



## 7th Real Estate Share Initiative

Frankfurt, 26 October 2007



**Bernhard Schoofs**  
**CEO**  
**HAHN-Immobilien-Beteiligungs AG**

# Executive Summary (1)

- ≡ Real estate manager with full range of services
  - Asset and property management
  - Fund management for private and institutional investors
  - Co-investments and investments
- ≡ Market leader in German large-scale retail properties
- ≡ More than 25 years of experience on the market
- ≡ > 1.4 million sqm sales area under management,
- ≡ Yearly rental income of approx. Euro 146 million
- ≡ Three important exit-channels
  - Private Investors (“Pluswertfonds”)
  - Institutional Investors (Capital & Regional, MEAG)
  - Sole Investments
- ≡ IPO in October 2006

# Executive Summary (2)

## H1 2007

- ≡ Successful transaction record
  - EUR 289 million purchased or repurchased
  - EUR 113 million invested
- ≡ Strong financial performance
  - Operating profit (EBITD) rises to EUR 3.16 million
  - Net profit climbs to EUR 1.76 million
- ≡ Affirmed outlook for 2007
  - Sales and earnings growth in all business segments
  - Annual net profit of EUR 7 – 8 million
  - Annual investments to exceed EUR 300 million

# Hahn Shares

- ≡ IPO at Euro 10 (10/2006); ISIN DE0006006703
- ≡ Euro 20 million capital increase; no re-placements of shares
- ≡ Free Float of 18.6 percent, market cap approx. Euro 125 million
- ≡ Current stock price Euro 10.44 (high: Euro 13.56 / low: Euro 10.18 in 07)
- ≡ Difficult stock market environment for real estate



**Hahn Shares**

**CDax-Index**

**General Standard**

**EPRA/NAREIT Europe**

# Agenda

## I. Business Model

## II. Business Activity / Financials

## III. Outlook



# I. Business Model

## Hahn Group

(2006: Sales Euro 128 million / Net profit Euro 4.1 million)

### Trading

Funds for private  
and institutional  
investors

Funds services

(2006: Sales Euro 122 million /  
EBITD Euro 8.4 million)

### Management

Asset Management

Property

Management

(2006: Sales Euro 6 million /  
EBITD Euro 2.4 million)

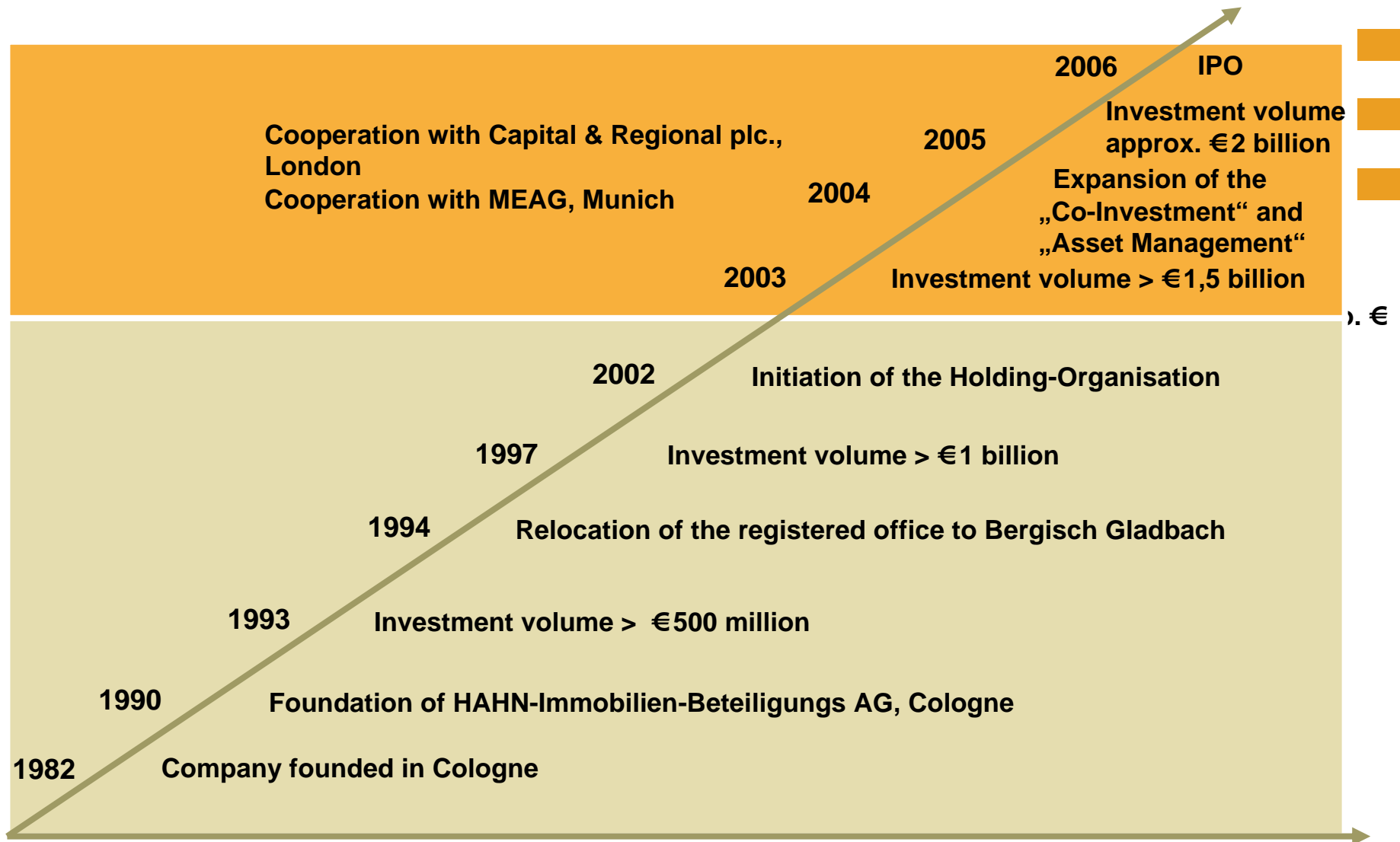
### Investment

Co-Investments

Sole Investments

(2006: Assets Euro 20 million /  
EBITD Euro 0.5 million)

# Milestones



# Management

## **Supervisory Board:**

Michael Hahn (Chairman), 78.9 percent stake in Hahn AG

Dr. Eckart John von Freyend (Deputy Chairman),

Dr. Reinhard Frhr. von Dalwigk, Robert Löer

### **Bernhard Schoofs (CEO)**

- ≡ Member of the Board of Management since 2002
- ≡ 15 years of experience in the real estate sector
- ≡ Professional experience in the auditing sector
- ≡ Business Administration graduate

Responsible for fund management, institutional and private clients as well as central functions, including finance & strategy

### **Norbert Kuhn (Management Board)**

- ≡ Former Managing Director of Metro Group Real Estate Management GmbH (1997-2005)
- ≡ Over 15 years of experience in the real estate sector
- ≡ Professional experience as fully qualified lawyer
- ≡ Law studies graduate















Responsible for portfolio-, asset- and property management as well as procurement


# Large Scale Retail Real Estate Market (1)


## Market size Germany:


- ≡ 6.1 million m<sup>2</sup> Superstores and Hypermarkets\*
- ≡ 15.6 million m<sup>2</sup> DIY stores\*
- ≡ > 5 million m<sup>2</sup> complementary stores\*\*


**= > 26 million m<sup>2</sup> retail space valued at > Euro 40 billion\*\***

Large-scale retail properties	Retail space in m <sup>2</sup>	Sales focus	Location
Superstores	1,500 - 5,000	 	 
Hypermarkets	> 5,000	 	 
DIY stores	> 8,000		
Shopping centers	> 10,000	 	 

 Accessible by car

 Inner city

 Food

 Non-Food

\* EHI Retail Institute 2006; \*\* Hahn estimate

# Large Scale Retail Real Estate Market (2)

- ≡ Retail space is protected by German zoning regulations
- ≡ Property with > 1,200 m<sup>2</sup> retail space needs to be approved
- ≡ Average duration of new leases > 10 years

## Investment market in Germany:

- ≡ Euro 18.5 billion retail real estate investments in 2006
- ≡ Avg net initial yields of 6.15 percent for retail warehouse centers (vs. 5.13 percent for shopping centers) in 2006\*

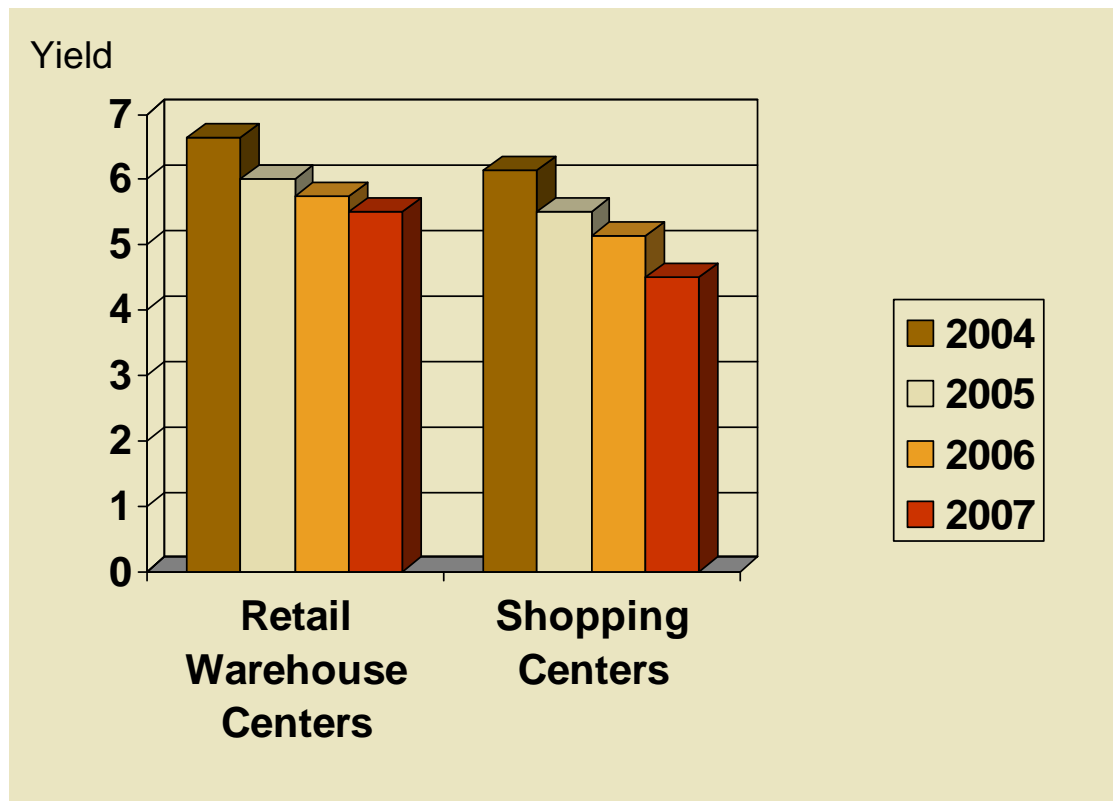
## H1 2007:

- ≡ Retail warehouse centers < 6 percent\*\*
- ≡ Shopping center at approx. 4.5 percent\*

\* Jones Lang LaSalle; \*\* Hahn estimate

# Investment Market – Declining Prime Yields

- ≡ Declining prime yields from end of 2004 – end of H1/2007
- ≡ Managed object types are more expensive than stand-alones
- ≡ Retail warehouse centers offer higher yields than shopping centers



# Hahn Services

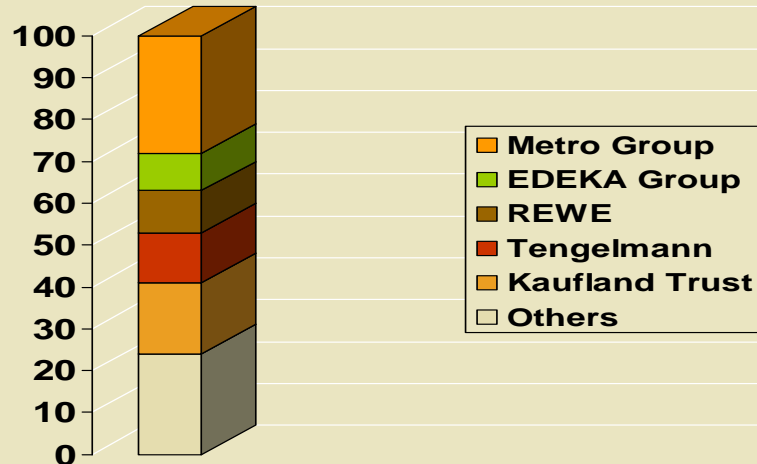
- ≡ Full service range covering the entire life cycle of the property
- ≡ Non-recurrent and sustainable sources of revenue (acquisitions, property and fund management)
- ≡ Active management increases the value of the property (asset management, performance fees)

≡ Value addition	One-time	Continuous
Site Analysis	■	
Acquisition	■	
Renting		■
Maintain in own portfolio		■
Property Management		■
Brokerage of properties	■	
Acquire equity capital	■	
Acquire loan capital	■	
Fund management/services		■
Property development/revitalization	■	
Sale	■	

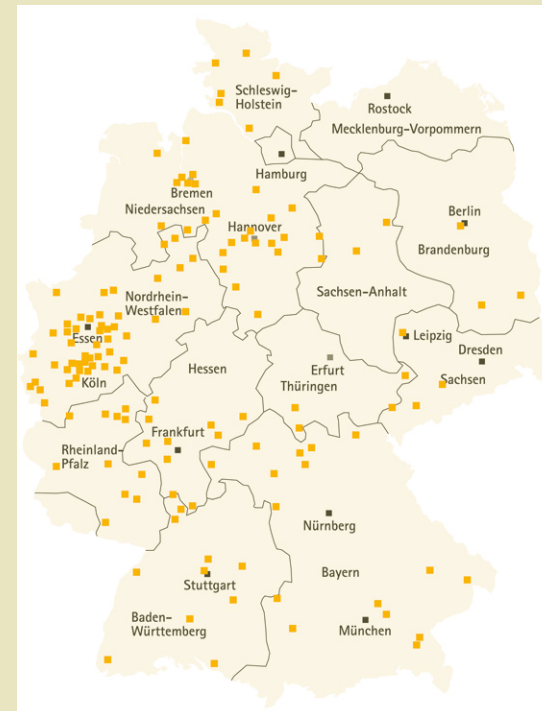
# Hahn Assets under Management – Tenant Mix

- ≡ Multi-national retailers; high credit-worthiness
- ≡ 1,419,000 m<sup>2</sup> rental space under managements
- ≡ 650 lease contracts;  $\varnothing$  remaining terms 6 years

≡ Share in Hahn portfolio

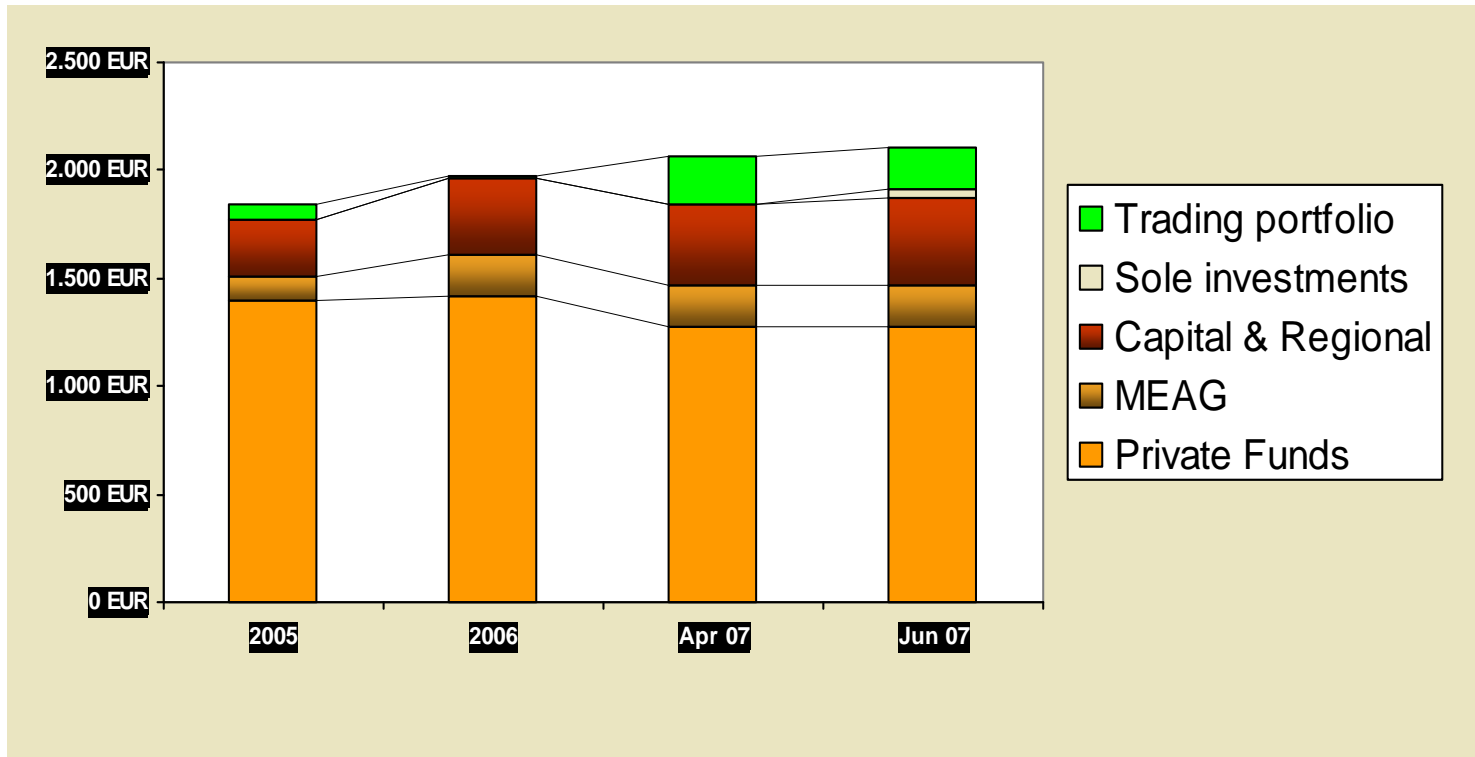


≡ More than 150 locations



# Hahn Assets under Management - Investors

- ≡ More than Euro 2 billion under Management
- ≡ Institutional Co-investments at more than Euro 590 million
- ≡ Trading portfolio Euro 190 million, Sole investments Euro 49 million



in million Euro

# Investor Profiles

## Private Investors

### Hahn Pluswertfonds

More than 2,000 investors, 150 funds issued  
(Investment volume of Euro 1.7 billion since 1982)



## Institutional Investors

### Capital & Regional plc.

(Investment volume: Euro 9.4 billion)



Co-investment volume: > Euro 400 million, Hahn share 10.15 %

**MEAG**, asset manager of Munich Re  
(Assets under management: Euro 180 billion)



Co-investment volume: Euro 190 million, Hahn share 3.3 %



## II. Business Activity / Financials

# Key Figures for H1 2007

- ≡ Operating profit (EBITD) rises to EUR 3.16 million Euro
- ≡ Net Profit greatly improved
- ≡ Equity ratio reflects temporary increase in properties held for sale

	<b>H1/2007</b>	<b>H1/2006</b>
EBITD	EUR 3.16 million	EUR 0.61 million
EBITD margin	16.7 %	2.0 %
Profit	EUR 1.76 million	EUR (- 0.48 million)
Earnings per share	EUR 0.15	EUR 0.05
Equity ratio	13.9 %	(12/06: 40 %)

# Transaction Volume H1 2007

- ≡ Transaction volume as source for sustainable revenues
- ≡ Total of approx. Euro 289 million acquired (18 properties)
- ≡ Net initial yield > 6.5 percent; above market average
- ≡ 8 objects placed as investments (Euro 113 million)

Transactions in Euro million	
New acquisitions	145
Buy backs private funds	144
<b>Total</b>	<b>289</b>
Placement private funds	15
Co-investments institutional customers	50
Sole investments	48
<b>Investments in properties</b>	<b>113</b>
Properties held for sale	123
Down-payment on investment volume	53
<b>Trading portfolio</b>	<b>176</b>



Euro 10 million  
accounted as sales  
volume

# Business Segment Trading H1 2007

- ≡ Sales reflect expansion of trading / investment portfolio
- ≡ Strong rise in commissions and rental revenues
- ≡ Biggest private fund ever constructed (Euro 65 million volume)
- ≡ EBITD of Euro 2.84 million (last year: Euro 0.72 million)

<b>Revenue</b> in Euro million	H1 / 2007	H1 / 2006
Sales / placements	10.04	25.92
Commissions	2.29	0.14
Service fees	0.53	0.53
Rental revenues	2.41	1.56
<b>Total</b>	<b>15.3</b>	<b>28.2</b>

# Retail Park Sterkrader Tor (Oberhausen)

## Property data:

- ≡ Rental area: approx. 20,000 m<sup>2</sup>
- ≡ Letting rate: 100 percent (retail areas)
- ≡ Investment vol.: Euro 37 million
- ≡ Opening: Mai 2007



# Business Segment Management H1 2007

- ≡ Stable sales of Euro 2.75 million vs. Euro 2.70 million (2006)
- ≡ Rental volume under management increased by 9 percent
- ≡ Improved rental performance
- ≡ EBITD of Euro 0.88 million (last year: Euro 1.18 million)

	6/30/2007	12/31/2006
Letting rate	96.76 %	95.60 %
Rental space under management	1,419,000 m <sup>2</sup>	1,366,000 m <sup>2</sup>
Rental volume under management (annual)	Euro 146 million	Euro 134 million
Rental performance (new and follow-up letting)	27,300 m <sup>2</sup>	38,700 m <sup>2</sup>

# Shopping Center Mönkhof Karree (Lübeck)

## Property data:

- ≡ Rental area: approx. 15,000 m<sup>2</sup>
- ≡ Letting rate: 100 percent
- ≡ Investment vol.: Euro 25 million
- ≡ Opening: October 31, 2007



# Business Segment Investment H1 2007

- ≡ Increase in EBITD to Euro 0.69 million (2006: Euro 0.11 million)
- ≡ Total investment volume of well above Euro 600 million
- ≡ Additions to own portfolio

<b>Investments</b> in Euro million	06/30/2007	12/31/2006
Capital & Regional	> 400	350
MEAG	190	190
Own investments	49	0.5
<b>Total</b>	<b>639</b>	<b>540</b>

# Finance Strategy – Acquisition and Financing Rules

- ≡ Each purchase linked with predetermined exit-strategy
- ≡ Separate SPV for each transaction
- ≡ Non-recourse financing for SPV
  
- ≡ Property held for sale:
  - Holding period / credit period 6 – 18 months
  - LTV 95 – 100 %\*
  
- ≡ Co-investments, sole investments:
  - Holding period / credit period 3 – 10 years
  - LTV 50 – 75 %

**\* Partly accompanied by a credit guarantee for 5 -10 percent of purchasing price**



## III. Outlook

# Outlook 2007

- ≡ Sale of Euro 65 million volume private fund started in July
  - more than 85 percent placed
- ≡ Extensive acquisition / repurchasement pipeline
- ≡ Investment volume well above Euro 300 million
- ≡ Lübeck partner development finalized end of October
- ≡ Sales and earnings growth in all three business segments
- ≡ Annual net profit: Euro 7 - 8 million, Euro 0.58 – 0.67 per share

Thank you!