,710 thousand (previous year: EUR 6,040 thousand) of trade payables and other liabilities are due within one year.

(21) Pension provisions

There are pension scheme commitments for former employees and their surviving dependents. These are defined benefit commitments within the meaning of IAS 19. Provisions are measured using the projected unit credit method. In addition to the pensions and vested claims known at the end of the reporting period, the projected unit credit method also takes into account forecast increases in pensions and assumed inflation. Provisions are calculated assuming a normal retirement age of 63.

In connection with defined benefit pension plans, the company is exposed to general actuarial risks such as longevity and interest rate risks. In particular, the risks affect the allocation to pension provisions at HAMBORNER and therefore the net asset situation of the company. In order to quantify these risks and present them appropriately in the statement of financial position, we had the provision measured by an independent expert, taking into account the sensitivities of actuarial parameters.

HAMBORNER is able to pay the monthly pension payments to recipients or their surviving dependents from its operating activities (internal financing). The company's liquidity management monitors that it is able to meet payment obligations at all times.

As at 31 December 2013, as in the previous year, the pension obligations are distributed among one beneficiary who has left the company, seven (previous year: nine) pension recipients and six (previous year: four) surviving dependents.

The weighted average term of defined benefit obligations was around 10.5 years as at the end of the reporting period (previous year: around 10.5 years).

Pension provisions developed as follows:

EUR THOUSAND	2013	2012
Carrying amount 1 January (= present value 1 January)	8,160	7,122
Current service cost	0	16
Interest expense	244	320
Actuarial gains (–)/losses recognised for the current year	-303	1,361
(due to change in demographic assumptions)	(-78)	—
(due to change in financial assumptions)	(-225)	—
Pension payments	-610	-659
Carrying amount 31 December (= present value 31 December)	**7,491**	**8,160**

The changes in the main actuarial assumptions would have had the following effects on the present value of pension obligations:

CHANGE IN PENSION PROVISION EUR THOUSAND	INCREASE	DECREASE
Discounting rate (–0.5/+0.5 percentage points)	404	-368
Inflation (+0.25/–0.25 percentage points)	199	-207
Pension trend (+0.25/–0.25 percentage points)	199	-207
Deviation in mortality from standard (–3.0%/+3.0%)	92	-89

The sensitivity calculations are based on the average term of the pension obligation calculated as at 31 December 2013. The calculations were performed in isolation for the actuarial parameters classified as significant in order to show the effects on the present value of pension obligations separately. Pension payments from defined benefit commitments of EUR 596 thousand are expected in the 2014 financial year (previous year: EUR 601 thousand).

In the year under review, HAMBORNER paid contributions of EUR 155 thousand (previous year: EUR 148 thousand) deemed as a defined contribution pension scheme to statutory pension insurance. In addition, the company paid direct insurance premiums of EUR 7 thousand (previous year: EUR 7 thousand) and premiums for employer-funded commitments of EUR 60 thousand (previous year: EUR 60 thousand). The company has no obligations other than its payment obligations under defined contribution schemes. The expenses are recognised in personnel costs.

(22) Other provisions

Other provisions break down as follows:

	1 JAN. 2013				31 DEC. 2013	OF WHICH	
EUR THOUSAND	total	additions	utilisation	reversal	total	non-current	current
Provisions for							
Mining damage	1,566	360	0	0	1,926	1,926	0
Bonuses	665	937	680	0	922	0	922
Reimbursements from operating costs not yet invoiced	123	100	104	19	100	0	100
Miscellaneous	198	184	164	33	185	0	185
Total	2,552	1,581	948	52	3,133	1,926	1,207

The provision for bonus obligations assumes that the expected bonuses for 2013 will be EUR 257 thousand higher than in the previous year and amounts EUR 922 thousand. Of this amount, EUR 275 thousand and EUR 402 thousand respectively relate to long-term, share-based remuneration and short-term remuneration for the Managing Board. The remaining term of the share-based remuneration as at the end of the reporting period was 27 months.

The provisions for mining damage relate to the potential risks from our former mining activities. Please see the more detailed information in the risk report, which is a component of the management report. The provisions increased by EUR 360 thousand year-on-year to EUR 1,926 thousand. EUR 240 thousand of this increase relates to the rise in risk provisions for the ongoing safety measures on one shaft. Provisions relating to mining activities are non-current provisions measured at their probable settlement amount at the end of the reporting period. Depending on their respective remaining term (between four and 21 years; previous year: between five and 22 years), interest rates of between 1.5% and 3.3% (previous year: between 1.9% and 4.2%) were assumed for discounting. The interest earned on this provision resulted in a rise of EUR 120 thousand as at 31 December 2013.

(23) Contingent liabilities and financial obligations

On 31 December 2013, there were obligations arising from a notarised land purchase agreement to pay a total purchase price of EUR 7.9 million. The obligation was paid on transfer of ownership of the property in January 2014.

In the context of rent agreement regulations, we have undertaken to perform development work on our properties in Freiburg, Robert-Bunsen-Str., (EUR 3.4 million) and Duisburg, Rathausstr., (EUR 0.6 million). The financial obligations resulting from this amounted to EUR 4.0 million in total as at the end of the reporting period. In return, the respective rental agreements have been extended and rent increases agreed.

The other financial obligations after the end of the reporting period result from three long-term leasehold contracts and are as follows:

MATURING ON	PAYMENT OBLIGATION	PASSED ON TO TENANTS
	(EUR THOU. P.A.)	
30 June 2023	210	0
31 December 2034	204	204
31 March 2060	113	0
Total	**527**	**204**

There are no further significant contingent liabilities or other financial obligations.

(24) Leases

All rental agreements that HAMBORNER has concluded with its tenants are classified as operating leases under IFRS as all the risks and rewards of ownership remain with the company.

Investment property with a carrying amount of EUR 600.9 million (previous year: EUR 501.8 million) was let under operating leases as at 31 December 2013.

The leases, which are essentially for office and retail space, are usually concluded for terms of between five and 15 years. Around 95% of our commercial leases contain indexation clauses that peg rents to the development of the consumer price index. Rent deposits are usually agreed. The full reallocation of incidental costs is intended.

HAMBORNER will receive the following contractually guaranteed rent payments (minimum lease payments) from its current commercial rental agreements:

EUR THOUSAND	31 DEC. 2013	31 DEC. 2012
Up to one year	44,803	38,371
Between two and five years	148,038	124,305
More than five years	131,526	119,450
Total	**324,367**	**282,126**

The minimum lease payments include rent income until the end of the agreed lease or until the tenant's earliest possible termination date, regardless of whether termination or non-utilisation of a prolongation option is actually expected.

There were contingent rent payments of only an insignificant amount in the reporting period.

Notes on the statement of cash flows

The statement of cash flows shows the development of cash flows broken down according to cash generated by and used in operating, investing and financing activities.

The cash and cash equivalents comprise bank deposits and cash balances with an initial remaining term of less than three months. The difference in the previous year between cash and cash equivalents and the item in the statement of financial position "cash and cash equivalents" of EUR 15.0 million is due to a fixed-term deposit with a remaining term of five months that is not included in cash and cash equivalents in accordance with IAS 7.7. As at the end of the reporting period, cash and cash equivalents increased by EUR 14.0 million as against the previous year to EUR 28.2 million.

The statement of cash flows was prepared in accordance with the provisions of IAS 7. Exchange rate fluctuations have no effect at HAMBORNER.

(25) Cash flow from operating activities

The statement of cash flows is based on earnings before taxes (EBT) for the year.

The cash flow from operating activities increase is largely defined by the expansion of the property portfolio. In the reporting year it also includes EUR 1.0 million in compensation paid by a tenant for the early termination of its lease. Other than this, cash flow from operating activities was not influenced by any significant extraordinary effects.

Operating cash flow per share developed as follows:

		2013	2012
Number of shares outstanding	Thousands	45,493	45,493
Operating cash flow	EUR thousand	37,414	27,524
Operating cash flow per share	EUR	0.82	0.61

(26) Cash flow from investing activities

The payments for investments in property, plant and equipment and intangible fixed assets do not correspond to the additions shown in the statement of changes in non-current assets. The reason for this is mainly the retention of purchase price and payments for the land transfer tax that are not yet due as at as at the end of the reporting period.

The cash flow from investing activities resulted mainly in a cash outflow of EUR 94.1 million due to acquisitions in the financial year (previous year: EUR 94.1 million). The cash flow from investing activities in the financial year also includes an inflow of EUR 15.0 million from a fixed-term deposit in the previous year with an initial remaining term of more than three months, which was paid back to us in 2013.

(27) Cash flow from financing activities

The positive cash flow from financing activities of EUR 70.8 million (previous year: EUR 62.2 million) is essentially due to the borrowing of further loans to finance our property acquisitions in the reporting year and the previous year.

Other notes and mandatory disclosures

Events after the end of the reporting period

A retail property in Bad Homburg was transferred to us on 10 January 2014. The purchase price paid was EUR 7.9 million.

In January and February 2014, the properties in Moers, Wuppertal and Hanover reported as assets held for sale were transferred to their new owners on receipt of the purchase prices totalling EUR 10.9 million.

Employees

The average number of employees over the year (not including the Managing Board) was as follows:

	2013	2012
Commercial property management	8	6
Technical property management	4	4
Administration	13	13
Total	**25**	**23**

Corporate governance

In December 2013, the Managing Board and Supervisory Board issued an updated declaration of compliance and published it on the Internet at www.hamborner.de under Investor Relations/Corporate Governance. The full declaration of compliance has also been published in this 2013 Annual Report.

Notification of the existence of an equity investment

In order to maintain REIT status, investors are not permitted to directly hold 10% or more of shares or shares to such an extent that they hold 10% or more of voting rights under section 11(4) of the German REIT Act. As at the end of the reporting period on 31 December 2013, the company was not aware of any shareholders with a direct shareholding of more than 10% of share capital.

In accordance with section 160(1) no. 8 AktG, the existence of equity investments reported to the company in accordance with section 21(1) or (1a) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) must be disclosed.

The following table shows the reportable equity investments of which the company was notified by 28 February 2014. The information was taken from the most recent notification from a reporting entity received by the company. All publications by the company on notifications of equity investments in the year under review and also until 28 February 2014 can be found on the HAMBORNER REIT AG website under Investor Relations/Notifications. Please note that the percentage and voting right information for equity investments may now be out of date on account of non-reportable acquisitions or sales of shares.

Voting right notifications

NO.	REPORTING ENTITY	VOTING RIGHTS (NEW)	SHARE OF VOTING RIGHTS (NEW) IN %	THRESHOLD AFFECTED	DATE THRESHOLD AFFECTED	ASSIGNMENT OF VOTING RIGHTS	ENTITIES TO WHICH 3% OR MORE IS ASSIGNED
1	Ruffer LLP, London, UK	2,102,760	6.16	Rise above 3%, 5%	13 Oct. 2010	Yes[2]	
2	TEC Düsseldorf GbR, Dusseldorf, Germany	1,400,000	4.10	Rise above 3%	9 June 2011	No	
3	Kingdom of Belgium, Brussels, Belgium	1,622,184	3.57	Rise above 3%	31 Dec. 2012	Yes [1, 3]	Société Fédérale de Participations et d`Investissement/ Federale Participatie – en Investeringsmaatschappij SA/NV ("**SFPI/FPIM**")
4	Société Fédérale de Participations et d`Investissement/Federale Participatie – en Investerings-maatschappij SA/NV ("**SFPI/FPIM**"), Brussels, Belgium	1,622,184	3.57	Rise above 3%	31 Dec. 2012	Yes[1, 3]	
5	Asset Value Investors Limited, London, UK	1,324,452	2.91	Drop below 3%	8 Feb. 2013	Yes[2]	
6	Credit Suisse Group AG, Zurich, Switzerland	195,779	0.43	Drop below 3%	16 May 2013	Yes[1 = 0.37%] [3 = 0.06%]	
7	Credit Suisse AG, Zurich, Switzerland	195,779	0.43	Drop below 3%	16 May 2013	Yes[1, 3]	
8	Credit Suisse Investments (UK), London, UK	166,433	0.37	Drop below 3%	16 May 2013	Yes[1]	
9	Credit Suisse Investment Holdings (UK), London, UK	166,433	0.37	Drop below 3%	16 May 2013	Yes[1]	
10	Credit Suisse Securities (Europe) Limited, London, UK	166,433	0.37	Drop below 3%	16 May 2013	No	
11	BlackRock, Inc., New York, USA	1,367,720	3.01	Rise above 3%	7 Oct. 2013	Yes[3]	
12	BlackRock Holdco 2, Inc., Wilmington, DE, USA	1,367,720	3.01	Rise above 3%	7 Oct. 2013	Yes[3]	
13	BlackRock Financial Management, Inc., New York, USA	1,367,720	3.01	Rise above 3%	7 Oct. 2013	Yes[3]	
14	Allianz Global Investors Europe GmbH, Frankfurt/ Main, Germany	1,620,600	3.56	Rise above 3%	13 Jan. 2014	Yes[2]	

1 Assigned as per section 22(1) sentence 1 no. 1 WpHG
2 Assigned as per section 22(1) sentence 1 no. 6 WpHG
3 Assigned as per section 22(1) sentence 1 no. 6 WpHG in conjunction with section 22(1) sentence 2 WpHG

Indirect equity holdings in the capital of the company that indirectly amount to or exceed 10% of the voting rights

According to the voting right notifications we received, there were no indirect equity investments in the capital of the company indirectly amounting to or exceeding 10% of the voting rights as at 31 December 2013.

Related party disclosures for the 2013 financial year

The only related parties of HAMBORNER within the meaning of IAS 24 are the members of the Managing Board, the Supervisory Board and their close relatives. There were no reportable transactions with related parties in the 2013 financial year.

Remuneration of the Managing Board and the Supervisory Board

The remuneration of the Managing Board and the Supervisory Board and the principles of the remuneration system are presented in detail in the remuneration report, which is a component of the management report.

The remuneration paid to persons in key positions at our company that is reportable under IAS 24 comprises the remuneration of the active Managing Board and the Supervisory Board. Total remuneration for active members of the Managing Board amounted to EUR 1,162 thousand in the reporting year (previous year: EUR 861 thousand). This includes current remuneration of EUR 902 thousand (previous year: EUR 861 thousand) and non-current, share-based remuneration of EUR 260 thousand (previous year: EUR 0 thousand). The remuneration of the members of the Supervisory Board is due in the short term and amounted to EUR 303 thousand (previous year: EUR 308 thousand) for the financial year.

The pension provisions recognised for former Managing Board members and their surviving dependents amounted to EUR 4,534 thousand as at the end of the reporting period. Post-employment benefits under these pension commitments amounted to EUR 426 thousand in the reporting year.

Executive Bodies of the Company and their Mandates

The Supervisory Board

Dr Josef Pauli, Essen
Honorary Chairman

Dr Eckart John von Freyend, Bad Honnef
Chairman
Partner in Gebrüder John von Freyend
Verwaltungs- und Beteiligungsgesellschaft m.b.H.
External mandates:

AVECO Holding AG*
Bundesanstalt für Immobilienaufgaben (BImA)**
EUREF AG* (Chairman from 2 July 2013)
FMS Wertmanagement AöR**(until 8 July 2013)
Hahn-Immobilien-Beteiligungs AG*
Investment AG für langfristige Investoren TGV*
VNR Verlag für die Deutsche Wirtschaft AG*

Dr Bernd Kottmann, Münster
Deputy Chairman
Management consultant
Christel Kaufmann-Hocker, Dusseldorf
Management consultant
External mandates:

Stiftung Mercator GmbH**

Dr David Mbonimana, Seevetal
Head of Strategy at HSH Nordbank AG
External mandates:

Amentum Capital Ltd.** (until 31 January 2013)
Capcellence Mittelstandspartner GmbH**
HGA Real Estate GmbH** (from 30 September 2013)
HSH N Securities S.A.** (from 11 February 2013)

Robert Schmidt, Datteln
Managing Director at Vivawest GmbH
Managing Director at Vivawest Wohnen GmbH
Managing Director at THS GmbH
External mandates:

Vestische Wohnungsgesellschaft mbH**
(Chairman)
Wohnbau Dinslaken GmbH**

Bärbel Schomberg, Königstein
Managing Partner at Schomberg & Co Real
Estate Consulting GmbH
External mandates:

Hahn-Immobilien-Beteiligungs AG*
(from 23 August 2013)

Mechthilde Dordel***, Oberhausen
Clerical employee

Wolfgang Heidermann***, Raesfeld (from 1 January 2013)
Technician

Dieter Rolke***, Oberhausen
Clerical employee

Committees of the Supervisory Board

Executive Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Robert Schmidt
Bärbel Schomberg

Audit Committee
Dr Bernd Kottmann (Chairman)
Wolfgang Heidermann (from 21 February 2013)
Christel Kaufmann-Hocker
Robert Schmidt

Nomination Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Dr David Mbonimana
Bärbel Schomberg

The Managing Board

Dr Rüdiger Mrotzek, Hilden
Director for Finance/Accounting, Taxes,
Asset Management, Technology/Maintenance, IT,
Risk Management/Controlling

Hans Richard Schmitz, Duisburg
Director for Portfolio Management, Legal,
Investor Relations/Public Relations, HR,
Corporate Governance, Insurance
External mandates:

> Waldbrunnen Beteiligungs AG* (Chairman)
> (from 19 June 2013)

Duisburg, 28 February 2014

The Managing Board

Dr Rüdiger Mrotzek Hans Richard Schmitz

* Membership of other statutory supervisory boards

** Membership of similar executive bodies in Germany and abroad

*** Employee member of the Supervisory Board

The following auditors' report (*Bestätigungsvermerk*) has been issued in accordance with section 322 German Commercial Code (*Handelsgesetzbuch*) in German language on the German version of the separate financial statements of HAMBORNER REIT AG as of and for the fiscal year ended December 31, 2013 and the management report (*Lagebericht*). The management report is not included and is not incorporated by reference in this Prospectus.

Independent Auditor's Report

To HAMBORNER REIT AG, Duisburg

We have audited the separate financial statements – comprising the income statement and statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes on the financial statements – together with the bookkeeping system and the management report of HAMBORNER REIT AG, Duisburg, for the financial year from 1 January 2013 to 31 December 2013. The maintenance of the books and records and the preparation of the separate financial statements and the management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law in accordance with section 325(2a) HGB ("German Commercial Code") are the responsibility of the Company's management. Our responsibility is to express an opinion on the separate financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the separate financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting- related internal control system and the evidence supporting the disclosures in the bookkeeping system, the separate financial statements and the management report are examined primarily on a test basis. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the separate financial statements of the HAMBORNER REIT AG, Duisburg, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law in accordance with section 325(2a) HGB and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with these requirements. The management report is consistent with the separate financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Dusseldorf, 28 February 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)	(Greschner)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Financial Statements (IFRS) of HAMBORNER REIT AG as of 31 December 2012

Income statement for the period from 1 January to 31 December 2012

EUR THOUSAND	NOTE	2012	2011
Income from rents and leases		36,993	32,160
Income from passed-on incidental costs to tenants		3,416	3,247
Real estate operating expenses		-5,076	-4,598
Property and building maintenance		-2,104	-2,565
Net rental income	(1)	**33,229**	**28,244**
Administrative expenses	(2)	-993	-919
Personnel costs	(3)	-2,868	-2,838
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	(4)	-12,287	-10,523
Other operating income	(5)	1,345	1,769
Other operating expenses	(6)	-917	-845
		-15,720	**-13,356**
Operating result		**17,509**	**14,888**
Result from the sale of investment property	(7)	884	2,232
Earnings before interest and taxes (EBIT)		**18,393**	**17,120**
Interest income		347	408
Interest expenses		-10,974	-8,372
Financial result	(8)	**-10,627**	**-7,964**
Earnings before taxes (EBT)		**7,766**	**9,156**
Income taxes	(9)	-25	-1,291
Net profit for the year		**7,741**	**7,865**
Profit carryforward from the previous year		26,144	29,689
Dividends		-13,648	-12,625
Withdrawal from other retained earnings		14,290	1,215
Net retained profits		**34,527**	**26,144**
Earnings per share (EUR)	(10)	0.20	0.23

Statement of Comprehensive Income

EUR THOUSAND	NOTE	1 JAN. TO 31 DEC. 2012	1 JAN. TO 31 DEC. 2011
Net profit for the year as per income statement		7,741	7,865
Unrealised gains / losses (–) on the revaluation of derivative financial instruments	(18)	-2,478	-3,703
Actuarial gains / losses (–) on defined benefit obligations	(21)	-1,361	109
Other comprehensive income		-3,839	-3,594
Total comprehensive income		**3,902**	**4,271**

Statement of Financial Position – Assets

EUR THOUSAND	NOTE	31 DEC. 2012	31 DEC. 2011
Non-current assets			
Intangible assets	(11)	14	23
Property, plant and equipment	(11)	159	169
Investment property	(12)	510,834	435,190
Financial assets	(13)	24	27
Other assets	(14)	321	232
		511,352	**435,641**
Current assets			
Trade receivables and other assets	(14)	769	2,672
Income tax receivables	(14)	7	9
Bank deposits and cash balances	(15)	29,306	18,685
Non-current assets held for sale	(16)	3	5,486
		30,085	**26,852**
Total assets		**541,437**	**462,493**

Statement of Financial Position – Equity and Liabilities

EUR THOUSAND	NOTE	31 DEC. 2012	31 DEC. 2011
Equity	(17)		
Issued capital		45,493	34,120
Capital reserves		124,279	64,285
Retained earnings			
Other retained earnings		91,348	105,638
Revaluation surplus		-18,895	-15,056
		72,453	90,582
Net retained profits			
Profit carryforward		12,496	17,064
Net profit for the year		7,741	7,865
Withdrawal from other retained earnings		14,290	1,215
		34,527	26,144
		276,752	**215,131**
Non-current liabilities and provisions			
Financial liabilities	(18)	222,990	209,551
Derivative financial instruments	(18)	14,838	12,726
Trade payables and other liabilities	(20)	2,013	2,867
Pension provisions	(21)	8,160	7,122
Other provisions	(22)	1,566	859
		249,567	**233,125**
Current liabilities and provisions			
Financial liabilities	(18)	7,707	6,672
Derivative financial instruments	(18)	367	0
Income tax liabilities	(19)	18	1,289
Trade payables and other liabilities	(20)	4,314	3,233
Other provisions	(22)	2,712	3,013
Liabilities in connection with non-current assets held for sale	(23)	0	30
		15,118	**14,237**
Total equity and liabilities		**541,437**	**462,493**

Statement of Cash Flows

EUR THOUSAND	NOTE	1 JAN. – 31 DEC. 2012	1 JAN. – 31 DEC. 2011
Cash flow from operating activities	(26)		
Earnings before taxes (EBT)		7,766	9,156
Financial result		10,627	7,964
Depreciation, amortisation and impairment (+) / write-ups (–)		11,989	9,099
Change in provisions		657	-12
Gains (–) / losses (+) (net) on the disposal of property, plant and equipment and investment property		-934	-2,232
Other non-cash expenses (+) / income (–)		0	-70
Change in receivables and other assets not attributable to investing or financing activities		-303	-24
Change in liabilities not attributable to investing or financing activities		-1,279	264
Interest received		275	504
Tax payments		-1,293	2
		27,505	**24,651**
Cash flow from investing activities	(27)		
Investments in intangible assets, property, plant and equipment and investment property		-88,408	-131,637
Proceeds from disposals of property, plant and equipment and investment property		9,332	1,292
Proceeds from disposals of financial assets		6	7
Payments relating to the short-term financial management of cash investments		-15,000	0
		-94,070	**-130,338**
Cash flow from financing activities	(28)		
Dividends paid		-13,648	-12,625
Proceeds from borrowings of financial liabilities		20,050	79,245
Repayments of borrowings		-5,669	-17,690
Interest payments		-9,914	-8,187
Proceeds from the capital increase		73,926	0
Payments for the costs of the capital increase		-2,559	0
		62,186	**40,743**
Changes in cash and cash equivalents		**-4,379**	**-64,944**
Cash and cash equivalents on 1 January		**18,685**	**83,629**
Bank deposits and cash balances (with a remaining term of up to three months)		18,685	83,629
Bank deposits and cash balances		**18,685**	**83,629**
Cash and cash equivalents on 31 December		**14,306**	**18,685**
Bank deposits and cash balances (with a remaining term of up to three months)		14,306	18,685
Fixed-term deposits (with a remaining term of more than three months)		15,000	0
Bank deposits and cash balances		**29,306**	**18,685**

Statement of Changes in Equity

EUR THOUSAND	ISSUED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS		NET RETAINED PROFITS			TOTAL EQUITY
			OTHER RETAINED EARNINGS	REVALUATION SURPLUS	PROFIT CARRY FORWARD	NET PROFIT FOR THE PERIOD	WITH-DRAWAL FROM OTHER RETAINED EARNINGS	
As at 1 January 2011	**34,120**	**64,267**	**106,853**	**-11,462**	**24,020**	**5,669**	**0**	**223,467**
Carryforward to new account					5,669	-5,669		0
Distribution of profit for 2010					-12,625			-12,625
Costs of capital increase		18						18
Other comprehensive income				-3,594				-3,594
Withdrawal from other retained earnings			-1,215				1,215	0
Net profit for the year 1 Jan. – 31 Dec. 2011						7,865		7,865
Comprehensive income 1 Jan. – 31 Dec. 2011				**-3,594**		**7,865**		**4,271**
As at 31 December 2011	**34,120**	**64,285**	**105,638**	**-15,056**	**17,064**	**7,865**	**1,215**	**215,131**
Carryforward to new account					9,080	-7,865	-1,215	0
Distribution of profit for 2011					-13,648			-13,648
Capital increase	11,373	62,553						73,926
Costs of capital increase		-2,559						-2,559
Other comprehensive income				-3,839				-3,839
Withdrawal from other retained earnings			-14,290				14,290	0
Net profit for the year 1 Jan. – 31 Dec. 2012						7,741		7,741
Comprehensive income 1 Jan. – 31 Dec. 2012				**-3,839**		**7,741**		**3,902**
As at 31 December 2012	**45,493**	**124,279**	**91,348**	**-18,895**	**12,496**	**7,741**	**14,290**	**276,752**

Statement of changes in fixed assets*

EUR THOUSAND	COST				
	BALANCE AS OF 1 JAN. 2012	ADDITIONS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS OF 31 DEC. 2012
Intangible assets	132	8	0	0	140
Property, plant and equipment	841	34	24	0	851
Investment property	497,309	88,307	732	-3	584,881
Financial assets	32	0	6	0	26
Total	**498,314**	**88,349**	**762**	**-3**	**585,898**

EUR THOUSAND	COST				
	BALANCE AS OF 1 JAN. 2011	ADDITIONS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS OF 31 DEC. 2011
Intangible assets	139	2	9	0	132
Property, plant and equipment	792	88	39	0	841
Investment property	381,143	129,451	2,038	-11,247	497,309
Financial assets	39	0	7	0	32
Total	**382,113**	**129,541**	**2,093**	**-11,247**	**498,314**

* Component of the notes

DEPRECIATION/AMORTISATION/WRITE-UPS						CARRYING AMOUNTS	
BALANCE AS OF 1 JAN. 2012	ADDITIONS (DEPRECIATION FOR THE FINANCIAL YEAR)	WRITE-UPS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS OF 31 DEC. 2012	BALANCE AS OF 31 DEC. 2011	BALANCE AS OF 31 DEC. 2012
109	17	0	0	0	126	23	14
672	43	0	23	0	692	169	159
62,119	12,227	299	0	0	74,047	435,190	510,834
5	0	3	0	0	2	27	24
62,905	**12,287**	**302**	**23**	**0**	**74,867**	**435,409**	**511,031**

DEPRECIATION/AMORTISATION/WRITE-UPS						CARRYING AMOUNTS	
BALANCE AS OF 1 JAN. 2011	ADDITIONS (DEPRECIATION FOR THE FINANCIAL YEAR)	WRITE-UPS	DISPOSALS	RECLASSIFICATION UNDER IFRS 5	BALANCE AS OF 31 DEC. 2011	BALANCE AS OF 31 DEC. 2010	BALANCE AS OF 31 DEC. 2011
102	16	0	9	0	109	37	23
662	48	0	38	0	672	130	169
59,638	10,459	1,418	799	-5,761	62,119	321,505	435,190
11	0	6	0	0	5	28	27
60,413	**10,523**	**1,424**	**846**	**-5,761**	**62,905**	**321,700**	**435,409**

NOTES TO THE FINANCIAL STATEMENTS

Principles for the preparation of the financial statements

General information

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. It is entered in the Commercial Register of Duisburg District Court under HRB 4. By way of the resolutions of the Annual General Meeting of 9 June 2009, HAMBORNER AG was transformed into a REIT company effective 1 January 2010 on entry in the Commercial Register on 18 February 2010 and is now HAMBORNER REIT AG. It is therefore also subject to the provisions of the German Act on German real estate stock corporations with listed shares (REITG – German REIT Act).

HAMBORNER REIT AG acquires ownership or easement rights for German and foreign immovable property within the meaning of section 3 of the German REIT Act for use, management or disposal, with the exception of residential properties in Germany. It can also acquire, hold, manage and dispose of equity investments in partnerships and corporations within the meaning of section 3 of the German REIT Act. As a REIT company, HAMBORNER has been exempt from both corporation tax and trade tax since 1 January 2010.

As a listed REIT stock corporation, HAMBORNER REIT AG prepares and publishes separate financial statements within the meaning of section 325(2a) of the Handelsgesetzbuch (HGB – German Commercial Code) in accordance with the provisions of the International Financial Reporting Standards (IFRSs). The management report in accordance with section 289 HGB is published with the IFRS separate financial statements in the Federal Gazette.

The separate financial statements as at 31 December 2012 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union at the end of the reporting period and the additional provisions of commercial law in accordance with Article 325 (2a) HGB. IFRS include the IFRS passed by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). All the standards and interpretations issued by the IASB and effective as at the time of the preparation of the financial statements have been applied to the extent that they have been endorsed by the EU. Thus, the separate financial statements of the company comply with IFRS.

The financial statements were prepared in euro (EUR). All amounts are shown in thousands of euro (EUR thousand) unless stated otherwise. Minor rounding differences may occur in totals and percentages.

The Managing Board prepared the separate financial statements as at 31 December 2012 and the management report for 2012 on 28 February 2013 and approved them for submission to the Supervisory Board.

The separate financial statements prepared in accordance with IFRS in accordance with section 325 (2a) HGB and the HGB annual financial statements have been submitted to the operator of the Federal Gazette. The IFRS financial statements will then be published there. The financial statements are available for download on the Internet at www.hamborner.de. They can also be requested from HAMBORNER REIT AG, Goethestrasse 45, 47166 Duisburg, Germany.

Accounting policies

These separate financial statements as at 31 December 2012 are based on the same accounting policies as the separate financial statements for the previous year. The statement of financial position as at 31 December 2012 is structured by maturity in accordance with IAS 1(60). Items that have been summarised in the statement of financial position and the income statement are explained in the notes. To improve the presentation of financial performance, the income statement was adjusted in line with the structural proposals of the European Public Real Estate Association (EPRA) recommended for property companies.

Revised or new standards or interpretations and the resulting changes in accounting policies

As against the separate financial statements as at 31 December 2011, the following standards and interpretations have been amended or were effective for the first time as a result of their endorsement in EU law or their coming into effect. The new or revised standards and interpretations had no material influence on the reported amounts.

STANDARD / INTERPRETATION	NAME	NATURE OF AMENDMENT
IFRS 7	Financial Instruments: Disclosures	Extension of disclosure requirements for transactions in connection with the transfer of financial assets

The following new or revised standards and interpretations already issued by the IASB were not yet effective for the 2012 financial year: The option to apply standards and interpretations early was not exercised.

STANDARD / INTERPRETATION	NAME	NATURE OF AMENDMENT	EFFECTIVE DATE	EFFECTS
IFRS 1	First-time Adoption of IFRS	Amendments in relation to government loans at below-market rates of interest; amendment in relation to severe hyperinflation; deletion of references to fixed dates for first-time adopters of IFRS	1 January 2013	None
IFRS 7	Financial Instruments: Disclosures	Amendments to improve disclosures on offsetting of financial assets and liabilities	1 January 2013	None
IFRS 7	Financial Instruments: Disclosures	Change in mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015	See comments on IFRS 9
IFRS 9	Financial Instruments	Classification and measurement of financial instruments (published 2009); classification and measurement of financial liabilities and derecognition (published 2010)	1 January 2015	Under examination
IFRS 10	Consolidated Financial Statements	New standard including subsequent amendments for investment companies and transition regulations; replaces current versions of IAS 27 and SIC 12	1 January 2014	None
IFRS 11	Joint Arrangements	New standard including subsequent amendments for transition regulations; replaces IAS 31 and SIC 13	1 January 2014	None
IFRS 12	Disclosure of Interests in Other Entities	New standard including subsequent amendments for investment companies and transition regulations; extension of disclosure requirements for a reporting entity's involvement in subsidiaries, joint arrangements, associates and unconsolidated SPEs?/?structured entities	1 January 2014	None
IFRS 13	Fair Value Measurement	New standard; harmonises regulations on the measurement of fair value. This standard applies when other standards require measurement at fair value	January 2013	Extended disclosures in notes
IAS 1	Presentation of Financial Statements	Amendments relating to presentation of comprehensive income	1 July 2012	No significant effect, only amendment of presentation
IAS 12	Income Taxes	Deferred taxes: recovery of underlying assets	1 January 2013	None
IAS 19	Employee Benefits	Amendment in treatment of defined benefit plans and termination benefits	1 January 2013	None

STANDARD / INTERPRETATION	NAME	NATURE OF AMENDMENT	EFFECTIVE DATE	EFFECTS
IAS 27	Separate Financial Statements	Owing to the introduction of IFRS 10, the standard now only applies to separate financial statements	1 January 2014	None
IAS 28	Investments in Associates and Joint Ventures	Standard replaces previous version of IAS 28 (2003) Investments in Associates	1 January 2014	None
IAS 32	Financial Instruments: Presentation	Amendments to improve disclosures on offsetting of financial assets and liabilities	1 January 2014	None
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	New interpretation	1 January 2013	None
Annual IFRS-improvement project (2009 – 2011)	Various	Amendments essentially relate to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34	1 January 2013	No significant effect

Segment reporting

Segment reporting in accordance with IFRS 8 is based on the management approach and is therefore consistent with the management and reporting system used in the company for its segments. As in previous years, as HAMBORNER only operates in one business segment and one geographical segment it therefore did not prepare a segment report. Internal reporting is also based on the IFRS accounting figures.

Assumptions and estimates

In preparing the annual financial statements, assumptions have been made and estimates used that effect the reporting and amount of the recognised assets, liabilities, income and expenses. These assumptions and estimates essentially relate to the determination of useful lives, the value of land, buildings and receivables, the calculation of the fair value of financial instruments and the recognition and measurement of provisions. The carrying amounts of the items concerned can be found in the statement of financial position and the notes. Actual values may deviate from the assumptions and estimates made. Changes are taken into account when new information is available.

Intangible assets

Intangible assets are measured at cost less straight-line amortisation. Amortisation is recognised in line with the economic life, which is between three and eight years.

Property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation. The company’s administrative building in Duisburg and operating and office equipment are reported under property, plant and equipment. Depreciation for the administrative building is based on a total useful life of 50 years and a remaining useful life at the end of the reporting period of seven years. The operating and office equipment has an average useful life of between three and fifteen years.

Gains on disposals are reported under “*Other operating income*” (gains) or “*Other operating expenses*” (losses).

Investment property

Investment property is measured at amortised cost less straight-line depreciation in accordance with the option under IAS 40 (30) in conjunction with (56). All land, buildings and parts of buildings already developed and under development held to generate future rental income or gains from appreciation or with an undetermined use are classified as investment property. They are not intended for administrative purposes or for short-term trade in the context of the ordinary business activities. Depreciation is recognised on a straight-line basis over the economic life. The results from the sale of the investment property are shown separately in the income statement.

The following useful lives were applied in the reporting year:

useful lives of non-current assets	**years**
Commercial and office buildings	33 to 50
Other commercial buildings	40
Self-service shops	25 to 40

To calculate the fair value disclosed in the notes in accordance with IAS 40, our property portfolio was valued by an independent expert at the end of 2012. The market values of property were calculated in line with internationally recognised standards using the discounted cash flow (DCF) method. Under this method, the market value of a property is calculated as the total of the discounted cash flows for the entire planning period, usually ten years (2013 to 2022), plus the residual value of the property calculated on the basis of its long-term free cash flow, also discounted to the measurement date. Discount rates of between 4.75% and 8.50% (previous year: 4.85% and 8.50%) were used to calculate residual values. Cash flows and residual values were discounted using risk-adjusted interest rates of between 5.00% and 9.25% (previous year: 5.10% and 9.25%). For further information, please see "*Performance of the property portfolio*" in the management report.

Impairment losses and reversals of impairment losses on intangible assets, property, plant and equipment and investment property

The recoverability of the carrying amounts of all intangible assets, property, plant and equipment and investment property is reviewed regularly. In addition, the carrying amounts are reviewed if events or changes in circumstances indicate that it may no longer be possible to recover the recognised carrying amount. If the recoverable amount of these assets is significantly less than the carrying amount at the end of the reporting period, impairment losses are recognised.

The recoverable amount is determined using the higher of fair value less cost to sell derived from an active market and the present value of the estimated future cash flows from the use of the asset. For investment property, the market value as determined by an expert is used as the value in use. If the reasons for impairment losses recognised in previous years no longer exist, they are reversed up to the amortised carrying amounts of the respective assets. Impairment losses are reported under "*Amortisation of intangible assets, depreciation of property, plant and equipment and investment property*". Write-ups are recognised in "Other operating income".

Leases

Leases in which the risks and rewards incidental to ownership of a leased asset remain with the lessor are classified as operating leases in line with IAS 17. Payments made or received for an operating lease are recognised in the income statement over the term of the lease. This includes all leases for properties at HAMBORNER.

If the significant risks and rewards incidental to ownership of a leased asset are transferred to the lessee, these are classified as finance leases. There are no leases of this kind at HAMBORNER.

Financial assets

In accordance with IAS 39, financial assets are measured at fair value including transaction costs for acquisitions on first-time recognition. Subsequent measurement is determined by the category to which a financial asset is allocated.

- Loans and receivables are measured at amortised cost. Any identifiable specific risks are taken into account appropriately by way of write-downs.
- Financial assets held to maturity are measured at the lower of amortised cost and fair value. The "Other loans" included here have a fixed term and are therefore measured using the effective interest method.

Derivative financial instruments

HAMBORNER uses derivative financial instruments in the form of interest rate swaps to manage risks from interest rate fluctuations.

Derivative financial instruments are recognised for the first time on the trade date. For cash flow hedges used to hedge risks affecting the amount or timing of future cash flows, any changes in market value are recognised in equity (revaluation surplus) and hedge effectiveness is documented. The effectiveness of cash flow hedges is determined in line with the dollar-offset method. This results in the recognition of the changes in carrying amounts in full in equity. Derivative financial instruments that are assets are reported under "*Other assets*", those that are liabilities are reported separately under "*Financial liabilities*".

The market values calculated by banks as at the end of the respective reporting period result from discounting the expected future cash flows over the residual term of the contracts on the basis of current market interest rates or yield curves. Derivatives are measured in line with level 2. This means that the measurement models use factors observed directly (i.e. as prices) or indirectly (i.e. derived from prices) on active markets.

Bank balances

Bank balances comprise call money with an initial remaining term of less than three months. As at 31 December 2012, bank balances included a fixed-term deposit of EUR 15.0 million with an initial remaining term of five months. These items are recognised at nominal amount.

Non-current assets held for sale

Non-current assets are classified as held for sale if a sale is highly likely in the next twelve months. The assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. Depreciation is no longer recognised from the time of reclassification.

Provisions

Provisions are classified as non-current or current in line with the maturity structure required under IFRS and reported accordingly.

Pension provisions

Pension provisions are calculated using the projected unit credit method, taking into account future adjustments in salaries and pensions. They are calculated using the biometric data of the 2005 G Heubeck mortality tables.

The following parameters were applied:

parameters p.a. (%)	**2012**	**2011**
Interest rate	3.1	4.7
Salary trend	0.0	2.0
Pension trend	2.0	1.8
Inflation	2.0	1.8

Actuarial gains and losses from experience adjustments and changes in assumptions are recognised in the revaluation surplus in the year in which they arise. The service cost is reported in personnel costs, the interest expense included in pension expenses in interest expenses.

Expenses for defined contribution plans are recognised as an expense and reported in personnel costs.

Other provisions

Current provisions are recognised in the amount of expected utilisation (best estimate) without discounting and take into account all obligations identifiable at the end of the reporting period based on transactions or past events for which the amount or timing is uncertain. This includes only third-party obligations for which an outflow of assets is likely.

Provisions for obligations that will not result in a reduction of assets in the subsequent year are recognised in the amount of the present value of the forecast outflow of assets.

Financial liabilities

Liabilities are measured at fair value taking into account transaction costs on first-time recognition. Subsequent measurement is at amortised cost using the effective interest method. Liabilities are classified as non-current if the agreements provide for repayment after twelve months.

Recognition of expenses and revenue

The recognition of sales and other operating income is based on when services are rendered or, for sales transactions, when substantially all the risks and rewards of ownership have been transferred to the buyer.

Operating expenses are recognised when services are utilised or when they are incurred

Notes to the income statement

(1) Net rental income

Income from rents and leases for properties recognised in accordance with IAS 40 increased by EUR 4,833 thousand to EUR 36,993 thousand in the reporting year. The change was due to rent increases due to additions to investment properties in the current year and the previous year (EUR 5,022 thousand), rent losses as a result of investment property disposals (EUR -387 thousand) and declines in rents (like-for-like) of EUR 198 thousand.

Charges for incidental costs passed on to tenants mainly include heating costs, property charges and other incidental rental costs that can be reallocated under the lease agreements. The corresponding income increased by EUR 169 thousand in the reporting year. EUR 358 thousand of the increase in income from passed-on incidental costs to tenants was due to the net change in the investment property portfolio. The income from passed-on incidental costs to tenants for the other investment properties already included in the portfolio increased by a total of EUR 189 thousand.

EUR THOUSAND	**2012**	**2011**
Income from rents and leases		
Retail space	23,124	19,507
Office space and medical practices	12,329	11,058
Production and other commercial space	605	603
Apartments	434	468
Garages/car parking spaces	202	136
Other lettings and leases (agricultural leases, licensing agreements etc.)	164	190
Income from rent guarantees	135	198
Total	**36,993**	**32,160**
Income from incidental costs passed on to tenants	3,416	3,247
Total	**40,409**	**35,407**
Real estate operating expenses	-5,076	-4,598
Property and building maintenance	-2,104	-2,565
Net rental income	**33,229**	**28,244**

HAMBORNER generated more than 10% of its rental income with each of the Kaufland Group (EUR 4.6 million) and the EDEKA Group (EUR 4.2 million) in the 2012 financial year.

Real estate operating expenses include energy expenses, property charges, insurance premiums, ground rents and land taxes and can mostly be passed on to the tenants under the terms of their rental agreements. They increased by EUR 478 thousand to EUR 5,076 thousand as a result of additions to the investment property portfolio. The expenses for property and building maintenance amounted to EUR 2,104 thousand compared to EUR 2,565 thousand in the previous year. The biggest operation in the reporting year was the energy refurbishment of the Dortmund property, Königswall. Of the EUR 1,448 thousand in costs incurred for this operation in the 2012 financial year, EUR 509 thousand related to expenses that cannot be capitalised.

EUR THOUSAND	2012	2011
Real estate operating expenses		
Energy, water, etc.	2,445	2,035
Property charges	533	484
Land taxes	1,165	995
Ground rents	575	757
Insurance premiums	245	218
Miscellaneous	113	109
Total	**5,076**	**4,598**
Property and building maintenance	2,104	2,565
Total	**7,180**	**7,163**

(2) Administrative expenses

The item includes the costs for the Annual General Meeting, the Supervisory Board and the auditor as stipulated in the Articles of Association and actual costs of administration. The rise of EUR 74 thousand is mainly due to higher Supervisory Board remuneration.

The following fees were recognised for the appointed auditor in the financial year:

EUR THOUSAND	2012	2011
Audits of financial statements	76	70
Other assurance services	185	10
Tax advisory services	0	29
Other services	5	10
Total	**266**	**119**

Other assurance services in the reporting year mainly include fees in connection with the capital increase, which were offset against capital reserves. The tax advisory services in the previous year relate to the external audit performed in 2011.

(3) Personnel costs

With the headcount unchanged as against the previous year, personnel costs were virtually stable year-on-year at EUR 2,868 thousand (EUR 2,838 thousand).

EUR THOUSAND	2012	2011
Wages and salaries	2,494	2,478
Social security contributions and related expenses	277	261
Retirement benefit expenses/pension expenses	97	99
Total	**2,868**	**2,838**

(4) Amortisation of intangible assets, depreciation of property, plant and equipment and investment property

The depreciation and amortisation expense for 2012 was up EUR 1,764 thousand on the previous year at EUR 12,287 thousand. EUR 12,227 thousand of this increase relates to investment property (previous year: EUR 10,459 thousand). As in the previous year, no impairment was recognised due to adjustments of the carrying amounts in line with fair value measurement.

(5) Other operating income

EUR THOUSAND	2012	2011
Reversal of impairment changes	299	1,418
Receipt of indemnifications and reimbursements	278	149
Reversal of provisions	705	34
Charges passed on to tenants and leaseholders	38	116
Others	25	52
Total	**1,345**	**1,769**

The reversal of impairment losses relates to the adjustment of properties impaired in previous years in line with the fair values determined by valuation experts as at 31 December 2012.

EUR 700 thousand of the reversal of provisions in the reporting year related to the obligation for damages for mining operations no longer considered likely as described in note 22.

(6) Other operating expenses

Other operating expenses rose by EUR 72 thousand to EUR 917 thousand. This item essentially includes additions to the provision for mining damage of EUR 241 thousand (previous year: EUR 27 thousand) (see also note 22), legal and consulting costs of EUR 235 thousand (previous year: EUR 288 thousand) and costs of public relations work of EUR 161 thousand (previous year: EUR 154 thousand).

(7) Result from the sale of investment property

In the reporting year, we generated net income from the disposal of investment property of EUR 884 thousand after EUR 2,232 thousand in the previous year. In addition to three office buildings in Erfurt, we sold space held jointly totalling around 0.6 million m² predominantly used for agricultural purposes from our old undeveloped holdings in 2012.

(8) Financial result

Financial result consists solely of interest income and expenses. The interest income amounts to EUR 347 thousand (previous year: EUR 408 thousand) and mainly consists of interest on call money or fixed-term deposits at various banks.

Interest expenses increased by a total of EUR 2,602 thousand to EUR 10,974 thousand in the 2012 financial year as a result of the interest payments recognised in the income statement for the investment property loans borrowed in the previous year and the interest expense for the additional loans of the reporting year.

The interest expenses for interest rate hedges amounted to EUR 3,386 thousand (previous year: EUR 2,592 thousand). The payments we make quarterly on the basis of agreed interest rates amounted to EUR 4,107 thousand in the reporting year (previous year: EUR 3,733 thousand). The increase is due to a new interest rate hedge concluded as at the end of the previous year.

In return, we received variable interest in line with agreements on the basis of three-month EURIBOR of EUR 721 thousand (previous year: EUR 1,141 thousand). The decline is due to lower short-term interest rates. For further information on interest rate hedges, please see "*Financial liabilities and derivative financial instruments*".

(9) Income taxes

EUR THOUSAND	2012	2011
Income tax expense in the previous year	0	2
Subsequent effects of exit tax	25	57
Income tax expense from external audit	0	1,232
Total	**25**	**1,291**

EUR 25 thousand of the income tax expense was incurred for the retroactive withdrawal of tax exemptions granted for exit taxation (section 3 no. 70 of the Einkommensteuergesetz (EStG – German Income Tax Act) from the sale of land in 2012.

The statement of reconciliation for the reported tax expenses is as follows:

EUR THOUSAND	**2012**	**2011**
Result of business activities	7,766	9,156
Tax rate in %	0	0
Forecast tax expense	0	0
+/– Tax effects in previous years	0	2
+/– Effects of exit tax/ external audit	25	1,289
Income tax expense	**25**	**1,291**

The income taxes reported in both the year under review and the previous year relate solely to prior financial years.

(10) Earnings per share

The net profit for the year amounted to EUR 7,741 thousand and was down EUR 124 thousand as against the previous year. Earnings per share amounted to EUR 0.20 and are calculated in line with IAS 33. Thus, earnings per share are determined by dividing the net profit for the period attributable to the shareholders by the weighted average number of shares in the financial year. Earnings per share are not diluted by, for example, stock options or convertible bonds as HAMBORNER has no such programmes. The basic and diluted earnings per share are therefore the same.

		2012	**2011**
Weighted average number of shares outstanding	Thousands	39,309	34,120
Net earnings/net profit for the year	EUR thousand	7,741	7,865
Earnings per share	EUR	0.20	0.23

Notes to the statement of financial position

(11) Intangible assets and property, plant and equipment

Intangible assets include acquired rights for the use of system and application software.

The carrying amount of the company’s administrative building in Duisburg reported under property, plant and equipment amounted to EUR 111 thousand as at the end of the reporting period.

(12) Investment property

Additions to investment property amounted to EUR 88,307 thousand in the financial year. EUR 81,530 thousand of this amount relates to property acquired in the reporting year and previous years, EUR 5,608 thousand to advance payments for property not yet transferred to the company and EUR 1,169 thousand to reinstated portfolio assets.

In the period under review we sold space of around 0.6 million m² predominantly used for agricultural purposes from our undeveloped land holdings.

Furthermore, a smaller plot of our undeveloped land holdings was reclassified to “Non-current assets held for sale” as at 31 December 2012 (see note (16)).

EUR 299 thousand in impairment losses recognised on properties in previous years were reversed as at 31 December 2012. No impairment losses were required in the reporting year.

Investment property developed as follows in the reporting year:

EUR THOUSAND	2012	2011
Balance as of 1 January	**435,190**	**321,505**
+ Additions due to acquisition	81,530	124,011
+ Additions due to advance payments	5,608	3,480
+ Additions due to subsequent expenditures	1,169	1,960
	88,307	**129,451**
– Disposals due to sales	-732	-1,239
– Disposals due to reclassification	-3	-5,486
	-735	**-6,725**
+ Reversals of impairment losses	299	1,418
– Depreciation and impairment charges for the financial year	-12,227	-10,459
Balance as of 31 December	**510,834**	**435,190**

The direct operating expenses for leased and vacant investment property amounted to EUR 7,180 thousand (previous year: EUR 7,163 thousand) in the reporting year. With the exception of temporary, partial vacancies in individual properties, the entire inventory was leased at the end of the reporting period. EUR 221 thousand of the above amounts related to vacant space including the undeveloped property holdings not leased in the reporting year (previous year: EUR 134 thousand). The expenses relating to the space not leased are calculated according to the weighted percentage ratio accounted for by vacancies in relation to total rental space.

The commercial property portfolio was also measured by an independent expert as at 31 December 2012 in line with internationally recognised standards.

Taking into account the additions and disposals in the reporting year, the market value of the developed property portfolio was EUR 579,510 thousand as at 31 December 2012 (previous year: EUR 498,880 thousand).

The property portfolio is measured using the discounted cash flow method. For further information on the measurement of our properties, please see "*Performance of the property portfolio*".

On 31 December 2012, there were purchase price obligations totalling EUR 86.5 million arising from notarised land purchase agreements for properties not yet transferred to HAMBORNER.

The undeveloped property holdings are recognised at cost. No other value can be reliably determined on account of their structure (predominantly agricultural and forestry land).

(13) Financial assets

The financial assets relate solely to other loans measured at present value. These predominantly include long-term interest-free housing loans and other loans to staff.

(14) Trade receivables and other assets, income tax receivables

All receivables and other assets are carried at amortised cost. Write-downs on doubtful debts amounted to EUR 21 thousand (previous year: EUR 9 thousand). The result for the reporting year was reduced by the derecognition of receivables of EUR 19 thousand (previous year: EUR 47 thousand).

The EUR 222 thousand (previous year: EUR 232 thousand), other non-current assets included development costs paid for the leasehold property in Solingen and rental income from incentives (rent-free periods, construction subsidies) deferred over the term of the lease of EUR 99 thousand (previous year: EUR 0 thousand).

The receivables and other current assets break down as follows:

EUR THOUSAND	2012	2011
Trade receivables	411	78
Receivables from disposals of land	0	2,180
Others	358	414
Total	**769**	**2,672**

The receivables from land disposals in the previous year related to a purchase price receivable from the sale of undeveloped land that was settled in the period under review.

The trade receivables reported were all due at the end of the reporting period and will therefore be overdue within less than 30 days of the end of the reporting period.

Income tax receivables amounted to EUR 7 thousand (previous year: EUR 9 thousand). They mainly relate to a corporation tax asset in accordance with section 37(1) of the Körperschaftsteuergesetz (KStG – German Corporate Income Tax Act), which will be paid to us in five annual instalments until 2017.

(15) Bank deposits and cash balances

Bank deposits and cash balances break down as follows:

EUR THOUSAND	2012	2011
Bank deposits	29,304	18,683
Cash balances	2	2
Total	**29,306**	**18,685**

Bank deposits included EUR 11,791 thousand (previous year: EUR 7,140 thousand) in demand deposits and EUR 15,520 thousand (previous year: EUR 11,070 thousand) in term deposits.

(16) Non-current assets held for sale

Non-current assets held for sales include undeveloped land in Dinslaken, for which a purchase agreement was concluded in December 2012 but which had not been transferred as at the end of the reporting period.

The three office buildings in Erfurt reported in the previous year were transferred in March 2012.

(17) Equity

The development of the equity from 1 January 2011 to 31 December 2012 is shown in the statement of changes in equity. As at 31 December 2012, the issued capital of the company amounted to EUR 45.49 million and was divided into 45,493,333 no-par-value bearer shares.

By way of the resolutions of the Annual General Meeting on 17 May 2011, the Managing Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the company as follows:

- EUR 3,412 thousand (Authorised Capital I)
- EUR 13,648 thousand (Authorised Capital II)

The authorised capital amounts give rise to 17,060,000 authorised shares that can be issued to shareholders as no-par-value shares. The authorisation remains in effect until 16 May 2016.

By way of resolution of the Managing Board, with the approval of the Supervisory Board, HAMBORNER increased its share capital by issuing 11,373,333 new shares (of which Authorised

Capital I: 3,412,000 shares; Authorised Capital II: 7,961,333 shares) against cash contributions on 29 June 2012. As a result, the issued capital rose from EUR 34,120,000 to EUR 45,493,333. The new shares are entitled to dividends in full from 1 January 2012. The capital increase was entered in the commercial register on 18 July 2012.

As it was only partially utilised, Authorised Capital II still amounted to EUR 5,687 thousand as at 31 December 2012.

The Managing Board was also authorised to acquire own shares in the company. The authorisation is limited to the acquisition of shares accounting for not more than 10% in total of the lower of share capital at the time of the resolution by the Annual General Meeting on this authorisation or at the time that this authorisation is exercised. The authorisation is therefore limited to 3,412,000 shares and until 16 May 2016. The company has not yet utilised this authorisation.

The company reported a net retained profit of EUR 34,527 thousand (previous year: EUR 26,144 thousand) as at 31 December 2012. The Managing Board will propose the distribution of a dividend of EUR 18,197 thousand for the 2012 financial year at the Annual General Meeting. This corresponds to a dividend of EUR 0.40 per share. The dividend proposal is based on net retained profits for the company under German commercial law of EUR 18,197 thousand.

The other retained earnings include earnings generated in the past to the extent that these have not been distributed or carried forward to new account. Under the Managing Board's proposal for the appropriation of earnings, EUR 14,290 thousand was withdrawn from other retained earnings as at 31 December 2012, resulting in an amount of EUR 91,348 thousand as at the end of the reporting period.

The revaluation surplus includes the fair value changes from the remeasurement of derivatives in connection with cash flow hedges in the amount of EUR – 15,205 thousand (previous year: EUR– 12,726 thousand) and actuarial losses on defined benefit obligations accrued as at 31 December 2012 in the amount of EUR – 3,690 thousand (previous year: EUR – 2,330 thousand).

The objectives of our capital management are to ensure the continuation of the company as a going concern, generate an adequate return on equity and remain solvent.

The main control parameter for this is the equity ratio, a business ratio also recognised by investors, analysts and banks.

EUR THOUSAND	**2012**	**2011**	**change in %**
Equity	276,752	215,131	+28.6%
Total assets	**541,437**	**462,493**	**+17.1%**
Reported equity ratio	**51.1%**	**46.5%**	**+4.6% percentage points**

In addition, compliance with the equity coverage ratio codified in section 15 of the German REIT Act is a matter of great importance to the company and the maintenance of its status as a real estate investment trust, and is therefore subject to ongoing monitoring. This indicator was 60.3% as at 31 December 2012 (previous year: 55.7%). The rise in the equity coverage ratio was essentially due to the capital increase performed in the reporting year.

A key figure in connection with solvency is the loan-to-value (LTV) ratio. This ratio is defined as net financial liabilities to the calculated value of the company's properties. The figure was 34.2% as at 31 December 2012 (previous year: 39.1%).

The framework for the management of the capital structure e.g. by capital increases, is defined by the provisions of company law.

The capital management targets were achieved in the financial year.

(18) Financial liabilities and derivative financial instruments

Financial liabilities increased by a net amount of EUR 14,474 thousand to EUR 230,697 thousand as a result of further borrowing for property financing. Derivative financial instruments declined by EUR 2,479 thousand as a result of changes in market value to EUR –15,205 thousand. The property loans in place are based on both long-term fixed-rate interest agreements and – to enable greater flexibility – interest rate agreements based on EURIBOR. The interest rate risk was eliminated in these instances by concluding interest rate swaps, with which we receive EURIBOR and pay a constant fixed rate of interest over the entire term of the swap.

At the end of the reporting period, the nominal hedge volume of the interest rate swaps was EUR 93.2 million. Depending on the underlying loan transactions, the derivatives mature between 2013 and 2021. The change in the fair values of interest rate derivatives recognised in equity of EUR 2.5 million resulted in a decline in fair value changes in derivatives in the revaluation surplus of EUR 15.2 million.

NO.	TYPE	MATURITY	NOMINAL VALUE AT 31 DEC. 2012	FAIR VALUE
			EUR MILLION	EUR THOUSAND
1	Interest rate swap	Apr. 2018	15.4	-2,829
2	Interest rate swap	Apr. 2018	11.1	-2,050
3	Interest rate swap	Dec. 2013	11.6	-367
4	Interest rate swap	Dec. 2018	4.5	-764
5	Interest rate swap	Oct. 2017	34.0	-5,946
6	Interest rate swap	Nov. 2021	16.6	-3,249
Total			**93.2**	**-15,205**

Financial liabilities and derivative financial instruments break down by maturity as follows:

EUR THOUSAND	31 DEC. 2012			31 DEC. 2011		
	CURRENT	NON-CURRENT		CURRENT	NON-CURRENT	
	LESS THAN 1 YEAR	2–5 YEARS	MORE THAN 5 YEARS	LESS THAN 1 YEAR	2–5 YEARS	MORE THAN 5 YEARS
Financial liabilities	7,707	65,245	157,745	6,672	25,652	183,899
Derivative financial instruments	367	5,946	8,892	0	585	12,141
Total	**8,074**	**71,191**	**166,637**	**6,672**	**26,237**	**196,040**

The table below shows the contractually agreed payments for interest and the repayment of financial liabilities and derivative financial instruments. Interest payments on floating-rate loans are calculated uniformly using the last interest rate set before the end of the reporting period.

EUR THOUSAND	31 DEC. 2012			31 DEC. 2011		
	LESS THAN 1 YEAR	2–5 YEARS	MORE THAN 5 YEARS	LESS THAN 1 YEAR	2–5 YEARS	MORE THAN 5 YEARS
PAYMENTS FOR INTEREST AND THE REPAYMENT OF						
Financial liabilities	13,595	89,796	176,413	12,655	51,602	201,104
Derivative financial instruments	3,743	11,961	2,385	2,799	9,399	3,456
Total	**17,338**	**101,757**	**178,798**	**15,454**	**61,001**	**204,560**

All loans are secured by investment property. There were land charges of EUR 253.0 million chargeable to the company for the financial liabilities reported as at 31 December 2012. In addition, the rent receivables on the collateralised properties have usually been assigned to the lending banks by way of undisclosed assignment. The non-current property loans bear interest at interest rates of between 3.53% and 5.21% (average interest rate: 4.42 %). In line with loan agreements, repayments are made monthly, quarterly, semi-annually or annually.

HAMBORNER is exposed to various risks on account of its business activities. The risk report, which is a component of the management report, includes a detailed presentation of these risks and their management.

Derivative financial instruments in the form of interest rate swaps are mainly used to manage interest rate risks. The risks resulting in connection with the use of these derivative financial instruments are subject to risk management and control.

The risks resulting from financial instruments relate to credit, liquidity and market risks. There are credit risks in the form of risks of default on financial assets. The maximum value of this risk is the carrying amount of the financial assets. For derivatives, this is the sum of all the positive fair values and, for primary financial instruments, the sum of the carrying amounts. If risks of default exist, they are taken into account by means of value adjustments.

Liquidity risks constitute refinancing risks and thus risks of a fulfilment of existing obligations to pay when due. The strategy and the results of the planning process are taken as a basis for the early identification of the future liquidity situation. The expected liquidity requirements are scheduled in medium-term planning, which covers a period of five years.

Liquidity requirements are calculated using daily, weekly and monthly forecasts.

Sensitivity analyses are required for the presentation of market risks in accordance with IFRS 7. The effects on earnings and equity are shown by way of hypothetical changes in risk variables based on past data. Interest rate risks in particular are relevant for HAMBORNER in this regard.

Interest rate risks result from changes in the level of market interest rates. We limit such risks by using interest rate swaps. Sensitivity analyses, which show the effects of changes of market interest rate levels on interest payments, interest expenses, interest income and equity, are performed in line with IFRS 7. The following premises apply:

Primary financial instruments with a fixed interest rate are only subject to interest rate risks if they are measured at fair value. Financial instruments measured at cost are not subject to interest rate risks. In the case of cash flow hedges used to hedge fluctuations due to interest rates, changes in market interest rate levels can affect the revaluation surplus in equity.

Therefore, these financial instruments are taken into account in the sensitivity analysis. In the sensitivity analysis, the indicative measurement was calculated on the basis of the market value, taking into account accrued interest.

CHANGE IN REVALUATION SURPLUS EUR THOUSAND	2012	2011
Interest rate +1%	3,856	4,639
Interest rate –1%	-4,719	-5,837

Fair value of financial assets and liabilities measured at amortised cost

Except for financial liabilities, the carrying amounts of the financial assets and liabilities in the statement of financial position constitute a reliable approximation of the 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 at the end of the reporting period.

EUR THOUSAND	31 DEC. 2012		31 DEC. 2011	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial liabilities	230,697	245,700	216,223	221,671

Additional disclosures on financial instruments

In the separate financial statements, financial instruments are classified in line with the classification used for the statement of financial position. The following table shows the reconciliation of the items of the statement of financial position to IAS 39 categories. IFRS 7 applies to all assets and liabilities measured in accordance with IAS 39.

		MEASUREMENT IN ACCORDANCE WITH IAS 39			MEASUREMENT IN ACCORDANCE WITH OTHER STANDARDS
EUR THOUSAND	**31 DEC. 2012**	**FAIR VALUE, AVAILABLE-FOR-SALE/ DERIVATIVES**	**AMORTISED COST, LOANS AND RECEIVABLES**	**AMORTISED COST, HELD-TO-MATURITY**	**AMORTISED COST**
Assets					
Intangible assets	14				14
Property, plant and equipment	159				159
Investment property	510,834				510,834
Financial assets	24			24	
Non-current other assets	321				321
Current trade receivables and other assets	769		653		116
Income tax receivables	7				7
Bank deposits and cash balances	29,306		29,306		
Non-current assets held for sale	3				3
	541,437	**0**	**29,959**	**24**	**511,454**
Equity and liabilities					
Equity	276,752				276,752
Non-current financial liabilities, trade payables and other liabilities	225,003		223,379		1,624
Non-current derivative financial instruments	14,838	14,838*			
Pension provisions	8,160				8,160
Other non-current provisions	1,566				1,566
Current financial liabilities, trade payables and other liabilities	12,021		8,581		3,440
Current derivative financial instruments	367	367*			
Income tax liabilities	18				18
Other current provisions	2,712				2,712
	541,437	**15,205**	**231,960**	**0**	**294,272**

* Derivatives designated as hedges

EUR THOUSAND	31 DEC. 2011	MEASUREMENT IN ACCORDANCE WITH IAS 39: FAIR VALUE, AVAILABLE-FOR-SALE/ DERIVATIVES	MEASUREMENT IN ACCORDANCE WITH IAS 39: AMORTISED COST, LOANS AND RECEIVABLES	MEASUREMENT IN ACCORDANCE WITH IAS 39: AMORTISED COST, HELD-TO-MATURITY	MEASUREMENT IN ACCORDANCE WITH OTHER STANDARDS: AMORTISED COST
Assets					
Intangible assets	23				23
Property, plant and equipment	169				169
Investment property	435,190				435,190
Financial assets	27			27	
Non-current other assets	232				232
Current trade receivables and other assets	2,672		2,574		98
Income tax receivables	9				9
Bank deposits and cash balances	18,685		18,685		
Non-current assets held for sale	5,486				5,486
	462,493	**0**	**21,259**	**27**	**441,207**
Equity and liabilities					
Equity	215,131				215,131
Non-current financial liabilities, trade payables and other liabilities	212,418		210,575		1,843
Non-current derivative financial instruments	12,726	12,726*			
Pension provisions	7,122				7,122
Other non-current provisions	859				859
Current financial liabilities, trade payables and other liabilities	9,905		9,109		796
Income tax liabilities	1,289				1,289
Other current provisions	3,013				3,013
Liabilities in connection with non-current assets held for sale	30		26		4
	462,493	**12,726**	**219,710**	**0**	**230,057**

* Derivatives designated as hedges

(19) Income tax liabilities

The income tax liabilities reported as at 31 December 2012 relate to the retroactive withdrawal of tax exemptions granted for exit taxation (section 3 no. 70 of the Einkommensteuergesetz (EStG – German Income Tax Act) from the sale of land in 2012 in connection with the transformation into a REIT.

(20) Trade payables and other liabilities

The trade payables and other liabilities amounted to a total of EUR 6,327 thousand as at 31 December 2012. EUR 4,314 thousand of this amount is payable within the next twelve months. The amount recognised rose by EUR 227 thousand year-on-year. The increase relates in part to the change in various purchase price and land transfer tax obligations. Trade payables climbed by EUR 173 thousand to EUR 231 thousand at the end of the reporting period.

(21) Pension provisions

There are pension scheme commitments for former employees and their surviving dependents. These are defined benefit commitments within the meaning of IAS 19. Provisions are measured using the projected unit credit method. In addition to the pensions and vested claims known at the end of the reporting period, the projected unit credit method also takes into account forecast increases in salaries and pensions and assumed inflation. Provisions are calculated assuming a normal retirement age of 63.

Commitments for pension expenses are distributed over the period of service of employees on the basis of actuarial calculations and are broken down into current service cost, amortisation of actuarial gains and losses and interest expenses in accordance with IAS 19. While interest expenses are recognised in the financial result, the other items (except for actuarial gains and losses) are reported under personnel costs. In 2012, the interest expense from pension obligations amounted to EUR 320 thousand (previous year: EUR 298 thousand).

Actuarial gains and losses are recognised in other comprehensive income. Actuarial losses of EUR 1,361 thousand were incurred in 2012 (previous year: gains of EUR 109 thousand). Cumulative actuarial losses amounted to EUR 3,690 thousand as at the end of the reporting period.

Development of pension provisions in the reporting year:

EUR THOUSAND	2012	2011	2010	2009	2008
Carrying amount at 1 January (= present value at 1 January)	7,122	7,571	6,983	6,840	7,097
Current service cost	16	17	13	11	11
Interest expense	320	298	341	381	375
Actuarial gains (–)/losses recognised for the current year	1,361	-109	883	400	-31
Pension payments	-659	-655	-649	-649	-612
Carrying amount at 31 December (= present value at 31 December)	**8,160**	**7,122**	**7,571**	**6,983**	**6,840**
Defined benefit obligation (DBO) as at year-end	8,160	7,122	7,571	6,983	6,840
Experience adjustment on plan liabilities	32	201	226	199	171

In the year under review, HAMBORNER paid contributions of EUR 148 thousand (previous year: EUR 149 thousand) deemed as a defined contribution pension scheme to statutory pension insurance. In addition, the company paid direct insurance premiums of EUR 7 thousand (previous year: EUR 10 thousand) and premiums for employer-funded commitments of EUR 60 thousand (previous year: EUR 60 thousand). The company has no obligations other than its payment obligations under defined contribution schemes. The expenses are recognised in personnel costs.

Pension payments amounting to EUR 601 thousand are forecast for the 2013 financial year.

(22) Other provisions

Other provisions break down as follows:

	1 JAN. 2012				31 DEC. 2012	OF WHICH	
EUR THOUSAND	TOTAL	ADDITIONS	UTILISATION	REVERSALS	TOTAL	NON-CURRENT	CURRENT
Provisions for							
Bonuses	660	721	716	0	665	0	665
Mining damage	1,559	707	0	700	1,566	1,566	0
Provisions relating to the Articles of Association and legal form of the company	277	391	301	4	363	0	363
Legal and consulting expenses	166	124	166	0	124	0	124
Outstanding invoices	736	1,435	935	99	1,137	0	1,137
Miscellaneous	474	939	966	24	423	0	423
Total	**3,872**	**4,317**	**3,084**	**827**	**4,278**	**1,566**	**2,712**

The provision for bonus obligations assumes that the expected bonus payments in 2013 for 2012 will be EUR 5 thousand higher than in the previous year and amounts EUR 665 thousand.

The provisions for mining damage relate to the potential risks from our former mining activities. Please see the more detailed information in the risk report, which is a component of the management report.

The provisions for mining damage rose by a net amount of EUR 7 thousand year-on-year to EUR 1,566 thousand as a result of reversals and additions. A provision of EUR 700 thousand for possible claims for mining damages was reversed in the reporting year as utilisation is no longer expected. Also, HAMBORNER is 50% responsible for permanently stabilising three deep mining shafts. New information became available on the timing of the measures required and the associated costs, with the result that the related addition to mining provisions amounted to EUR 181 thousand in the reporting year.

Provisions relating to mining activities are predominantly non-current provisions measured at their probable settlement amount at the end of the reporting period. Depending on their respective remaining term (between five and 22 years; previous year: 19 years), interest rates of between 1.9% and 4.2% (previous year: 5.2%) were assumed for discounting. The interest earned on this provision resulted in a rise of EUR 466 thousand year-on-year as at 31 December 2012.

The provisions for obligations relating to the Articles of Association and legal form of the company include remuneration for the Supervisory Board and fees for auditors. Please see note (2) for further information on fees for auditors within the meaning of section 285 no. 17 in conjunction with section 325(2a) HGB.

The provisions for outstanding invoices increased by EUR 401 thousand year-on-year to EUR 1,137 thousand. Provisions for maintenance expenses not yet invoiced and operating costs were essentially recognised to the extent that these relate to 2012.

The miscellaneous provisions essentially include tenant refunds for outstanding operating cost invoices for the 2012 reporting year (EUR 123 thousand), provisions for outstanding holidays (EUR 96 thousand) and the costs of the annual report (EUR 67 thousand).

(23) Liabilities in connection with non-current assets held for sale

There were no liabilities in connection with non-current assets held for sale as at 31 December 2012 (previous year: EUR 30 thousand).

(24) Contingent liabilities and financial obligations

On 31 December 2012, there were obligations arising from notarised land purchase agreements to pay a total purchase price of EUR 86.5 million. The obligations are payable on transfer of ownership of the properties, provisionally in 2013.

The purchase price for the property acquired in Langenfeld may rise if the vacant space is leased by the seller within 24 months of the respective purchase agreement.

NuOffice in Munich and the office property in Berlin had not been completed at the time the purchase agreement was signed. The provisionally calculated purchase price can still change by the time it becomes due. If the total amount of the contractually agreed net annual basic rent by this date is greater or less than the net annual basic rent estimated in the purchase agreement, the purchase price will increase or decrease by an amount calculated using the factor stipulated in the purchase agreement based on the calculated difference in rent.

In the exit taxation for attainment of REIT status, the hidden reserves on developed and undeveloped land were only 50% included in the basis for tax assessment – **provided that** the requirements were met. If any of this land, for which tax benefits were granted, is sold by 31 December 2013, these tax benefits will be withdrawn retroactively.

The other financial obligations after the end of the reporting period result from three long-term leasehold contracts and are as follows:

MATURING ON	PAYMENT OBLIGATION (EUR THOU. P.A.)	PASSED ON TO TENANTS (EUR THOU. P.A.)
31 December 2034	204	204
31 March 2060	113	0
30 June 2023	210	0
Total	**527**	**204**

There are no further significant contingent liabilities or other financial obligations.

(25) Leases

All rental agreements that HAMBORNER has concluded with its tenants are classified as operating leases under IFRS as all the risks and rewards of ownership remain with the company.

Investment property with a carrying amount of EUR 501.8 million (previous year: EUR 435.9 million) was let under operating leases as at 31 December 2012.

HAMBORNER will receive the following contractually guaranteed rent payments (minimum lease payments) from its current commercial rental agreements:

EUR THOUSAND	31 DEC. 2012	31 DEC. 2011
Up to one year	38,371	34,319
Between two and five years	124,305	109,987
More than five years	119,450	100,600
Total	**282,126**	**244,906**

The minimum lease payments include rent income until the end of the agreed lease or until the tenant's earliest possible termination date, regardless of whether termination or non-utilisation of a prolongation option is actually expected.

There were contingent rent payments of only an insignificant amount in the reporting period.

Notes to the statement of cash flows

The statement of cash flows shows the development of cash flows broken down according to cash generated by and used in operating, investing and financing activities.

The cash and cash equivalents comprise bank deposits and cash balances with an initial remaining term of less than three months. The difference between cash and cash equivalents as at 31 December 2012 and the item in the statement of financial position "Bank deposits and cash balances" of EUR 15.0 million is due to a fixed-term deposit with a remaining term of five months that is not included in cash and cash equivalents in accordance with IAS 7.7. As at the end of the reporting period, cash and cash equivalents rose by EUR 4.4 million as against the previous year to EUR 14.3 million. The reported bank deposits include security deposits to which the company has restricted access of EUR 180 thousand.

The statement of cash flows was prepared in accordance with the provisions of IAS 7. Exchange rate fluctuations have no effect at HAMBORNER.

(26) Cash flow from operating activities

The statement of cash flows is based on earnings before taxes (EBT) for the year.

As in the previous year, cash flow from operating activities was not influenced by any significant extraordinary effects. The increase is essentially due to the expansion of the property portfolio. Operating cash flow per share developed as follows:

		2012	2011
Number of shares outstanding	Thousands	45,493	34,120
Operating cash flow	EUR thousand	27,505	24,651
Operating cash flow per share	EUR	0.60	0.72

(27) Cash flow from investing activities

The payments for investments in property, plant and equipment and intangible fixed assets do not correspond to the additions shown in the statement of changes in non-current assets. These also include non-cash investments essentially resulting from retention of purchase price.

The cash flow from investing activities mainly resulted in a cash outflow of EUR 94.1 million due to acquisitions in the financial year (previous year: EUR 130.3 million).

(28) Cash flow from financing activities

The positive cash flow from financing activities of EUR 62.2 million is due to net issue proceeds from the capital increase of EUR 71.4 million.

The company also had total funds not yet utilised of EUR 63.1 million at its disposal from concluded loan agreements. These funds can be accessed at short notice on fulfilment of the payout requirements.

Other notes and mandatory disclosures

Events after the end of the reporting period

Further loan agreements for a total of EUR 33.3 million were concluded in January and February 2013. Together with loan funds of EUR 63.1 million not yet utilised as at the end of the reporting period, the average interest rate on these loans is 2.99% as against 4.42% on existing financial liabilities.

Ownership of the office property "NuOffice" in Munich was transferred to us on 1 January 2013. The residual purchase price paid was EUR 39.1 million. In this context, the company utilised EUR 14.0 million of the loan funds not yet disbursed as at 31 December 2012.

The undeveloped land reported under "*Non-current assets held for sale*" was transferred on 9 January 2013. The sale price was EUR 0.4 million.

The lease with the tenant Konsum for the Erlangen property, Allee-am-Röthelheimpark, was terminated early against payment of compensation by the tenant of EUR 1.0 million. The new tenant for this space is Aldi Süd.

Employees

The average number of employees over the year (not including the Managing Board) was as follows:

	2012	2011
Commercial property management	6	6
Technical property management	4	4
Administration	13	13
Total	**23**	**23**

Corporate Governance

In December 2012, the Managing Board and Supervisory Board issued an updated declaration of compliance and published it on the Internet at www.hamborner.de under Investor Relations/Corporate Governance. The full declaration of compliance has also been published in this 2012 Annual Report.

Notification of the existence of an equity investment

In order to obtain REIT status, investors are not permitted to directly hold 10% or more of shares or shares to such an extent that they hold 10% or more of voting rights under section 11(4) of the German REIT Act. As at the end of the reporting period on 31 December 2012, the company was not aware of any shareholders with a direct shareholding of more than 10% of share capital.

We received the following notification in accordance with section 21(1) WpHG on 2 January 2012:

The share of voting rights held by Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main, Germany, exceeded the threshold of 3% on 30 December 2011 and amounted to 3.04% (1,036,200 voting rights) at this date. 0.49% (166,800 voting rights) of this amount is attributable to it in accordance with section 22(1) sentence 1 no. 6 WpHG.

We received the following notification in accordance with section 21(1) WpHG on 20 March 2012:

The share of voting rights held by Asset Value Investors Limited, London, UK, fell below the threshold of 5% on 16 March 2012 and amounted to 4.89% (1,667,817 voting rights) on this date. 4.89% of the voting rights (1,667,817 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 6 WpHG.

We received the following notification in accordance with section 21(1) WpHG on 10 May 2012:

The share of voting rights held by Asset AVI FOCUSED EUROPEAN VALUE FUND, George Town, Cayman Islands, fell below the threshold of 3% on 9 May 2012 and amounted to 2.86% (974,170 voting rights) on this date. 2.86% of the voting rights (974,170 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 2 WpHG.

We received the following notifications in accordance with section 21(1) WpHG on 23 July 2012:

The share of voting rights held by Van Lanschot N.V., JN's-Hertogenbosch, Netherlands, exceeded the thresholds of 5% and 3% on 18 July 2012 and amounted to 9.99% (4,549,333 voting rights) on this date. 9.99% of the voting rights (4,549,333 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 1 WpHG through F. Van Lanschot Bankiers N.V. und Kempen & Co. N.V.

The share of voting rights held by Van Lanschot N.V., JN's-Hertogenbosch, Netherlands, fell below the thresholds of 5% and 3% on 20 July 2012 and amounted to 0.07% (30,000 voting rights) on this date. These voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 1 WpHG.

The share of voting rights held by F. Van Lanschot Bankiers N.V., JN's-Hertogenbosch, Netherlands, exceeded the thresholds of 3% and 5% on 18 July 2012 and amounted to 9.99% (4,549,333 voting rights) on this date. 9.99% of the voting rights (4,549,333 voting rights) are attributable to the company in accordance with section 22(1) sentence 1 no. 1 WpHG from Kempen & Co. N.V.

The share of voting rights held by F. Van Lanschot Bankiers N.V., JN's-Hertogenbosch, Netherlands, fell below the thresholds of 5% and 3% on 20 July 2012 and amounted to 0.07% (30,000 voting rights) on this date. These voting rights are attributable to the company in accordance with section 22(1) sentence 1 no. 1 WpHG.

The share of voting rights held by Kempen & Co. N.V., Amsterdam, Netherlands, exceeded the thresholds of 3% and 5% on 18 July 2012 and amounted to 9.99% (4,549,333 voting rights) on this date.

The share of voting rights held by Kempen & Co. N.V., Amsterdam, Netherlands, fell below the thresholds of 5% and 3% on 20 July 2012 and amounted to 0.07% (30,000 voting rights) on this date.

The share of voting rights held by Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany, exceeded the thresholds of 3%, 5%, 10% and 15% on 18 July 2012 and amounted to 15% (6,824,000 voting rights) on this date.

The share of voting rights held by Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany, fell below the thresholds of 3%, 5%, 10% and 15% on 20 July 2012 and amounted to 0% (0 voting rights) on this date.

We received the following notification in accordance with section 21(1) WpHG on 13 December 2012:

The share of voting rights held by Laris GbR, Düsseldorf, Germany, fell below the threshold of 3% on 11 December 2012 and amounted to 2.13% (970,000 voting rights) at this date.

According to the voting right notifications we received, there were no indirect equity investments in the capital of the company indirectly amounting to or exceeding 10% of the voting rights as at 31 December 2012:

Related party disclosures for the 2012 financial year

The related parties of HAMBORNER within the meaning of IAS 24 are only the members of the Managing Board, the Supervisory Board and their close relatives. There were no reportable transactions with related parties in the 2012 financial year.

Remuneration of the Managing Board and the Supervisory Board

The remuneration of the Managing Board and the Supervisory Board and the principles of the remuneration system are presented in detail in the remuneration report, which is a component of the management report.

The remuneration paid to persons in key positions at our company that is reportable under IAS 24 comprises the remuneration of the active Managing Board and the Supervisory Board. Total remuneration for active members of the Managing Board amounted to EUR 861 thousand in the reporting year. This comprises remuneration and other short-term benefits of EUR 750 thousand (previous year: EUR 700 thousand) and pension allowances, contributions to employer-financed benefit obligations and non-cash remuneration in the form of the use of a company car totalling EUR 111 thousand. The remuneration of the members of the Supervisory Board is due in the short term and amounted to EUR 308 thousand for the financial year.

Former members of the Managing Board and their surviving dependents received payments of EUR 426 thousand. The pension provisions recognised for this group of people amount to EUR 5,074 thousand.

Executive Bodies of the Company and their Mandates

Supervisory Board

Dr Josef Pauli, Essen
Honorary Chairman

Dr Eckart John von Freyend, Bad Honnef Chairman
Partner in Gebrüder John von Freyend Verwaltungs- und Beteiligungsgesellschaft m.b.H.
External mandates:

AVECO Holding AG*
Bundesanstalt für Immobilienaufgaben (BImA)** (from 1 March 2012)
EUREF AG*
FMS Wertmanagement AöR**
GSW Immobilien AG* (Chairman)
Hahn-Immobilien-Beteiligungs AG*
Investment AG für langfristige Investoren TGV*
VNR Verlag für die Deutsche Wirtschaft AG*

Dr Bernd Kottmann, Wachtberg
Deputy Chairman
Management consultant

Christel Kaufmann-Hocker, Düsseldorf
Management consultant
External mandates:

Stiftung Mercator GmbH**

Dr David Mbonimana, Seevetal
Managing Director of HSH Real Estate GmbH
External mandates:

Amentum Capital Ltd.** (from 1 January 2012)

Robert Schmidt, Datteln
Managing Director at Vivawest GmbH
Managing Director at Vivawest Wohnen GmbH
Managing Director at THS GmbH
External mandates:

Vestische Wohnungsgesellschaft mbH** (Chairman)
Wohnbau Dinslaken GmbH**

Bärbel Schomberg, Königstein
Managing Partner at Schomberg & Co Real Estate Consulting GmbH
External mandates:

Bilfinger Berger Facility Services GmbH**
WISTA Management GmbH** (until 31 December 2012)

Mechthilde Dordel***, Oberhausen
Clerical employee
Wolfgang Heidermann***, Raesfeld (from 1 January 2013)
Technician

Hans-Bernd Prior***, Dinslaken (until 31 December 2012)
Technician

Dieter Rolke***, Oberhausen (1 January 2012)
Clerical employee

Committees of the Supervisory Board

Executive Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Robert Schmidt
Bärbel Schomberg

Audit Committee
Dr Bernd Kottmann (Chairman)
Wolfgang Heidermann (from 21 February 2013)
Christel Kaufmann-Hocker
Hans-Bernd Prior (until 31 December 2012)
Robert Schmidt

Nomination Committee
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Dr David Mbonimana
Bärbel Schomberg

The Managing Board

Dr Rüdiger Mrotzek, Hilden
Director for Finance/Accounting, Taxes,
Asset Management, Technology/Maintenance,
IT, Risk Management/Controlling

Hans Richard Schmitz, Duisburg
Director for Portfolio Management, Legal,
Investor Relations/Public Relations, HR,
Corporate Governance, Insurance

Duisburg, 28 February 2013

The Managing Board

Dr Rüdiger Mrotzek Hans Richard Schmitz

* Membership of other statutory supervisory boards
** Membership of similar executive bodies in Germany and abroad
*** Employee member of the Supervisory Board

The following auditors' report (*Bestätigungsvermerk*) has been issued in accordance with section 322 German Commercial Code (*Handelsgesetzbuch*) in German language on the German version of the separate financial statements of HAMBORNER REIT AG as of and for the fiscal year ended December 31, 2012 and the management report (*Lagebericht*). The management report is not included and is not incorporated by reference in this Prospectus.

Independent Auditor's Report

To HAMBORNER REIT AG, Duisburg

We have audited the separate financial statements – comprising the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the notes to the financial statements – together with the bookkeeping system, and the management report of the HAMBORNER REIT AG, Duisburg, for the financial year from 1 January 2012 to 31 December 2012. The maintenance of the books and records and the preparation of the separate financial statements and the management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional requirements of German commercial law in accordance with section 325(2a) HGB ("German Commercial Code") are the responsibility of the Company's management. Our responsibility is to express an opinion on the separate financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the separate financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the separate financial statements in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the separate financial statements and the management report are examined primarily on a test basis. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the separate financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the separate financial statements of HAMBORNER REIT AG, Duisburg, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law in accordance with section 325(2a) HGB and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with these requirements. The management report is consistent with the separate financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 28 February 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)	(Pfeiffer)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Financial Statements (German GAAP) of HAMBORNER REIT AG as of 31 December 2014

BALANCE SHEET AS OF 31 DECEMBER 2014

Assets

EUR thou.	Note	31 Dec. 2014	31 Dec. 2013
Fixed assets			
Intangible assets	(1)		
Purchased licences and similar rights		10	13
Tangible assets	(2)		
Land, land rights and buildings, including buildings on third-party land		608,321	601,565
Other equipment, operating and office equipment		22	38
		608,343	601,603
Financial assets	(3)		
Other loans		24	12
Current assets		**608,377**	**601,628**
Receivables and other assets	(4)		
Trade receivables		614	430
of which with a remaining term of more than one year EUR 471 thou. (previous year: EUR 425 thou.)		623	527
		1,237	957
Cash-in-hand, bank balances	(5)	10,374	28,154
		11,611	**29,111**
Prepaid expenses	(6)	954	705
Total assets		**620,942**	**631,444**

Equity and liabilities

EUR thou.	Note	31 Dec. 2014	31 Dec. 2013
Equity	(7)		
Subscribed capital		45,493	45,493
Capital reserves		130,653	130,653
Revenue reserves			
Other revenue reserves		87,032	89,389
Net retained profits			
Net profit for the year		17,660	8,414
Withdrawal from other revenue reserves		2,357	9,783
		20,017	18,197
		283,195	**283,732**
Provisions	(8)		
Provisions for pensions		4,972	5,696
Provisions for taxes		0	19
Provisions for mining damage		1,960	1,622
Other provisions		3,859	3,172
		10,791	**10,509**
Liabilities	(9)		
Liabilities to banks		322,850	332,163
Trade payables		202	346
Other liabilities of which taxes EUR 646 thou. (previous year: EUR 970 thou.)		2,339	2,501
		325,391	**335,010**
Deferred income	(10)	**1,565**	**2,193**
Total equity and liabilities		**620,942**	**631,444**

Statement of changes in fixed assets

EUR thou.	Acquisition and production costs			
	As of 1 Jan. 2014	Additions	Disposals	As of 31 Dec. 2014
Intangible assets				
Purchased licences and similar rights	146	4	0	150
Tangible assets				
Land, land rights and buildings, including buildings on third-party land	690,563	40,267	22,097	708,733
Other equipment, operating and office equipment	346	6	36	316
	690,909	**40,273**	**22,133**	**709,049**
Financial assets				
Other loans	13	20	5	28
Total	**691,068**	**40,297**	**22,138**	**709,227**

* relates to discounting of other loans

Valuation allowances				Residual carrying amounts	
As of 1 Jan. 2014	Additions (Depreciation, amortisation and in the financial year)	Disposals incl. Reversals of write-downs	As of 31 Dec. 2014	As of 31 Dec. 2014	As of 31 Dec. 2014
133	7	0	140	13	10
88,998	17,502	6,088	100,412	601,565	608,321
308	22	36	294	38	22
89,306	**17,524**	**6,124**	**100,706**	**601,603**	**608,343**
1	3*	0	4	12	24
89,440	**17,534**	**6,124**	**100,850**	**601,628**	**608,377**

INCOME STATEMENT
for the period from 1 January to 31 December 2014

EUR thou.	Note	2014	2013
Income from property management	(11)		
Income from rents and leases		46,694	44,590
Income from passed-on incidental costs to tenants		5,650	5,041
		52,344	49,631
Other operating income	(12)		
Income from the disposal of fixed assets		10,912	354
Other		1,506	2,333
		12,418	2,687
Total operating income		**64,762**	**52,318**
Expenses for property management	(13)		
Current operating expenses		-7,371	-7,225
Property and building maintenance		-2,302	-2,278
		-9,673	-9,503
Personnel expenses	(14)		
Wages and salaries		-3,062	-2,942
Social security, post-employment and other employee benefit costs of which pensions EUR -72 thou. (previous yea r: EUR -74 thou.)		-390	-369
		-3,452	-3,311
Amortisation of intangible assets and depreciation of tangible assets	(15)	-17,531	-15,920
Other operating expenses	(16)	-2,914	-2,749
Total operating expenses		**-33,570**	**-31,483**
Operating result		**31,192**	**20,835**
Financial result	(17)		
Other interest and similar income		68	42
Interest and similar expenses of which: interest expenses EUR -540 thou. (previous year: EUR -502 thou.)		-13,521	-12,384
		-13,453	-12,342
Result from ordinary activities		**17,739**	**8,493**
Extraordinary expenses	(18)	-79	-79
Net income		**17,660**	**8,414**
Withdrawal from other revenue reserves		2,357	9,783
Net retained profits		**20,017**	**18,197**

CASH FLOW STATEMENT
for the period from 1 January to 31 December 2014

EUR thou.	2014	2013
Cash flow from operating activities		
Net income before taxes and extraordinary expenses	17,739	8,493
Financial result	13,453	12,342
Write-downs/reversals of write-downs (–)	17,531	15,920
Increase/reduction in provisions	-333	-197
Book gains/losses (net) on the disposal of fixed assets	-10,533	103
Change in receivables and other assets not attributable to investing or financing activities	-240	-326
Change in liabilities not attributable to investing or financing activities	-755	772
Interest received	67	113
Tax payments	-19	0
	36,910	**37,220**
Cash flow from investing activities		
Purchase of tangible and intangible assets	-40,516	-110,352
Proceeds from disposals of tangible and intangible assets	26,543	1,257
Proceeds on disposals of long-term investments	5	13
Purchase of long-term investments	-20	0
Receipts from cash investments (short-term cash management)	0	15,000
	-13,988	**-94,082**
Cash flow from financing activities		
Dividend payment	-18,197	-18,197
Cash proceeds from financial liabilities	0	108,459
Cash repayments of financial liabilities	-9,276	-7,121
Interest payments	-13,229	-12,252
	-40,702	**70,889**
Changes in cash and cash equivalents	**-17,780**	**14,027**
Cash and cash equivalents on 1 January	**28,154**	**14,127**
Bank balances and cash-in-hand (with a term of up to three months)	28,154	14,127
Fixed-term deposits (with a term of more than three months)	0	15,000
Cash-in-hand, bank balances	**28,154**	**29,127**
Cash and cash equivalents on 31 December	**10,374**	**28,154**
Bank balances and cash-in-hand (with a term of up to three months)	10,374	28,154
Cash-in-hand, bank balances	**10,374**	**28,154**

STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserves	Revenue reserves	Net retained profits			Total equity
			Other revenue reserves	Carry forward	Net income	Withdrawal from other revenue reserves	
	EUR thou.		EUR thou.		EUR thou.		EUR thou.
As of 1 Jan. 2013	**45,493**	**130,653**	**99,172**	**0**	**3,908**	**14,289**	**293,515**
Carryforward to new account	0	0	0	18,197	-3,908	-14,289	0
Dividend paid	0	0	0	-18,197	0	0	-18,197
Withdrawal from other revenue reserves	0	0	-9,783	0	0	9,783	0
Net income 1 Jan. – 31 Dec. 2013	0	0	0	0	8,414	0	8,414
As of 31 Dec. 2013	**45,493**	**130,653**	**89,389**	**0**	**8,414**	**9,783**	**283,732**
Carryforward to new account	0	0	0	18,197	-8,414	-9,783	0
Dividend paid	0	0	0	-18,197	0	0	-18,197
Withdrawal from other revenue reserves	0	0	-2,357	0	0	2,357	0
Net income 1 Jan. – 31 Dec. 2014	0	0	0	0	17,660	0	17,660
As of 31 Dec. 2014	**45,493**	**130,653**	**87,032**	**0**	**17,660**	**2,357**	**283,195**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

General principles

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. It is entered in the Commercial Register at Duisburg County Court under HRB 4. Since its transformation into a REIT company as of 1 January 2010, it is also subject to the provisions of the German Act on German Real Estate Stock Corporations with Listed Shares (REITG – German REIT Act).

The annual financial statements of HAMBORNER are presented to the operator of the electronic German Federal Gazette. They can be found on the company's website www.hamborner.de and downloaded there. They can also be requested from HAMBORNER REIT AG, Goethestrasse 45, 47166 Duisburg, Germany.

HAMBORNER REIT AG acquires ownership or easement rights for movable or immovable property within the meaning of section 3 of the German REIT Act for use, management or disposal, with the exception of German residential rental properties. It can also acquire, hold, manage and dispose of equity investments in partnerships and corporations within the meaning of section 3 of the German REIT Act. As a REIT company, HAMBORNER has been exempt from both corporation tax and trade tax since 1 January 2010.

As a listed REIT stock corporation, HAMBORNER REIT AG prepares and publishes separate financial statements within the meaning of section 325(2a) of the *Handelsgesetzbuch* (HGB – German Commercial Code) in accordance with the provisions of the International Financial Reporting Standards (IFRS). The management report in accordance with section 289 HGB is published with the IFRS separate financial statements in the Federal Gazette.

These annual financial statements have been prepared in euro (EUR) in accordance with the accounting principles of German commercial law, the requirements of the German Stock Corporation Act and the German REIT Act.

All other amounts are shown in thousands of euro (EUR thousand) – unless stated otherwise. Minor differences can arise in this report from the addition of totals and in percentages due to the rounding of figures.

The annual financial statements include a cash flow statement and a statement of changes in equity in accordance with section 264(1) sentence 2 HGB. The German Accounting Standards (DRS) No. 2 and No. 7 were applied in the preparation of the financial statements.

The balance sheet and income statement comply with the provisions of commercial law in layout and structure. To improve the clarity of the annual financial statements, the names of items in the income statement were adjusted in line with the industry-specific characteristics of a property company. Sub-items have also been added for individual items. The balance sheet and income statement include figures stating which note more detailed explanations of the respective items can be found under. The income statement was prepared using the total cost (nature of expense) method.

Accounting policies

Purchased intangible assets are measured at acquisition cost less amortisation. Amortisation is recognised in line with the economic life, which is between three and eight years.

Tangible assets are reported at acquisition or production costs less depreciation and write-downs under commercial law. In addition to third-party costs, cost of production also includes own work capitalised, which is carried at the specific cost plus the necessary overheads. Write-downs on the acquisition or production costs of movable tangible assets are distributed on a straight-line basis over the financial years in which the assets are expected to be used. Depreciation is based on a useful life of between three and fifteen years.

The following useful lives were applied to the property portfolio in the reporting year:

	Years
Commercial and office buildings	33 to 50
Other commercial buildings	40
Self-service shops	33 to 40

A useful life of 33 years is assumed when a property is acquired. If this principle is contradicted by the actual circumstances (e.g. on account of age, quality, options for use of the building), the useful life is estimated differently accordingly. The remaining useful life is also reviewed in the context of major modernisation work.

Impairment losses are recognised when there is evidence that assets have become permanently impaired.

The other loans are interest-free housing loans and employee loans, which are discounted in line with their remaining term.

The items of current assets are recognised at principal amount or acquisition cost. Identifiable risks are appropriately taken into account by recognising valuation allowances. Uncollectible receivables are written off in full.

The prepaid expenses include payments for agreed future expenses of the company. They are deferred at the time of cash flow and reversed in income over the term of the agreements.

The provisions for pension obligations are measured in accordance with the regulations of commercial law in accordance with recognised actuarial principles on the basis of the projected unit credit (PUC) method). Provision requirements are calculated taking into account future pension trends. The interest rate used to discount pension obligations was calculated in accordance with section 253(2) sentence 2 HGB as the average market interest rate with a uniform remaining term of ten years, which is the expected average term of pension obligations.

The 2005 G Heubeck mortality tables were used as the basis for biometric calculations.

Measurement was based on the following assumptions:

EUR thou.	31 Dec. 2014	31 Dec. 2013
Interest rate p.a.	4.30%	4.56%
Pension trend	2.00%	2.00%

Where the measurement of pension provisions results in a net reversal amount due to mortality in addition to the interest effects recognised in interest expenses, this net amount is reported in other operating income. Otherwise the net amount is reported in personnel expenses.

Allocations to provisions for mining damage and other provisions take into account all currently discernible risks. Provisions are measured and reported at the estimated settlement amount necessary. Amounts for provisions with a remaining term of more than one year are discounted using the average market interest rate of the past seven years in line with their remaining term as published by the Bundesbank.

Liabilities to banks and other liabilities are carried at their nominal or settlement amounts. A pension obligation assumed in connection with the acquisition of a property was discounted using the average market interest rate in line with its expected remaining term.

HAMBORNER uses derivative financial instruments in the form of interest rate swaps to hedge the interest rate risk. The financial instruments are measured individually at market value on the balance sheet date. If the requirements are met, the hedge and the hedged item are accounted for in line with hedge accounting in accordance with section 254 HGB and the net hedge presentation method.

Deferred income not recognised in income until after the reporting date includes mainly prepaid rent at the nominal amount.

Notes to the balance sheet

Fixed assets

The development of the individual items of fixed assets is shown in the statement of changes in fixed assets.

(1) Intangible assets

The licences and similar rights entail solely rights of use acquired for system and application software for our IT equipment. The additions of EUR 4 thousand in the reporting year were offset by write-downs of EUR 7 thousand.

(2) Tangible assets

The acquisition costs for properties acquired in the reporting year, including the capitalisation of post-acquisition expenses for portfolio properties, amounted to EUR 40.3 million in total. The carrying amount of properties sold was EUR 16.0 million. Depreciation of EUR 16.6 million was recognised in the financial year.

The property portfolio was valued by an independent expert as of 31 December 2014. The appraisal took into account the internationally recognised International Valuation Standards (IVS) and the guidelines of the Royal Institution of Chartered Surveyors (RICS) on the measurement of assets. On the basis of this valuation, there were impairment losses on the properties in Leverkusen, Kassel and Düren of a combined amount of EUR 0.9 million.

Operating and office equipment decreased by a net amount of EUR 16 thousand. Additions of EUR 6 thousand were offset by write-downs of EUR 22 thousand.

(3) Financial assets

The long-term interest-free housing and employee loans reported under other loans increased by a net amount of EUR 12 thousand to EUR 24 thousand at the reporting date.

(4) Receivables and other assets

Trade receivables amounted to EUR 614 thousand (previous year: EUR 430 thousand) and relate to the rental and letting of property assets.

Other assets amounted to EUR 623 thousand (previous year: EUR 527 thousand) and essentially include cash security deposits by tenants of EUR 470 thousand (previous year: EUR 422 thousand).

(5) Cash-in-hand, bank balances

As of 31 December 2014, cash and cash equivalents amounted to EUR 10,374 thousand (previous year: EUR 28,154 thousand).

Bank balances include EUR 8,604 thousand in call money or fixed-term deposits on the balance sheet date.

(6) Prepaid expenses

Prepaid expenses comprise essentially processing fees in connection with the borrowing of loans, which are written down over the term of the loans, deferred development costs for a leasehold property, which are distributed over the remaining term of the leasehold, and interest on loans paid in advance for periods in 2015 on the basis of loan agreements.

(7) Equity

As of 31 December 2014, the subscribed capital of the company amounted to EUR 45,493 thousand and was divided into 45,493 thousand no-par-value bearer shares.

By way of the resolutions of the Annual General Meeting of 7 May 2013, the Managing Board was authorised, with the approval of the Supervisory Board, to increase the share capital by up to EUR 4,549 thousand by issuing new bearer shares against cash contributions on one or several occasions (Authorised Capital I). The new shares are to be offered to shareholders for subscription. In addition, the Managing Board was also authorised, with the approval of the Supervisory Board, to increase the share capital by a further EUR 18,197 thousand by issuing new bearer shares against cash or non-cash contributions on one or several occasions (Authorised Capital II).

The shares are also to be offered to shareholders for subscription. Regarding Authorised Capital II, the Managing Board, with the approval of the Supervisory Board, can disapply shareholders' pre-emption rights for a partial amount under certain conditions. The Managing Board's authorisation for the capital increase is limited to 6 May 2018 in both cases.

Furthermore, the Managing Board was authorised, with the approval of the Supervisory Board, to issue bearer or registered warrant and convertible bonds ("**bonds**"), dated or undated, up to a total of EUR 250,000 thousand until 6 May 2018, and to grant the bearers or creditors ("**bearers**") of bonds conversion rights to new bearer shares of the company with a total amount of share capital of up to EUR 22,747 thousand in accordance with the more detailed conditions of the warrant or convertible bonds ("**bond conditions**"). With the approval of the Supervisory Board, the Managing Board can disapply shareholders' statutory pre-emption rights in certain cases for a partial amount.

In issuing warrant or convertible bonds, the Managing Board is authorised to contingently increase the share capital of the company by up to EUR 22,746 thousand, divided into up to 22,747 thousand bearer shares (Contingent Capital).

The above authorisations were not used by the balance sheet date.

Other revenue reserves contain earnings generated by the company in the past and not distributed. These amounted to EUR 87,032 thousand as of the balance sheet date.

The development of the individual items of equity is shown in the statement of changes in equity.

(8) Provisions

Provisions for pensions amounted to EUR 4,972 thousand as of the balance sheet date, down EUR 724 thousand on the amount recognised for the previous year. The remeasurement difference due to the first-time adoption of the German Accounting Law Modernisation Act (BilMoG) amounted to EUR 1,184 thousand in total on 1 January 2010. In accordance with section 67(1) of the Introductory Act to the German Commercial Code (EGHGB) an amount of EUR 79 thousand (= one fifteenth) of this remeasurement difference was added in the reporting year. The outstanding difference as of 31 December 2014 is EUR 789 thousand. The obligations under pension commitments relate exclusively to recipients and their surviving dependents.

The provisions for mining damage increased by EUR 338 thousand year-on-year to EUR 1,960 thousand. The rise is due to inflation adjustments and interest effects on account of shorter terms and changes in interest rates.

Other provisions break down as follows:

EUR thou.	31 Dec. 2014	31 Dec. 2013
Outstanding invoices	1,691	1,264
Provisions for personnel expenses	1,238	1,028
Articles of Association-related and statutory obligations (Supervisory Board remuneration, audit expenses, etc.)	443	430
Legal and consultancy expenses	158	165
Other	329	285
Total	**3,859**	**3,172**

Provisions for obligations due to the Articles of Association and other statutory obligations include auditor fees of EUR 86 thousand (previous year: EUR 85 thousand). The amount relates to the statutory audit of the HGB annual financial statements and the IFRS separate financial statements. The provision recognised for the Supervisory Board remuneration for the 2014 financial year due in the 2015 financial year amounted to EUR 316 thousand (previous year: EUR 303 thousand).

The provision for outstanding invoices increased by EUR 427 thousand year-on-year to EUR 1,691 thousand. In particular, this results mainly from maintenance measures performed in the 2014 financial year not yet invoiced on the balance sheet date, and outstanding invoices for operating expenses in the reporting year.

The miscellaneous provisions include essentially tenant refunds for outstanding operating cost invoices of EUR 111 thousand for the 2014 financial year (previous year: EUR 100 thousand) and provisions for the costs of the annual report of EUR 85 thousand (previous year: EUR 90 thousand).

(9) Liabilities

Total liabilities of EUR 325,391 thousand had the following remaining terms on the balance sheet date of 31 December 2014:

EUR thou.	Total	up to one year	between two and five years	more than five years
Liabilities to banks	322,850	10,846	109,538	202,466
(previous year:)	(332,163)	(10,256)	(108,030)	(213,877)
Trade payables	202	175	27	0
(previous year:)	(346)	(328)	(18)	(0)
Other liabilities	2,339	1,583	756	0
(previous year:)	(2,501)	(1,666)	(790)	(45)
Total	**325,391**	**12,604**	**110,321**	**202,466**
(previous year:)	**(335,010)**	**(12,250)**	**(108,838)**	**(213,922)**

Liabilities to banks relate to loans borrowed to finance property investments at EUR 322,056 thousand (previous year: EUR 331,331 thousand) and deferred interest at EUR 794 thousand (previous year: EUR 832 thousand).

The liabilities to banks were secured in full by way of land charges on the balance sheet date.

Other liabilities break down as follows as of 31 December 2014:

EUR thou.	31 Dec. 2014	31 Dec. 2013
Purchase price retentions	758	627
VAT	597	528
Security deposits	470	422
Land transfer tax	0	397
Other	514	527
Total	**2,339**	**2,501**

(10) Deferred income

This item essentially includes prepaid rent allocated over the agreed contractual term and rent payments received in December 2014 for the month of January 2015.

Notes on the income statement

(11) Income from property management

The revenue from rents and leases amounted to EUR 46,694 thousand and was therefore up EUR 2,104 thousand on the previous year's figure. The increase results mainly from property acquisitions in the current and previous year, which had an effect of EUR 2,915 thousand. By contrast, property sales resulted in a decrease in revenues of EUR 1,268 thousand. As a result of changes in vacancies, new lettings and indexed and graduated rent arrangements, rental income increased by a net amount of EUR 457 thousand.

The revenue from incidental costs passed on to tenants increased by EUR 609 thousand year-on-year and amounted to EUR 5,650 thousand. EUR 390 thousand of the increase resulted from the change in the property portfolio. The income from incidental costs passed on for the other properties in the portfolio climbed by EUR 219 thousand.

(12) Other operating income

Other operating income contains income from the sale of fixed assets of EUR 10,912 thousand (previous year: EUR 354 thousand), which results essentially from the sale of a total of six smaller properties no longer consistent with strategy.

The miscellaneous other operating income amounted to EUR 1,506 thousand in the past financial year and breaks down as follows:

EUR thou.	2014	2013
Income from Reversal of provisions	816	385
Receipt of indemnifications and reimbursements	427	1,235
Rent guarantees	140	648
Charges passed on to tenants and leaseholders	36	23
Other income	87	42
Total	**1,506**	**2,333**

Income from the reversal of provisions includes EUR 659 thousand from the reversal of pension provisions. This figure, which is reported under other operating income, is the net total of additions to and reversals of pension provisions. The reversals are due to four deaths among pension recipients.

EUR 1.0 million of the receipt of indemnifications and reimbursements in the previous year relates to compensation paid by a tenant for the early termination of its lease.

Prior-period income is essentially income from the disposal of fixed assets and from the reversal of provisions.

(13) Expenses for property management

Expenses for property management rose by EUR 170 thousand as against the previous year.

The ongoing operating expenses rose by EUR 146 thousand to EUR 7,371 thousand mainly as a result of property acquisitions. They also include expenses for energy, property charges, insurance premiums and ground rents. Furthermore, this item includes land taxes of EUR 1,684 thousand (previous year: EUR 1,541 thousand). Expenses are largely passed on to our tenants on the basis of existing lease agreements.

Expenses for property and building maintenance increased by EUR 24 thousand in the past financial year to EUR 2,302 thousand.

(14) Personnel expenses

Personnel expenses amounted to a total of EUR 3,452 thousand and therefore climbed by EUR 141 thousand year-on-year.

Wages and salaries rose by EUR 120 thousand and to EUR 3,062 thousand. Social security and other pension costs also rose by EUR 21 thousand as against the previous year to EUR 390 thousand.

(15) Amortisation of intangible assets and depreciation of tangible assets

The amortisation and depreciation expense rose by EUR 1,611 thousand to EUR 17,531 thousand in the reporting year. In addition to changes in the property portfolio in the amount of EUR 695 thousand, the rise is due in particular to impairment losses on three properties of EUR 858 thousand.

The amortisation of intangible assets and depreciation of tangible assets break down as follows:

EUR thou.	2014	2013
Intangible assets	7	10
Tangible assets	17,524	15,910
Total	**17,531**	**15,920**

(16) Other operating expenses

Other operating expenses amounted to EUR 2,914 thousand in the reporting year (previous year: EUR 2,749 thousand).

In the reporting year this item includes prior-period expenses, which are due essentially to losses of EUR 379 thousand on the sale of a property in Hamburg.

Other operating expenses also contain fees for auditors as shown by the table below:

EUR thou.	2014	2013
Audits of financial statements	86	88
Other assurance or valuation services	10	10
Other services	9	4
Total	**105**	**102**

(17) Financial result

Other interest and similar income amounted to EUR 68 thousand after EUR 42 thousand in the previous year. This includes essentially call money and fixed-term deposits at various banks.

Interest and similar expenses break down as follows:

EUR thou.	2014	2013
Interest component of transfers to pension provisions	429	436
Interest on loans, including expenses for interest rate hedges	12,876	11,803
Other	216	145
Total	**13,521**	**12,384**

Mainly as a result of the interest expenses for the property loans borrowed in the previous year, which were recognised in income in full in the year under review, this item rose by EUR 1,137 thousand.

(18) Extraordinary expenses

The extraordinary expense in the reporting year of EUR 79 thousand (previous year: EUR 79 thousand) resulted from the allocation of the remeasurement difference on the company's pension obligations in accordance with section 67(1) EGHGB on account of the first-time adoption of the BilMoG as of 1 January 2010.

Notes on the cash flow statement

The cash flow statement shows the development of cash flows broken down according to cash generated by and used in operating, investing and financing activities.

The cash and cash equivalents comprise cash-in-hand and bank balances with a remaining term of less than three months.

Cash and cash equivalents decreased by EUR 17.8 million as against the previous year to EUR 10.4 million as of 31 December 2014. EUR 1.0 million of this relates to property financing not at the company's disposal.

The cash flow from operating activities amounted to EUR 36.9 million after EUR 37.2 million in the previous year. Despite an increase in rental income, the slight decline is due in particular to the non-recurring compensation of EUR 1.0 million received in the previous year from a tenant for the early termination of its lease.

The cash flow from investing activities resulted mainly in a cash outflow of EUR 14.0 million due to acquisitions in the financial year. The cash inflows and outflows from investing activities are not the same as the additions and disposals shown in the development of fixed assets. This is due mainly to purchase price retentions and land transfer tax payments not yet due as of the respective reporting date.

In addition to the dividend payment for 2013, the cash flow used in financing activities of EUR 40.7 million results from the interest and principal payments on the loans borrowed for the financing of our properties.

The company also had total funds not yet utilised of EUR 32.9 million at its disposal from concluded loan agreements. These funds can be accessed at short notice on fulfilment of the payout requirements.

Other notes and mandatory disclosures

Other financial commitments

On 31 December 2014 there were purchase price obligations totalling EUR 43.3 million arising from notarised land purchase agreements for two properties in Aachen and Berlin. On full letting of the property in Berlin still under construction, the obligation can increase to around EUR 45.8 million in total.

As part of the new letting of space in Linzer Str., Bremen, we entered into a commitment to the tenant to implement conversion work specific to the tenant of EUR 0.9 million, EUR 0.4 million of which will be reimbursed by the tenant in the form of a construction subsidy.

Investments under lease commitments of provisionally EUR 0.3 million will be made in 2015 for outstanding work in connection with the work in Robert-Bunsen-Str., Freiburg, most of which was completed in the reporting year.

Furthermore, as of the end of the reporting year, work began on the extension on our office building. The financial obligations resulting from this amount to EUR 0.5 million.

There are also other financial obligations after the balance sheet date from three long-term leasehold contracts. These are as follows:

Contract maturing by	**Payment obligation**	**Charge passed-on**
	(in EUR thou. p.a.)	
30 June 2023	226	0
31 December 2034	204	204
31 March 2060	113	0
Total	**543**	**204**

There were no other financial obligations significant to the assessment of the financial position of the company as of 31 December 2014.

Remuneration of the Managing Board and the Supervisory Board

The principles of transparent corporate governance are intended to promote and strengthen the confidence of national and international investors and customers, employees and the public at large in the management and monitoring of listed companies. To this end, the German Corporate Governance Code stipulates the disclosure of the remuneration granted to members of the Managing Board and members of the Supervisory Board.

Remuneration system for the members of the Managing Board

The system of Managing Board remuneration is geared in particular to providing incentives for successful management of the company designed to create sustainable value added. The remuneration system motivates the members of the Managing Board to dedicate themselves to and for the company in the long term.

A further aim is that remuneration is consistent with the size and economic situation, success and future prospects of the company. On the one hand, special achievements should be rewarded appropriately, while on the other the failure to achieve targets should result in a tangible reduction in remuneration.

In order to gear the remuneration of the members of the Managing Board towards the goal of sustainable value added, some of their pay is granted as long-term, share-based remuneration after a retention period of three years.

More than 50% of variable remuneration is set on the basis of multi-year target parameters. The remuneration of members of the Managing Board is also closely linked to the interests of shareholders in an attractive long-term investment, in that half of long-term share-based remuneration is pegged to the price performance of HAMBORNER shares relative to the EPRA/NAREIT Europe ex UK Index over several years.

In calculating the attainment of goals for variable remuneration components, adjustments are narrowly limited to extraordinary, previously unknown issues.

The system and amount of Managing Board remuneration are set and regularly reviewed by the full Supervisory Board at the proposal of the Executive Committee of the Supervisory Board.

The remuneration system for the Managing Board consists of the following components:

Fixed remuneration

Fixed remuneration amounts to EUR 200 thousand and is paid in twelve equal instalments. The amount of fixed remuneration is reviewed by the Supervisory Board every two years.

Short-term variable remuneration (bonus)

In the event of 100% attainment of targets, the short-term variable remuneration (bonus) will amount to EUR 125 thousand, dependent on target agreements and the achievement of the funds from operations) FFO stipulated in the budget.

The bonus will not be paid if targets are missed by more than 50%. The bonus is capped at 200% of the regular amount, i.e. a maximum of EUR 250,000. Furthermore, the Supervisory Board can adjust the bonus for target achievement by up to 20% in either direction in light of the personal performance by the member of the Managing Board.

Long-term share-based remuneration

Non-vested share commitments are granted from the 2013 financial year onwards. The annual target amount for individual Managing Board members on 100% target achievement is EUR 130 thousand. The Supervisory Board can adjust this target amount by up to 20% in either direction based on the personal performance by the member of the Managing Board.

Half of the set target amount (LTI 1) is linked to the development in absolute FFO and FFO per share and to the like-for-like development in the value of the portfolio over the past three years. The Supervisory Board determines the degree of target attainment, which can vary between 0% and 200% (cap). The attainment of goals determines the actual cash value of the commitment and the resulting number of share commitments.

For the other half of the set target amount (LTI 2), the Supervisory Board shall initially grant a number of share commitments equivalent to the cash value of half of the target amount on the commitment date. The Supervisory Board also determines a target system (target value for 100% and target corridor) for the performance in the price of HAMBORNER shares relative to the EPRA/NAREIT Europe ex UK Index. After the end of the three-year retention period, the Supervisory Board determines the relative performance of HAMBORNER shares as against the index. This results in a degree of target attainment that can vary between 0% and 200% (cap). If targets are achieved by more than 100%, the Managing Board members shall receive an additional cash payment in line with the amount by which targets are exceeded. In the event of targets being achieved by less than 100%, a number of share commitments corresponding to the shortfall will be forfeit without replacement.

The value in excess of the cap will be disregarded if the closing price at the settlement date amounts to more than 200% (cap) of the closing price on the respective commitment date. Thus, the maximum amount for short-term variable remuneration and long-term, share-based remuneration of the members of the Managing Board totals EUR 846 thousand in each case.

The members of the Managing Board receive the equivalent value of their share commitments in cash after the three-year retention period.

Obligation to hold shares in the company

Each member of the Managing Board is required to hold 200% of his fixed remuneration in shares of the company while serving as a member of the Managing Board. This is determined as the average value of fixed remuneration for the last four years. This will be documented for the first time in 2017 after a start-up phase and updated annually thereafter.

Pension

HAMBORNER provides each member of the Managing Board with a company pension in the form of an employer-funded defined contribution pension by way of reinsured benefit fund. This commitment is valid for the duration of the service agreement with a respective annual amount of EUR 30 thousand.

Termination benefits for the Managing Board

Members of the Managing Board are appointed for a maximum of five years. In the event of the Supervisory Board revoking the appointment of a member of the Managing Board, the member of the Managing Board shall receive the present value (basis: 4%) of fixed remuneration that would have been earned by the regular end of his or her contract as compensation for early termination, whereby compensation cannot exceed the value of total remuneration including benefits for two years.

Furthermore, the member of the Managing Board shall receive variable, temporise remuneration up to the time of his or her dismissal. If the Managing Board member still has share commitments with a retention period at the time of his/her departure, this period will end after the second trading day following publication of the company's results for the previous financial year. The company will settle the commitment in cash at this time.

In the event of a change of control – i.e. if one or more shareholders acting in concert acquire 30% or more voting rights in HAMBORNER REIT AG and are therefore required to issue a public takeover bid, HAMBORNER becomes a dependent company by concluding a company agreement within the meaning of section 291 AktG or if HAMBORNER merges with another company – each member of the Managing Board shall have the right to terminate his or her employment agreement if the change of control would mean a significant change to his or her position, such as through a change in the strategy of the company or a change in the activities of the member of the Managing Board.

In exercising this right of termination, each member of the Managing Board has a claim to compensation in the amount of the total annual remuneration to the end of his or her original service agreement, not to exceed total remuneration for three years. The share-based remuneration components awarded in the past remain unaffected. Any retention periods end on the day of departure. The company will settle the commitment in cash at this time.

There is no claim to compensation if the respective member of the Managing Board receives benefits from third parties in connection with the change of control. There is also no right to termination if the change of control occurs within twelve months of the member of the Managing Board retiring.

The remuneration granted to active members of the Managing Board on the basis of existing service agreements for the 2014 financial year broke down as follows:

	Dr Rüdiger Mrotzek				**Hans Richard Schmitz**			
EUR thou.	**2014**	**2014 (min)**	**2014 (max)**	**2013**	**2014**	**2014 (min)**	**2014 (max)**	**2013**
Fixed remuneration	200	200	200	191	200	200	200	200
Additional benefits	28	28	28	27	46	46	46	22
Total	**228**	**228**	**228**	**218**	**246**	**246**	**246**	**222**
Short-term variable remuneration	**125***	**0**	**300**	**125***	**125***	**0**	**300**	**125**
Long-term variable remuneration	**130**	**0**	**546**	**130**	**130**	**0**	**546**	**130**
LTI 1 (2013) Maturing 2016				65				65
LTI 2 (2013) Maturing 2016				65				65
LTI 1 (2014) Maturing 2017	65	0	312		65	0	312	
LTI 2 (2014) Maturing 2017	65	0	234	—	65	0	234	—
Total	**483**	**228**	**1,074**	**473**	**501**	**246**	**1,092**	**477**
Pension cost	30	30	30	30	30	30	30	30
Total remuneration as per GCGC	**513**	**258**	**1,104**	**503**	**531**	**276**	**1,122**	**507**
Adjustment of short-term variable remuneration	37	0	0	76	37	0	0	76
Total remuneration	**550**	**258**	**1,104**	**579**	**568**	**276**	**1,122**	**583**

* Based on 100% attainment of goals.

16,884 virtual share commitments were approved for the Managing Board for the 2014 financial year. They are subject to a three-year retention period. Their fair value as of the grant date was EUR 130 thousand.

The table below shows the remuneration granted in or for the 2014 financial year:

EUR thou.	Dr Rüdoger Mrotzek 2014	Dr Rüdoger Mrotzek 2013	Hans Richard Schmitz 2014	Hans Richard Schmitz 2013
Fixed remuneration	200	191	200	200
Additional benefits	28	27	46	22
Total	**228**	**218**	**246**	**222**
Short-term variable remuneratic	162	201	162	201
Long-term variable remuneratio	—	—	—	—
Other	—	—	—	—
Total	**390**	**419**	**408**	**423**
Pension cost	30	30	30	30
Total remuneration	**420**	**449**	**438**	**453**

Miscellaneous

No loans were granted to members of the Managing Board by the company. No members of the Managing Board received benefits or corresponding commitments from a third party in the past financial year with regard to their work as members of the Managing Board.

The total remuneration of former members of the Managing Board of the company amounted to EUR 382 thousand in the reporting year. The pension provisions recognised for this group of people amount to EUR 2,905 thousand. The remeasurement difference for former members of the Managing Board and their surviving dependents on account of the first-time adoption of the BilMoG and unrecognised as of 31 December 2014 was EUR 478 thousand.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is regulated in Article 13 of the Articles of Association. The remuneration of the Supervisory Board takes into account the size of the company and the duties and responsibilities of the members of the Supervisory Board.

Accordingly, the members of the Supervisory Board receive fixed annual remuneration payable at the end of a financial year of EUR 22,500. The Chairman of the Supervisory Board receives double this remuneration, his or her deputy one and a half times this amount. In addition, each member of the Supervisory Board receives a fee of EUR 500 for attendance at meetings.

Members of the Supervisory Board on the Executive or Audit Committee receive additional annual remuneration of EUR 5,000 for each committee, payable at the end of the financial year; the chairman of the committee receives double this additional remuneration.

Members of the Supervisory Board on the Nomination Committee receive additional annual remuneration of EUR 2,500 if it convenes in the financial year, payable at the end of the financial year; the chairman of the committee receives double this additional remuneration.

Members of the Supervisory Board who have been on the Supervisory Board or committee for only part of the financial year receive their remuneration temporise.

The remuneration of the Supervisory Board relevant for the 2014 financial year is as follows:

EUR thou.	Fixed remuneration	Attendance fees	Total
Dr Eckart John von Freyend	60.0	2.0	62.0
Dr Bernd Kottmann	51.3	2.0	53.3
Christel Kaufmann-Hocker	27.5	2.0	29.5
Dr David Mbonimana	25.0	1.5	26.5
Robert Schmidt	32.5	2.0	34.5
Bärbel Schomberg	30.0	2.0	32.0
Mechthilde Dordel	22.5	2.0	24.5
Wolfgang Heidermann	27.5	2.0	29.5
Dieter Rolke	22.5	2.0	24.5
Total	**298.8**	**17.5**	**316.3**

The relevant remuneration of the Supervisory Board for the 2013 financial year was:

EUR thou.	Fixed remuneration	Attendance fees	Total
Dr Eckart John von Freyend	55.0	2.0	57.0
Dr Bernd Kottmann	48.8	2.0	50.8
Christel Kaufmann-Hocker	27.5	2.0	29.5
Dr David Mbonimana	22.5	2.0	24.5
Robert Schmidt	32.5	1.5	34.0
Bärbel Schomberg	27.5	1.5	29.0
Mechthilde Dordel	22.5	2.0	24.5
Wolfgang Heidermann	27.5	2.0	29.5
Dieter Rolke	22.5	2.0	24.5
Total	**286.3**	**17.0**	**303.3**

In addition, in accordance with Article 13(3) of the Articles of Association, the company reimburses the members of the Supervisory Board for expenses incurred in the execution of their office. As in the previous year, the members of the Supervisory Board received no further remuneration or benefits beyond this in the reporting year for services provided personally, including in particular consulting or mediation services. The members of the Supervisory Board received no loans or advances from the company.

D&O insurance

The company has taken out D&O insurance for the members of the Managing Board and members of the Supervisory Board. This covers losses resulting from work as a member of the executive and supervisory bodies of the company. The sums insured amount to EUR 7.5 million per claim or a maximum of EUR 7.5 million per insurance year. In accordance with section 93(2) of the German Stock Corporation Act and item 3.8 of the German Corporate Governance Code, deductibles for members of the Managing Board and Supervisory Board have also been agreed, amounting to at least 10% of the claim and up to at least one and a half times the annual fixed remuneration of the officer. The insurance cover does not apply in the event of wilful intent, such that cover previously granted lapses retroactively where applicable in the event of (subsequent) discovery and benefits provided must be reimbursed to the insurer. The annual insurance premium currently amounts to EUR 12.5 thousand plus insurance tax.

Number of employees

The average number of employees over the year (not including the Managing Board) was as follows:

	2014	2013
Commercial property management	9	8
Technical property management	5	4
Administration	13	13
Total	**27**	**25**

Derivative financial instruments

The company held the following derivative financial instruments as of 31 December 2014:

No.	Type	Maturing	Nominal value	Fair value
			EUR thou.	
1	Interest rate swap	Okt 17	30,938	-3,688
2	Interest rate swap	Apr 18	14,005	-1,881
3	Interest rate swap	Apr 18	10,161	-1,363
4	Interest rate swap	Dez 18	4,131	-584
5	Interest rate swap	Nov 21	16,620	-3,481
			75,855	**-10,997**

Interest rate derivatives are measured at the market values reported by the corresponding banks as of the balance sheet date. They were calculated using recognised mathematical methods on the basis of the continuously changing market data available as of the calculation date and show the assessment of market circumstances as of the calculation date. Floating-rate loan liabilities are hedged against the risk of rising interest rates with swaps with fixed interest rates.

The nominal residual amounts of the loan transactions for swap hedges was also EUR 75.9 million on 31 December 2014. The terms of the loan agreements and the interest rate swaps are exactly the same. The cash flows from the hedged items and hedges therefore fully offset each other for the entire term of the contracts.

The loan liabilities and swaps are accounted for as micro hedges. Accordingly, no provisions for anticipated losses are reported for derivative financial instruments. The effectiveness of the hedge is determined in line with the dollar-offset method.

Disclosures on equity investments

In order to maintain REIT status, investors are not permitted to directly hold 10% or more of shares or shares to such an extent that they hold 10% or more of voting rights under section 11(4) of the German REIT Act. As of the balance sheet date of 31 December 2014, the company was not aware of any shareholder whose direct share amounted to or exceeded 10% of the share capital.

In accordance with section 160(1) no. 8 AktG, the existence of equity investments reported to the company in accordance with section 21(1) or (1a) of the German Securities Trading Act (WpHG) must be disclosed.

The following table shows the reportable equity investments of which the company was notified by 27 February 2015. The information was taken from the most recent notification from a reporting entity received by the company.

All publications by the company on notifications of equity investments in the year under review and also until 27 February 2015 can be found on the HAMBORNER REIT AG website under Investor Relations/Notifications. Please note that the percentage and voting right information for equity investments may now be out of date on account of non-reportable acquisitions or sales of shares.

According to the voting right notifications we received, there were no indirect equity investments in the capital of the company indirectly amounting to or exceeding 10 % of the voting rights as of 31 December 2014.

No.	Reporting party	Voting rights (new)	Share of voting rights (new) in %	Threshold affected	Date threshold affected	Allocation of voting rights	Companies from which 3% or more allocated
1	Ruffer LLP, London, UK	1,321,447	2.90	Drop below 3%	12 June 2014	Yes(2)	
2	Allianz Global Investors Europe GmbH, Frankfurt/Main, Germany	1,158,195	2.55	Drop below 3%	31 July 2014	Yes(2)	
3	BNP Paribas Investment Partners S.A., Paris, France	1,426,120	3.13	Rise above 3%	29 January 2015	Yes(1): 3.13 (3): 3.10	
4	Deka Investment GmbH, Frankfurt/Main, Germany	4,549,332	9.09	Rise above 3%, 5%	20 February 2015	Yes(2)	RAG-Stiftung, Essen, Germany
	RAG-Stiftung, Essen, Germany	4,549,332	9.09	Rise above 3%, 5%	20 February 2015	No	
5	TEC Dusseldorf GbR, Dusseldorf, Germany	1,370,000	2.74	Drop below 3°%	20 February 2015	No	
6	Prof Theo Siegert, Germany	2,300,000	4.60	Drop below 5%	20 February 2015	Yes(1)	
7	Kingdom of Belgium, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 February 2015	Yes(1)	Societe Federale de Participations et d'Investissement/ Federale Participatie – en Investeringsmaatschappij SA/NV ("**SFPI/FPIM**"), Brussels, Belgium
	Societe Federa le de Participations et d'Investissement/Federa le Participatie – en Investeringsmaatschappij SA/ NV ("**SFPI/FPIM**"), Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 February 2015	Yes(1)	Belfius Bank SA/ NV, Brussels, Belgium
	Belfius Bank SA/NV, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 February 2015	Yes(1)	Belfius Insurance NV/SA, Brussels, Belgium
	Belfius Insurance NV/SA, Brussels, Belgium	2,406,743	4.81	Drop below 5%	20 February 2015	Yes(1): 2.02"%	
8	BlackRock, Inc., New York, USA	1,377,603	2.75	Drop below 3%	20 February 2015	Yes(1): 0.69% (3): 2.13%	
	BlackRock Holdco 2, Inc., Wilmington, DE, USA	1,377,603	2.75	Drop below 3%	20 February 2015	Yes(1): 0.69% (3): 2.13%	
	BlackRock Financial Management, Inc., New York, USA	1,377,603	2.75	Drop below 3%	20 February 2015	Yes(1): 0.69% (3): 2.13%	

(1) Allocated in accordance with section 22(1) sentence 1 no. 1 WpHG
(2) Allocated in accordance with section 22(1) sentence 1 no. 6 WpHG
(3) Allocated in accordance with section 22(1) sentence 1 no. 6 in conjunction with section 22(1) sentence 2 WpHG

Related party disclosures for the 2014 financial year

There were no reportable transactions with related parties in the 2014 financial year.

Declaration on the recommendations of the Government Commission for the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act

In December 2014, the Managing Board and the Supervisory Board issued an updated declaration of compliance and made it permanently accessible on the Internet at www.hamborner.de. The declaration of compliance was published in full in the 2014 annual report of HAMBORNER.

Executive bodies of the company and their mandates

Supervisory Board

Dr Josef Pauli, Essen († 18 December 2014)
Honorary Chairman

Dr Eckart John von Freyend, Bad Honnef
Chairman

Shareholder of Gebrüder John von Freyend Verwaltungs- und Beteiligungsgesellschaft m.b.H.

External mandates:

AVECO Holding AG*)
Bundesanstalt für Immobilienaufgaben (BImA)**)
EUREF AG*) (Chairman)
Hahn-Immobilien-Beteiligungs AG*)
Investment AG für langfristige Investoren TGV*)
VNR Verlag für die Deutsche Wirtschaft AG*) (until 31 August 2014)

Dr Bernd Kottmann, Münster
Deputy Chairman
MBA

Christel Kaufmann-Hocker, Düsseldorf
Management consultant

External mandates:

Stiftung Mercator GmbH**)

Dr David Mbonimana, Seevetal
Head of Strategy at HSH Nordbank AG

External mandates:

Capcellence Mittelstandspartner**)
HGA Real Estate GmbH**)
HSH N Securities S.A.**)

Robert Schmidt, Datteln
Managing Director at Vivawest GmbH
Managing Director at Vivawest Wohnen GmbH
Managing Director at THS GmbH

External mandates:

Vestische Wohnungsgesellschaft mbH**) (Chairman)
Wohnbau Dinslaken GmbH**)

Bärbel Schomberg, Königstein
Managing Partner
Schomberg & Co. Real Estate Consulting GmbH

External mandates:

Deutsche Investment Kapitalanlagegesellschaft*) (from 31 March 2014)
Hahn-Immobilien-Beteiligungs AG *)

Mechthilde Dordel***), Oberhausen
Clerical employee

Dieter Rolke***), Oberhausen
Clerical employee

Wolfgang Heidermann,***) Raesfeld
Technician

Committees of the Supervisory Board

Executive Committee

Members of the Committee:

Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Robert Schmidt
Bärbel Schomberg

Audit Committee

Members of the Committee:
Dr Bernd Kottmann (Chairman)
Wolfgang Heidermann
Christel Kaufmann-Hocker
Robert Schmidt

Nomination Committee

Members of the Committee:
Dr Eckart John von Freyend (Chairman)
Dr Bernd Kottmann
Dr David Mbonimana
Bärbel Schomberg

Managing Board

Dr Rüdiger Mrotzek, Hilden
Director for Finance/Accounting, Controlling, Taxes, Portfolio Management, HR, IT, Risk Management and Controlling, Investments

Hans Richard Schmitz, Bonn
Director for Asset Management, Technology/Maintenance, Legal, Investor Relations/Public Relations, Corporate Governance, Insurance

External mandates:

Waldbrunnen Beteiligungs AG*) (Chairman) (until 15 December 2014)

Duisburg, 27 February 2015

The Managing Board

Dr Rüdiger Mrotzek Hans Richard Schmitz

*) Membership of other statutory supervisory boards
**) Membership of similar executive bodies in Germany and abroad
***) Employee member of the Supervisory Board

PROPOSAL FOR THE APPROPRIATION OF PROFITS

The Managing Board proposes using the unappropriated surplus of EUR 20,017,066.00 to distribute a dividend of EUR 0.40 per share. The unappropriated surplus consists of the following:

Net income for 2014	EUR 17,660,091.17
Withdrawal from other revenue reserves	EUR 2,356,974.83
Unappropriated surplus on 31 December 2014	**EUR 20,017,066.00**

Duisburg, 27 February 2015

The Managing Board

Dr Rüdiger Mrotzek

Hans Richard Schmitz

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the annual financial statements give a true and fair view of the net assets, financial position, and results of operations of the company, and the 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.

Duisburg, 27 February 2015

The Managing Board

Dr Rüdiger Mrotzek   Hans Richard Schmitz

The following auditors' report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the annual financial statements of HAMBORNER REIT AG as of and for the fiscal year ended 31 December 2014 and the management report (Lagebericht). The management report is not included and is not incorporated by reference in this Prospectus.

Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity and the notes to the financial statements – together with the bookkeeping system and the management report of HAMBORNER REIT AG, Duisburg, for the financial year from 1 January 2014 to 31 December 2014. The maintenance of the books and preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Managing Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of HAMBORNER REIT AG, Duisburg, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 27 February 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)	(Leber)
German Public Auditor	German Public Auditor

23. MARKET VALUE REPORT

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Wilhelm-Leuschner-Straße 78 60329 Frankfurt am Main
Germany
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www.joneslanglasalle.de

Geschäftsführer:
Dr. Frank Pörschke, Marcel Abel, Izabela Danner, Christoph Härle, Dr. Christian Koch, Peter Orend, Jörg Ritter, Rüdiger Thräne, Timo Tschammler

HAMBORNER REIT AG
Goethestraße 45

47166 Duisburg

Berenberg Bank
Joh. Berenberg, Gossler & Co. KG
Neuer Jungfernstieg 20

GER-20354 Hamburg

Kempen & Co NV
Beethovenstraat 300

NL-1077 WZ Amsterdam

Bankhaus Lampe KG
Alter Markt 3

GER-33602 Bielefeld

Frankfurt, 1st June 2015

Valuation of the HAMBORNER REIT AG - Portfolio

1 Introduction

In accordance with our engagement letter (the "**Engagement Letter**") with HAMBORNER REIT AG (the "**Company**"), we, Jones Lang LaSalle GmbH, have considered the real estate assets (the "**Properties**") referred to in the attached property schedule (the "**Schedule**") in order to advise you of our opinion of the Market Value, as at 31 December 2014, of the freehold or leasehold interests (as appropriate) in each of the Properties. The Market Value of the properties in Aachen, Gut-Dämme-Straße 14 and Celle, An der Hasenbahn 3a and Düren, Wirtelstraße 30, has been determined as at 31 March 2015.

2 Compliance with Appraisal and Valuation Standards

We confirm that the valuations have been made in accordance with the appropriate sections of the current Valuation Standards ("**VS**") contained within the Royal Institution of Chartered Surveyors ("**RICS**") Valuation Standards - Global, 9th Edition (the "**Red Book**"). This is an internationally accepted basis of valuation.

3 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the valuations acting as External Valuers, as defined in the RICS Red Book, qualified for the purpose of the valuation. As you are aware, we have already regularly valued a part of the portfolio owned by HAMBORNER REIT AG for the accounting purposes of the Company.

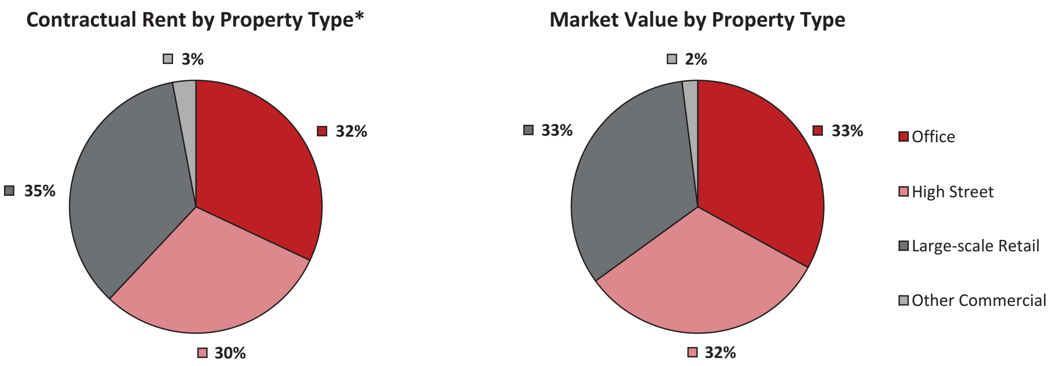
4 Purpose of the Valuation Report

Based on the provided information, we understand that this valuation report (the "**Valuation Report**") is required firstly, to confirm the Market Value of the properties as at 31 December 2014 or respectively 31 March 2015 for the properties in Aachen, Gut-Dämme-Straße 14 and Celle, An der Hasenbahn 3 and Düren, Wirtelstraße 30, for the Board of the Company and secondly, for inclusion in a stock exchange prospectus (the "**Prospectus**") in an English language offering circular ("**Offering Circular**"). The Prospectus is required for the planned capital increase of the Company as well as for an initial public offering of the new stocks at the Frankfurt Stock Exchange as well as at other stock exchanges in Germany (the "**Offer**"). Investors will rely on the Prospectus and the Offering Circular in making their decision to invest in the Company.

5 Analysis of the Portfolio

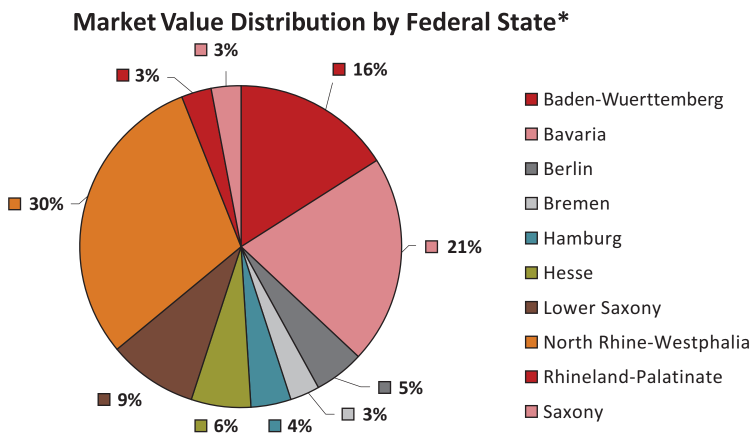
*5.1 Property Categories ***

The subject portfolio comprises 70 properties at date of valuation. The portfolio can be categorized into the following main use types: 31 high street properties, 21 large-scale retail units, 15 office properties and 3 other commercial properties.

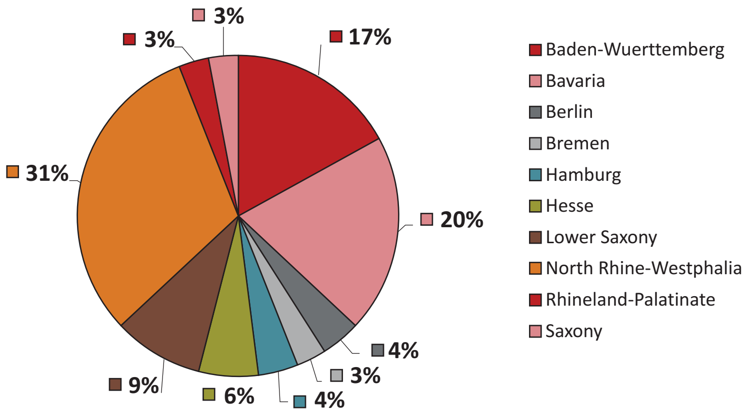


* Excluding turnover rents and ground rents; including rental guarantees
** Rounded figures

5.2 Distribution by Federal State



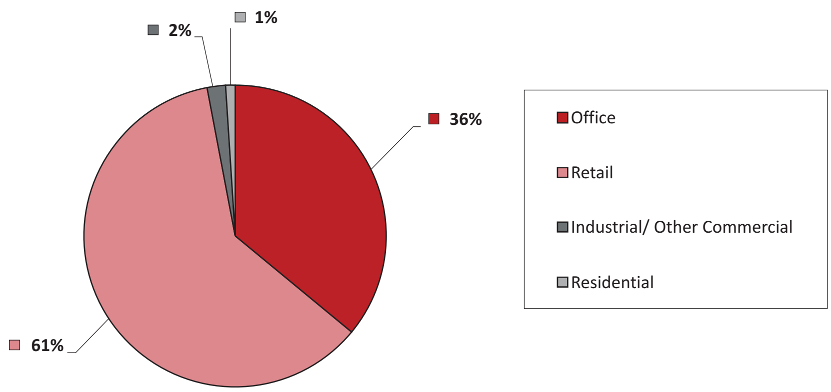
Contractual Rent Distribution by Fedreal State*



* Rounded figures

* Excluding turnover rents and ground rents; including rental guarantees; rounded figures

5.3 *Lettable Area Based on Main Use Type**



* The designated usable areas are based on a schedule provided by HAMBORNER REIT AG, which comprises the lettable areas that have been agreed to in the lease agreements. In some cases, the areas listed in the lease agreements may differ with the subsequent measurement of the lettable areas; the discrepancy, however, is not significant at the individual property level and represents no material change on the portfolio level (i.e. under 2%).

* Excluding parking facilities, antennas, outdoor retail kiosks and advertising signs

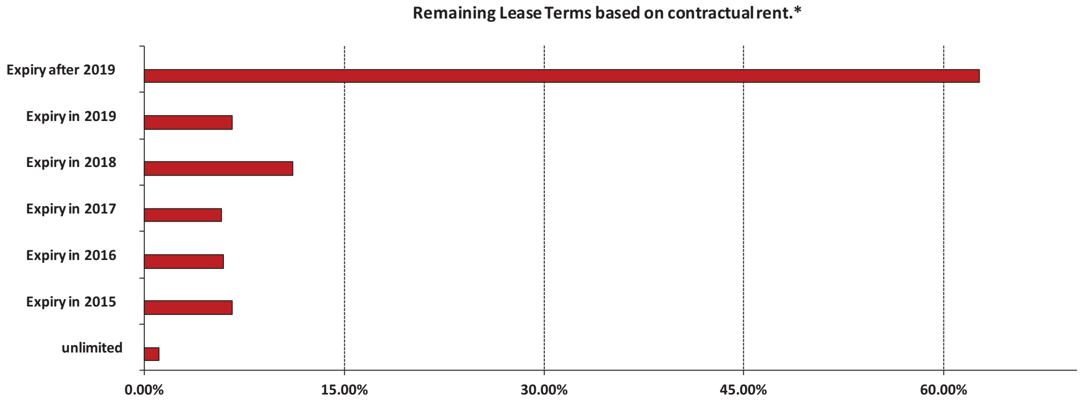
* Rounded figures

5.4 *Anchor Tenants**

No.	Tenant	Main Type of Use	Contractual Rent p.a.	Percentage of Total Contractual Rent
1	EDEKA-Gruppe	Retail	7,085,169€	13.78%
2	Kaufland Gruppe	Retail	4,846,071€	9.42%
3	OBI AG	Retail	4,137,777€	8.05%
4	Bundesagentur für Arbeit/Jobcenter	Office	2,668,784€	5.19%
5	Metro Group	Retail	1,653,961€	3.22%
6	C&A Mode GmbH & Co. KG	Retail	1,172,580€	2.28%
7	H&M Hennes & Mauritz B.V.&Co KG	Retail	1,085,596€	2.11%
8	AREVA	Office	978,362€	1.90%
9	SFC Smart Fuel Cell AG	Industrial	964,867€	1.88%
10	Estée Lauder Companies GmbH	Office	925,782€	1.80%
Total			**25,518,949€**	**49.62%**

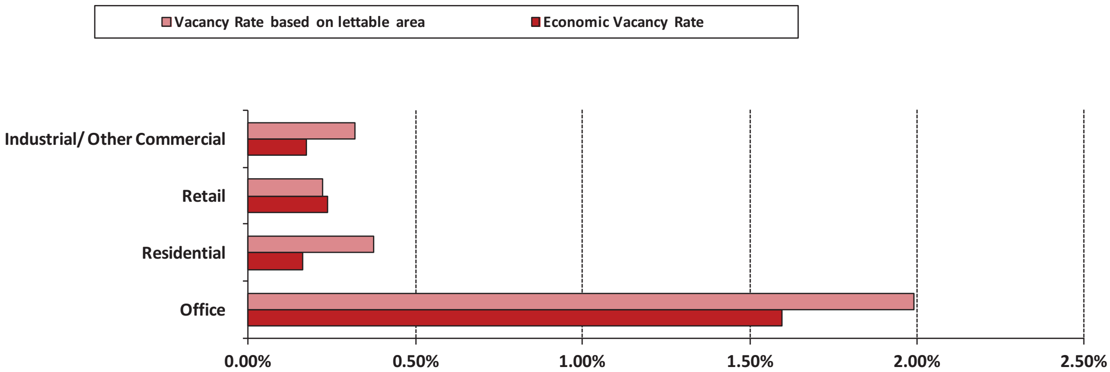
* excluding ground rents

*5.5 Remaining Terms of Lease Agreements**



* Remaining terms of lease agreements relate to the rental income; rental guarantees for vacant units have been considered; excluding turnover rents

5.6 Vacancy Rate (as at the valuation date)



6 Inspection of the Properties

- We inspected the following Properties in the 48th calendar week of 2013:

Hamburg	Fuhlsbüttler Str. 107-109
Hilden	Westring 5
Berlin	Torgauer Str. 12-15
Bayreuth	Spinnereistr. 5a, 5b, 6-8
Hamburg	Sander Damm / Kurt-A.-Körber-Chaussee 9-11

- We inspected the following Properties in the 13th calendar week of 2014:

Krefeld	Hochstr. 123-131
Neuwied	Allensteiner Str. 61, 61a
Freital	Wilsdruffer Str. 52
Geldern	Bahnhofstr. 8
Lüneburg	Am Alten Eisenwerk 2
Meppen	Am Neuen Markt 1
Mosbach	Hauptstr. 96
Villingen-Schwenningen	Auf der Steig 10
Rheine	Emsstraße 10-12
Freiburg	Robert-Bunsen-Straße 9a
Freiburg	Lörracher Straße 8
Stuttgart	Stammheimer Straße 2
Offenburg	Hauptstraße 72/ 74

- We inspected the following Properties in the 24th calendar week of 2014:

Koblenz	Löhrstraße 40
Siegen	Bahnhofstraße 8

- We inspected the following Properties in the 42st calendar week of 2014:

Hamburg	An der Alster 6
Kaiserslautern	Fackelstr. 12-14 / Jägerstr. 15
Gütersloh	Berliner Str. 29-31
Kassel	Quellhofstr. 22
Solingen	Kirchstraße 14-16

- We inspected the following Properties in the 46nd calendar week of 2014:

Solingen	Friedensstraße 64
Köln	von-Bodelschwingh-Str. 6
St. Augustin	Einsteinstr.26
Frankfurt	Königsteiner Str. 73-77, 69a
Dinslaken	Neustraße 60+62/ Klosterstraße 8-10
Lüdenscheid	Wilhelmstr. 9
Krefeld	Emil-Schäfer-Str. 22-24
Wiesbaden	Kirchgasse 21
Essen	Hofstraße 10-12
Duisburg	Rathausstr. 18-20
Dortmund	Westfalendamm 84-86
Duisburg	Fischerstr. 91
Duisburg	Fischerstr. 93
Dortmund	Königswall 36
Osnabrück	Große Str. 82/83
Bremen	Hermann-Köhl-Str.3
Leverkusen	Wiesdorfer Platz 33
Oldenburg	Achternstraße 47/ 48
Minden	Bäckerstraße 8 -10
Münster	Johann-Krane-Weg 21-27
Osnabrück	Sutthauser Str. 285, 287
Bremen	Linzerstraße 7, 9 und 9a
Herford	Bäckerstraße 24-28
Duisburg	Albertstraße 8-10
Münster	Martin-Luther-King-Weg 18-28
Erlangen	Wetterkreuz 15
Ingolstadt	Despagstraße 3
Lemgo	Mittelstraße 24 - 28
Homburg	Louisenstraße 53 - 57
Langenfeld	Solinger Straße 5 - 11
Brunnthal	Eugen-Sänger-Ring 7
Regensburg	Hildegard-von-Bingen-Str. 1
Erlangen	Allee-am-Rötelheimpark 11, 13, 15
Karlsruhe	Rüppurrer Straße 1
München	Domagkstraße 10
Tübingen	Eugenstraße 74
Bad Homburg	Louisenstraße 66
Aachen	Gut-Dämme-Str. 14

- We inspected the following Properties in the 20th calendar week of 2015:

Celle	An der Hasenbahn 3
Oberhausen	Marktstraße 69

- We inspected the following Properties in the 21th calendar week of 2015:

Frankfurt am Main	Steinweg 8
Leipzig	Brandenburger Straße 21
Aachen	Debyestraße 20
Augsburg	Bahnhofstraße 2
Düren	Wirtelstraße 30

7 Basis of Valuation and Contractually Secured Annual Rent

7.1 Market Value

The value of each of the Properties has been assessed in accordance with the relevant parts of the Red Book. Under these provisions, the Market Value represents:

> *"Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our valuations on the basis of Market Value, we have considered the comments made by the International Valuation Standards Council, which are included in the Red Book standards. The RICS is of the opinion that the application of the Market Value definition provides the same result as the Open Market Value, a basis of value supported by previous editions of the Red Book.

7.2 Contractually Secured Annual Rent incl. Rental Guarantee

The contractually secured net annual rent (initial monthly income x12) for each of the properties is referred to in the schedule. Annual Rent is defined for the purposes of this transaction as:

> *"The contract rent is the rent payable under the terms of an actual lease. It may be fixed for the duration of the lease or variable. The frequency and basis of calculating variations in the rent will be set out in the lease and must be identified and understood in order to establish the total benefits accruing to the lessor and the liability of the lessee."*

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

The Schedule also includes the respective Market Rent of each of the Properties. The Market Rent is assessed in accordance with PS 3.3, which has been approved by the International Valuation Standards Council. Under these provisions, the Market Rent represents:

> *"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

In accordance with the above, where the Properties or parts thereof are vacant at the date of valuation, the rental value reflects the rent that we consider obtainable on an open market letting as at the date of valuation.

In relation to indexed rents, we have relied on the information provided to us by the Company.

7.3 Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposal nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon a disposal of the Properties.

However, we have made deductions to reflect appropriate purchasers' acquisition costs suitable for each individual property.

8 Value Added Tax

The Market Values and Market Rents listed in this Valuation Report do not include the relevant Value Added Tax at the prevailing rate.

9 Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a "*supposition taken to be true*" ("**assumption**").

> *"It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true."*

In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we let the Company or the Company's advisers confirm that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our valuations would require to be reviewed. The assumptions we have made for the purposes of our valuations are referred to below:

9.1 Title

We have made the assumption that the Properties have good and marketable freehold or leasehold title in each case and that the Properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Properties are free from mortgages, charges or other encumbrances.

9.2 Condition of Structure and Services, Deleterious Materials, Plant and Machinery and Goodwill

We have not been provided with copies of condition surveys for the Properties. Unless otherwise informed by the Company or its advisers, we have made the assumption that the Properties are free from any mildew, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not investigated whether high alumina cement, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Properties. For the purposes of this valuation, unless otherwise informed by the Company or its advisers, we have made the assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the foundations of the Properties are free from any defect. Unless otherwise informed by the Company or its advisers, we have made the assumption that the load bearing qualities of the sites of the Properties are sufficient to support the buildings constructed thereon. We have also made the assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

No tests have been carried out as to electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. Unless otherwise informed by the Company or its advisers, we have made the assumption that all services to the Properties are functioning satisfactorily.

No allowance has been made in these valuations for any items of plant or machinery not forming part of the service installations of the Properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Furthermore, no account has been taken in our valuations of any goodwill that may arise from the present occupation of the Properties.

It is a condition of Jones Lang LaSalle GmbH or any related Company or any qualified employee providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to or gives warranties as to the condition of the structure, foundations, soil and services.

9.3 Environmental matters

No environmental reports for the subject properties have been made available to us. However, we have not undertaken nor been instructed to conduct a formal environmental assessment, and have not carried out any investigation into past uses, either of the Properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the Property.

If these assumptions were to prove false, then the value would decrease by an unspecified amount.

9.4 Areas

We have not measured the Properties, but have applied floor areas provided by the Company or its advisers. We have assumed that these areas have been measured and calculated in accordance with the current market practice in the relevant country in which the Properties are located.

9.5 Statutory requirements and planning

We have made the assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications exist and that there are no outstanding statutory notices as to their construction, use or occupation. We have made a further assumption that the existing uses of the Properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

9.6 Leasing

We do not normally verify leases or documents of title. Where these have been provided to us, we are not liable for the accurate interpretation of the content, if the items have not been verified by your lawyers.

We have made the assumption that copies of all relevant documents have been made available to us and that they are complete, correct and up to date.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the assumption that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also made the assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

However, our valuation reflects the type of tenants currently letting the properties or responsible for meeting lease commitments or likely to let vacant spaces, and the market's general perception of their creditworthiness.

We have also made an assumption that wherever rent reviews or lease renewals are pending or impending, all notices have been served legally within the appropriate time limits.

9.7 Information

We have made the assumption that the information the Company and its professional advisers have supplied to us in respect to the Properties is complete, correct and up to date.

This means that we have also made the assumption that the Company and its advisers have provided us with all details regarding matters likely to affect value, such as prospective lettings, rent reviews, outstanding legal requirements and planning decisions, and that the information supplied is up to date.

10 Confidentiality and Disclosure

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation and Prospectus. Any other use and in particular disclosure to a third party, or any publication or disclosure to a third party, either in full or in excerpts (apart from the Prospectus) are prohibited without the prior written consent of Jones Lang LaSalle.

In the event of consent to disclosure to a third party (other than the Prospectus), the Company agrees to notify the respective third parties in writing and to underline that Jones Lang LaSalle generally assumes no liability towards third parties for the contents of this Valuation Report and Schedule and that third parties may make no claims whatsoever against Jones Lang LaSalle on the basis of the work and services provided.

The Client also agrees to indemnify Jones Lang LaSalle against any third party claims and all associated costs asserted by third parties against Jones Lang LaSalle as a result of unauthorised disclosure or publication of the results of the work and services provided. Third parties, in this context, shall also include Client’s Affiliates.

11 Valuation Results – HAMBORNER REIT AG Portfolio

We are of the opinion that the aggregate of the Market Values as at the effective date of valuation, 31 December 2014 or respectively 31 March 2015 for the properties in Aachen, Gut-Dämme-Straße 14 and Celle, An der Hasenbahn 3 and Düren, Wirtelstraße 30, of the freehold or leasehold interests in the subject properties described in the schedule, subject to the assumptions and comments in this valuation report, is as follows:

€ 780,590,000

(in words: SEVEN HUNDRED EIGHTY MILLION,
FIVE HUNDRED NINETY THOUSAND EUROS)

The above figure is rounded and derived through the deduction of the land transfer tax, legal costs and agent’s fees normally incurred by the purchaser. It represents the figure a seller would receive in the event of a potential sale; no allowance has been made for any expenses of realisation or for taxation, which may arise in the event of a disposal.

i) The Market Value of the property in Aachen, Gut-Dämme-Straße 14 amounts to **€ 27,460,000**

ii) The Market Value of the property in Celle, An der Hasenbahn 3 amounts to **€ 35,640,000.**

iii) The Market Value of the property in Düren, Wirtelstraße 30 amounts to **€ 1,830,000.**

Thus, the Market Value of the remaining 67 Properties amounts to **€ 715,660,000.**

Yours faithfully

Ralf Kemper	Carsten Meinhardt MRICS
National Director	National Director
Head of Valuation and Transaction Advisory	Team Leader Retail Valuation Advisory
Jones Lang LaSalle GmbH	Jones Lang LaSalle GmbH

No	Address	Location Description	Property Description and Tenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
1	Friedenstraße 64 42699 Solingen	Solingen is a city located in the south-west of the federal state of North Rhine-Westphalia near Wuppertal (approx. 13 km), Bergisch-Gladbach (approx. 20 km), Düsseldorf (approx. 22 km) and Cologne (approx. 27 km). The subject property is located on Friedenstraße in an area mainly characterised by commercial and residential uses. The motorway network can be accessed via the A3 motorway, about 5 km from the site. Due to the street-side location of the property, it is easily accessible by car and has good visibility.	The property is a single-storey freestanding retail building, constructed in 1976. It comprises a total lettable area of approx. 7,933 m² and offers sufficient parking spaces in a car park in front of the building. The building consists of a reinforced concrete structure with a trapezoidal sheet metal façade. The property is held leasehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	7.933	1.096.121	1.023.325	15.670.000
2	Von-Bodelschwingh-Straße 6 51061 Köln	Cologne is a city located in the south-west of the federal state of North Rhine-Westphalia near Bonn (approx. 25 km) and Düsseldorf (approx. 35 km). The subject property is located along the street Berliner Straße (B51) at the intersection of Am Flachsrosterweg in an area mainly characterised by retail and residential uses. The motorway network can be accessed via the A3 motorway, about 600 m from the site. Due to its location on a major street, the property is easily accessible by car and has good visibility.	The property is a single-storey freestanding retail building, constructed in 1979 and modernised in 2011. It comprises a total lettable area of approx. 3,050 m² and offers sufficient parking spaces in a car park in front of the building. The building consists of a solid masonry construction with a trapezoidal sheet metal façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: REWE.	3.050	435.402	437.202	6.410.000
3	Einsteinstr.26 53757 St. Augustin	St. Augustin is a city located in the south-west of the federal state of North Rhine-Westphalia near Bonn (approx. 8 km) and Cologne (approx. 25 km). The subject property is located in an industrial area on the street Einsteinstraße, approx. 800 m from the nearest motorway (A560). Due to the property's street-front location, it is easily accessible by car and has good visibility.	The property is a two-storey freestanding office building with an adjacent repair shop for heavy-goods vehicles and was constructed in 1975. It comprises a total lettable area of approx. 2,417 m² and offers sufficient parking spaces for clients in a car park in front of the building as well as a parking lot located at the back, which also offers parking spaces for heavy-goods vehicles. The building consists of a reinforced concrete structure with a trapezoidal sheet metal façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: MAN.	2.417	300.000	275.538	3.350.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
4	Königsteiner Str. 73-77/69a 65929 Frankfurt	The financial metropolis Frankfurt is located in the south of the federal state of Hesse. The subject property is located in the city district of Unterliederbach on Königsteiner Straße, which is the main arterial road. The surrounding area is mainly characterised by residential use. The motorway A66 can be easily accessed from the district. The city centre of Frankfurt, located to the east, can be reached within 15 minutes by car. Frankfurt has an excellent public transport network, to which the district is connected via bus and train services.	The property consists of two one-storey freestanding retail buildings (supermarket and drinks cash-and-carry), constructed in 1977 (supermarket) and 1999 (drinks cash-and-carry). It comprises a total lettable area of approx. 2,639 m² and offers sufficient parking spaces in front of the building as well as at the rear of the property. The building consists of a reinforced concrete framework construction with a trapezoidal sheet metal façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: REWE.	2.639	348.702	343.203	4.950.000
5	Wilhelmstraße 9 58511 Lüdenscheid	Lüdenscheid is situated in north-western Sauerland in the federal state of North Rhine-Westphalia. The subject property is located in the city centre of Lüdenscheid in the middle of the high street, Wilhelmstraße. The surrounding area is mainly characterised by properties with prime retail units on the ground floor and residential use on the upper floors. Nearby retailers include Sinn Leffers, Douglas and the shopping centre “Stern Center”.	The property is a four-storey mixed-use building (retail and residential), constructed in 1900. It comprises a total lettable area of approx. 425 m² and offers no parking spaces on site. As the access to the stairwell was closed off some years ago, the upper floors can only be reached from the neighbouring property. For this reason, these areas are currently not lettable. The building is a solid masonry construction with a historic façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Anestis Mertzanidis.	425	61.200	51.831	640.000
6	Emil-Schäfer-Str. 22-24 47800 Krefeld	Krefeld is situated in the federal state of North Rhine-Westphalia and is the sixth largest city in the administrative region of Düsseldorf. The major cities Düsseldorf and Duisburg are located approx. 17 km from Krefeld. Four federal motorways can be reached within a distance of 10 km: the A40, A44, A52 and A57. The closest train stations offering connections to the ICE high-speed train network are located in Düsseldorf and Duisburg. The nearest passenger airport, Düsseldorf International Airport, is located approx. 15 km from Krefeld. Due to its location in a commercial area, the subject property is well connected to the transport network. The surrounding area is characterised by industrial and commercial uses.	The property is a freestanding industrial building constructed in 1980/1998 with two storeys in the front section and a production area in the rear section. It comprises a total lettable area of approx. 2,793 m² and offers 14 parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to two tenants. The tenants are: Forbo Siegling and HPZ Krefeld.	2.793	168.128	156.461	1.450.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
7	Kirchgasse 2165185 Wiesbaden	Wiesbaden is located in the south-west of the federal state of Hesse near Frankfurt (approx. 37 km). The subject property is located in the city centre of Wiesbaden in the middle of the high street, Kirchgasse. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor with mainly residential use on the upper floors. Nearby retailers include Kaufhof, Hunkemöller and H&M.	The property is a four-storey mixed-use building (retail and residential), constructed around 1954 and reconstructed after WWII. It comprises a total lettable area of approx. 1,203 m² and offers no parking spaces on site. The building consists of a solid masonry construction with a plaster façade. The property is held freehold.	The property is currently approx. 100 % let to four tenants. The tenants are: Deichmann, Telefónica o2 as well as three residential tenants, who have lease agreements for an indefinite period of time.	1.203	585.090	573.846	11.990.000
8	Steinweg 8 60313 Frankfurt	The financial metropolis Frankfurt is located in the south of the federal state of Hesse near Wiesbaden (approx. 37 km). The subject property is located in the city centre of Frankfurt in the middle of the prime retail street, Steinweg. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor with mainly residential or office use on the upper floors. Nearby retailers include Hugendubel, River Woods and Marc O'Polo.	The property is a six-storey mixed-use building (retail, office and residential), constructed around 1900. It comprises a total lettable area of approx. 594 m² and offers no parking spaces on site. The building consists of a solid masonry construction with a natural stone façade. The property is held freehold.	The property is currently 100% let to six tenants. The tenants are: Bally Textil, AX Classic's Group AG, Waterway Investments GmbH, the lawyers Doyuran & Pfetzing, Marwitz and Kerst-Menche, as well as one residential tenant, who has a lease agreement for an indefinite period of time.	594	388.637	369.951	7.990.000
9	Hofstr. 10-12 45257 Essen	Essen is an independent urban district located in the centre of the Ruhr Area in the federal state of North Rhine-Westphalia. The subject property is located in Kupferdreh, the southern-most suburb in Essen. The commercial building is situated across from the local marketplace area (Marktplatz) on Hofstraße. Hofstraße connects the main shopping street to Kupferdreher Straße, which is currently the main thoroughfare for the suburb. Furthermore, a bus stop and suburban railway station are located within walking distance from the property.	The property is a four-storey mixed-use building (retail and office), constructed in 1982. It comprises a total lettable area of approx. 2,266 m² and offers 23 parking spaces at the rear of the property. The building is a solid masonry construction and has a rendered façade. The property is held freehold.	The property is currently approx. 93% let to nine tenants. The tenants are: EDEKA, Apotheke Ohlmeier, Dr. Goldkuhle/Spitz, Dr. Strobl/Reuschel, Mark David Arhelger, Oliver Mobers, Dr. Bach, Pollender and Dr. Pott.	2.266	267.651	264.652	3.300.000
10	Rathausstr. 18-20 47166 Duisburg	Duisburg is situated on the banks of the Lower Rhine River in the federal state of North Rhine-Westphalia. The subject property is located in the suburb of Hamborn, a green city district situated in northern Duisburg. The property is located in Rathausstraße, which lies just 200 m from the marketplace area Hamborner Altmarkt. Jägerstraße, the high street in Hamborn, is located in the vicinity. The pedestrian zone in Hamborn primarily offers convenience goods and is characterised by a high proportion of regional retailers.	The property is a freestanding terraced five-storey mixed-use building (retail, office and residential), constructed in 1983. It comprises a total lettable area of approx. 2,231 m² and offers sufficient parking spaces at the rear of the property. The building is a solid masonry construction with a clinker brick façade. The property is held freehold.	The property is currently approx. 88% let to 13 tenants. The tenants are: Netto Marken-Discount, One-4-Kom GmbH, Topan Mehmet, Mieterbund Rhein-Ruhr, Herzberg & Krishnapillai Overhoff GbR, and RA Meier, as well as four residential tenants, who have lease agreements for an indefinite period of time. One office unit as well as two residential units are currently vacant.	2.231	213.451	241.586	2.800.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
11	Kirchstraße 14+16/Eiland 19+21/Linkgasse 2+4 42651 Solingen	Solingen is a city located in the south-west of the federal state of North Rhine-Westphalia near Wuppertal (approx. 13 km), Bergisch-Gladbach (approx. 20 km), Düsseldorf (approx. 22 km) and Cologne (approx. 27 km). The subject property is located at the corner of the streets Kirchstraße, Linkgasse and Eiland, adjacent to the prime retail area of Solingen. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor with mainly office and residential use on the upper floors. Due to its location in the pedestrian area and close to the bus station, the property is easily accessible by foot and public transport, and has good visibility.	The property is a five-storey mixed-use building (retail and residential), constructed in 1953. It comprises a total lettable area of approx. 2.959 m² and offers only a limited number of parking spaces in the courtyard. The building is a solid construction with a plaster façade. The property is held freehold.	The property is currently approx. 88% let to 20 tenants. The tenants are: Mode Wittebrock, Riehl, KODI Diskontläden GmbH, Rheinische Post as well as seventeen residential tenants, who have lease agreements for an indefinite period of time. Six residential units are currently vacant.	2.959	265.650	299.670	3.360.000
12	Marktstraße 69 46045 Oberhausen	Oberhausen is situated in the administrative region of Düsseldorf in the federal state of North Rhine-Westphalia. The subject property is situated on Marktstraße, which is the shopping street in the city centre of Oberhausen. The street is designated as a central pedestrian zone and is mainly home to retailers. Well-known national and international retailers situated in the vicinity include dm, Woolworth, Bonita and Engbers as well as telecommunications shops.	The property is a four-storey mixed-use building (retail, office and residential), reconstructed ca. 1950 and with the façade refurbished in 2002. It comprises a total lettable area of approx. 523 m² and offers no parking spaces on site. The building is a solid construction and has a façade with metal elements. The property is held freehold.	The property is currently approx. 65% let to two tenants. The tenants are: Deutsche Telekom and McCheck Nachhilfeteam. Two residential units are currently vacant.	523	54.430	73.548	920.000
13	Westfalendamm 84- 86 44141 Dortmund	Dortmund is situated in the centre of the federal state of North Rhine-Westphalia. The subject property is situated within the south-eastern city district of Körne, approx. 2 km from the Dortmund city centre. The property is located on the arterial road Westfalendamm, which is a part of the federal road B1. The street is highly frequented and leads westward to the city centre. In the opposite direction, Westfalendamm leads out of town and connects to the A1 motorway. The next motorway can be reached within a 12 km distance. The surrounding area is mainly characterised by residential and office uses.	The property is a mainly five-storey freestanding office building, constructed in 1970. One residential unit is located in the annex of the building. The property comprises a total lettable area of approx. 2,633 m² and offers 24 parking spaces. The building consists of a reinforced concrete structure with a sheet metal façade (rear side thermal insulation composite system). The property is held freehold.	The property is currently 100% let to two tenants. The tenants are: Progas, as well as one residential tenant, who has a lease agreement for an indefinite period of time.	2.633	214.908	270.801	3.190.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
14	Fischerstr. 91 47055 Duisburg	Duisburg is situated on the banks of the Rhine River in the federal state of North Rhine-Westphalia. The subject property is situated within the city district of Duisburg-Wanheimerort, approx. 3.5 km south of the Duisburg city centre. The property is located in a pedestrian zone, directly opposite a REWE supermarket and a dm drugstore. The direct vicinity is characterised by small, local retail properties. The central station is situated approx. 3 km north of the property. A tram stop is located approx. 650 m from the subject site.	The property is a four-storey mixed-use building (retail and residential), constructed in 1972. It comprises a total lettable area of approx. 625 m² and offers no parking spaces on site. The building is a solid masonry construction. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to four tenants. The tenants are: KODI as well as three residential tenants, who have lease agreements for an indefinite period of time.	625	78.240	80.013	850.000
15	Königswall 36 44137 Dortmund	Dortmund is situated in the centre of the federal state of North Rhine-Westphalia. The subject property is situated within the city centre along the ring road Königswall, which is a high traffic arterial road. The city centre is well connected to the public transport network. The main station is approx. 300 m from the property. The high street, Westenhellweg, is also located approx. 300 m south of the subject site. The closest motorway is accessible within approx. 5 km. The surrounding area is mainly characterised by office properties, with partly retail use on the ground floor and partly residential use on the upper floors.	The property is a six-storey building with mainly office use. It is also comprises some retail and residential units. The property has a total lettable area of approx. 2,846 m² and offers sufficient parking spaces in the parking garage. The building is a solid concrete framework construction with a façade made of sheet metal and rendered elements. The property is held freehold.	The property is currently 100% let to five main tenants. The tenants are: ver.di and DGB-Reisen, as well as three residential tenants, who have lease agreements for an indefinite period of time. The parking spaces are let to various tenants. Several motorcycle parking spaces as well as car parking spaces are currently vacant.	2.846	354.418	338.980	4.610.000
16	Fischerstr. 93 47055 Duisburg	Duisburg is situated on the banks of the Rhine River in the federal state of North Rhine-Westphalia. The subject property is situated within the city district of Duisburg-Wanheimerort, approx. 3.5 km south of Duisburg's city centre. It is located in a pedestrian zone, directly opposite a REWE supermarket and a dm drugstore. The direct vicinity is characterised by local and national retailers. The central station is situated approx. 3 km north of the property. A tram stop is located approx. 650 m from the subject site.	The property is a four-storey mixed-use building (retail and residential), constructed in 1900/1998. It comprises a total lettable area of approx. 433 m² and offers no parking spaces on site. The building is a solid construction with a rendered façade. The property is held freehold.	The property is currently approx. 79% let to three tenants. The tenants are: Kamps, as well as two residential tenants, who have lease agreements for an indefinite period of time. One residential unit is currently vacant.	433	42.532	45.890	480.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
17	Bahnhofstraße 2 96150 Augsburg	Augsburg is located in the west of the federal state of Bavaria near Munich. The subject property is located in the city centre of Augsburg on Bahnhofstraße, adjacent to the prime retail area of Augsburg. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly office and residential use on the upper floors. Nearby retailers include Kaufhof, Karstadt and Deutsche Bank.	The property is a five-storey mixed-use building (retail, office and residential), constructed in 1900. It comprises a total lettable area of approx. 1,438 m² and offers no parking spaces on site. The building consists of a solid masonry construction with a rendered façade. The property is held freehold.	The property is currently 100% let to six main tenants. The tenants are: Orsay GmbH, Targobank and Kunzmann & Weigel, as well as two residential tenant, who has a lease agreement for an indefinite period of time. In addition, an antenna is located on the roof.	1.438	472.740	410.666	7.700.000
18	Neustr. 60-62/ Klosterstr. 8-10 46535 Dinslaken	Dinslaken is situated on the banks of the Rhine River in the federal state of North Rhine-Westphalia. The subject property is located in the city centre of Dinslaken in the pedestrian zone Neustraße, just 350 m from the city hall. The vicinity is characterised by properties with retail use on the ground floor and residential use on the upper floors. Nearby stores include Bonita, s.Oliver and WMF. The property is well connected to the public transport network; several bus stops can be reached within walking distance. The train station and central bus station are located approx. 550 m from the site.	The property is a four-storey mixed-use building (retail, office and residential), constructed in 1953. It comprises a total lettable area of approx. 1,207 m² and offers no parking spaces on site. The building is a solid masonry construction with a clinker brick/ rendered façade. The property is held freehold.	The property is currently 89% let to eleven tenants. The tenants are: Targobank, Vodafone D2, as well as nine residential tenants, who have lease agreements for an indefinite period of time. One office unit is currently vacant.	1.207	165.870	166.891	2.050.000
19	Fackelstraße 12-14 67655 Kaiserslautern	Kaiserslautern is located in the south of the federal state of Rhineland-Palatinate. The subject property is located in the city centre of Kaiserslautern in the high street, Fackelstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly office and residential use on the upper floors. Nearby retailers include Peek & Cloppenburg, H&M and Thalia.	The property is a four-storey mixed-use building (retail, office and residential), constructed in 1984. It comprises a total lettable area of approx. 1,444 m² and offers 17 parking spaces on the owner's neighbouring site. The building is a solid construction with a predominantly sheet metal façade. The property is held freehold.	The property is currently approx. 89% let to eight tenants. The tenants are: Brezelbäckerei Ditsch, Telefonica Germany GmbH & Co OHG, beeline, Gina Laura GmbH & Co KG, Café-Restaurant Urban and Wagner Daubermann, as well as three residential tenants, who have lease agreements for an indefinite period of time, and various parking space tenants. One office unit is currently vacant.	1.444	391.933	440.637	6.770.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
20	Berliner Straße 29-31 33330 Gütersloh	Gütersloh is a city located in the north-east of the federal state of North Rhine-Westphalia near Osnabrück (approx. 47 km), Paderborn (approx. 34 km), Münster (approx. 53 km) and Dortmund (approx. 78 km). The subject property is located in the city centre of Gütersloh in the high street, Berliner Straße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly office and residential use on the upper floors. Nearby retailers include Bonita, o2, Douglas, Only und Tchibo.	The property is a three-storey mixed-use building (retail and residential), constructed in 1980. It comprises a total lettable area of approx. 1,292 m² and offers no parking spaces on site. The building is a solid construction with a clinker brick façade. The property is held leasehold.	The property is currently approx. 93% let to seven tenants. The tenants are: Telekom, Deichmann, Buddelei, Gina Laura GmbH & Co KG as well as three residential tenants, who have lease agreements for an indefinite period of time. One residential unit unit is currently vacant.	1.292	360.084	351.160	3.780.000
21	Quellhofstraße 22 34127 Kassel	Kassel is situated in the north of the federal state of Hesse. The subject property is set back on Quellhofstraße, which is in the city district of Kassel-North. Quellhofstraße runs parallel to Holländische Straße, which is a large arterial road in the north of the city. The motorway A7 can be accessed in approx. 5 km. The vicinity is mainly characterised by residential properties. Commercial properties are located more toward Holländische Straße, where public transport to the city centre is provided via bus or tram. The city centre is located approx. 4 km south of the property.	The property is a mainly one-storey freestanding retail building, constructed in 1968. It comprises a total lettable area of approx. 1,992 m² and offers sufficient parking spaces at the front of the building. The building is a solid construction and has a partially rendered façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: SPAR. The property is currently partly sublet to the tenant Lidl.	1.992	193.056	68.423	650.000
22	An der Alster 6 20099 Hamburg	The Hanseatic city of Hamburg is a city-state and Germany's second largest city by population. The subject office property is located on the street An der Alster, about 2 km north of the city centre, directly along the Alster River. The immediate vicinity is characterised by office buildings with sporadic residential and hotel uses. The central train station can be reached in approx. 1 km. Several bus stops and a subway station are located within walking distance. The B75 federal road is situated about 750 m from the subject property, providing a link to the federal motorway network.	The property is a five-storey office building, which was extensively refurbished in 2007. It comprises a total lettable area of approx. 1,323 m². The landlord has the right to use 17 parking spaces in an underground car park adjacent the subject property. The building is a solid construction with a rendered façade. The property is held freehold.	The property is currently almost 100% let. The tenants are: Clemens Rasch and Kurt Hauke KG. The parking spaces are let to the business owners. Three parking spaces are currently vacant.	1.323	249.383	241.746	3.990.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas) m²	Contractually secured annual rent including turnover rents and rental guarantees EURO	Market Rent (p.a.) EURO	Market Value EURO
23	Große Straße 82/83 49074 Osnabrück	Osnabrück is located in the south of the federal state of Lower Saxony near Bielefeld (approx. 45 km), Dortmund (approx. 95 km), Paderborn (approx. 80 km) and Bremen (approx. 100 km). The subject property is located in the city centre of Osnabrück in the high street, Große Straße. The surrounding area is a prime shopping location, characterised by retail use on the ground floor with mainly office and residential use on the upper floors. Nearby retailers include Zara, s.Oliver, Only and Saturn.	The property is a three-storey retail building, constructed in 1949. It comprises a total lettable area of approx. 750 m² and offers no parking spaces on site. The building is a solid construction with a predominantly metal clad façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Gerry Weber Retail GmbH.	750	306.000	334.154	6.000.000
24	Wiesdorfer Platz 33 51373 Leverkusen	Leverkusen is located in the south of the federal state of North Rhine-Westphalia near Cologne. The subject property is located in the city centre of Leverkusen in the high street, Wiesdorfer Platz. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly residential use on the upper floors. Nearby retailers include Orsay and Deichmann amongst others.	The property is a four-storey mixed-use building (retail and residential), constructed around 1900. It comprises a total lettable area of approx. 668 m² and offers eight parking spaces. The building consists of a solid masonry construction with a rendered façade. The property is held freehold.	The property is currently almost 100% let to seven tenants; eight parking space also exist. The tenants are: ICC International-Candle-Company GmbH and six residential tenants, who have lease agreements for an indefinite period of time. One parking space is currently vacant.	668	32.595	110.167	1.500.000
25	Achternstraße 47/48 26122 Oldenburg	Oldenburg is a city located in the north of the federal state of Lower Saxony near Bremen (approx. 50 km), Bremerhaven (approx. 70 km) and Osnabrück (approx. 112 km). The subject property is located in the city centre of Oldenburg in the high street, Achternstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly office and residential use on the upper floors. Nearby retailers include Douglas, Vodafone, H&M and New Yorker.	The property is a three-storey retail building, constructed in 1965. It comprises a total lettable area of approx. 847 m² and offers no parking spaces on site. The building is a solid masonry construction with a rendered façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: E-Plus. The areas are partly sublet to promod.	847	240.000	280.667	4.610.000
26	Hochstr. 123-127 47798 Krefeld	Krefeld is situated in the federal state of North Rhine-Westphalia and ranks as the sixth largest city in the administrative region of Düsseldorf. The subject property is located in the high street, Hochstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and some residential use on the upper floors. Nearby stores include Ansons, H&M and Bonita.	The property is a four-storey retail building, constructed in 1950. It comprises a total lettable area of approx. 3,457 m². There is one parking garage on site. The building is a solid construction. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to two tenants. The tenants are: Douglas AG and Parfümerie Douglas Deutschland GmbH as well as an electrical substation (Transformatorenstation) in the basement belonging to Stadtwerke Krefeld. One retail unit is sublet to the tenant KULT.	3.457	545.058	544.476	8.610.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
27	Bäckerstraße 8-10 32423 Minden	Minden is a city located in the north-east of the federal state of North Rhine-Westphalia near Hanover (approx. 57 km), Osnabrück (approx. 60 km) and Paderborn (approx. 65 km). The subject property is located in the city centre of Minden in the high street, Bäckerstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor with mainly office and residential use on the upper floors. Nearby retailers include Bonita, Bijou Brigitte, H&M and New Yorker.	The property consists of two four-storey mixed-use buildings (retail and residential), constructed around 1925. The two buildings in total comprise a lettable area of approx. 1,020 m² and offer 6 parking spaces on site. The building is a solid construction with a rendered façade. The property is held freehold.	The property is currently approx. 93% let to six tenants. The tenants are: Tally Weijl, Bestseller, as well as four residential tenants and several parking space tenants, who have lease agreements for an indefinite period of time. One residential unit is currently vacant.	1.020	264.203	283.566	4.500.000
28	Johann-Krane-Weg 21-27 48149 Münster	Münster is an independent urban district located in the federal state of North Rhine-Westphalia. Nearby cities include Dortmund (approx. 50 km), Osnabrück (approx. 45 km) and Essen (approx. 71 km). The subject property is located approx. 2 km north-west of the city centre of Münster. The surrounding area is classified as a commercial area with mainly office use. Johann-Krane-Weg intersects the federal road B54 about 200 m from the subject property. The B54 is a high traffic main arterial road to the north, which provides access to the motorway A1. The connection to the public transport network is good; bus stops are located within walking distance. The central station is located approx. 3.5 km away.	The property is a four-storey office building, constructed in 2003. It comprises a total lettable area of approx. 9,540m² and offers sufficient parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of different materials. The property is held freehold.	The property is currently approx. 94% let to 21 tenants. The main tenants are: ERGO, Fachhoschule Münster, GeBioM, QuantiMedis GmbH, Griffith Laboratoris and Bau- und Liegenschaftsamt. Currently, four office units and several parking spaces are vacant.	9.542	1.074.053	1.096.784	15.160.000
29	Allensteiner Straße 61+61a 56566 Neuwied	Neuwied is a city located in the south-west of the federal state of Rhineland-Palatinate near Bonn (approx. 45 km) and Limburg (approx. 45 km). The subject property is located at the intersection of Allensteiner Straße and Breslauer Straße, which directly links to the federal roads B42 and B256. The vicinity is mainly characterised by large-scale retail and commercial uses. Due to its corner location, the property is highly visible.	The property is a one to two-storey freestanding retail complex, constructed in 1975. It comprises a total lettable area of approx. 3,501 m² and offers sufficient parking spaces in a car park in front of the building. The building is a reinforced concrete structure with prefabricated elements. The façade consists of different materials. The property is held freehold.	The property is currently approx. 88% let to seven tenants. The tenants are: dm, KiK, Freßnapf, Apollo Optik, Takko, Martin Walter Hoffmann and Bäckerei Heinz-Willi-Grund. Furthermore, there is additional income generated by Obstbau Häger and Tabakwaren Automaten GmbH. One retail unit is currently vacant.	3.501	387.718	374.834	5.190.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
30	Wilsdruffer Straße 52 01705 Freital	Freital is a city located in the south of the federal state of Saxony, south of Dresden (approx. 10 km) and Chemnitz (approx. 73 km). The subject property is located on Wilsdruffer Straße in an area mainly characterised by commercial and residential uses, approx. 5 km from the nearest access point to the federal motorway A17. Due to its location directly along a major street, the property is easily accessible by car as well as by public transport, and has good visibility.	The property is a one to two-storey freestanding retail building, constructed in 1994. It comprises a total lettable area of approx. 7,940 m² and offers sufficient parking spaces on a parking lot in front of the building. The building consists of a reinforced concrete structure with a façade comprising prefabricated concrete elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	7.940	783.647	786.096	10.070.000
31	Bahnhofstraße 8 47608 Geldern	Geldern is located in the west of the federal state of North Rhine-Westphalia near Essen (approx. 49 km), Düsseldorf (approx. 46 km) and Duisburg (approx. 23 km). The subject property is located on Bahnhofstraße in the city centre. The area is mainly characterised by commercial and residential use, and approx. 10 km from the nearest access point to the federal motorway A57. Due to its location directly along a major street, the property is easily accessible by car and has good visibility.	The property is a two-storey freestanding retail building, constructed in 2004. It comprises a total lettable area of approx. 8,749 m² and offers sufficient parking spaces in the parking garage on the ground floor. The building consists of a reinforced concrete structure with a façade comprising prefabricated concrete elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	8.749	863.387	866.106	11.850.000
32	Am Alten Eisenwerk 2 21339 Lüneburg	Lüneburg is a city located in the north of the federal state of Lower Saxony near Schwerin (approx. 80 km), Lübeck (approx. 72 km) and Hamburg (approx. 45 km). The subject property is located along the streets Am Alten Eisenwerk and Hamburger Straße, in an area mainly characterised by commercial use. The closest access point to the A250 motorway is approx. 2.5 km from the subject site. Due to its location directly along two major streets, the property is easily accessible by car as well as by public transport, and has good visibility.	The property is a single-storey freestanding retail building, constructed in 1990. It comprises a total lettable area of approx. 4,611 m² and offers sufficient parking spaces in a car park in front of the building. The building consists of a reinforced concrete structure with a façade comprising prefabricated concrete elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	4.611	455.031	456.453	6.000.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas) m²	Contractually secured annual rent including turnover rents and rental guarantees EURO	Market Rent (p.a.) EURO	Market Value EURO
33	Am Neuen Markt 1 49716 Meppen	Meppen is a city located in the west of the federal state of Lower Saxony, north-east of Osnabrück (approx. 70 km). The subject property is located in the city centre on the street Am Neuen Markt, close to the major street, An der Bleiche. The vicinity is mainly characterised by commercial and residential use. The next access point to the A31 motorway is approx. 9.5 km from the site. Due to its proximity to a major street, the property is easily accessible by car as well as by public transport, and has good visibility.	The property is a three-storey freestanding retail building, constructed in 2000. It comprises a total lettable area of approx. 10,205 m² and offers sufficient parking spaces in the underground car park and a parking lot in front of the building. The building consists of a reinforced concrete structure with a predominantly clinker brick façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	10.205	1.007.121	1.040.882	13.910.000
34	Hauptstraße 96 74821 Mosbach	Mosbach is a city located in the north of the federal state of Baden-Wuerttemberg near Heilbronn (approx. 35 km) and Heidelberg (approx. 58 km). The subject property is located in the city centre, along Mosbach's main street. The area is mainly characterised by commercial and residential use. The nearest access points to the federal motorways A81 and A6 are approx. 26 and 30 km from the site. Due to its location directly along the main street, the property is easily accessible by car as well as by public transport, and has good visibility.	The property is a single-storey freestanding retail building with parking areas, constructed in 1985. It comprises a total lettable area of approx. 6,493 m² and offers sufficient parking spaces in the parking areas. The building consists of a reinforced concrete structure with a rendered façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Kaufland.	6.493	640.763	623.303	7.890.000
35	Auf der Steig 10 78051 Villingen-Schwenningen	Villingen-Schwenningen is a city located in the south-west of the federal state of Baden-Wuerttemberg near Reutlingen (approx. 75 km) and Freiburg (approx. 50 km). The subject property is located on the street Auf der Steig, in an area mainly characterised by commercial use, approx. 1.2 km from the closest federal road. The property is located on a side street in a commercial area.	The property is a one- to two-storey freestanding retail building, constructed in 1993. It comprises a total lettable area of approx. 7,270 m² and offers sufficient parking spaces in a car park in front of the building. The building consists of a reinforced concrete structure with prefabricated elements; the precast concrete façade has exposed aggregate concrete elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: EDEKA.	7.270	250.000	335.874	2.890.000
36	Emsstraße 10-12 48431 Rheine	Rheine is located in the north-west of the federal state of North Rhine-Westphalia near Osnabrück (approx. 45 km) and Münster (approx. 50 km). The subject property is located in the city centre of Rheine in the high street, Emsstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor with mainly office and residential use on the upper floors. Nearby retailers include H&M, The Phone House, Orsay and Bonita.	The property is a four to five-storey mixed-use building (retail, office and residential). It comprises a total lettable area of approx. 2,308 m² and offers no parking spaces on site. The building is a solid construction with a predominantly metal clad façade. The property is held freehold.	The property is currently approx. 76% let to six tenants. The tenants are: Rossmann, Bäckerei Heinrich Trifferer, Randstad, REDUMED, Akademie Überlingen, as well as Ulrich Averbeck. Three office units and on residential unit are currently vacant.	2.308	298.201	349.285	5.010.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
37	Sutthauser Straße 285+287 49080 Osnabrück	Osnabrück is an independent urban district located in the federal state of Lower-Saxony. Nearby cities include Münster (approx. 45 km) and Gütersloh (approx. 50 km). The subject property is situated in the south-western part of Osnabrück, approx. 3 km from the city centre. The site is situated on Sutthauser Straße, a high traffic arterial road. The motorway A30 can be accessed from this street within one minute. The property is located in the commercial area named Burenkamp, which mainly contains office buildings, a petrol station and car dealerships. The connection to the public transport network is good; a bus stop is located within walking distance. The central station is located approx. 3 km away.	The property is a four-storey office building, constructed in 2007. It comprises a total lettable area of approx. 3,833 m² and offers sufficient parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of different materials. The property is held freehold.	The property is currently approx. 72% let to ten tenants. The main tenants are: PBR Planungsbüro, HOCHTIEF Projektentwicklung and Stroot, Frank W. Three office units as well as some parking spaces are currently vacant.	3.833	324.388	474.997	6.480.000
38	Hermann-Köhl-Straße 3 28199 Bremen	The Hanseatic city of Bremen is a city-state and Germany's tenth largest city by population. The subject property is located on the street Herman-Köhl-Straße, near the international airport of Bremen. The site is situated approx. 3 km from the city centre. The direct vicinity is characterised by office buildings. The central train station can be reached within 3.5 km. A bus stop and an S-Bahn station are located within walking distance. The federal road B6 can be reached within 1 km, connecting to various motorways.	The property is a four-storey office building, constructed in 1997. It comprises a total lettable area of approx. 7,154 m² and offers sufficient parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of clinker brick. The property is held freehold.	The property is currently approx. 94% let to two tenants. The office tenants are: FLYLINE and ZUR MÜHLEN ApS & Co KG. One office unit as well as some parking spaces are currently vacant.	7.154	591.143	752.879	9.360.000
39	Linzerstraße 7/9/9a 28359 Bremen	The Hanseatic city of Bremen is a city-state and Germany's tenth largest city by population. The subject office property is situated in the city district of Horn-Lehe. The area is part of the Technology Park Bremen. The vicinity can be classified as a commercial area, mainly used by office tenants and the University of Bremen. The Technology Park is connected to the motorway A27. A bus stop is located in the vicinity of the property. The site is located approx. 5 km from the city centre. The central train station is located approx. 4 km from the subject site.	The property is a two- to four-storey office building, constructed in three phases between 1988 and 2000. It comprises a total lettable area of approx. 10,141 m² and offers sufficient parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of clinker brick. The property is held freehold.	The property is currently approx. 73% let to five tenants. The main tenants are: OAS, Telefónica o2, Lantmännen Unibake Germany GmbH & Co KG, ZSI Zertz+Scheid Ingenieurgesellschaft and the University of Bremen. The tenant DFMG Deutsche Funkturm operates one antenna. One office unit as well as some parking spaces are currently vacant.	10.141	838.006	1.161.399	14.310.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
40	Bäckerstraße 24-28 32052 Herford	Herford is a city located in the north-east of the federal state of North Rhine-Westphalia near Bielefeld (approx. 15 km), Gütersloh (approx. 42 km) and Osnabrück (approx. 54 km). The subject property is located in the city centre of Herford in the high street, Bäckerstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly office and residential use on the upper floors. Nearby retailers include New Yorker, Vodafone, Fielmann and Ulla Popken.	The property is a five-storey retail building. It comprises a total lettable area of approx. 1,787 m² and offers no parking spaces on site. The building is a solid construction with a rendered façade. The property is held freehold.	The property is currently approx. 98% let to two tenants. The tenants are: Mayersche Buchhandlung and Rossmann. One smaller retail unit is currently vacant.	1.787	264.600	275.999	4.210.000
41	Robert-Bunsen-Straße 9a 79108 Freiburg	Freiburg is a city located in the south-west of the federal state of Baden-Wuerttemberg near Basel (approx. 55 km) and Straßburg (approx. 70 km). The subject property is located on the street Robert-Bunsen-Straße in a commercial zone in the central market area, approx. 800 m from the closest federal road. Due to its location on a side street in a commercial area, the property is not easily accessible by public transport and only has limited visibility.	The property is a single-storey freestanding retail building. It comprises a total lettable area of approx. 9,253 m² and offers sufficient parking spaces in a car park in front of the building. The building consists of a prefabricated reinforced concrete structure with a façade made of metal and prefabricated concrete elements. The property is held leasehold.	The property is currently 100% let to one tenant. The tenant is: EDEKA.	9.253	1.032.428	916.047	12.770.000
42	Fuhlsbütteler Straße 107-109 22305 Hamburg	The Hanseatic city of Hamburg is a city-state and Germany's second largest city by population. The property is situated within the city district of Barmbeck, approx. 5.5 km north-west of Hamburg's city centre. The subject property is located on a shopping street, directly opposite a Penny Discounter and a McDonald's restaurant. The direct vicinity is characterised by properties with retail use on the ground floor and office or residential use on the upper floors. The central station is situated approx. 5 km away. An underground station and bus stop are located across the street.	The property is a three- to four-storey mixed-use building (retail, office and residential). It comprises a total lettable area of approx. 2,975 m² and offers 19 parking spaces in a parking garage. The building is a solid construction with a rendered façade. The property is held freehold.	The property is currently almost 100% let to eleven tenants. The main tenants are: Iwan Budnikowsky, Brüche, Anita, Nur Hier GmbH and AOK Rheinland/ Hamburg.	2.975	480.785	464.253	7.460.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas) m²	Contractually secured annual rent including turnover rents and rental guarantees EURO	Market Rent (p.a.) EURO	Market Value EURO
43	Albertstraße 2-10 47059 Duisburg	Duisburg is situated on the banks of the Rhine River in the federal state of North Rhine-Westphalia. The subject property is situated within the city district of Duisburg-Kaßlerfeld, approx. 1.5 km north of the Duisburg city centre. The direct vicinity is characterised by a commercial area to the north, east and west and a residential area to the south. The central station is situated approx. 3.5 km south-east of the property. A tram stop is located opposite the valued property and can be reached within approx. 200 m. Access to the federal motorway network is possible within 1 km.	The property consists of one one-storey and one two-storey freestanding retail building, constructed in 2009. It comprises a total lettable area of approx. 5,119 m² and offers sufficient parking spaces between the buildings. The building is a solid construction. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to five tenants. The tenants are: Welkes Mega-Pet, KIK, Großbäckerei Karl Brinker, dm and Netto Marken-Discount. Furthermore, one external area is let to a snack bar.	5.119	671.279	626.369	9.270.000
44	Martin-Luther-King-Weg 18-28 48155 Münster	Münster is an independent urban district located in the federal state of North Rhine-Westphalia. Nearby cities include Dortmund (approx. 50 km), Osnabrück (approx. 45 km) and Essen (approx. 71 km). The subject property is located approx. 3.5 km south of the city centre. The surrounding area is classified as a commercial area, characterised predominantly by office use. The federal road B54 can be reached within 2 km. The B54 is a high traffic main arterial road, which serves as an access to the motorway A1. The connection to the public transport network is good; a bus stop is located within walking distance. The central station is located approx. 3.5 km away.	The property consists of three detached office buildings. All buildings have four storeys. The property comprises a total lettable area of approx. 13,791 m² and offers sufficient parking spaces on site. The building is a solid reinforced concrete structure. The façade consists of different materials. The property is held freehold.	The property is currently almost 99% let to 13 tenants. The main tenants are: Bundesagentur für Arbeit, Industrie- und Handelskammer Nord Westfalen and con terra. One office unit as well as some parking spaces are currently vacant.	13.791	1.681.815	1.585.196	22.780.000
45	Wetterkreuz 15 91052 Erlangen	Erlangen is located in the centre of the federal state of Bavaria. The city belongs to the economically strong region of Nuremberg-Fürth-Erlangen. The subject property is located approx. 5.5 km south of the city centre of Erlangen and close to the Nuremberg airport. The surrounding area is classified as a commercial area, characterised predominantly by office and industrial use. The street Wetterkreuz intersects the federal road B4 in approx. 400 m. The B4 is a high traffic main arterial road, which provides access to the nearby motorway A3. The connection to the public transport network is good; a bus stop is located within walking distance. The central station is located approx. 6.5 km away.	The property is a four-storey freestanding office building, constructed in 2010. It comprises a total lettable area of approx. 7,343 m² and offers approx. 256 parking spaces on site. The building consists of a solid reinforced concrete structure with a façade consisting of different materials. The property is held freehold.	The property is currently 100% let to two tenants. The tenants are: AREVA NP and GRR Real Estate.	7.343	1.079.501	1.041.455	14.890.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
46	Westring 5 40721 Hilden	Hilden is a city located in the centre of the federal state of North Rhine-Westphalia near Düsseldorf (approx. 12 km) and Leverkusen (approx. 15 km). The subject property is located on the street Westring in a commercial area, approx. 1.4 km from the closest federal road.	The property is a one- to two-storey freestanding retail building, constructed in 2009. It comprises a total lettable area of approx. 10,845 m² and offers sufficient parking spaces in front of the building. The building consists of a reinforced concrete structure with prefabricated elements. The façade consists of aerated concrete and glass elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: OBI. In addition, an antenna is located on the roof, which is let to Vodafone D2.	10.845	899.883	887.435	11.870.000
47	Stammheimer Straße 2 70435 Stuttgart	Stuttgart is a city located in the centre of the federal state of Baden-Wuerttemberg near Heilbronn (approx. 43 km) and Karlsruhe (approx. 62 km). The subject property is located on the street Stammheimer Straße in an area mainly characterised by residential and commercial use, approx. 100 m from the nearest federal road. The property is easily accessible by public transport and has good visibility.	The property is a five-storey freestanding retail building (2 retail levels and 3 parking levels), constructed in 2010. It comprises a total lettable area of approx. 6,395 m² and offers sufficient parking spaces on three parking decks. The building consists of a reinforced concrete structure with prefabricated elements. The façade is also made of prefabricated concrete elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: EDEKA.	6.395	1.200.000	1.074.360	17.570.000
48	Despagstr. 3 85055 Ingolstadt	Ingolstadt is an independent city located in the federal state of Bavaria. The closest cities are Regensburg (approx. 57 km), the capital of the federal state Bavaria, Munich (approx. 70 km) and Nuremberg (approx. 81 km). The property is located approx. 2.5 km north-east of the city centre in the commercial zone “Schubert Salzer”. The surrounding area can be characterized as a commercial zone with predominantly office use as well as a location for processing and production facilities. The federal road B16a is located approx. 400 m away. The closest access to the federal motorway A9 can be reached in approx. 600 m. The connection to the public transportation network is good; a bus stop is within walking distance. The main station is located approx. 1.5 km away.	The property is a five-storey freestanding office building, constructed in 2008. It comprises a total lettable area of approx. 5,623 m² and offers approx. 154 parking spaces on site. The building is a solid reinforced concrete construction with a flat roof. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to four tenants. The tenants are: Kaspersky Labs GmbH, Lab4Style GmbH, Deisenrieder and CDH AG.	5.623	839.706	844.827	13.050.000

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49	Mittelstraße 24-28 32657 Lemgo	Lemgo is located in the north-east of the federal state of North Rhine-Westphalia, close to Bielefeld (approx. 25 km), Paderborn (approx. 35 km), Osnabrück (approx. 65 km) and Hanover (approx. 70 km). The property is located in the city centre of Lemgo, in the high street Mittelstraße. The vicinity is a prime retail location, characterized by properties with retail use one the ground floor (and partially upper floors) as well as office and residential use and secondary uses on the upper floors. Further retail tenants in the vicinity include Street One, dm, Gerry Weber and Bonita. The federal roads B66 and B238 are reachable within 100 m and 400 m, respectively. A bus stop is within walking distance. The main station is located in a distance of approx. 900 m.	The property consists of three connected properties, each consisting of three storeys and a basement level. The property has three rental units (two retail units as well as another unit on the second upper storey). Two antennas are located on the roof. The different property parts have been built during different construction phases, and were all refurbished and modernized in 2010. The property comprises a total lettable area of approx. 4,759 m². There are no parking spaces located on site. The building mainly consists of a reinforced concrete structure and has a rendered facade. The property is held freehold.	The property is currently approx. 76% let to three tenants. The tenants are: H&M, C&A and Gries Deco Company GmbH (letting of one storage area). In addition, two antennas are located on the roof, which are let to E-Plus Mobilfunk GmbH and Vodafone D2 GmbH. One retail unit is currently vacant.	4.759	481.344	560.058	7.500.000
50	Lörracher Straße 8 79115 Freiburg	Freiburg is a city located in the south-west of the federal state of Baden-Wurttemberg near Basel (approx. 55 km) and Straßburg (approx. 70 km). The subject property is located on the high-traffic street Lörracher Straße in a commercial zone named "Gewerbegebiet-Süd". In the vicinity, there are other large-scale retail properties and commercial buildings. The federal road B3 is reachable within 400 m. The federal motorway A5 can be accessed within approx. 6 km. The connection to the public transportation network is good. A bus stop is within walking distance; the main train station is located approx. 2 km away.	The property is a two-storey freestanding retail building (one retail unit on the ground floor, a parking deck as well as staff rooms on the first floor), constructed in 2011. It comprises a total lettable area of approx. 3,987 m² and offers sufficient parking spaces both externally as well as on the parking deck on the first upper storey. The building consists of a reinforced concrete structure with prefabricated elements. The façade has a curtain wall design with fibre cement sheeting, plaster and glass elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Edeka.	3.987	860.000	741.740	13.100.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
51	Louisenstraße 53-57 61348 Bad Homburg	Bad Homburg is located in the federal state of Hesse, approx. 10 km north-east of Frankfurt am Main. Other major cities in the surrounding area are Offenbach (approx. 18 km), Wiesbaden (approx. 30 km) and Darmstadt (approx. 40 km). The property is located in the city centre of Bad Homburg in the high street, Louisenstraße. Louisenstraße is characterized by properties with retail use on the ground floor (and partially on the upper floors), as well as office and residential as well as secondary uses on the upper floors. Further retail tenants in the vicinity include dm, Butlers, Bijou Brigitte and Apollo Optik. The federal road B456 is reachable within 2.5 km and the motorway A 661 is accessible in 2.5 km. A bus stop is within walking distance and the closest train station is located about 500 m away.	The corner property consists of three connected buildings, which comprise either three or four storeys. In total, there are seven retail units, five office units/medical practices as well as several storage areas at the property. The various property parts were built at different times, and partly refurbished and modernized in 2010. The property comprises a total lettable area of approx. 3,232 m². There are 17 external parking spaces on site as well as 71 parking spaces within the parking garage. Each of the buildings is a solid construction with rendered facade. The property is held freehold; however, the 71 parking spaces in the parking garage are held leasehold.	The property is currently approx. 96% let to 14 tenants. The main tenants are: Nassauische Sparkasse, Hofapotheke and Hussel Süßwaren. One retail unit, and two storage areas and several parking spaces are currently vacant.	3.232	867.141	907.041	15.600.000
52	Solinger Straße 5-11 40764 Langenfeld	Langenfeld is located in the federal state of North Rhine-Westphalia, between the cities Leverkusen (approx. 9 km) and Düsseldorf (approx. 17 km). The property is located in the city centre of Langenfeld in the high street, Solinger Straße. The street is characterized by commercial buildings with retail units on the ground floor and partly office and/or residential use or other secondary use on the upper floors. Retail tenants in the vicinity include New Yorker, Müller Drogerie, C&A, Medimax and s.Oliver. The federal roads B8 and B22 are located in a distance of 600 m or 350 m, respectively. The motorway A542 is accessible in approx. 1.5 km. A bus stop is within walking distance and the closest train station is located within approx. 1.6 km.	The property is a two-storey freestanding retail building (one retail unit on the ground floor, one parking level with technical spaces on the upper floor). Further retail units are located in the basement. The property was modernized and refurbished in 2010. The building comprises a total lettable area of approx. 6,264 m² and offers 216 parking spaces. The building consists of a reinforced concrete structure with a flat roof. The façade mainly consists of a curtain wall with metal panels. The property is held freehold.	The property is currently approx. 95% let to nine tenants. The main tenants are: H&M, dm and Gries Deco Company GmbH. One retail unit as well as one storage unit are currently vacant.	6.264	1.113.409	1.165.506	17.780.000

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					m²	EURO	EURO	EURO
53	Haupstraße 72/ 74 77652 Offenburg	Offenburg is located in the west of the federal state of Baden-Wuerttemberg, close to the French border. The closest cities are Freiburg (approx. 53 km), Karlsruhe (approx. 69 km) and Stuttgart (approx. 97 km). The property is located in the city centre of Offenburg in the high street, Hauptstraße. In local terms, the area is a prime retail location and characterized by commercial buildings with retail units and partly office and/or residential use or other secondary use on the upper floors. Further retail tenants in the vicinity include Douglas, Street One and H&M. The federal roads B3/B33 are located approx. 700 m away and the motorway A5 is accessible within a distance of approx. 2.8 km. A bus stop is located within walking distance and the closest train station can be reached within approx. 600 m.	The property is a four-storey retail building with a basement and two recessed attic storeys. Retail units are located from the basement to the third upper storey. Technical and staff areas are located in the recessed attic storeys. The property comprises a total lettable area of approx. 5,150 m². There are no parking spaces located on site. The building consists of a reinforced concrete structure with a flat roof and a curtain wall façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Müller (drugstore). In addition, three antennas are located on the roof, which are let to DFMG Deutsche Funkturm, Vodafone D2 and Telefonica Germany.	5.150	557.779	551.550	8.130.000
54	Eugen-Sänger-Ring 7 85649 Brunnthal	The municipality of Brunnthal is located in the federal state of Bavaria and is part of the greater Munich area. The distance to the city centre of Munich is approx. 17 km. Other nearby cities include Rosenheim (approx. 36 km) and Starnberg (approx. 25 km). The property is located in the commercial zone Brunnthal Nord, between the municipalities of Brunnthal and Ottobrunn. The area is predominantly characterised by office use as well as light industrial and large-scale retail use. The federal road B471, passing along the northern end of the commercial area, is accessible in approx. 400 m. The motorway A8 can be reached in approx. 1 km. A bus stop is located within walking distance and the nearest S-Bahn station is located in a distance of approx. 2.5 km.	The property is a freestanding two- to three-storey building for office and production use. The production spaces are located on the ground floor and the offices and laboratories are located on the upper floors. The building was constructed in 2010 and comprises a total lettable area of approx. 6,721 m², together with approx. 63 external parking spaces. The building consists of a reinforced concrete structure with precast elements and has a plastered façade. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: SFC Smart Fuel Cell.	6.721	964.867	840.762	11.940.000

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					m²	EURO	EURO	EURO
55	Hildegard-von-Bingen-Straße 1 93053 Regensburg	Regensburg is located in the federal state of Bavaria. The city is located next to the Donau River and is the fourth largest city in the federal state by population. Other nearby cities include Munich, the capital of the federal state of Bavaria (approx. 100 km), Straubing (approx. 70 km) and Nuremberg (approx. 90 km). The property is located approx. 1.5 km south-east of the city centre. The corner property is located directly adjacent to the Caritas Hospital St. Josef at the corner of the access road Hildegard-von-Bingen-Straße, and the high-traffic thoroughfare Landshuter Straße. The surrounding area is mainly characterised by residential and commercial uses. The federal roads B15 and B8 run nearby and the motorway A3 is accessible within approx. 1.5 km. The main train station is approx. 2.5 km away and a bus stop is located within walking distance.	The property is a freestanding five-storey medical centre. Currently, the property comprises 17 lettable units. The ground floor partly consists of retail units. Several medical practices are located in the basement and on the upper floors. The building was constructed in 2010 and comprises a total lettable area of approx. 8,998 m². While the property offers no parking spaces on site, a right to use 210 parking spaces in the neighbouring parking garage has been secured in rem. The building consists of a reinforced concrete structure and has a rendered façade. The property is held freehold.	The property is currently 100% let to 16 tenants. The main tenants are: Dr. Neumaier, Synlab and Internistische Praxis Gastroenterologie im Facharztzentrum.	8.998	1.519.996	1.374.723	21.700.000
56	Brandenburger Straße 21 04103 Leipzig	The independent city of Leipzig is located in the west of the federal state of Saxony, close to the border of Saxony-Anhalt, and is the second largest city in the federal state by population. Nearby cities include the capital of the federal state, Dresden (approx. 100 km) and Halle (approx. 30 km). The property is located approx. 1.2 km north-east of the city centre. The site is located next to the high-traffic street Brandenburger Straße, a part of the federal road B6 running through the city, and directly beside the main train station. The area is mainly characterised by residential and commercial use. The motorway A14 can be accessed within approx. 5 km. A bus stop and a tram stop are located within walking distance.	The property is a freestanding, mainly one-storey retail building, which was constructed in 2009. The building comprises a total lettable area of approx. 11,139 m² and offers sufficient parking spaces in front of the building. The building consists of a reinforced concrete structure and steel frame structure with precast and glass elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: OBI.	11.139	889.528	868.842	12.290.000

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					m²	EURO	EURO	EURO
57	Allee-am-Röthelheimpark 11-15 91052 Erlangen	Erlangen is located centrally in the federal state of Bavaria. The city is part of the economically strong region Nuremberg-Fürth-Erlangen. The property is located approx. 2 km east of the city centre and only a few kilometres from the Nuremberg airport. The surrounding area can be described as a mixed zone, mainly characterised by office and residential use. Some buildings belonging to the University of Nuremberg are also located nearby. The property is situated directly adjacent to the high-traffic street Allee-am-Röthelheimpark. The federal road B4 can be reached within approx. 2 km; the motorway A73 is accessible within approx. 2.4 km. Connections to the public transport system are good; a bus stop is located directly next to the building and the main train station is located within a distance of approx. 2 km.	The property is a freestanding two- to three-storey retail and office building, which was constructed in 2011. The building comprises a total lettable area of 11,639 m² and offers approx. 258 parking spaces on site, both externally and in the underground parking garage. The building is a solid reinforced concrete structure with a flat roof. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to 14 tenants. The main tenants are: Nutricia GmbH, ALDI GmbH & Co KG, Siemens and Meditel.	11.639	1.856.382	1.883.298	29.220.000
58	Debyestraße 20 52078 Aachen	The city of Aachen is located in the south-western part of the federal state of North Rhine-Westphalia, in the tri-border region of Belgium and the Netherlands. Nearby cities include Liege (approx. 40 km), Cologne (approx. 65 km) and Maastricht (approx. 30 km). The area is a commercial zone characterised mainly by retail use. Furthermore, the Lützow barracks are in close vicinity. The property is located approx. 5 km south-east of the city centre, directly next to the access road Debyestraße. The federal road B258 is located within approx. 350 m and the motorway A44 can be accessed within approx. 400 m. Several bus stops are located within a 600 m distance and the closest regional train station is located north-east, within a distance of approx. 2.5 km.	The property is a freestanding, mainly one-storey retail building, which was constructed in 2012. The building comprises a total lettable area of approx. 11,431 m²; sufficient parking spaces are provided in front of the building. The building consists of a reinforced concrete structure with precast elements; the façade is made of aerated concrete and glass elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: OBI.	11.431	1.110.000	1.200.255	16.190.000

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					m²	EURO	EURO	EURO
59	Rüppurrer Straße 1 76137 Karlsruhe	Karlsruhe is located in the north-west of the federal state of Baden-Wuerttemberg. Nearby major cities include Heidelberg (approx. 48 km north), Mannheim (approx. 53 km north) and Stuttgart (approx. 62 km south-east). The main station offers regional train services as well as connections to the ICE high-speed network. Karlsruhe is connected to the German motorway network with the A5 running and the A8. The property is located in the city centre of Karlsruhe along the federal road B10 on the junction with Rüppurrer Straße. The vicinity is mainly characterized by residential and office properties. Bus as well as a tram stops are located in front of the property. The central train station is situated in a distance of approx. 1,500 m and can be reached within few minutes by car.	The property is a freestanding seven-storey retail and office building, which was constructed in 2010. The building comprises a total lettable area of 15,152 m² and offers sufficient parking spaces. The building is a solid reinforced concrete structure with a flat roof. The façade consists of different materials. The property is held freehold.	The property is currently approx. 97% let to seven tenants. The main tenants are: Edeka, Scheck-In Einkaufs-Center GmbH, BrandMaker GmbH and Ehl / Huber / Warth & Amann. One office unit as well as some parking spaces are currently vacant.	15.152	2.473.169	2.474.401	37.630.000
60	Domagkstraße 10 80807 Munich	The city of Munich is located in the south of the federal state of Bavaria. The nearest larger cities are Augsburg, Ingolstadt and Salzburg. The central station provides connections to the German ICE high-speed train network. Munich International Airport is the second largest airport in Germany. The subject property is located in the north of Munich in an area which is called "Parkstadt Schwabing". The vicinity is characterized by commercial properties and some residential properties / developments. The motorway can be accessed in few minutes by car to the south. Several bus stops are located in walking distance. The nearest train station is situated at a distance of approx. 2 km.	The property is a freestanding three up-to six storey office building, which was constructed in 2012. The building comprises a total lettable area of 12,257 m² and offers approx. 120 parking spaces on the site. The building is a solid reinforced concrete structure with a flat roof. The façade is rendered. The property is held freehold.	The property is currently approx. 100% let to 10 tenants. The main tenants are: Estée Lauder Companies GmbH, Giorgio Armani s.r.l., Zielpuls GmbH, Circle München GmbH and Kinderkrippe Zwergenwiese GmbH.	12.257	2.372.331	2.359.937	45.360.000

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61	Eugenstraße 74 72072 Tübingen	Tübingen is located in the middle of the federal state of Baden-Wuerttemberg. Nearby larger cities are Reutlingen (approx. 17 km east) and Stuttgart (approx. 44 north). The central station offers regional train services. The next stations which are connected to the ICE high-speed network are situated in Horb and Stuttgart. The nearest motorway is the A81. The next international airport is located near Stuttgart. The subject property is located near the junction of the federal roads B28 and B28. A bus stop is situated next to the property. Several larger retailers are located in the vicinity.	The property is a freestanding, mainly two-storey retail building, which was recently refurbished in 2013. The building comprises a total lettable area of approx. 13,000 m²; sufficient parking spaces are provided. The building is a solid reinforced concrete structure with a flat roof. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Edeka.	13.000	1.500.000	1.677.000	25.370.000
62	Torgauer Str. 12-15 10829 Berlin	Berlin is the capital of the Federal Republic of Germany. Located in north-eastern Germany, it is the heart of the Berlin-Brandenburg metropolitan region. Berlin is connected to the national and international road network via several national roads and motorways. There are also two international airports located in Berlin: Tegel and Schönefeld. Long-distance railway lines also connect Berlin to all of the major cities in Germany and to various cities in neighbouring European countries. The subject property is situated in the district Berlin Schöneberg, south-western of the Berlin city centre. The plot called 'EUREF-Campus' is accessible via the motorways A 100 / A 103, the federal highway B 1 and Torgauer Straße. A tram station and bus stop are next to the property.	The property is a freestanding, ten-storey office building, which was constructed in 2012. The building comprises a total lettable area of approx. 12,642 m²; sufficient parking spaces are provided in a parking garage. The building is a solid reinforced concrete structure with a flat roof. The façade consists of different materials. The proprty is held freehold.	The property is currently approx. 100% let to 15 tenants. The main tenants are: Schneider Electric GmbH, ARCADIS Deutschland GmbH, ÖKOTEC Energiemanagement GmbH and BLS Energieplan GmbH.	12.642	2.212.073	2.166.489	37.670.000
63	Spinnereistr. 5a, 5b, 6-8 95445 Bayreuth	Bayreuth is located in the north-east of the federal state of Bavaria. Nearby cities are Nuremberg (88km) in the south-west and Bamberg (64km) in the west. The motorway A9 (Berlin-Munich) runs next to the city, the main railway station offers regional train services. The next international airport is located in Nuremberg and can be reached within approx. 1 hour. The property is located in the comercial area "Neue Spinnerei", next to the ring road "Nordring" and about 900 m from the city centre. The direct vicinity is characterised by retail and office buildings. The main railway station is situated in a distance of approx. 1km. Several bus stops are located within walking distance.	The property consists of two seperated buildings: a four-storey building north of the Spinnereistraße and a two-storey building in the south. The subject property comprises a lettable area of 9,036 m². Parking spaces are located within two parking garages and in front of the properties . The property was built in 2009. The buildings consists of a reinforced concrete structure with a redered facade and glass elements. The property is held freehold.	The property is currently almost 100% let to 17 tenants. The main tenants are: Jobcenter Bayreuth Stadt, Siemes Schuhcenter, Deutsche Apotheker- und Ärztebank and Synlab MVZ/Weiden GmbH. One smaller storage unit is currently vacant.	9.036	1.283.140	1.273.884	19.850.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
64	Sander Damm/ Kurt-A.-Körber-Chaussee 11 21033 Hamburg	The Hanseatic city of Hamburg is a city-state and Germany's second largest city by population. The subject property is located in Bergedorf, which is the largest borough of Hamburg. The valued property is located at the intersection of the streets Sander Damm and Kurt-A.-Körber-Chaussee. In addition, the federal road B5 is easily reachable, connecting the borough of Bergedorf with the city centre of Hamburg and the federal Motorways A25 (Hamburg-Geesthacht) and A1 (Saarbrücken-Fehmarn), respectively. A bus stop and a train station can be reached within a walking distance of less than 5 minutes. The comercial area is dominated by several large scale retail properties and industrial properties.	The property is a freestanding, predominantly one-storey retail building, which was constructed in 2013. The building comprises a total lettable area of approx. 10,408 m². Sufficient parking is provided in front of the building. The building consists of a reinforced concrete structure with precast elements; the façade is made of aerated concrete and glass elements. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: OBI.	10.408	1.248.272	1.186.498	17.590.000
65	Louisenstraße 66 61348 Bad Homburg	Bad Homburg is located in the federal state of Hesse, approx. 10 km north-east of Frankfurt am Main. Other major cities in the surrounding area are Offenbach (approx. 18 km), Wiesbaden (approx. 30 km) and Darmstadt (approx. 40 km). The property is located in the city centre of Bad Homburg in the high street, Louisenstraße. Louisenstraße is characterized by properties with retail use on the ground floor (and sometimes on the upper floors), as well as office and residential as well as secondary uses on the upper floors. Further retail tenants in the vicinity include Douglas, La Perla, Pandora, Tchibo and Rossmann. The federal road B456 is reachable within 2.5 km and the motorway A 661 is accessible in 2.5 km. A bus stop and a train station are within walking distance.	The subject propety is a five storey mixed-use building which was constructed in 1970. The total lettable area amounts to approx. 3,240 m². The subject property comprises a underground parking garage as well as external parking spots. The building has a solid construction with a flat roof and reinforced concrete elements. The façade consists of different materials. The property is held freehold.	The property is currently approx. 94% let to 3 tenants. The main tenants are: Commerzbank AG, Derpart Reisevertrieb GmbH as well as one residential tenant, who has lease agreements for an indefinite period of time. The parking spaces are let to various tenants. In addition, one antenna is located on the roof, which are let to Vodafone GmbH. One office unit is currently vacant.	3.240	439.683	625.779	8.200.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
66	Löhrstraße 40 56068 Koblenz	The city of Koblenz is located in the federal state of Rhineland Palatinate. It is situated approximately 50 km southeast of Bonn and approximately 80 km northwest of Frankfurt am Main. The city is linked to the federal motorways A48 and A61. Moreover, it is close to A3. Further, the city is served by regional and InterCity (IC) trains as well as by ICE high-speed trains. Nearest airport is Cologne-Bonn. Löhrstraße is characterized by properties with retail use on the ground floor (and partially on the upper floors), as well as office and residential as well as secondary uses on the upper floors. Further retail tenants in the vicinity include Tom Taylor, Mayersche Buchhandlung, Mobilcom, Tchibo and Cecil.	The subject propety is a four storey mixed-use building which was constructed in 1972 and refurbished in 2003. The total lettable area amounts to approx. 3,377 m² as well as some external parking spaces The building has a solid construction with a pitched roof. The façade consists of different materials. The property is held freehold.	The property is currently approx. 82% let to 3 tenants. The main tenants are: H & M Hennes & Mauritz, Württembergische Versicherungs AG as well as Krieger Architekten und Ingenieure GmbH. One office unit and two residential units are currently vacant.	3.377	632.482	717.363	11.380.000
67	Bahnhofstraße 8 57022 Siegen	The city of Siegen is located in the federal state of North Rhine-Westphalia. It is at a distance of approximately 75 km to Cologne and approximately 94 km north of Frankfurt am Main. The city is connected to the motorway A45, which connects to the cities Hagen and Gießen, amongst others. The nearest airport operating scheduled flights is Cologne-Bonn. Moreover, Siegen is connected to regional trains as well as long-distance high-speed trains. The subject property is located in Bahnhofstraße. Bahnhofstraße is characterized by properties with retail use on the ground floor (and partially on the upper floors), as well as office and residential as well as secondary uses on the upper floors. Further retail tenants in the vicinity include Douglas, Orsay, Müller Juwelier and Base Shop.	The subject propety is a five storey retail-use building which was constructed in 1968 and refurbished in 1997. The total lettable area amounts to approx. 7,112 m². The building has a solid construction with partly flat and partly a pitched roof. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: C&A.	7.112	931.380	938.784	15.050.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
68	Gut-Dämme-Straße 14 52070 Aachen	The city of Aachen is located in the south-western part of the federal state of North Rhine-Westphalia, in the tri-border region of Belgium and the Netherlands. Nearby cities include Liege (approx. 40 km), Cologne (approx. 65 km) and Maastricht (approx. 30 km). The area is a commercial zone characterised mainly by retail use. Furthermore, the Lützow barracks are in close vicinity. The property is located approx. 5 km south-east of the city centre, directly next to the access road Debyestraße. The federal road B258 is located within approx. 350 m and the motorway A44 can be accessed within approx. 400 m. Several bus stops are located within walking distance.	The property is a freestanding, five-storey office building, which was constructed in 2014. The building comprises a total lettable area of approx. 10,059 m². On a separate plot of land which is located next to the property, a car park comprising 200 parking has been built. spaces The building consists of a reinforced concrete structure; the façade is made of different materials. The property is held freehold.	The property is currently 100% let to one tenant. The tenant is: Jobcenter Städteregion Aachen.	10.059	1.708.742	1.689.900	27.460.000
69	An der Hasenbahn 3 29225 Celle	The city of Celle is located in the east of the federal district of Lower Saxony. It is situated approx. 40 km north-east of Hanover. Celle is situated on the Hanover – Celle – Uelzen – Lüneburg – Hamburg railway line. Intercity (IC) trains to Hanover and Hamburg depart on an hourly basis. Moreover, Celle is linked to the federal road B3, which runs north to Hamburg and south to Hanover. The nearest motorway is the A7, which can be reached via the country road L310. The closest international airport is the Hanover-Langenhagen Airport. The property is located in a comercial area, south to the city centre of Celle. The direct vicinity is characterised by retail and residential buildings. The federal roads B3 and arterial road Wilhelm-Heinrich-Ring run nearby.	The property is a freestanding, mainly one-storey retail building, which was constructed in 1975 and refurbished in 2013/2014. The building comprises a total lettable area of approx. 25,709 m²; sufficient parking spaces are provided in front of the building. The building consists of a reinforced concrete structure; the façade is made of different elements. The property is held freehold.	The property is currently approx. 95% let to ten tenants. The main tenants are: real, Tedox, Aldi, Rossmann as well as Fressnapf. One retail unit on the first floor is currently vacant.	25.709	2.320.170	2.366.287	35.640.000

No	Address	Location Description	Property Description andTenure	Letting status (on the basis of m²)	Lettable area* according to HAMBORNER REIT AG (excluding parking spaces, antennas, advertising panels and miscellaneous areas)	Contractually secured annual rent including turnover rents and rental guarantees	Market Rent (p.a.)	Market Value
					m²	EURO	EURO	EURO
70	Wirtelstraße 30 52349 Düren	Düren is located in the south-west of the federal state of North Rhine-Westphalia near Cologne. The subject property is located in the city centre of Düren in the high street, Wirtelstraße. The surrounding area is a prime shopping location, characterised by properties with retail use on the ground floor and mainly residential use on the upper floors. Nearby retailers include Forever 18, Pimkie and Tchibo.	The property is a four-storey mixed-use building (retail and residential), constructed in 1950. It comprises a total lettable area of approx. 479 m² and offers no parking spaces on site. The building is a solid construction. The façade consists of different materials. The property is held freehold.	The property is currently 100% let to three tenants. The tenants are: Tchibo, as well as two residential tenants, who have lease agreements for an indefinite period of time.	479	126.482	131.516	1.830.00
Total					391.627	51.227.306	51.815.494	780.590.000

* The designated usable areas are based on a schedule provided by HAMBORNER REIT AG, which comprises the lettable areas that have been agreed to in the lease agreements. In some cases, the areas listed in the lease agreements may differ with the subsequent measurement of the lettable areas; the discrepancy, however, is not significant at the individual property level and represents no material change on the portfolio level (i.e. under 2%). The respective information we have been provided with as at 31 December 2014.

24. RECENT DEVELOPMENTS AND OUTLOOK

Economic Trends in Germany and Important Recent Developments

Economic data for the first quarter of 2015 show a continued positive economic trend in Germany. Should this economic trend continue in 2015, the Company believes that it will have a further positive effect on the market for commercial properties, both on the investment and the rental markets.

The following are important recent developments that have impacted the portfolio and the business of HAMBORNER since 31 March 2015, respectively, are expected to impact HAMBORNER in 2015 and 2016:

- In April 2015, loans concluded at the end of 2014 to finance the properties in Aachen, Koblenz and Siegen were utilized in the amount of EUR 32.9 million.
- A retail centre in Celle, which was purchased in early 2015, was transferred to HAMBORNER's portfolio on 16 April 2015. The purchase price was EUR 35.2 million.
- Loan agreements for the partial refinancing of the objects in Bad Homburg (acquired in 2014), Celle and Berlin Tempelhofer Damm in an amount of EUR 36.6 million were concluded in May 2015.
- With respect to a property at Tempelhofer Damm, Berlin, which was purchased in 2014 for a purchase price of a maximum of EUR 18.9 million and which is still under development, HAMBORNER expects to have the property transferred to HAMBORNER's portfolio at the end of 2015 at which time HAMBORNER will also pay the purchase price, assuming that the developer of the property completes the contruction as scheduled.
- In December 2014, HAMBORNER agreed on the sale of an object in Düren with a sales price of EUR 1.8 million. This property in Düren shall be transferred from HAMBORNER's portfolio to the purchaser at the end of 2015.
- In March 2015, a contract for the sale of one property in Kassel with a sales price of EUR 0.7 million was concluded. This property in Kassel shall be transferred from HAMBORNER's portfolio to the purchaser at the start of 2016.

Acquisition Pipeline and Further Planned Portfolio Optimisation

HAMBORNER is currently considering the acquisition of several properties in line with HAMBORNER's acquisition strategy (see section 13.4.1 "*Investment Profile and Investment Process*"). HAMBORNER is currently actively involved in different stages of the acquisition processes for a total of ten properties. The combined investment volume for these properties totals approximately EUR 210 million. The following is an overview of these acquisition opportunities:

- HAMBORNER has gained the right to exclusively negotiate the acquisition of four separate properties with a combined purchase value of approximately EUR 88 million and is currently engaged in the due diligence processes for these acquisitions. One of these properties is a specialised retail park (*Fachmarktzentrum*) in the larger Nuremberg metropolitan area. This property has a potential purchase price of approximately EUR 30 million. The second property is a retail park in a town near Frankfurt with a potential purchase price of approximately EUR 13 million. The third property is a do-it-yourself market (*Baumarkt*) in a town near Stuttgart with a potential purchase price of approximately EUR 13 million. The fourth property is another specialised retail park (Fachmarktzentrum) in the northern Hesse area with a potential purchase price of approximately EUR 32 million.

- HAMBORNER has provided indicative purchase offers to different sellers for a further three properties with a combined indicative purchase price of approximately EUR 68 million.
- In relation to three other properties with a purchase price of approximately EUR 54 million, HAMBORNER is in early acquisition negotiations.

HAMBORNER's management believes that, if individual acquisition negotiations are successful, the signing of the purchase agreements for most of the above mentioned properties may occur in 2015. In addition, HAMBORNER is continuously analysing potential additional acquisition targets and is monitoring market developments. Overall, the Company targets to invest the proceeds from the Offering within 12 to 18 months following the Offering.

HAMBORNER's management will, in line with its past acquisitions, acquire properties with cash on hand and then partially refinance such acquisitions on a property by property basis. At present, the Company believes that it can finance these investments up to a level of approximately 50% - 60% through bank loans in accordance with the provisions of the REIT Act.

HAMBORNER plans to sell properties that no longer meet the Company's real estate investment requirements. In particular, the Company plans to sell smaller properties and properties located in areas which do not fit its strategy. HAMBORNER will consider sales in the form of individual asset transactions as well as portfolio transactions for this purpose.

Outlook

With the proceeds from the Offering and related investments as described above, the management of HAMBORNER targets to achieve an increase in its income from rents and leases and, accordingly, FFO, with such increase depending on the time when newly acquired properties are transferred to HAMBORNER's portfolio. The discussion of estimates of income from rents and leases and FFO under the heading "*Forecast Report*" in HAMBORNER's published interim report for the first three months of 2015, is thus, in the view of the management of the Company, not material or valid any more.

HAMBORNER's management targets to keep the vacancy rate of its property portfolio at the low levels that it has achieved in recent years.

At present, HAMBORNER's management plans to continue its current dividend policy and, within the scope of statutory provisions, to propose to the General Shareholders' Meeting in 2016 to pay a dividend for the financial year 2015.

25. GLOSSARY

Aktiengesetz	*Aktiengesetz* – German Stock Corporation Act.
Balance Sheet Equity Ratio	Equity capital (including special items) as indicated on the balance sheet in relation to the total balance sheet.
Cash flow	Payment-effective balance of inflow and outflow of liquid funds within a certain period.
Corporate Governance	Guiding principles of responsible management aimed at long-term value added.
Gross Initial Return	The annual agreed rent of an immovable property divided by the acquisition price for the immovable property.
DCF-procedure	*Discounted Cash Flow Procedure* – Valuation procedure, *inter alia*, for the fair value of immovable property. It is based on the mathematic concept of discounting cash flows to determine the net present value.
Declaration of compliance	Declaration by Management Board and Supervisory Board in accordance with Section 161 of the German Stock Corporation Act on implementation of the recommendations of the government commission German Corporate Governance Code.
Deferred taxes	Asset and/or liability items for balancing the difference between the actual assessed tax debt and the economic tax burden on the basis of balancing in accordance with the provisions of German commercial law.
Derivative	Financial instrument, whose value is primarily derived from the price, the price fluctuations and the price expectations of an underlying value (or asset), for instance shares, interest-bearing securities or foreign currencies; often used as a hedging instrument.
Due Diligence	A careful review and analysis of, e.g., economic, legal, tax and financial characteristics of an investment property.
EBDA	*Earnings before depreciation and amortization* – Means the profit for the financial year or reporting period before amortization of intangible assets, depreciation of tangible fixed assets and investment property.
EBIT	Earnings before interests and taxes.
EBITDA	*Earnings before interests, taxes, depreciation and amortization* – Means the profit for the financial year or reporting period before interest (interest income less interest expenses) before taxes on income and profit, before amortization/reversals of impairments of intangible assets, depreciation of tangible fixed assets and investment property.
Economic vacancy rate	The economic vacancy rate of a building is determined by adjusting rent losses caused by vacant property by contractually established claims for rent guarantee.

EPRA	*European Public Real Estate Association* – European association of real estate companies listed on the stock exchange. Apart from companies, financial analysts, investors, auditors and consultants are represented in this organization.
Exit Tax	Preferential tax treatment with respect to the disclosure of undisclosed reserves at specific immovables and REIT stock corporations.
Facility Management	Constant support of technical, commercial and operational aspects of a building.
Fair Value	Market Value – time value, at which amount experts, transacting and independent parties would be willing to exchange an asset or settle a liability under normal market conditions.
FFO	*Funds From Operations* – Is a key financial figure of the operating business of the Company. The FFO – metric is used for the value oriented financial management of the Company to represent the generated financial resources that are available for investments, repayment of debt and dividend payments to the shareholders.
GDP	Gross domestic product – Measurement of economic performance of a national economy, i.e., combined value of all goods produced and services provided within the country within a certain period.
GreenBuilding certification	*GreenBuilding* is a climate protection program of the European Commission designed to enhance the energy efficiency of buildings and promote the use of renewable energies. To be certified as a *GreenBuilding* in Germany, the energy consumption of a new building must fall below the level prescribed in the Energy Conservation Ordinance by at least 25%.
Handelsgesetzbuch	*Handelsgesetzbuch* – German Commercial Code.
High Street Properties	Commercial buildings in prime locations.
IFRS	*International Financial Reporting Standards* – Issued by the International Accounting Standards Board (IASB). They are mandatory for capital market-oriented companies and groups and are designed to enable better comparability in the international business environment.
Investment Properties	All developed and undeveloped land as well as buildings and parts of buildings which are held for achieving future rental earnings, for profits from increases in value and/or for a currently undetermined purpose. They are not intended for use for administration purposes or for short-term dealings as part of standard business activities.
LEED Platinum certification	The American *LEED* certification system stands for *Leadership in Energy and Environmental Design* and certifies the ecological performance of buildings. The Platinum designation is the highest certification category.

LTV	*Loan To Value* – Represents the ratio of the Company's financial liabilities to the market value of the Company's property portfolio. The financial liabilities are determined on the outstanding amount of loans due to credit institutions plus interest not due but allocated to the relevant period as of the respective reporting date. These financial liabilities are shown in the balance sheet in the item "*Financial liabilities and derivative financial instruments*" in the aggregate together with derivative financial instruments. By calculating the market value of the immovable assets, only the property portfolio of the Company was considered. The value of the Company's headquarter building in Goethestrasse 45 in Duisburg as well as the undeveloped land belonging to the Company are not included.
Market Capitalization	Stock market value of a corporation. Current share price multiplied by the number of shares outstanding.
Market Value	See *Fair Value*.
NAV	*Net Asset Value* – Reflects the economic equity of the Company. It is determined by the fair market value of the Company's assets – which is essentially the fair market value of the properties – minus debt.
PCB	Polychlorinated biphenyl – Chloride combinations previously used primarily in transformers, electric condensers, hydraulic machines as hydraulics fluids, and as a softener in varnishes, sealants, insulation materials and plastics until being banned in the Federal Republic of Germany in 1989 for their harmful effects on health.
Prime location	High-turnover, highly frequented, best shopping location in shopping and business centers in city centers and city districts.
REIT	*Real Estate Investment Trust* – Company listed on the stock exchange which exclusively invests in real estate. Enables the investor to indirectly invest in property by buying shares. Most of the profit is paid out, and taxation is exclusively at the investor level (tax transparency).
REIT Equity Ratio	Corresponds to the equity-to-assets ratio pursuant to Sec. 15 in conjunction with Sec. 12 (1) sentence 2 REIT Act meaning the ratio of the equity (on a fair value basis) to the fair value of immovable assets. Equity (on a fair value basis) is the sum of balance-sheet equity and the difference between fair value and carrying amount (hidden reserves). The immovable assets of the Company consist of the property portfolio and undeveloped land which is predominantly agricultural and forestry land. The fair value of the Company's property portfolio was determined on the basis of the market value appraisals.
Risk Management	Systematic process designed to identify potential risks in the company at an early stage, to evaluate them and if applicable introduce necessary counter measures.
Vacancy Rate	The Company determines its vacancy rate as the relationship between target rent for the vacant spaces and the aggregate target rent. See also Economic Vacancy Rate.

Volatility	Statistical measure for the margin of fluctuations of a rate or price, in particular securities or foreign currencies.
VorstOG	German law on the disclosure of management board remuneration.
WpHG	*Wertpapierhandelsgesetz* – German Securities Trading Act.
WpPG	*Wertpapierprospektgesetz* – German Securities Prospectus Act.

26. SIGNATURE PAGE

Duisburg, Düsseldorf, Hamburg and Amsterdam, June 2015

HAMBORNER REIT AG

Signed Dr. Rüdiger Mrotzek

Signed Hans Richard Schmitz

Joh. Berenberg, Gossler & Co. KG

Signed Oliver Diehl

Signed Marc Gei

Kempen & Co N.V.

Signed Joof Verhees

Signed Kathrin Erfurth

Bankhaus Lampe KG

Signed Patrick Weiden

Signed Stephan Averdung