

Interim statement

3

Key financial ratios

63.9 € million

Income from rents and leases

42.3 € million

Funds from operations

IN € THOUSAND		30 Sep. 2021	30 Sep. 2020
From the income statement			
Income from rents and leases		63,912	66,207
Net rental income		57,430	59,735
Operating result		27,856	8,978
Financial result		-10,613	-11,637
EBITDA		93,649	56,702
EBIT		64,402	11,705
Funds from operations (FFO)		42,310	42,338
Period result		53,789	68
From the statement of financial position			
Total assets		1,325,572	1,265,784
Non-current assets		1,124,121	1,200,826
Equity		497,176	474,234
Equity ratio	in %	37.5	37.5
REIT equity ratio	in %	58.6	54.5
Loan-to-value (LTV)	in %	43.5	44.5
On HAMBORNER shares			
Number of shares outstanding		81,343,348	79,717,645
Basic = diluted earnings per share	in €	0.66	0.00
Funds from operations (FFO) per share	in €	0.52	0.53
Stock price per share (Xetra)	in €	9.35	8.72
Market capitalisation		760,560	695,138
On the HAMBORNER portfolio			
Number of properties		67	80
Fair value of the property portfolio		1,544,100	1,624,785
Vacancy rate (including rent guarantees)	in %	1.8	1.8
Weighted remaining term of leases in years		6.1	6.3
EPRA vacancy rate	in %	1.8	1.9
Other data			
Net asset value (NAV)		912,200	890,721
Net asset value per share	in €	11.21	11.05
EPRA Net Tangible Assets (NTA)		911,730	890,222
EPRA Net Tangible Assets per share (NTA)	in €	11.21	11.05
Number of employees including Management Board		47	44

Report on result of operations, net asset situation and financial position

Result of operations

As at the end of September, HAMBORNER REIT had generated income from rents and leases of €63,912 thousand (previous year: €66,207 thousand) from managing its properties. The change is the result of rent increases following property additions (€2,540 thousand), rent losses as a result of property disposals (€4,341 thousand) and risk provisions for rent reductions due to COVID-19 (€451 thousand). Rental income from properties that were in our portfolio both in the first nine months of 2020 and in the reporting year (like-for-like) was slightly below the previous year's level at €43 thousand (-0.1%).

The vacancy rate remains at a very low level. Including agreed rent guarantees, it was 1.8% in the year under review (previous year: 1.7%). Not including rent guarantees, the vacancy rate was 2.2% (previous year: 3.0%).

Income from incidental costs charged to tenants amounted to €10,732 thousand, €78 thousand higher than in the same period of the previous year (€10,654 thousand). Real estate operating expenses increased by €33 thousand to €13,738 thousand (previous year: €13,705 thousand) by the end of September 2021.

The expenses for the maintenance of our land and property portfolio came to €3,476 thousand in the first nine months of the reporting year, €55 thousand above the equivalent value in the previous year (€3,421 thousand). The expenses relate to minor ongoing maintenance and various planned maintenance measures.

The net rental income derived from the above items is €57,430 thousand (previous year: €59,735 thousand).

Administrative expenses totalled €1,502 thousand, up €546 thousand or 57.1% on the previous year's level (€956 thousand). This is mainly due to expenses for this year's Annual General Meeting (€193 thousand), which was moved to the fourth quarter last year because of the COVID-19 situation. In addition, expenses for bank charges increased by €302 thousand to €378 thousand, mainly due to increased custody fees resulting from the deposit of cash to redeem mortgaged collateral.

Personnel expenses increased by €257 thousand to €4,139 thousand (previous year: €3,882 thousand) mainly due to staff turnover and recruitment.

The operating cost ratio, i.e. administrative and personnel expenses to income from rents and leases, rose to 8.8% (previous year: 7.3%).

Depreciation and amortisation decreased by €17,840 thousand to €27,157 thousand in the reporting period (previous year: €44,997). This change is particularly due to the impairment of properties in the previous year based on the valuation as at 30 June 2020 in the amount of €17,134 thousand. Impairment losses came to €581 thousand in the reporting period.

Other operating income amounted to €5,133 thousand in the first nine months of the reporting year (previous year: €1,232 thousand). The income mainly relates to a contractual agreement with Real for a payment to HAMBORNER REIT in accordance with a lease termina-

tion agreement for the location in Mannheim in the amount of €2.2 million to settle all mutual claims. In addition, the revaluation of the Gießen property, which was carried out in relation to a newly concluded long-term follow-on lease with the Kaufland Group, led to a write-up of €2.1 million.

Other operating expenses amounted to €1,909 thousand in the first nine months of 2021 (previous year: €2,154 thousand). The item includes write-downs and depreciation / amortisation on trade receivables of €982 thousand (previous year: €1,318 thousand), costs for investor relations and public relations work of €420 thousand (previous year: €269 thousand) and legal and consulting costs of €358 thousand (previous year: €381 thousand). €896 thousand of write-downs on receivables (previous year: €1,279 thousand) relates to rent reductions that have been granted to tenants for the first nine months of the year on account of the COVID-19 pandemic, or that reflect the current status of negotiations with tenants, plus further defaults anticipated in conjunction with the COVID-19 pandemic.

The company's operating result at the end of September 2021 came to €27,856 thousand, after €8,978 thousand in the same period of the previous year.

A result of €36,546 thousand (previous year: €2,727 thousand) was generated from the disposal of properties. In addition to the sale of twelve properties in Kaiserslautern, Koblenz, Krefeld, Lüdenscheid, Rheine, Wiesbaden, Oberhausen, Frankfurt, Hamburg / Fuhlsbüttler Str. and Fürth in the first half of the year and two properties in Bad Homburg in the third quarter, the result for the reporting

year includes properties in Villingen-Schwenningen, Langenfeld and Offenburg.

The financial result came to €–10,613 thousand as against €–11,637 thousand in the same period of the previous year and relates entirely to interest expenses. The interest expenses from loans of €–10,045 thousand included in this figure decreased by €1,030 thousand as against the previous year. Scheduled repayments and the refinancing of loans on better terms following the expiry of fixed-rate interest agreements caused these to decline by €1,011 thousand. This illustrates the positive effect of refinancing at better interest rates on funds from operations (FFO). Interest expenses from newly agreed loans led to an increase in interest expenses amounting to €174 thousand, while loan expiries resulted in a decrease of €193 thousand.

The first nine months closed with a net profit for the period of €53,789 thousand after €68 thousand in the same period of the previous year. This increase is particularly due to impairment losses recognized in the previous year and the result from the sale of investment property, which was higher in the reporting period. Funds from operations (FFO), i.e. the operating result before depreciation, amortisation and reversals, and not including proceeds from disposals, remained on par with the previous year and amounted to €42,310 thousand in the reporting period (previous year: €42,338 thousand). This corresponds to FFO per share of 52 cents (previous year: 53 cents).

Net asset situation and financial position

In the first nine months of the reporting year, HAMBORNER concluded agreements for the purchase of four properties in Mainz, Stuttgart, Münster and Freiburg with a purchase price volume of €79.5 million.

The transfer of ownership for the properties in Mainz and Stuttgart took place in March and September 2021, respectively. The purchase prices came to €36.8 million in total due to annualised rents of €2.2 million.

For the properties in Münster and Freiburg, transfer of ownership is planned for the end of the fourth quarter of 2021 and the first quarter of 2022, respectively. At a purchase price volume totalling €42.7 million, annualised rental income comes to around €2.1 million.

As at 30 September 2021, the transfer of ownership from the sale of 15 properties had taken place. At a purchase price volume totalling €132.8 million, annualised rental income comes to around €8.3 million.

As at 30 September 2021, the property on Ostenhellweg, Dortmund was reported under “non-current assets held for sale”. The purchase agreement for this property was concluded in August 2021 and the transfer of ownership took place on 1 October 2021. At a purchase price volume totalling €29.5 million, annualised rental income came to around €1.7 million.

The updated fair value of the developed property portfolio as at 30 September 2021 was €1,544.1 million (31 December 2020: €1,624.8 million). As such, the fair value calculated by an expert as at 31 December 2020 was maintained for the most part. The fair value of five properties increased by a total of €6.0 million due to newly concluded leases and construction work. These were deducted from the fair value as part of the property valuation as at 31 December 2020.

Current and non-current trade receivables and other assets increased by €9.6 million and now total €12.7 million (31 December 2020: €3.1 million). This is mainly the result of capitalised building cost subsidies of €7.8 million due to newly concluded leases in connection with follow-up leases for the Real locations in Celle, Gießen and Mannheim. The agreed amounts will in future be spread out on a straight-line basis over the term of the leases in the form of a reduction in rents.

The item also includes gross receivables from rent in arrears and billed incidental costs totalling €2.9 million (31 December 2020: €2.8 million), which were primarily in connection with the COVID-19 pandemic. As part of the measurement as at 30 September 2021, write-downs were recognised in the amount of the expected losses of €0.9 million (31 December 2020: €1.0 million).

The company had cash and cash equivalents of €167.1 million on 30 September 2021 (31 December 2020: €40.5 million). Of the bank balances, a total of €81.0 million were credited to restricted bank accounts which are pledged to replace collateral in the form of property liens for loans from the financing banks for properties that have been sold.

Equity amounted to €497.2 million as at 30 September 2021, following a value of €474.2 million as at 31 December 2020. The reported equity ratio as at the reporting date was unchanged compared to 31 December 2020 at 37.5%. The REIT equity ratio was 58.6% following a value of 54.5% as at 31 December 2020.

By resolution of the Supervisory Board on 21 May 2021, as part of a share dividend, the share capital from Authorised Capital I, entered into the Commercial Register on 26 May 2021, was increased by issuing 763,781 shares against cash contributions. This action increased the company's issued capital from €80,580 thousand to €81,343 thousand. The amount exceeding the nominal value of €5,839 thousand was allocated to capital reserves.

Current and non-current financial liabilities increased by a net amount of €1.0 million as against 31 December 2020 taking into account scheduled repayments due to the utilisation of loans in the first nine months of 2021, and amounted to €759.9 million as at 30 September 2021 after €758.9 million as at 31 December 2020. The average borrowing rate for all loans in place and those agreed but not yet utilised is 1.7%.

Current and non-current trade payables and other liabilities increased by €36.4 million against 31 December 2020 from €21.5 million to €57.9 million. This increase is mainly the result of a payment received in relation to the sale of the property on Ostenhellweg, Dortmund, in the amount of €29.5 million and granted building cost subsidies of €7.8 million due to newly concluded leases in connection with follow-up leases for the Real locations in Celle, Gießen and Mannheim.

The item also includes lease liabilities in accordance with IFRS 16 of €8.1 million (31 December 2020: €8.3 million).

The net asset value (NAV) of the company was €912.2 million at the end of the quarter (31 December 2020: €890.7 million). This corresponds to NAV per share of €11.21 (31 December 2020: €11.05).

Report on risks and opportunities

As a property company with a portfolio distributed across the whole of Germany, HAMBORNER REIT AG is exposed to a number of risks and opportunities that could affect its result of operations, net assets situation and financial position. There are currently no significant changes in the assessment of the risks to, and opportunities for, the business development of the company as against 31 December 2020. The comments made in the “Report on risks and opportunities” in the 2020 management report therefore still apply.

Forecast report

The German economy continued to be influenced by the COVID-19 pandemic in the first half of 2021, but economic performance started to pick up in the third quarter. This is due in particular to the ongoing vaccination drive, falling infection rates and the resulting easing of restrictions. According to the latest forecast by the ifo Institute, we can expect a full economic recovery in the retail sector and contact-intensive service industries in the fourth quarter, however a contraction cannot be ruled out as COVID-19 cases are currently once again on the rise.

HAMBORNER REIT is maintaining its most recently published fundamental assessments for the future business outlook. The company continues to expect income from rents and leases in the range of €83 million to €85 million for 2021 as a whole. Taking into account business performance in the first nine months of the year, the company now considers itself to be in the position to slightly increase its forecast for the year as a whole for operating income (FFO).

In the current financial year, FFO will be slightly above the most recently communicated range of €48 million to €50 million, and is expected to reach a value of between €52 million and €53. The adjustment to the forecast is due in particular to the deferral or, to a lesser extent, the elimination of expenses originally expected for the current financial year.

In light of this, the company now also expects a slight increase in NAV per share in 2021 compared to the end of 2020 (€11.05).

Events after the end of the reporting period

The transfer of ownership of the retail property sold in central Dortmund took place on 1 October 2021. The purchase price is €29.5 million. The annualised rental income of the property is around €1.7 million.

Principles of reporting

The HAMBORNER REIT AG interim statement as at 30 September 2021 is in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union. It was prepared in line with the regulations of the International Accounting Standard (IAS) 34 on interim financial reporting. In deviation from IAS 34, however, no notes to the financial statements are provided.

There were no changes to the accounting policies used in the separate IFRS financial statements as at 31 December 2020. The accounting standards endorsed and revised by the EU, which are mandatory effective from 1 January 2021, were observed. This did not result in any material changes to the interim financial statements as at 30 September 2021.

This report contains forward-looking statements, for example, on general economic developments in Germany, the future situation of the property industry and the company's overall forecast performance. These statements are based on current assumptions and estimates by the Management Board, which were made diligently on the basis of all information available at the respective time. If the assumptions on which statements and forecasts are based are not accurate, the actual results may differ from those currently anticipated.

Separate financial statements

Income statement

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

IN € THOUSAND	1 Jan. to 30 Sep. 2021	1 Jan. to 30 Sep. 2020	1 July to 30 Sep. 2021	1 July to 30 Sep. 2020
Income from rents and leases	63,912	66,207	20,983	22,339
Income from incidental costs passed on to tenants	10,732	10,654	3,549	3,669
Real estate operating expenses	-13,738	-13,705	-3,871	-4,086
Property and building maintenance	-3,476	-3,421	-1,268	-817
Net rental income	57,430	59,735	19,393	21,105
Administrative expenses	-1,502	-956	-572	-325
Personnel expenses	-4,139	-3,882	-1,486	-1,306
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-27,157	-44,997	-9,245	-9,396
Other operating income	5,133	1,232	198	199
Other operating expenses	-1,909	-2,154	-123	-502
	-29,574	-50,757	-11,228	-11,330
Operating result	27,856	8,978	8,165	9,775
Result from the sale of investment property	36,546	2,727	4,014	2,651
Earnings before interest and taxes (EBIT)	64,402	11,705	12,179	12,426
Interest income	0	0	0	0
Interest expenses	-10,613	-11,637	-3,474	-3,835
Financial result	-10,613	-11,637	-3,474	-3,835
Period result	53,789	68	8,705	8,591
Basic = diluted earnings per share (in €)	0.66	0.00	0.11	0.11

Statement of comprehensive income

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

IN € THOUSAND	1 Jan. to 30 Sep. 2021	1 Jan. to 30 Sep. 2020	1 July to 30 Sep. 2021	1 July to 30 Sep. 2020
Period result as per the income statement	53,789	68	8,705	8,591
Items reclassified to profit or loss in future if certain conditions are met:				
Unrealised gains/losses (-) on the remeasurement of derivative financial instruments	468	435	155	148
Items not subsequently reclassified to profit or loss in future:				
Actuarial gains/losses (-) on defined pension obligations	231	329	2	-252
Other comprehensive income	699	764	157	-104
TOTAL COMPREHENSIVE INCOME	54,488	832	8,862	8,487

Other comprehensive income for the period relates to actuarial gains and losses on defined benefit obligations and the effective portion of changes in the fair value of interest rate swaps used to manage the risk of interest rate fluctuations (cash flow hedge).

Statement of financial position – assets

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

IN € THOUSAND	30 Sep. 2021	31 Dec. 2020
Non-current assets		
Intangible assets	470	499
Property, plant and equipment	2,967	3,066
Investment property	1,111,156	1,195,468
Financial assets	1,592	1,490
Other assets	7,936	303
	1,124,121	1,200,826
Current assets		
Trade receivables and other assets	4,808	2,763
Cash and cash equivalents	167,143	40,522
Non-current assets held for sale	29,500	21,673
	201,451	64,958
TOTAL ASSETS	1,325,572	1,265,784

Statement of financial position – liabilities

IN € THOUSAND	30 Sep. 2021	31 Dec. 2020
Equity		
Issued capital	81,343	80,580
Capital reserves	346,071	340,508
Retained earnings	69,762	53,146
	497,176	474,234
Non-current liabilities and provisions		
Financial liabilities	706,281	667,075
Trade payables and other liabilities	9,159	9,282
Pension provisions	5,450	5,909
Other provisions	3,315	3,165
	724,205	685,431
Current liabilities and provisions		
Financial liabilities	53,655	91,841
Derivative financial instruments	54	521
Trade payables and other liabilities	48,766	12,182
Other provisions	1,716	1,575
	104,191	106,119
TOTAL EQUITY, LIABILITIES AND PROVISIONS	1,325,572	1,265,784

Statement of changes in cash flows/equity
Statement of cash flows

FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2021

IN € THOUSAND	1 Jan. to 30 Sep. 2021	1 Jan. to 30 Sep. 2020
Cash flow from operating activities		
Period result	53,789	68
Financial result	10,046	11,574*
Depreciation and amortisation (+)/reversals (-)	25,067	44,997
Change in provisions	64	-192*
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-37,686	-2,863
Change in receivables and other assets not attributable to investing or financing activities	-9,677	-1,770
Change in liabilities not attributable to investing or financing activities	9,069	314*
	50,672	52,128
Cash flow from investing activities		
Investments in intangible assets, property, plant and equipment and investment property	-44,951	-57,094
Proceeds from disposals of property, plant and equipment and investment property	162,266	5,993
Proceeds from disposals of financial assets	0	0
	117,315	-51,101
Cash flow from financing activities		
Dividends paid	-37,872	0
Proceeds from borrowings of financial liabilities	61,600	114,212
Repayments of borrowing	-60,312	-51,115
Proceeds from increase in capital	6,602	0
Payment for costs from increase in capital	-276	0
Payments (-)/proceeds (+) for cash collateral for financial liabilities	-76,093	0
Cash flow from lease liabilities	-502	-517
Interest payments	-10,606	-11,704
	-117,459	50,876
Cash-effective changes to cash funds	50,528	51,903
Cash funds on 1 January	35,597	8,358
Cash and cash equivalents (with a remaining term of up to three months)	35,597	8,358
Restricted cash and cash equivalents	4,925	0
Cash and cash equivalents on 1 January	40,522	8,358
Cash funds on 30 September	86,125	60,261
Cash and cash equivalents (with a remaining term of up to three months)	86,125	60,261
Restricted cash and cash equivalents	81,018	0
Cash and cash equivalents on 30 September	167,143	60,261

* Previous year adjusted

Statement of changes in equity

IN € THOUSAND	ISSUED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS			EQUITY TOTAL
			Cash flow hedge reserve	IAS 19 Reserve Pension provisions	Other retained earnings	
As at 1 January 2020	79,718	380,467	-1,110	-4,631	59,118	513,562
Net profit for the period 1 Jan. to 30 Sep. 2020					68	68
Other comprehensive income 1 Jan. to 30 Sep. 2020			435	329		764
Total comprehensive income 1 Jan. to 30 Sep. 2020			435	329	68	832
As at 30 September 2020	79,718	380,467	-675	-4,302	59,186	514,394
Distribution of profit for 2019 (€0.47 per share)					-37,467	-37,467
Increases in capital	862	5,908				6,770
Costs from increases in capital		-359				-359
Withdrawal from capital reserves		-45,508			45,508	0
Net profit for the period 1 Oct. to 31 Dec. 2020					-9,331	-9,331
Other comprehensive income 1 Oct. to 31 Dec. 2020			153	74		227
Total comprehensive income 1 Oct. to 31 Dec. 2020			153	74	-9,331	-9,104
As at 31 December 2020	80,580	340,508	-522	-4,228	57,896	474,234
Distribution of profit for 2020 (€0.47 per share)					-37,872	-37,872
Increases in capital	763	5,839				6,602
Costs from increases in capital		-276				-276
Net profit for the period 1 Jan. to 30 Sep. 2021					53,789	53,789
Other comprehensive income 1 Jan. to 30 Sep. 2021			468	231		699
Total comprehensive income 1 Jan. to 30 Sep. 2021			468	231	53,789	54,488
As at 30 September 2021	81,343	346,071	-54	-3,997	73,813	497,176

Financial calendar/publication details

FINANCIAL CALENDAR 2021 / 2022

9 November 2021	Interim statement, 30 September 2021
8 February 2022	Provisional figures for the 2021 financial year
17 March 2022	2021 Annual Report
26 April 2022	Interim statement, 31 March 2022
28 April 2022	2022 Annual General Meeting

PUBLICATION DETAILS

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