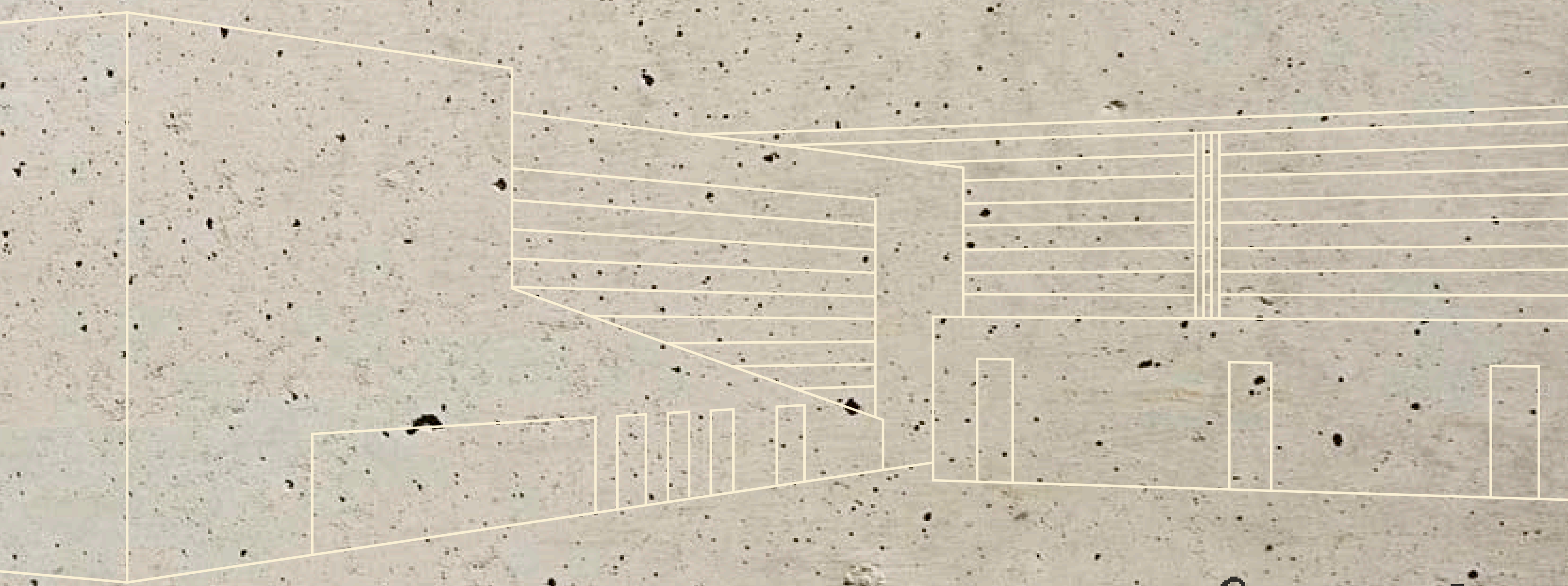
Annual Report



2008

Hahn
Group

Good ideas for large sales areas.

Key figures of the Hahn Group

Group — Data in thousand Euro	2008	2007
Sales	432,607	129,956
EBITDA	18,405	22,986
EBIT	18,066	22,688
EBT	– 6,464	10,953
Net annual profit	– 5,366	7,062
Cash flow from operating activities	–13,240	5,537
Equity ratio in %	15.2	9.1
Employees number	83	75

Segments — Data in thousand Euro	2008	2007
Trading		
Sales	410,586	115,642
EBIT	13,567	17,796
Management		
Sales	8,045	13,065
EBIT	837	5,895
Investment		
Sales	14,904	2,508
EBIT	7,652	2,112

Share	2008	2007
Number of shares	12,000,000	12,000,000
Share price on December 31 in Euro	3.62	7.73
Result per share in Euro	– 0.45	0.59
Dividend per share in Euro	–	0.18
Market capitalization on December 31 in million Euro	43.44	92.76
WKN / ISIN	600670 / DE0006006703	

Assets under Management	2008	2007
Investment volume in billion Euro	2.05	2.25
Managed rental space in m²	1,307,000	1,469,000
Annual rental volume under management in thousand Euro	141,712	155,194

A solid foundation

Real estate is an integral element of real-value-geared assets. It links performance to the development of real values. And long-term letting guarantees secured cash flows.

Real estate ownership protects against inflation. In a historical comparison, the performance of real estate surpasses the development in consumer prices. Index-linked rental agreements lead to regular price increases.

Real estate is the basis of a balanced asset position. It stabilizes the portfolio as a solid foundation for building wealth, while risk-oriented investments are subject to strong fluctuations.

It is also possible to own real estate indirectly. Benefit from the Hahn Group and its professional property management services in the segment for "large-scale retail properties."

The Hahn Group

The Hahn Group has served the retail trade as a real estate specialist for over 25 years. With a managed rented area of approx. 1.3 million m² at roughly 150 locations and managed assets in excess of Euro 2 billion, the Hahn Group is the market leader in Germany when it comes to managing large-scale retail properties. With comprehensive asset, property and fund management services for private and institutional investors, the Hahn Group develops all sources of income and appreciation potentials associated with real estate and also acts as an investor itself.

The Segments

Trading

The Trading business segment oversees the marketing of real estate funds for private and institutional investors. The Trading business segment also handles the sale of properties and shares in property companies

Revenues Trading Data in thousand Euro	2008	2007
Sales/placements	380,084	96,374
Commissions	1,090	3,194
Rental income properties held for sale	29,412	15,955
Other revenues	–	118

Management

The Management business segment realizes all asset, property and fund management activities of the Hahn Group. This is where the entire real estate know-how of the company is pooled. All stages of the value-added chain are covered by a comprehensive services range that caters to all aspects of real estate.

Revenues Management Data in thousand Euro	2008	2007
Asset management	2,186	4,767
Property management	4,234	4,148
Fund management	1,578	1,950
Performance fees	–	2,200

Investment

The Investment business segment generates its income from co-investments in investment vehicles that are managed by the Hahn Group. The business segment also has a portfolio of own investments. The performance of our previous investments and the intent to further expand our co-investments will determine the future growth in the Investment business segment.

Total investment volume Data in million Euro	2008	Hahn share
MEAG portfolio	253	3.3 %
HAHN FCP portfolio	179	8.9 %
Sole investments	49	100 %

Contents

Bernhard Schoofs
Chairman of the Board of Management

Letter to Shareholders

Dear Shareholders,
Dear friends and partners of our Group,

The year 2008 was without doubt the year of the financial crisis. Terms such as rescue package, credit crunch or liquidity crisis took on new meaning amidst a deluge of bad economic news and company reports. In the course of the year, each day saw new reports on the unexpected financial distress of banks and other financial institutions, as well as the impact of the economic slowdown. However, it was the term "financial crisis" that had the dubious honor of being voted term of the year by the German Language Society, Gesellschaft für deutsche Sprache. This alone documents strikingly the extent of the difficult economic situation – despite its delayed onset in Germany – not only amongst shareholders, but also amongst all market participants.

Fiscal year 2008 was also a difficult time for the Hahn Group. Strong interdependencies exist between the credit industry and the real estate industry, meaning that we were unable to disassociate ourselves entirely from this environment in our role as a real estate management enterprise. On the other hand, the Hahn Group achieved a highly positive development with its entry into the institutional fund management business, establishing its most important source of revenue for the future. This significantly increases our independence from the fluctuations of the real estate investment markets.

Establishment of HAHN FCP – entry into the institutional fund management business
Last year, the Hahn Group established its new Luxembourg-based fund HAHN FCP-FIS – German Retail Fund, in partnership with LRI Invest S.A., the Luxembourg subsidiary of Landesbank Baden-Württemberg. The fund has a target volume of roughly Euro 750 million and invests exclusively in German retail properties with large sales areas. Thanks to the strong institutional interest both in Germany and abroad, subscription commitments totaling some Euro 125 million were received in just a short time. This testifies not only to the high degree of acceptance of the new investment vehicle, but also to the trend amongst insurers and pension insurance funds of further increasing their shares in indirect real estate investments.

Entering the institutional fund management business as a full-service real estate manager was also a logical expansion of our business model. With many years of expertise in the management of funds in the private investor segment and as a manager and co-investor in large institutional real estate assets, the Hahn Group is in an ideal position to gain a lasting foothold as an investment company in this segment. Once again, our sales success impinged upon the Hahn Group's high degree of specialization, for it is this which distinguishes us from other market players who have to buy in external key competencies or who lack a clear orientation towards retail property.

Management business stable – performance-related earnings down
We are satisfied with the development of the recurring earnings from the Management segment. Both property and fund management earnings underwent stable development. The loss of income from fees on account of the dissolution of the management agreement with our former British joint-venture partner Capital & Regional plc. will be seamlessly and more than adequately compensated for this year through the higher management earnings from the HAHN FCP alone. By expanding our fund business, which will lead to a twofold increase in earnings from fund management fees alone by the year 2010, we have established the basis to sustainably increase our management earnings in the future. On the other hand, performance-related management income suffered a sharp decline. While this is understandable in the light of plummeting real estate prices, it is certainly less than satisfactory.

High one-off expenses and low one-off revenues put a strain on the result
The conceptual design and marketing of the new institutional fund resulted in high expenses that were necessary as an investment in the future. As we were also unable to implement two project developments in the partnership model in 2008 as originally planned, significant additional revenue was lost. On the whole, therefore, we recorded a negative annual net profit.

Favorable prospects
Despite the difficult environment, we are very optimistic about the further development of the retail property markets in Germany and the prospects for the Hahn Group. The disappointing earnings position of the Group in fiscal year 2008 confirms us in our strategy of further expanding our long-term secured management earnings. Thanks to the organizational alignment within our operating segments, the prerequisites for this are already in place.

We are convinced that the macroeconomic development will favor real estate investments in the coming years. The resolute interest rate cuts by the Central Banks and the support measures for the banking system should already lead to stabilization of the investment markets and brighter economic expectations by the end of the year 2009. What's more, the high pressure on institutional investors to actually invest remains unchanged. The investment options have narrowed from the point of view of security-oriented long-term investors, such as insurers and pension insurance funds. Thus, there are many factors in favor of investments in real estate, as long as they are managed professionally.

The stable consumer sentiment in Germany will also foster further development. We do not anticipate any dramatic drops in consumption in the future on account of the low average indebtedness of consumers in an international comparison. In this respect, the trend towards price-oriented trading formats, i.e. especially retail properties with large sales areas, will intensify in future. A reassuring factor here is that, in the event of inflationary tendencies, the index linking of rental agreements, as is customary for retail properties, offers extensive protection against inflation. Thanks to our pronounced research competence, we will also be close enough to the market to anticipate changes in the retail industry or the investment market for retail properties in good time in the future.

Share price with potential for growth
Sharp drops in stock markets have also resulted in a strong decline in the Hahn share price. At its current level, the market capitalization does not reflect the earnings potential of the Hahn Group. We believe that the current stock market value is significantly below the actual value of the company. For the future, we hope for rapidly normalizing stock markets that return to a more differentiated appraisal of the companies' individual chances of success. This would especially benefit the Hahn share.

After all, today the Hahn Group is better equipped than ever before to participate in future opportunities in the retail property market. In this context, realization of our core goal of at the very least compensating for personnel expenses and operating expenses through secured management earnings as of 2010 will increase our independence of the unavoidable fluctuations on investment markets.

We wish to thank you, our shareholders and business partners, for the confidence you have placed in us. We also wish to thank our employees for their commitment, which has been far above average and has made us one of the leading real estate managers in Germany.

Bernhard Schoofs
(Chairman of the Board of Management)

Report of the Supervisory Board of HAHN-Immobilien-Beteiligungs AG for the 2008 Fiscal Year at the Shareholders' Meeting

Dear Shareholders,

The Supervisory Board also performed the advisory and controlling duties required under law and the Articles of Incorporation during the 2008 fiscal year and regularly monitored the work of the Board of Management and provided advice. This took the form of regularly providing the Board of Management with verbal and written information concerning the position of the company and the Group as a whole, business transactions of importance to the company, the intended business and personnel policy and planned strategic investments. To this end, the Chairman of the Supervisory Board remained in continuous contact with the Board of Management, especially with the Chairman of the Board of Management, and exchanged information with him on the latest topics. The Supervisory Board participated in significant decisions at an early stage, especially when the approval of the Supervisory Board was required under law and the Articles of Incorporation for decisions or measures on the part of the company management. The Supervisory Board reviewed the Board of Management's resolutions on the basis of verbal and written information and approved these after consultation.

Consultations focused not only on the development of the turnover and results of the company, but also on the conceptual design and marketing of the new Luxembourg-based fund HAHN FCP-FIS – German Retail Fund in cooperation with LRI Invest S.A., which was the subject of in-depth discussion in the first three meetings in March, June and September. After receiving subscription commitments totaling some Euro 125 million, shares in the company totaling Euro 179 million from the company's own portfolio were paid into the fund, which is managed by subsidiaries of the company. The Supervisory Board likewise reviewed and approved the decision of the Board of Management in August of fiscal year 2008 to amicably end the joint venture with Capital & Regional, as this cooperation no longer fulfilled any strategic purpose due to the decision to cease further expansion of the portfolio. The Supervisory Board also wishes to express its gratitude to Capital & Regional plc. for the consistently reliable, congenial and successful cooperation. The new version of the Corporate Governance Declaration was dealt with in the meeting in December.

Both the Supervisory Board and the Board of Management welcome the recommendations promulgated by the German Corporate Governance Code. Both Boards report thereon in the Corporate Governance Report for the year 2008, printed on pages 12 ff of the Annual Report for the Group. In this report, the Supervisory Board of HAHN-Immobilien-Beteiligungs AG declares that it complied with the recommendations of the respective, valid version of the German Corporate Governance Code ("DCGK") in 2008. The wording of the declaration can be viewed on the Internet at www.hahnag.de and on page 13 of this Annual Report.

In the case of resolutions of the Supervisory Board pertaining to contracts with a member of the Supervisory Board, the company or its subsidiaries, the respective member did not participate in the passing of the resolution. Purchases and sales of shares in funds corresponded to the purchase prices also agreed on with third-party companies. Remuneration for personal services rendered by members of the Supervisory Board is detailed on pages 12 ff of the Corporate Governance Report. Details of the other remuneration of the Supervisory Board and the Board of Management can be found in the financial statements on page 114 of the Annual Report, which details are in turn an element of the Corporate Governance Report.

Meetings of the Supervisory Board and committees
In the 2008 fiscal year, the Audit Committee met five times and the Supervisory Board five times, with one of the meetings of each body taking the form of a telephone conference. The Audit Committee is made up of Dr. Eckart John von Freyend (Chairman), Dr. Reinhard Frhr. von Dalwigk and Mr. Robert Löer. All told, four resolutions of the Supervisory Board were passed in writing. All members of the Board of Management regularly participated in the meetings of the Audit Committee and the Supervisory Board in the 2008 fiscal year. No member of the Supervisory Board or the Audit Committee was completely absent at any of the meetings. The Nomination Committee established in December 2007 did not convene in the year under review.

Financial statements and consolidated financial statements 2008
The financial statements submitted to the Supervisory Board on December 31, 2008 and the consolidated financial statements of HAHN-Immobilien-Beteiligungs AG prepared in accordance with International Financial Reporting Standards (IFRS), including the management reports for the 2008 fiscal year, were reviewed by auditors Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, and received the unqualified opinion of the auditors. According to the exemption rules of Sec. 315a HGB (German Commercial Code), the preparation of consolidated financial statements in accordance with HGB was waived.

The financial statements and consolidated financial statements, including management reports, were discussed in detail both in the Audit Committee and in the Supervisory Board meeting on March 30, 2009, in the presence of the auditors and on the basis of their report. Key aspects of the audit involved first-time consolidations and deconsolidations, the payment of company shares into the aforementioned FCP and the sale of participating interests, especially those in Capreg-Hahn-Kommanditgesellschaften, the setting-up of the Pluswert fund placed in 2008 and the balance-sheet reporting and valuation of the participating interests.

No objections were raised regarding the results of the audit and the Audit Committee and Supervisory Board share the evaluations made by the Board of Management in the management report and the consolidated management report. In accordance with prior recommendation by the Audit Committee, the Supervisory Board herewith goes on record in declaring its approval of the financial statements and consolidated financial statements, which are hereby adopted.

Report concerning relations with affiliated companies 2008
The auditors Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Düsseldorf, also audited the report concerning relations with affiliated companies as prepared by the Board of Management in accordance with Sec. 312 of the German Stock Corporation Act.

The auditors granted the following audit opinion of the result:

"Based on our audit in accordance with our professional duties and judgment we confirm that the actual statements in the report are correct, that the company's performance under the legal transactions listed in the report was not unduly high, nor were disadvantages compensated, and that as regards the measures listed in the report, no circumstances speak for a substantially different evaluation than that of the Board of Management."

Düsseldorf, March 30, 2009
Ernst & Young AG

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hollweg	Erdle
Auditor	Auditor

The Supervisory Board has furthermore examined this report of the Board of Management concerning relations with affiliated companies. No objections were raised against the final statement of the Board of Management and the result of the examination by the auditors.

Changes in the governing boards
There were no changes in the Supervisory Board and the Board of Management in fiscal year 2008. The Supervisory Board appointed Supervisory Board member Robert Löer to the Board of Management on February 25, 2009 to temporarily serve in lieu of Board of Management member Norbert Kuhn, who has been taken ill, until May 26, 2009, the day of the Shareholders' Meeting.

The Supervisory Board wishes to express its gratitude to the Board of Management and to all employees for their dedicated performance in the year under review. We also would like to take this opportunity to wish Mr. Norbert Kuhn
a speedy and complete recovery.

Bergisch Gladbach, March 30, 2009
On behalf of the Supervisory Board

Michael Hahn
Chairman

SUPERVISORY BOARD

Michael Hahn
Chairman of the Supervisory Board

Corporate Governance Report

The Board of Management and the Supervisory Board of HAHN-Immobilien-Beteiligungs AG continue to address the further development of compliance with the requirements of the German Corporate Governance Code, especially regarding the new requirements of June 6, 2008, and appreciate its recommendations. The declaration of conformity was again updated in December 2008 as part of the annual cycle, according to which HAHN-Immobilien-Beteiligungs AG conforms to absolutely all recommendations. The full wording of the latest declarations is printed at the bottom of this report and published on the website of the company.

Statements received in accordance with Sec. 15a of the Securities Trading Act, according to which members of the Board of Management and the Supervisory Board are obliged to disclose the acquisition or disposal of shares in HAHN-Immobilien-Beteiligungs AG or related financial instruments, are published by the company immediately after receipt and are made available on the company's website for at least one month. In this respect, Michael Hahn, Chairman of the Supervisory Board, personally purchased a total of 10,000 shares in the company in fiscal year 2008, while his spouse purchased 220,000 shares in the company. Mr. and Mrs. Hahn thus hold a total of 80.98 percent of the shares. John von Freyend Future KG, whose co-proprietor Dr. Eckart John von Freyend is Deputy Chairman of the Supervisory Board, sold 2,000 shares.

During the 2008 fiscal year, members of the Supervisory Board held a total of 9,511,289 shares directly or indirectly as of December 31, 2008. This corresponds to 79.26 percent of the capital stock of HAHN-Immobilien-Beteiligungs AG. On the same date, members of the Board of Management held 100,000 shares, corresponding to 0.83 percent of the capital stock. The relationships with associated companies and persons are described in the Notes to the Consolidated Financial Statements on pages 113 ff.

Supervisory Board and Management Board remuneration

The members of the Supervisory Board receive a fixed annual remuneration of Euro 40 thousand, payable after the end of the financial year. Further to this, the members of the Supervisory Board receive a variable remuneration of Euro 1,000 for each percentage point by which the dividend paid out to the shareholders for the preceding financial year exceeds five percent of the capital stock entitled to a dividend. The Chairman receives three times, his Deputy, one-and-a-half times the fixed and variable remuneration. The company reimburses expenses reasonably incurred by the Supervisory Board members plus VAT charged on their remuneration, if VAT can be and is invoiced separately. The company also provides the Supervisory Board members with D&O insurance with an appropriate amount of cover.

The employment contracts of the Management Board members provide for a fixed salary, the use of a company car and direct insurance policy in the amount of the non-taxable sum under income tax regulations. For the duration of the employment contract, the company also pays the costs of an accident insurance covering invalidity and death as well as a D&O insurance. On top of the fixed annual salary, a profit-sharing bonus will be paid contingent on the pre-defined result for each fiscal year being achieved. This profit target is defined by the Management Board and the Chairman of the Supervisory Board at the end of the preceding financial year in accordance with the annual budget plan. Subject to the profit target being achieved 100 percent, bonus payments will be Euro 130 thousand for Mr. Schoofs and Euro 120 thousand for Mr. Kuhn. If the targeted result is not attained, or if it is exceeded, this will reduce or increase the bonus payments accordingly, on a pro-rated percentage basis. However, the increase is capped at a maximum of twice the profit-sharing bonus.

The Notes to the Consolidated Financial Statements contain further details on the remuneration of the Supervisory and Management Boards (page 114).

Declaration of conformity

In December 2008, the Board of Management and the Supervisory Board made the following declaration of conformity in accordance with Sec. 161 German Stock Corporation Act:
The Board of Management and the Supervisory Board of HAHN-Immobilien-Beteiligungs AG herewith declare that since the last declaration of conformity dated December 20, 2007, HAHN-Immobilien-Beteiligungs AG has complied with the recommendations of the German Corporate Governance Code ("DCGK") in the version dated June 14, 2007, up to the time of announcement of the new version of the German Corporate Governance Code in the electronic Federal Gazette on August 8, 2008, as well as with the recommendations of the German Corporate Governance Code in the version dated June 6, 2008, as of its announcement in the electronic Federal Gazette on August 8, 2008, and that the recommendations of the German Corporate Governance Code in the version dated June 6, 2008 will also be complied with in future.

HAHN-Immobilien-Beteiligungs AG
December 17, 2008

On behalf of the Supervisory Board

Michael Hahn
Chairman of the Supervisory Board

Board of Management
Bernhard Schoofs (Chairman)
Norbert Kuhn

The Share

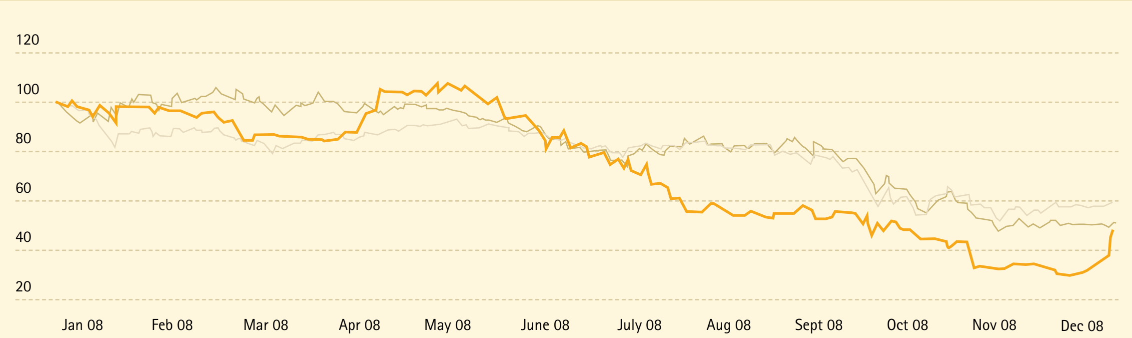
Record lows in fiscal 2008

Fiscal year 2008 was one of the worst years in history for the world's stock markets. As a seemingly unending stream of bad news came in from the financial and business world, share indexes plummeted to ever greater depths throughout the course of the year. At the end of 2008, the leading German index DAX 30 recorded a loss of over 40 percent. In the United States, the S&P 500 was down almost 38 percent. Yet these losses were exceeded significantly by the leading indexes in China (down 65 percent) and Russia (down 72 percent), indicating that the stock market plunge was indeed global. And the losses on the world's stock markets were well founded. While initial focus was trained on losses in the financial sector as a result of the financial crisis, the effects on the real economy, i.e. the danger of a worldwide recession, increasingly became the center of attention. The distress sale of US investment bank Bear Stearns, the collapse of US investment bank Lehman Brothers, the rescue of Hypo Real Estate and the nationalization of numerous banks and insurance companies were just some of the many highlights that marked the crisis year of 2008. In this troubled climate, real estate shares also tumbled sharply. The market-wide index for European real estate shares, EPRA/NAREIT Europe, recorded a decline in prices of roughly 51 percent. This is all the more remarkable in light of the losses the index already incurred in the previous year of some 34 percent. The steep decline in prices reflected the anxiety of market players about the difficult refinancing environment and a credit crunch. However, the reaction was positive to the resolute action of governments and central banks the world over. With a package of measures comprising financial and economic aid, government guarantees aimed at building confidence, and worldwide interest rate cuts, the battle was launched against a global recession. These measures, in combination with substantial drops in raw material and oil prices, are being used by some economics experts to justify their hopes that the first positive signs for the economy could already be in sight at the end of 2009. This resulted in a mild recovery in prices towards the end of fiscal year 2008.

Hahn shares also hit by slump

The Hahn share got off to a good start in fiscal year 2008. Despite the difficult market environment, the share increased in value in the first few months and reached its annual high of Euro 8.25 on May 12. From then on, the share continuously reached new lows in line with the increasing decline in the stock markets. The losses on the German stock market were broadly spread and severely impacted smaller companies, in particular.

Price development of the Hahn share, indexed



The share of HAHN-Immobilien-Beteiligungs AG was not immune to this development in 2008 and, on December 16, reached its record low price of Euro 2.15. The rally towards the end of the year returned the share to a year-end price of Euro 3.62. At the end of the day, however, the drop of 53 percent made the price development of the Hahn share thoroughly dissatisfactory.

Dividend distribution suspended

As fiscal year 2008 finished with a negative result, a key focus now is on ensuring that the company has a high degree of financing strength. A distribution of dividends from reserves would contradict this policy.

Shareholder structure stable

As in the past, HAHN-Holding GmbH, owned by the spouses Andrea and Michael Hahn, is the majority shareholder of HAHN-Immobilien-Beteiligungs AG. The share amounted to 78.98 percent as of December 31, 2008. In accordance with the definition of the German Stock Exchange, the free float of stock totaled 20.85 percent, the majority of which was subscribed by institutional investors. According to freely available information sources and share registers, the majority of these investors with a long-term commitment come from the UK, the Netherlands and Germany.

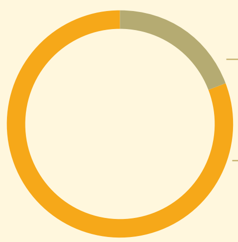
Capital market communication creates transparency and trust

The difficult market environment increased the requirements on capital market communication. The financial crisis and fears of recession raised a host of new issues. Hahn AG actively addressed these increased demands through continuous participation in capital market conferences, road shows in Europe and the USA and intense telephone and written communication with institutional and private investors. These communications focused not only on our own company, but also on the goal of imparting an insight into the market mechanisms of our real estate segment. In this respect, we regularly provided current and potential investors and the public with comprehensive research material on the retail trade and investment markets. With this information policy, we aim to facilitate investor access to our business sector and reduce information asymmetry. As before, the Hahn Group is covered by three banks. We are also in contact with additional research banks so that numerous options exist for potential investors to obtain information on investing in Hahn AG.

Key figures

Key figures		12/31/2008	12/31/2007
Price at end of year	in Euro	3.62	7.73
Annual high	in Euro	8.25	13.56
Annual low	in Euro	2.15	7.00
Number of shares	in units	12,000,000	12,000,000
Market capitalization	in mill. Euro	43.44	92.76
Earnings per share	in Euro	−0.14	0.59
WKN			600 670
ISIN			DE0006006703
Segment			General Standard
Designated sponsor			Sal. Oppenheim
Main trading platform			XETRA
Other stock markets			Berlin-Bremen, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart
Initial listing			10/30/2006

Shareholder structure in % of share capital



*according to definition of Deutsche Börse

The Hahn Group – a Strong Partner for the Retail Trade

Our market segment for retail properties with large sales areas covers properties that usually have a leased sales area of at least 1,500 m^2. These properties include hypermarkets, retail warehouses, superstores and DIY stores, as well as retail warehouse centers and retail park agglomerations. These are promising sales formats that have undergone successful expansion for many years. For instance, the market share of retail warehouses has increased by 3 percent in Germany since the start of the decade.

Overall, the German retail trade continues to be extremely competitive, inciting all market participants to strive for maximum performance. Companies that have successfully established themselves in Germany are often equally successful when expanding abroad. Three of the world's largest retail trade companies are German: the Metro Group, Aldi and Schwarz Stiftung rely on price-oriented formats that have enabled them to secure majority market shares with a clear yet intricate strategy. This trend towards price-oriented formats, from which we profit directly as a key lessor, will become increasingly pronounced in a difficult economic environment.

Another development that has only taken hold in large-area retail properties in recent years is the attempt by many owners to further enhance the appeal of their products through innovation and a higher quality presentation of their goods. This concept focuses not only on the inexpensive goods that are still being offered, but also on the shopping atmosphere and unusual service concepts. Indeed, the more spacious sales areas are crying out for experimentation with new sales concepts. This development is being driven by increasingly demanding customers for whom cut-price deals are often no longer an adequate incentive. Such customers also value convenience, the shopping experience and regional differentiation.

Owners such as pet products retail warehouse chain Kölle-Zoo / Fressnapf have demonstrated that the large sales area offers plenty of space for a true shopping experience. For example, consumer electronics retailers Media Markt / Saturn have also invested heavily in improving the presentation of their merchandise. Sales areas have also been enhanced through new operators. Textile retailers such as C&A or H&M, who in the past were exclusively inner-city-oriented, are increasingly expanding away from the saturated city centers towards integrated and connected locations on the edges of cities and to smaller towns. Large-scale retail trade profits from this development as it leads to an increase in the demand for sales area. With a managed rented area of approx. 1.3 million m^2, the Hahn Group manages an estimated share of 4 percent of the segment for large-scale retail trade in Germany. An additional 20 percent or so of these areas are managed by professional asset managers, with the remaining areas in the hands of the operators or private real estate owners.

From the point of view of our tenants and investors, professional management by the Hahn Group offers a host of benefits. The tenant has a partner with whom he can optimize sales revenue and earnings. Solutions that increase the customer-friendliness of the property are developed with the tenants locally, on an equal footing. Be it parking spaces, the routing of roads and paths or the marketing of the location, the interaction between the operator and the real estate manager is multifaceted.

In turn, economically worthwhile solutions and satisfied tenants work wholly in the interests of our investors. The value of the location and investment is secured and, by creating a potential for rent increases, the foundation is laid for sustainable increases in value. With its substantial real estate portfolio, the Hahn Group has the bargaining power to best promote the interests of its investors.

The letting rate of 96.7 percent bears witness to the success of the Hahn Group. The average remaining term of the rental agreements is roughly 8.5 years. Rental income in the previous year increased by roughly 1.9 percent on a comparable basis. These are the benchmarks of our conservative real estate investments.

Hahn Group Strategy

The company at a glance

The Hahn Group is an independent manager and co-investor for retail properties with a special focus on large-scale real estate.

The large-scale retail property sector essentially comprises hypermarkets, superstores, DIY stores, retail warehouse agglomerations, retail parks, retail warehouse centers and shopping malls. The properties managed by the Hahn Group are all located within Germany, predominantly in the old federal states (former West Germany).

The Hahn Group manages these properties for private and institutional clients. The Group also acquires and sells properties, both for its clients as well as for its own portfolio. In its role as fund initiator, the Hahn Group places closed-end real estate funds with private and institutional investors.

The Hahn Group also acts as a co-investor and develops and revitalizes properties in partnership models together with established project development companies.

This distinguishes our properties

High protection against competition through legally regulated approval procedures

With the aim of counteracting the draining of purchasing power from downtown areas, the development of new, large-scale retail properties outside of inner-city centers is subject to strict legislation. According to the German Building Code and Land Use Ordinance (BauNVO), such properties may only be constructed on the areas marked as "Special area for large-scale retail trading companies" in the zoning ordinance. In practice, the existing locations for large-scale retail properties are therefore locations whose expansion is limited and as such provide the current owners with considerable competitive advantages.

Stable demand

Owing to the strict regulations relating to building new large-scale retail properties, the existing businesses have a high degree of protection against the migration of competing businesses and can steer local competition. At the same time, the owners of these properties have a comparably smaller risk that the tenants of these locations will back out; it is generally the case that such tenants will only consider such a withdrawal if a retail operator is planning a strategic withdrawal from the particular local market. In practice, the large-scale retail properties are characterized by a comparably high level of location loyalty and stable demand, which in turn have a positive impact on the sustained letting rate.

Group structure

HAHN-Immobilien-Beteiligungs AG comprises the Group holding with the central functions of Portfolio Management, Accounting, Financing, Legal and Investor Relations, as well as the three business segments Trading, Management and Investment. On the strength of the company's broad range of real-estate-based services, the Hahn Group can act as a system partner for offerers of properties, for global retail groups as potential tenants, as well as for private and institutional clients.

The Trading business segment oversees the conceptual design and marketing of real estate funds for private and institutional investors, as well as the sale of properties or shares in property companies. The activities of the Trading segment are covered by the nonoperative company HAHN Trading GmbH.

The Management segment integrates the three operative subsidiaries HAHN Fonds Management GmbH, HAHN Asset Management GmbH and HAHN Property Management GmbH.

Long fixed terms of leases

The increased interest of tenants in securing the locations for as long as possible is also attributable to the fact that the availability of alternative properties is strictly limited under law. The standard market leases for large-scale retail properties are therefore distinguished by a fixed term that is generally between 10 and 15 years. Furthermore, it is often the case that the tenants negotiate an option for an additional extension period. Owing to the permanent necessity of adapting the existing business concepts to changing customer requirements, the tenants and owners of large-scale retail properties see themselves as strategic partners, further reinforcing the long-term contractual tie.

High credit rating of the anchor tenants

The large-scale retail properties are characterized by a high quality of the tenant structure, especially with regard to the specific anchor tenants. Typical anchor tenants include large groups such as the Metro Group, REWE, the EDEKA Group, Kaufland and OBI. The creditworthiness of these companies is mostly rated as good to very good.

The co-investments with institutional investors and the consolidated sole investments are brought together under the Investment business segment. The nonoperative subsidiary HAHN Investment GmbH handles these investment assets and financial assets that are reported as assets in the balance sheet.

Our policy

Maximum added value

Our management services cover the complete value-added chain of the property life cycle. From the comprehensive site valuation and purchasing decision, all the way to asset and property management during the operating phase and revitalization, which in turn initiates a new life cycle. All of these management elements are provided from a single source.

Specialization
The Hahn Group has been pursuing a strategy of specialization for more than 25 years now. We focus our real estate competence on large-scale retail properties, thus catering to the needs of national and international investors who demand of their real estate managers a high level of regional and specialized expertise.

Full-service fund business
The Hahn Group is a full-service fund manager for private and institutional investors. Hahn offers fund-based investment products from the large-scale retail property segment that are not only designed professionally, but which are also managed after placement in a way that maximizes their value.

Using the opportunities of change

From an asset manager's perspective, investments in retail properties are always sustainable as long as the properties are regularly adapted to the changing requirements of the market and the customers. Larger revitalization projects in combination with a corresponding requirement for new investments offer interesting opportunities for new investors to enter the market. Thus, existing investors are guaranteed to be able to sell profitably, while the option also exists of placing a new investment property.

Securing unlimited earnings

In its management role, Hahn optimizes the added value and, in return, earns revenue from the continuous management of the assets over what is, in principle, an unlimited period. In the institutional sector, the Hahn Group also acts as a co-investor. This increases the alliance of interests with the investors and provides the Hahn Group with additional investment income.

Growth through expansion of the managed assets

The management model of the Hahn Group can be scaled as required from the basic structures. While every investor exit results in a change in the investor basis, Hahn always continues to participate in the flow of income from the property in its role as manager. Growth is realized by adding new properties for our clients, which in turn leads to a sustainable increase in the earnings from fund, asset and property management.

The broad service spectrum of the Hahn Group

- Research and Portfolio Management
  Location, market and property analysis
  Target group analysis
  Operator analysis
  Market development analysis
- Acquisition of land and buildings, and acquisition of real estate special purpose companies
- Project development in partnership models
- Property Management (commercial, technical, infrastructure)
- Brokering of properties
- Fund concepts
- Acquisition of equity capital
- Acquisition of loan capital
- Fund management and investor service
- Maintenance of portfolio properties
- Asset Management
  Portfolio development
  Revitalization, repositioning
  Location optimization
  Letting concepts and their implementation
  New and follow-up letting
- Center Management
- New placements, selling of real estate

"The trend is towards indirect property investments"

Interview with the two Board Members of the Hahn Group, Bernhard Schoofs and Robert Löer

The difficult economic year and the financial crisis have left their mark on the result of the Hahn Group. What was the precise reason for this?
Bernhard Schoofs: A number of factors burdened our result. The new institutional HAHN FCP-FIS – German Retail Fund is an investment in the future that will already start yielding continuous returns this year. On the other hand, we incurred high one-off expenses in 2008 for the conceptual design and marketing of the fund. In the private client segment, the rise in interest rates in the first half of the year, followed by the fact that the market had an inadequate supply of real estate suitable for sale to private customers resulted in us only being able to place far less than the originally planned investment volume of roughly Euro 80 million.

Robert Löer: 2008 really was an exceptionally negative year. In normal years, we are able to generate one to two project developments in a partnership model. Two such projects that were planned for 2008 had to be cancelled or postponed in the difficult financial environment due to the loss of partners at short notice.

Bernhard Schoofs: It is important to realize that one-off expenses were involved which will not be incurred again this year. However, this stress test has shown that our business model is not yet as robust as we intend it to be. We will continue working on this in 2009.

What specific action are you going to take on the basis of last year's developments?
Bernhard Schoofs: We have still been making too many one-off earnings in recent years, such as placement profits in the fund business. In fiscal year 2010 at the latest, we want to cover personnel expenses and other operating expenses entirely from the secured management fees alone.

Will the development of the real estate sector support this undertaking?
Robert Löer: We foresee a stabilization of the real estate market in the second half of the year. The price expectations of buyers and sellers should then be extensively aligned. The interest rate policy of the European Central Bank and the other central banks will clearly be of assistance in this respect.

Does that apply to the entire market?
Robert Löer: The market will remain selective. We foresee the most stable development in the market for first-class core properties.

Bernhard Schoofs

In the case of retail properties, the defensive character also plays a role. They are not as cyclic as other usages, such as offices and logistics. Our large-scale retail property portfolio is also characterized by another special feature: it contains price-oriented formats, such as retail warehouses and discounters with food, toiletries and clothing. These sales formats have increased their market share in recent years and will continue to hold their own, even in the event of continued economic decline. For the property owners and investors, long-term rental agreements with creditworthy tenants provide a secured cash inflow, with earnings forecasts that are not based primarily on the hope of increasing value.

Bernhard Schoofs: In the medium term, it must be feared that the expansive monetary and fiscal policy will impair price stability. This has an impact on the real return on investments. In the case of retail properties, the index linking of rental agreements – which is also a fundamental contractual element of our rental agreements – offers a large degree of protection against inflation. The agreement of turnover rents has a similar effect. These are all factors that speak in favor of real estate as an investment.

Robert Löer

Do you have new strategic plans?
Bernhard Schoofs: In recent years, we have established the platform on which to succeed as a full-service property manager for institutional and private clients. With competent service offerings in the fields of asset, fund and property management, we are the clear market leader in our segment in Germany. The last remaining element, i. e. the establishment of our own purely institutional fund, was completed last year with the HAHN FCP in cooperation with an LBBW subsidiary. In this respect, the task in fiscal year 2009 will be acquiring promising properties for our investors and establishing the basis for sustainable growth with a larger portfolio of managed real estate assets. We are highly confident of achieving significant progress in this context this year.

Robert Löer: Professional asset management is a crucial factor in this market phase. Foreign investors, in particular, now realize that the long-term preservation and enhancement of the value of retail properties can only be achieved through well-founded market knowledge and a fully integrated property management package. Some trading-oriented investors will be forced to face these facts or get out of the market. It cannot be stressed strongly enough that the focus of property investors will return to the property itself, and not financial mathematics.

Bernhard Schoofs: Many property investors who lack this real estate know-how opt for an indirect investment right from the start. Surveys confirm a clear trend amongst insurers and pension insurance funds of shifting away from their direct property investments and towards indirect investments. This trend has been verified by the marketing success of our new institutional fund.

The Hahn share took a severe tumble last year.
What do you consider to be the fair value of the share?
Bernhard Schoofs: We are very dissatisfied with the price development. European real estate shares have lost over 50 percent in value in recent years. That leaves little room for a positive value development. Over the long term, we see a good chance of a substantial price recovery. However, the value indicator usually used by asset investors, i. e. the NAV, is not a suitable benchmark for the Hahn share as we generate the majority of our revenue from management of the properties, not from maintaining them in our portfolio. Nevertheless, even if you accept the NAV perspective, that still indicates considerable chances for the price of our share to increase. Just the discounted value of the secured earnings from management fees over the next ten years alone would amount to a figure many times higher than the share price.

Bergisch Gladbach, March 2009

Real Estate Assets under Management

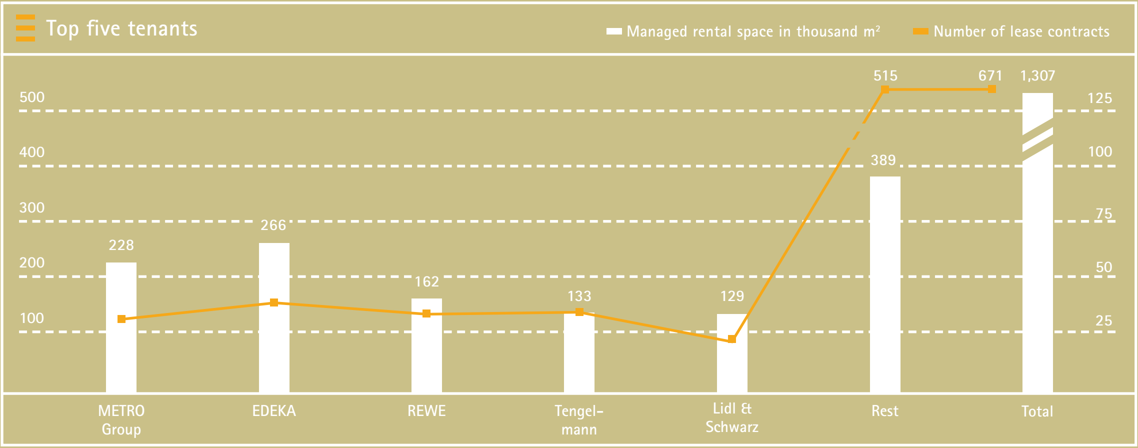
The five largest locations:

Property	Type of property	Managed rental space in m²	Rental quota in %	Addition	Year of construction/last refurbishment	Investment in million Euro
Friedrichshafen	Retail warehouse center	40,000	100	2003	2002	40 – 50
Kaiserwiesen Fulda	Retail park	36,000	100	2004	2004	50 – 60
Dietzenbach	Shopping mall	22,000	100	2008	2007	50 – 60
Nordhorn	Retail park	23,000	98.93	2008	2007	40 – 50
Oberhausen	Retail park	20,000	96.29	2007	2007	30 – 40

Total portfolio acc. to branch of industry (basis: rental volume)	in %	Average rent in Euro/m²
Hypermarkets/superstores	53.8	10.28
DIY stores	23.1	7.47
Retail warehouses/retail trade/services	19.8	9.82
Miscellaneous (office/dwellings)	3.3	4.49
Total	100.0	9.03

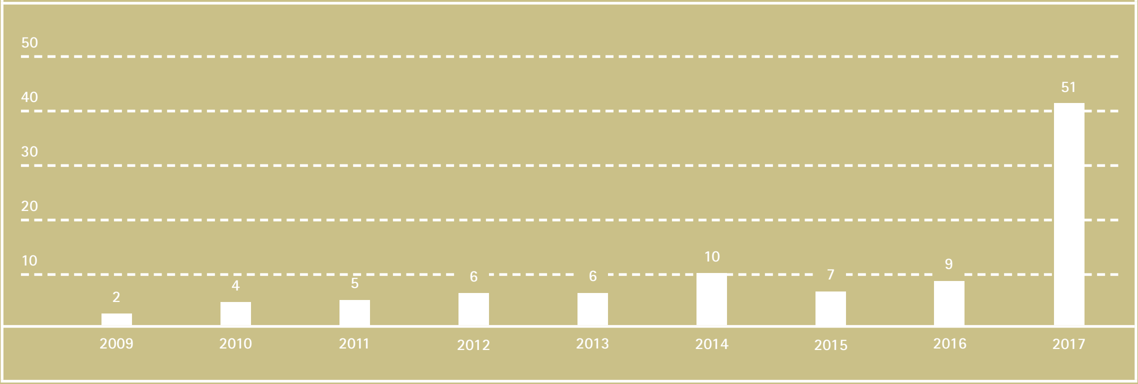
Key figures real estate portfolio		12/31/2008	12/31/2007	12/31/2006
Letting rate	in %	96.7	96.9	95.6
Managed rental space	in m²	1,307,000	1,469,000	1,366,000
Annual rental volume managed	in thousand Euro	141,712	155,194	133,665
Total investment volume	in billion Euro	2.05	2.25	2.0

Top five tenants



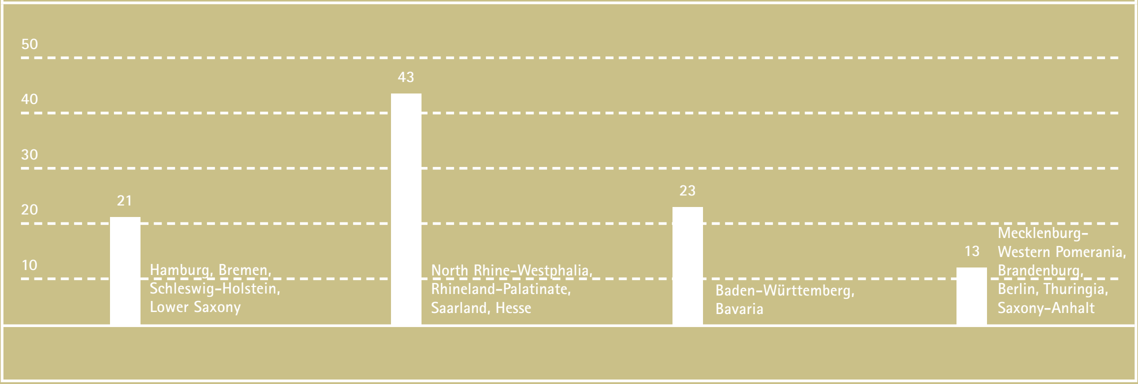
Total portfolio acc. to due date of lease contracts before option exercise (basis: rental volume)

Share in %



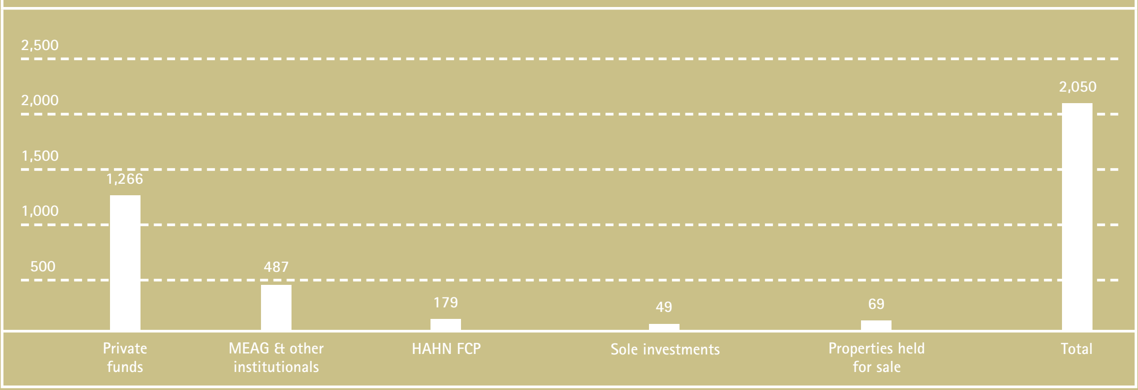
Total portfolio acc. to regions (basis: investment volume)

Share in %



Investment volume under management (divided acc. to portfolios)

Data in Euro million



As of December 31, 2008, the real estate assets under management of the Hahn Group amounted to around Euro 2.05 billion. The 1,307 million m^2 under management are distributed over 148 locations. The annual rental volume under management was Euro 141.7 million. At year-end, the letting rate was 96.7 percent.

The new and re-letting volume of the Hahn Group was 34,500 m^2.

1.9%

Rental increase on a comparable basis

Mönkhof Karree

34,500 m^2

Rental performance

96.7 %

Letting rate

141.712 million €

Rental volume under management

Management Report


baby-walz
real


Parkplätze
real

Business and Operating Environment

Group structure and operating activity

HAHN-Immobilien-Beteiligungs AG comprises the Group holding with the central functions of Portfolio Management, Accounting, Financing, Legal and Investor Relations, as well as the three business segments Trading, Management and Investment. On the strength of the company's broad range of real-estate-based services, HAHN-Immobilien-Beteiligungs AG can act as a system partner for offerers of properties, for global retail groups as tenants, as well as for private and institutional clients.

The Trading business segment oversees the marketing of real estate funds and the sale of properties or shares in property companies. The activities of the Trading segment are covered by the non operative company HAHN Trading GmbH.

The Management segment integrates the three operative subsidiaries HAHN Asset Management GmbH, HAHN Property Management GmbH and HAHN Fonds Management GmbH.

Asset Management includes, among other things, all measures for maintaining and increasing the long-term value of the properties under management. Asset Management is also responsible for new and follow-up rental agreements and also takes care of new property developments – the bulk of which are realized in cooperation with renowned project developers – and revitalization projects. Asset Management also includes Center Management, which is offered for selected larger properties, such as retail warehouse centers and shopping malls. The transaction team of HAHN Asset Management GmbH is ultimately responsible for handling all acquisition and sales activities.

Hahn Property Management GmbH is in charge of the commercial, technical and infrastructure management of the property. In particular, the commercial property management comprises ongoing contact with tenants, keeping the accounts of the property and dunning activities, as well as negotiating tertiary sector agreements. Technical property management includes coordinating maintenance and repair work, technical business management and energy management. The infrastructure property management oversees the performance of such general services as waste disposal and parking area management.

HAHN Fonds Management GmbH handles the conceptual design, management and ongoing investor care for private and institutional funds, which include both individual investments and portfolio investments. Fund Management is in charge of investment decisions and reporting for the fund products. It is also responsible for the customer care and support of the investors and all sales partners. Brokerage of fund financing and equity financing is also realized by HAHN Fonds Management GmbH.

The co-investments with institutional investors and the consolidated sole investments are pooled within the Investment business segment. The non operative subsidiary HAHN Investment GmbH consolidates these assets that are reported in the balance sheet as investment assets and financial assets.

Strategy

The Hahn Group manages properties for private and institutional clients. The Group also acquires and sells properties, both for its clients as well as for its own portfolio. In its role as fund initiator, the Hahn Group places closed-end real estate funds with private investors and specialized funds with institutional investors. The Hahn Group also acts as a co-investor and develops and revitalizes properties. With managed real estate assets of over Euro 2 billion, the Hahn Group is the market leader in its segment in Germany.

The Group pursues a strategy of sustained value development from the perspective of a long-term ownership of the property. As a matter of principle, the objective is to keep the properties under management in the portfolio for an unlimited period. With its comprehensive range of services, the Hahn Group covers the entire real estate life cycle and thereby generates both recurring and one-off earnings. Expanding the property assets under management will result in a sustained improvement in the Group's earnings position.

Enterprise management

The in-house control system of Hahn AG is based on a Management Information System that provides the requisite quantitative and qualitative data for support at Group level and for the operating segments. The Management Information System aggregates the real estate data of the portfolio and property management and financial KPIs at short intervals to serve as management variables for operational and strategic enterprise management.

The Management Information System of the Hahn Group is continuously reviewed for potential improvements. All key corporate segments are incorporated in this optimization process.

The real estate economics analysis is carried out by the central department Portfolio Management. Performance is measured at the property and portfolio level. The location, market and property data are entered into the Group's four-tier risk management system together with macroeconomic evaluations and represent the information basis for the operational segments of Asset, Property and Fund Management.

Economic environment

After a positive start in the first quarter of fiscal year 2008, economic growth in Germany declined increasingly over the rest of the year in the wake of the developments on the international financial markets. For the first time since 2003, Germany is now in recession – a recession that is likely to worsen in 2009 according to the estimates of leading economic research institutes. The calculations of the German Federal Statistical Office yield a 1.3 percent rise in the inflation-adjusted gross domestic product (GDP) for the year 2008, with this increase being solely attributable to the strong start into the year. Thus, economic growth in Germany has declined significantly in comparison with the two previous years. The GDP rose by 2.5 percent in 2007 and 3.0 percent in 2006. Allowing for the fact that 2008 had 2.7 working days more than 2007, calendar-adjusted GDP growth for 2008 came to 1.0 percent.

Economic growth in Germany in 2008 was driven by domestic stimulus only. The contribution to growth by domestic usage of the gross domestic product came to 1.5 percent and was primarily attributable to gross investments that contributed roughly 1.1 percent to economic growth.

With a plus of 6.1 percent, the inflation-adjusted increase in gross investments was actually higher than in 2007 (+ 5.0 percent). However, investments in machinery and equipment were lower than in the previous year. Although the Group increased its investments in machinery, plant and vehicles in fiscal year 2008 by 5.3 percent, the same investments in 2007 were 6.9 percent higher in a comparison with the previous year, and actually increased by 11.1 percent in 2006. Investments in construction were up 2.7 percent, with the disparity already observed in the previous year between residential and non residential construction projects being even more striking. While investments in non residential buildings were up 5.6 percent, achieving the highest growth rate since 1992, inflation-adjusted investment in residential building projects was far more restrained with an increase of just 0.7 percent.

Adjusted for inflation, consumption expenditure in 2008 was up 0.5 percent over the previous year, contributing 0.4 percentage points towards GDP growth. It must be taken into consideration in this respect, however, that positive growth stimulus was solely attributable to the state's consumption expenditure which, adjusted for inflation, was up 2.2 percent over the previous year. In contrast, private consumption expenditure remained unchanged over 2007, making no contribution to economic growth.

While foreign trade in the four preceding years proved to be one of the main pillars of the German economy, it actually caused a slowdown in economic development in 2008. Adjusted for inflation, foreign trade made a negative contribution to growth of 0.3 percentage points. Up 3.9 percent, the increase in exports in 2008 was markedly weaker than in the previous year (+ 7.5 percent). At the same time, imports were up 5.2 percent after adjustment for inflation, actually developing slightly better than in 2007 (+ 5.0 percent).

On the labor market, the positive development of the previous year continued. Some 40.4 million employees contributed to the annual average economic output in 2008, which represents an increase of 582,000 employees, or 1.5 percent, over the year before. This ranks as the highest employment level Germany has experienced since reunification in 1990. However, the rise in the employment level was not quite as pronounced as in 2007, in which the number of employees over the previous year increased by 671,000 (+ 1.7 percent). According to the provisional figures published by the bureau for labor statistics, the number of unemployed fell by 471,000 to 3.1 million people out of work, which corresponds to a drop of 13.1 percent.

Fiscal year 2008 yielded a split picture regarding the price trend in Germany. While the first half of the year was marked by high rates of inflation, peaking at 3.3 percent in the months of June and July, the upsurge of prices slowed significantly in the second half of 2008. Since November, inflation has been below the 2 percent threshold that is important for monetary policy. At the end of the day, however, the annual rate of change of the German consumer price index nevertheless reached its highest level in 14 years, with an average increase for fiscal year 2008 of 2.6 percent (1994: + 2.8 percent).

The marked rise in the rate of inflation was largely attributable to steep increases in energy and food prices. The annual average increase in the costs for energy-related products in 2008 was 9.6 percent, with a 6.4 percent increase for food. In contrast, the price increases for semi-durable goods (+ 0.8 percent) and services (+ 1.6 percent) were overall far lower than other consumer prices. According to the German Statistical Office, durable consumer goods actually cost less than in the previous year (– 0.6 percent).

Hahn Group

Central functions	Portfolio Management*, Accounting*/Controlling*, Financing, Legal, Investor Relations		
Business segments	**Trading** Sale of properties or shares in property companies Marketing of funds	**Management** Asset Management Property Management Fonds Management	**Investment** Co-investments Sole investments
Companies	HAHN Trading GmbH	HAHN Asset Management GmbH HAHN Property Management GmbH HAHN Fonds Management GmbH	HAHN Investment GmbH

*Part of the risk management system

German GDP performance

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Change over the previous year, shown in %, price and calendar-adjusted, linked	+ 1.8	+ 1.9	+ 3.5	+ 1.4	+ 0.0	– 0.2	+ 1.7	+ 1.0	+ 3.2	+ 2.6	+ 1.0

Source: (German) Federal Statistical Office, January 2009

Retail sector

According to provisional figures by the German Statistical Office, sales revenues in the German retail sector in 2008 were nominally 2.1 percent higher than the year before. In real terms, however, the high rate of price increases in the first half of the year resulted in a drop in sales revenues of 0.4 percent.

The modest development of sales revenues in the German retail sector reflects the uncertainty of private consumers in the wake of the events on the worldwide financial and capital markets. As in the previous year, the development of private consumer expenditure (+ 2.2 percent), calculated in the respective prices, did not keep pace with the rise in disposable income (+ 2.6 percent). The personal savings ratio climbed 0.6 percent to 11.4 percent, achieving its highest level since 1994.

Retailers dealing in food, drinks and tobacco goods were particularly hard hit by the unfavorable economic environment, with real sales down 2.9 percent over the previous year. The severest drops in sales were recorded by food retailers, with a decrease of 4.6 percent. Supermarkets, hypermarkets and superstores fared somewhat better, recording a real drop in sales over the previous year of 2.7 percent.

On the other hand, non-food retailers experienced slight growth, with real sales increasing 1.2 percent over fiscal year 2007. The highest growth was recorded by mail-order business, which gained 1.8 percent over the previous year, as well as retailers in salesrooms whose sales increased 1.7 percent in real terms. Mild growth in sales was also recorded by retailers of textiles, clothing, footwear and leather goods (+ 0.9 percent), as well as cosmetic, pharmaceutical and medical products (+ 0.7 percent). Other retail segments with various merchandise, such as department stores, experienced further drops in sales, with real sales down 2.4 percent over the previous year.

Real estate investment market

International

Global real estate investment markets were overshadowed in 2008 by the events on the international financial markets. The increasingly critical crisis in the banking sector, the associated credit crunch and rising loan interest rates have resulted in a market exodus by virtually all property investors with a heavy reliance on borrowed funds. Added to this situation was a general reticence amongst all investor groups on account of the cooling off of the global economic situation, declining rents and the anticipation of further drops in purchase prices.

According to information by independent research company Real Capital Analytics (RCA), the globally registered investment volume for retail property transactions in 2008 totaled US Dollar 495.9 billion, signifying a drop of 59 percent over the record result of the previous year. The drop was particularly striking in the final quarter of the year, which is traditionally the strongest. In comparison with the same period in the previous year, global investment revenues were down 80 percent.

At US Dollar 209.4 billion, roughly 42 percent of the global transaction volume in 2008 was accounted for by Europe and the Middle East. The USA, which still recorded the highest revenues in 2007, only accounted for a share of just under 30 percent of the overall volume, at US Dollar 150.9 billion. US Dollar 135.6 billion was invested in the Asian-Pacific region, which corresponds to an approximate share of 27 percent of the global transaction volume.

With roughly 37 percent, or US Dollar 184.1 billion, office properties accounted for the largest share of the worldwide transaction volume. Nevertheless, the recorded revenues were down roughly 60 percent over the previous year. Investments in development areas dropped 44 percent to US Dollar 96.5 billion, representing the second strongest asset class with a share of 19 percent. In the case of retail properties, investment revenues dropped 60 percent to US Dollar 79.9 billion, accounting for roughly 16 percent of the overall transaction volume. The severest drop in revenue was recorded by hotels, whose investment volume plummeted 76 percent over the previous year to US Dollar 30.9 billion.

Restrictive lending by banks and the increase in loan interest rates led to large portfolio transactions becoming even less significant. With a volume of US Dollar 110.6 billion, the share of large portfolio transactions in the year 2008 accounted for only 22 percent of the overall transaction volume, compared to a good 26 percent the year before. Roughly 71 percent of worldwide investment revenues in 2008 were attributable to individual deals, with the remaining 7 percent being accounted for by M&A deals.

Germany
Property investment revenues also fell sharply in Germany in 2008 after the previous year's record result. According to information from Jones Lang LaSalle, the transaction volume for the commercial property market totaled around Euro 19.7 billion, 64 percent lower than the year before.

At Euro 3.2 billion, investment activities declined sharply in the last three months of 2008, with the usually strongest quarter thus accounting for just 16 percent of the result for the year. In addition to the financing problems resulting from the almost total lack of available loans for commercial real estate, the weakening on the rental markets as a consequence of the economic downswing also made itself felt. However, this decline is put into perspective by the fact that fiscal years 2006 and 2007 saw extremely high volumes and 2008 is more representative of a return to normal levels.

Of the various usage classes, office properties suffered the severest decline in revenue in 2008, down 77 percent over the previous year. Nevertheless, at roughly Euro 7 billion, or just under 36 percent of the revenue for the year, office properties still represented the most common usage class. Investments in retail properties dropped approx. 45 percent to Euro 6.1 billion. In comparison with the previous year, this marked an increase in their share of the overall investment volume of 10 percentage points to 31 percent. However, it must be taken into account that a good third of the investments in retail properties (Euro 2.2 billion) was attributable to the Arcandor transaction in the first quarter. At Euro 1.8 billion, storage and logistics properties accounted for roughly 9 percent of the transaction volume.

At Euro 11.6 billion, or almost 59 percent of the commercial property transaction volume, individual deals once again dominated the German real estate investment market in 2008. According to Jones Lang LaSalle, this marks the demise of the era of major portfolio transactions for the time being.

While 2007 still saw some Euro 34 billion in portfolio deals, the transaction volume in the previous year amounted to just Euro 8 billion. At the same time, the average size of a portfolio has decreased from Euro 195 million to Euro 90 million. This development is attributable not only to the highly restrictive lending policy of banks in the case of large volume projects, but primarily to a renewed increase in the buyers' interest in the quality of individual properties. The focus in this respect is on low-risk properties with long-term rental agreements, high-quality fittings and solvent tenants with a high degree of creditworthiness. Accordingly, roughly 63 percent of the investment volume in 2008 was accounted for by low-risk core properties. Just 28 percent of investment revenue was attributable to the risk class Core+/Value, compared with 61 percent in the previous year. The share of opportunistic investments in the overall volume dropped one percentage point to 9 percent.

As regards the various groups of buyers, it was noticeable that open-end real estate funds accounted for a higher share of the transaction volume than in the previous year. In 2008, they accounted for investment revenue of around Euro 2.6 billion, representing a 13 percent share of the overall volume. Pension funds and insurance companies accounted for approx. 10 percent. Relatively speaking, this likewise marked a slight increase in the real estate commitment of this investor group.

Ratios of property usages for commercial real estate transaction volume 2008

Usage	2008 volume of transaction in billion Euro	Share in total volume of transaction in %
Office properties	7.0	36
Retail properties	6.1	31
Properties with mixed usage	2.7	14
Logistics / industrial properties	1.8	9
Others (land plots, hotels, and special properties)	2.0	10

Source: Jones Lang LaSalle, 2009

Transaction volume for retail properties in 2008, by object type

Property type / operating format	2008 volume of transaction in billion Euro	Share in total volume of transaction in %
Department stores	2.62	43.3
Shopping centers	1.11	18.3
Retail warehouse centers	1.05	17.4
Supermarkets / discounters	0.55	9.1
Office buildings in premium locations	0.51	8.4
Selected specialist retailers	0.19	3.2
DIY stores	0.02	0.3

Source: Kemper's Jones Lang LaSalle, 2009

Investment market for retail properties

International
Jones Lang LaSalle puts the total investment revenues from retail properties in 2008 in the countries of continental Europe at Euro 12.4 billion. All investments in shopping malls, retail warehouse centers and factory outlets with a value of Euro 5 million and above were registered. This figure does not include transactions involving premium locations. Thus, investment revenues from retail properties in continental Europe were down 56 percent compared to the previous year.

Indeed, at Euro 1.5 billion, the transaction volume in the fourth quarter was almost 80 percent down over the previous year's period. Jones Lang LaSalle explains the investors' reticence with a "wait-and-see" strategy, with investors waiting for further price drops on account of the more difficult financing conditions.

On the whole, over the course of the year, the statistical count comes to 280 retail transactions in 25 countries in continental Europe, 30 of which achieved a volume in excess of Euro 100 million. Investors primarily focused on shopping centers, which accounted for 55 percent of the transaction volume. Retail warehouse centers accounted for 20 percent, with the highest demand in the first six months. In contrast, investments in supermarkets were more popular in the second half of the year, increasing their share of the overall volume to 11 percent at year-end.

After achieving a share of 75 percent in fiscal year 2007, the volume of cross-border investment transactions dropped to roughly two-thirds of that value in 2008. Euro 2.5 billion, or 20 percent of the transaction volume achieved for the whole year, was accounted for by Germany, enabling it to defend its position as the leading market for retail property investments in continental Europe. Spain followed far behind with 12 percent, as did Finland with 10 percent.

Germany
Kemper's Jones Lang LaSalle puts the overall volume of retail property transactions conducted in Germany in fiscal year 2008 at Euro 6.05 billion, corresponding to a 46 percent drop over the previous year. This figure takes into account all commercial real estate categories, from department stores in premium inner-city locations, all the way to shopping centers and individual specialist retailers.

With the exception of department stores – the property class with the highest revenues in 2008 with a 43.3 percent share of the transaction volume, well ahead of shopping centers (18.3 percent) and retail warehouse centers (17.3 percent) – the revenues from all operating formats were down over the previous year. The decline in transactions involving shopping centers and retail warehouse centers was due less to a lack of investor interest and more to the increasingly difficult financing conditions. Large retail warehouse centers, whose revenues dropped almost 30 percent, remained the most stable investment in this respect. On account of their defensive orientation, investors continue to regard retail warehouse centers as safe investments. In contrast, losses amongst smaller retail warehouses, DIY stores, supermarkets and discounters were more severe. Investment revenues from department stores in premium locations were down 70 percent because investor demand far outweighed the supply.

Over the course of the year 2008, the top rents for retail properties in Germany continued to rise, compensating for the price increase that commenced at the start of the investment boom. At the same time, the prices for value-added and opportunistic products, on the one hand, and core products carrying a lower risk, on the other hand, have become even more differentiated. On account of the steeper markdowns for properties in the opportunistic risk class, the average prices for retail properties in Germany have since returned to levels comparable to those at the start of the investment phases in 2004 and 2005.

According to information from Atisreal, the top rents at the six top locations for retail properties in Germany increased again in 2008. The demand for retail areas in premium locations continues to exceed the supply by far. In contrast, the demand for retail properties in secondary locations has declined slightly. The highest increases in top rents were in Hamburg (+ 15 percent) and Cologne (+ 13 percent). However, at approx. Euro 300 per m^2, Munich continues to be the undisputed leader when it comes to top rents, followed by Frankfurt and Cologne, each at Euro 260 per m^2.

Indirect property investment market

Closed-end real estate funds

A total of Euro 3.47 billion in equity was invested in closed-end real estate funds in Germany in 2008 (source: Feri Rating & Research AG, "Gesamtmarktstudie der Beteiligungsmodelle 2009" [Market Study of Equity Investment Models 2009]). Compared with last year's total of Euro 4.5 billion, this constitutes a drop of 22.7 percent. The total volume of investments in closed-end real estate funds, including the borrowed capital raised, was down 31.9 percent to Euro 5.6 billion (previous year: Euro 8.22 billion).

Although this represents the poorest annual result for closed-end real estate funds since 1993, the year in which placement results for equity investment models were first recorded, they nevertheless managed to retain their leading position among the various asset classes with a 33.9 percent share of the overall market. Ship shareholdings, which have continuously gained significance in recent years, were able to increase their share by a good percentage point to 29.3 percent. Specialized funds achieved 10.8 percent and private equity funds 10.6 percent.

The overall volume of closed-end real estate funds investing in Germany dropped almost a quarter in 2008 to Euro 1.84 billion. Placed equity was down almost 20 percent to Euro 1.02 billion. The downwards trend in German real estate funds thus continued in the year 2008. When German funds had their heyday in 1996, the equity accumulated by these funds totaled Euro 5.81 billion – more than all closed-end real estate funds together today.

All in all, the market segment for closed-end German real estate funds registered twelve initiators less than the year before. The eleven new players on the market were offset by 23 companies who were no longer active in 2008.

As regards the usages of the investment properties for closed-end German real estate funds, the share of office properties in the total investment volume continued to shrink substantially, as in the year before. In 2008, it accounted for just 27.4 percent, representing a decrease of 6.3 percentage points from the previous year's level. Since 2005, when office properties still accounted for 57.3 percent of the overall volume, their share has thus dropped by more than half, even though they continue to represent the largest real estate fund sub segment according to usage.

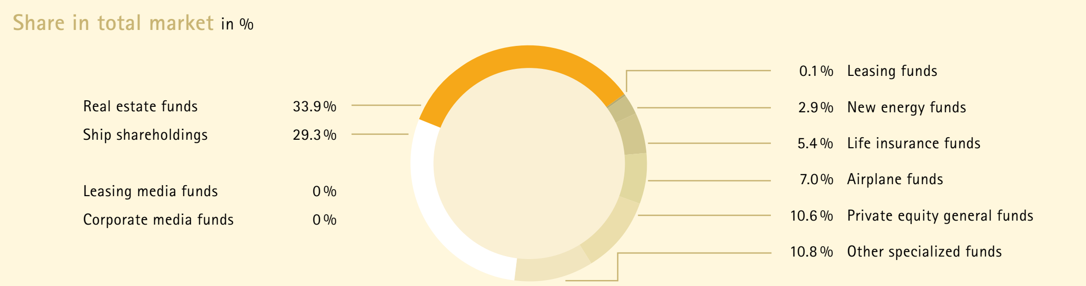
Residential properties were able to continue their positive development from the previous year and increase their share of the overall investment volume from 21.7 percent to 26.1 percent. The highest increase across all usage categories was witnessed by social properties, whose share rose 6.8 percent to 24.8 percent. Social properties thus ranked among the three most common usage categories in which closed-end German real estate funds invested in 2008.

The share of the overall investment volume accounted for by funds investing in retail properties dropped from 15.7 percent to 10.5 percent. In contrast, hotels were able to slightly increase their share of the overall investment volume from 5.5 percent to 5.8 percent.

Specialized real estate funds

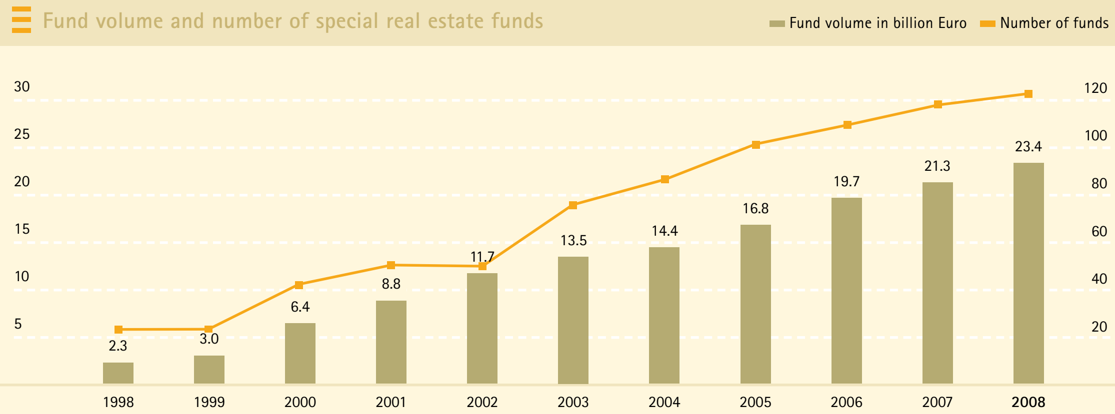
According to the capital market statistics of Deutsche Bundesbank (central bank of the Federal Republic of Germany), domestic specialized real estate funds registered a net cash inflow in the period from January 1 to November 30, 2008 of roughly Euro 1.7 billion. Over the same period, managed fund assets rose 9.6 percent to Euro 23.4 billion. The 120 or so specialized real estate funds established in Germany thus remained unaffected by the turbulence on the capital markets in the second half of the year. In September, the bankruptcy of investment bank Lehman Brothers triggered a wave of returns of general funds. According to BVI Bundesverband Investment und Asset Management (Federal Association for Investment and Asset Management), concerned investors withdrew Euro 45.8 billion from general funds in October all in all, and a further Euro 2.4 billion in November. In contrast, the net cash inflow for specialized real estate funds in the same period amounted to some Euro 900 million.

Market for equity investment models 2008 –
share in total market by product types (according to equity placed)



Source: Feri Rating & Research AG, "Gesamtmarktstudie der Beteiligungsmodelle 2009"

Fund volume and number of special real estate funds



Source: Deutsche Bundesbank, capital market statistics

Earnings, Financial and Asset Position

Sales and earnings performance

Group

As a result of a substantial rise in the transaction volume and higher rental income, the consolidated sales revenues of Euro 432.61 million marked a significant increase over the previous year (Euro 130.0 million). The cost of materials and interest expenses increased as corresponding items to the sales proceeds and rental revenues. Personnel expenses increased by about 10.5 percent to Euro 6.7 million. This increase reflects the further strengthening of the Group with highly qualified staff in the segments Portfolio Management, Asset Management, Property Management and Fund Management.

The other operating expenses of Euro 18.4 million were affected by special influences associated in particular with the high conceptual, marketing and incidental costs for the foundation and placement of the new institutional HAHN FCP-FIS – German Retail Fund.

In fiscal year 2008, the Hahn Group acquired properties and shareholdings in property companies with an investment volume of Euro 241 million. The eleven properties in total were purchased exclusively from third parties. This represents a substantial decline over the previous year (Euro 543 million), which can be explained by the fact that in 2007 a higher volume of property company shares already under management were bought back from private clients.

All told, some Euro 484 million was placed with investors. This value was far in excess of the previous year's volume (Euro 258 million) as large parts of the assets held for sale that were established in the previous year were reduced as planned: all told, approx. Euro 50 million was marketed to private investors via the Hahn Pluswert fund. An additional Euro 179 million was placed in the HAHN FCP as a start portfolio. Properties with a total volume of Euro 234 million were sold to a strategic investor as a single portfolio and an additional Euro 21 million was invested in the joint portfolio with MEAG. The properties placed will be managed in future by the Hahn Group, each secured by long-term management agreements.

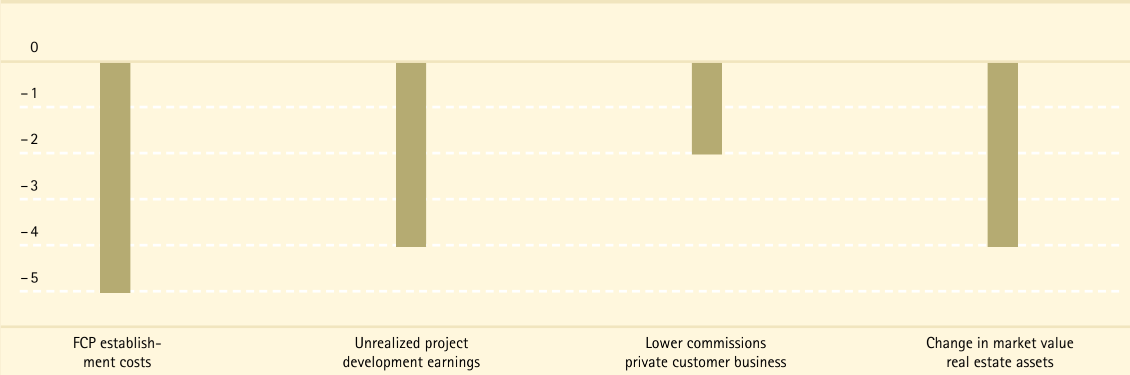
At Euro 18.07 million, the operating result (EBIT) fell approx. 20.4 percent below the previous year's value (Euro 22.69 million). The assets held for sale, which were increased over the course of the year, led to an increased negative financial result of Euro – 24.53 million, after Euro – 11.73 million in the previous year. This came alongside rental income of Euro 32.85 million. On account of lower earnings from project development activities, lower placement commissions in business with private clients, and one-off expenses for the expansion of our fund management activities, the earnings after tax were negative at Euro – 5.37 million (previous year: Euro 7.06 million). The earnings per share came to Euro – 0.45.

Consolidated earnings

Data in thousand Euro	2008	2007	2006
Sales	**432,607**	**129,956**	**127,850**
Other operating income	2,021	1,280	643
Cost of materials	391,128	88,948	105,919
Personnel expenses	6,716	6,080	4,909
Other operating expenses	18,379	13,222	9,157
EBITDA	**18,405**	**22,986**	**8,508**
Depreciation	338	298	215
Financial results	– 24,531	– 11,735	– 2,042
Profit before income tax	**– 6,464**	**10,953**	**6,251**
Income taxes	1,098	– 3,891	– 2,133
Profit after income tax	**– 5,366**	**7,062**	**4,118**

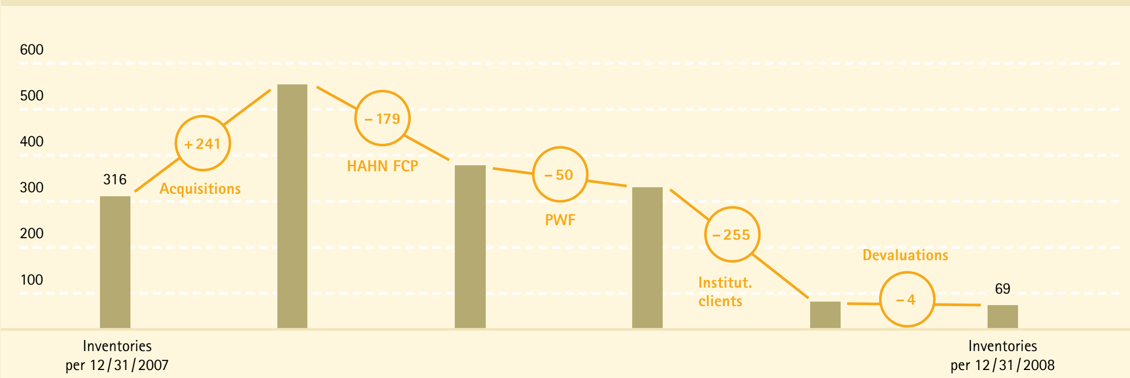
Influences on the consolidated earnings

Data in million Euro



Development of real estate assets held for sale

Data in million Euro



Trading business segment
Higher placement figures increased the sales revenue in the Trading business segment from Euro 115.64 million to Euro 410.59 million. The earnings from sales / placements came to Euro 380.08 million (previous year: Euro 96.37 million). Rental income from the assets held for sale that increased on average over the year also rose significantly to Euro 29.41 million (previous year: Euro 15.96 million).

In fiscal year 2008, the Hahn Group placed shares in the Pluswert fund for three funds with a total volume of Euro 50 million (previous year: Euro 80 million). This equals placed equity of around Euro 22 million. The previous year value came to Euro 35 million. Sales success thus failed to reach the target volume.

The uncertainty of private clients as a result of the bank crisis contributed only moderately to the failure to meet the planned sales volume. The occasionally high interest rates and a lack of market availability of properties suitable for sale to private clients had a far greater impact.

Earnings from commissions resulting from the placement of shares in the Pluswert fund dropped to Euro 1.1 million (previous year: Euro 3.2 million). The lower sales volume, increased returns on alternative products and unfavorable financing conditions had a negative impact on the sales margin.

With the anticipated normalization of the markets, our successful sales model with independent investment advisors should already lead to a return to higher placement volumes and improvement in the placement margin in 2009.

At Euro 69 million, the real estate assets held for sale by the Hahn Group dropped steeply over the previous year (Euro 316 million) as forecast. Devaluation losses of roughly Euro 4 million were taken into account in this respect. After placement of the start portfolio for the HAHN FCP fund, the volume of assets held for sale will on average be sufficient for investments in the private and institutional sectors.

The operating result (EBIT) in the Trading business segment fell by 23.8 percent to Euro 13.57 million.

Management business segment
The Management business segment recorded a decline in sales revenues over the previous year of 38.4 percent to Euro 8.05 million. The one-off revenues have dropped, while the development of recurring income has been stable. In particular, no performance fees were collected in 2008 (previous year's value: Euro 2.2 million).

The Asset Management division registered a drop in sales revenues to Euro 2.2 million (previous year: Euro 4.8 million). Revenues from project development business in partnership models were well below the previous year's value as two projects were unable to be realized as expected.

Segment Trading — Data in thousand Euro	2008	2007
Sales	410,586	115,642
EBIT	13,567	17,796
Properties held for sale	68,568	316,731

Sale of Pluswert funds

Property	Type of property	Investment volume placed in million Euro	Equity placed in million Euro
Pluswert funds 144 – Ravensburg	Superstore and retail warehouse	10.7	3.7
Private placement Eching	Retail warehouse center	15.7	9
Pluswert funds 145 – Landstuhl	Hypermarket / DIY store	24	9.3

KPIs private funds	2008	2007	2006
Number of funds established	154	151	149
Investment volume placed in million Euro	50	80	73
Equity placed in million Euro	22	35	31

Sales by management — Data in thousand Euro	2008	2007
Asset Management	2,186	4,767
Property Management	4,234	4,148
Fund Management	1,578	1,950
Performance fees	–	2,200

Management segment — Data in thousand Euro	2008	2007
Sales	8,045	13,065
EBIT	837	5,895
Rental performance (new- and follow-up leases) in m^2	34,500	41,600
Rental volume under management (annual rent)	141,712	155,194
Managed total space in m^2	1,307,000	1,469,000

As there were fewer development projects in the year under review, the development of rental performance was slightly below average, with the 34,500 m² rented out through new or follow-up leases representing a decrease of 17.1 percent over the same period of the previous year (41,600 m²). The development of Center Management services was very positive, with the sales volume increasing considerably through the expansion of service agreements.

The income from property acquisition also gained ground over the previous year. Boosted by the purchase of the start portfolio for the HAHN FCP fund, an increased volume of acquisition fees was generated in comparison with the previous year.

The organizational orientation of Asset Management was improved in terms of expansion of project development capacities. In addition to the targeted reinforcement with specialists and executives, as well as interface optimizations, the dialoge with tenants and real estate partners in particular became more institutionalized in this way. Asset Management is increasing the opportunities of being included in promising revitalization and development projects for large retail areas at an early stage.

Sales revenues generated by the Property Management division rose slightly by 1.9 percent to Euro 4.23 million. This stable development reflects the equally constant average volume of managed real estate assets in a year-on-year comparison. At the end of the year, the Hahn Group managed real estate assets of Euro 2.05 billion, comprising 148 properties and a rental volume of roughly Euro 141.7 million. The decline in managed real estate assets as of the reporting date by 8.9 percent, or Euro 200 million, over the previous year (Euro 2.25 billion) is down to the sale of the Capital & Regional joint venture portfolio with an overall volume in excess of Euro 400 million. The disposal could only be partly compensated for in 2008 through new investments.

The Property Management division of the Hahn Group has further optimized its structures and prepared them for future growth. The improvements in the IT environment and database integration were continued on from the previous year. Optimization likewise focused on management structures and process flows. The introduction of a cross-portfolio benchmarking system will allow properties to be managed even more efficiently in future. To boost the quality of service for tenants, Web-based provisioning of accounting documents has also been implemented. This means that the operating companies can now benefit from faster access to cost data and, at the same time, the processing workload for the Property Management division of the Hahn Group is reduced.

For the Fund Management division, the start of sales and partial placement of the new institutional HAHN FCP-FIS – German Retail Fund, established in collaboration with LRI Invest S. A., laid the foundation for future sales growth. When fully placed, the new fund – which invests in large-scale retail properties in Germany with a target investment volume of around Euro 750 million – will generate additional fund management fees of almost Euro 5 million p. a.

With more than 40 percent of the target equity volume being brokered, the sale of the HAHN FCP was highly successful in light of the difficult environment on the capital markets, especially in the second half of 2008. This indicates that institutional interest in managed real estate investments in German-speaking countries has tended to increase in conjunction with difficult markets for alternative investments. After many flourishing years as an asset and property manager, the triumphant launch of the HAHN FCP marks the successful market debut of the Hahn Group as a fund manager for institutional real estate assets.

Over the course of the year, the Fund Management division established the structures necessary to professionally manage the increased volume of institutional funds. These costs and the costs for the conceptual design and marketing of the HAHN FCP fund had impact on earnings at the Group holding level.

We were able to expand our offering of investment funds in the private client sector through the placement of the Pluswert fund 144, which invested in a superstore and retail warehouse in the city of Ravensburg. As a matter of principle, the fund allows the transfer of capital gains in accordance with Sec. 6b of the German Income Tax Act. Additional products of this nature are envisaged for sale.

In addition to a private placement that invested roughly Euro 16 million in a retail warehouse center in Eching, the Hahn Group designed the Pluswert fund 145 at the end of the year with an investment volume of around Euro 24 million. This fund includes a hypermarket and a DIY store on the outskirts of Landstuhl and was successfully marketed within just seven weeks, despite the difficult environment on the capital markets in the closing months of last year.

In the private client sector, the managed fund volume suffered a temporary and slight drop on account of the buyback of funds placed with institutional investors. Fund Management sales declined by Euro 0.37 million to Euro 1.58 million. This decline will already be much more than compensated for as early as in 2009, solely by the management fees from shares in the HAHN FCP fund already placed.

The EBIT for the Management business segment dropped to Euro 0.84 million (previous year: Euro 5.9 million).

Investment business segment

The joint venture with British investor Capital & Regional plc. was ended at the end of the third quarter. The co-investment share of 10.54 percent of the portfolio with an overall volume in excess of Euro 400 million and, ultimately, 27 retail properties, was sold with effect from September 30, 2008. The shares were sold in accordance with the mutual decision of the joint venture partners to no longer expand the portfolio.

The joint venture with Capital & Regional was extremely successful and testifies to the ability of our co-investor model to retain the value of investments. The sale of the shares generated value growth for the equity stake of roughly 50 percent, or Euro 4 million. Furthermore, asset and property management services generated roughly Euro 1.35 million over the past three years, with a further Euro 1.6 million being received in the form of performance fees. The acquisition fees were additionally collected when establishing the portfolio.

An additional property – a retail park in Koblenz – was added to the joint portfolio with MEAG over the course of the year. The investment volume at the end of the year increased to Euro 253 million. Achieving the target volume of around Euro 300 million originally planned for 2008 is now envisaged for 2009.

The HAHN FCP was added to the co-investment portfolio in the previous fiscal year. In 2008, the Hahn Group subscribed Euro 6.4 million in equity on a pro-rata basis as a co-investor in the new fund. This corresponds to a pro-rata investment volume of Euro 16 million. Over the next few years, the co-investments will be increased incrementally until the targeted equity stake of Euro 30 million is achieved. This would constitute a co-investment share of 10 percent with a target investment volume of Euro 750 million.

Own investments remained unchanged with a volume of approx. Euro 49 million. There were no additions or deletions. The Hahn Group intends to reduce its own investments over the medium term in favor of expanding the co-investment portfolio.

Rental income from the company's own investments rose 36.9 percent over the previous year to Euro 3.43 million. The steep increase in sales revenues is attributable to the sales revenue from the sale of the co-investment shares in the Capital & Regional joint venture totaling Euro 11.47 million.

At Euro 7.65 million, the operating result (EBIT) was well above the previous year's value (Euro 2.11 million). The financial result includes income from equity investments totaling Euro 1.94 million.

Finance and asset position

Cash flow
The decrease in the cash flow results from higher operative expenses in the fiscal year. These include the start-up costs for launching the HAHN FCP-FIS – German Retail Fund. The cash flow from operating activities includes the effects of the placement of funds with private investors and the sale of current asset securities and properties held for sale. The outflow of funds from investment activities in the previous year includes the acquisition of properties held as financial investments which are still held in the portfolio. The proceeds for the sale of shares in the British joint venture with Capital & Regional plc. have been reinvested. This led to a decrease in new funds borrowed.

Consolidated balance sheet
As a result of the marketing of the properties acquired in the previous year in line with our strategy, it was possible to greatly reduce the balance sheet total. The disposal of the shares in those properties that were held together with former partner Capital & Regional is more than compensated for in the financial assets by the acquisition of shares in the HAHN FCP. The inventories were reduced by Euro 248 million. The current liabilities were also reduced to the same extent. As a result of the investment activities that were conducted according to plan, the equity ratio improved noticeably over the previous year from 9.1 percent to 15.2 percent.

Financial management
Financial management is handled centrally by the Finances department and includes the conceptual design, monitoring and settlement of financing solutions for the purchase of real estate property, the issue of real estate funds and own shareholdings. The central organization facilitates the monitoring of market price and liquidity risks. The Group risks are analyzed and monitored continuously and promptly via the close integration with risk management.

Investments in MEAG portfolio

Property	Rental space in m²	Investment volume in million Euro	Letting rate in %
Koblenz	11,000	20 – 30	100

Investments in HAHN FCP portfolio

Property	Rental space in m²	Investment volume in million Euro	Letting rate in %
Dietzenbach	22,000	50 – 60	100
VM Erding	3,000	5 – 10	100
Gummersbach	11,000	10 – 20	100
Hamm	11,000	10 – 20	100
Lübeck	15,000	30 – 40	100
Munich	5,000	10 – 20	100
Unterhaching	4,000	10 – 20	100
Wismar	8,000	10 – 20	100
Zülpich	6,000	10 – 20	100
Additions per December 31, 2008	**86,000**	**179**	**100**

Investment segment

Data in thousand Euro	2008	2007
Rental income sole investments	3,433	2,508
Income from equity investments	1,944	315
Assets	67,000	68,345

Investments

Data in million Euro	Volume of investments	Share of Hahn
MEAG portfolio	253	3.3 %
HAHN FCP portfolio	179	8.9 %
Own investments	49	100 %
Total	**481**	

The Hahn Group has a broad array of financing partners in order to minimize dependencies and risks of default. Additionally, the Group always makes use of financing solutions that are characterized as non-recourse loans on the individual property level and do not assign rights to pierce the corporate veil. The Hahn Group's own investments and co-investments are predominantly financed over a long term with interest rate hedging. On the whole, there is no necessity for refinancing over the next few years. The assets held for sale are financed in conformity with the terms set out in the exit plans, meaning that again, there is fundamentally no requirement for refinancing during the period over which they are held. Additional information and explanations regarding the financing of the Hahn Group are described in detail in the Notes to the Consolidated Financial Statements.

Capital structure

The Hahn Group is implementing a long-term capital structure optimization program in order to guarantee the achievement of strategic targets both in the institutional and private fund and in the management sector (asset, property and fund management). The top priority here is ensuring that funds are available for purchases, participation models and ongoing operative business.

Although, in absolute figures, equity was 25.4 percent lower than the previous year's figure, it was nonetheless possible to raise the equity ratio according to plan. The decrease in equity was due, in particular, to market entry costs in the institutional investor sector, unrealized valuations of interest rate hedging transactions at market value, and slight devaluations of properties held as financial investments and properties held for sale.

It was possible to reduce the short-term financial debts comprising property financing contracts in the funds sold by Euro 241.2 million through the sale of a real estate portfolio to a strategic investor. Short-term financial debts are property financing contracts on the fund and the Group level with an average fixed interest rate of 5.1 percent. All credit lines are being utilized, though not to their maximum capacity.

Long-term financial debts primarily affect properties held as financial investments and have a term of up to 2017 at the latest, in conjunction with a fixed average interest rate of 5.4 percent. The debts are mainly in Euros with the exception of a few rare cases in which refinancing is in Swiss Francs. In this case, interest rate hedging transactions in the form of interest rate swaps are employed for around 71 percent of the refinancing operations. The guarantees secure individual commitments vis-à-vis banks.

Cash flow statement	Data in thousand Euro 2008	2007
Consolidated annual result	– 5,366	7,062
Cash flow from operating activities	– 13,239	5,537
Cash flow from investment activities	– 1,503	– 46,785
Cash flow from financing activities	11,334	39,255
Change in liquid assets	– 3,408	– 1,993

Assets	12/31/2008		12/31/2007	
	in thousand Euro	in %	in thousand Euro	in %
Intangible assets	393	0.20	346	0.08
Real estate and tangible assets held as financial investments	49,369	25.36	49,017	11.18
Financial investments and other non current financial assets	37,363	19.19	21,641	4.94
Inventories	75,770	38.91	323,324	73.76
Accounts receivable and other assets and liquid funds	31,816	16.34	44,044	10.05
Total assets	**194,711**	**100.00**	**438,372**	**100.00**

Liabilities and shareholders' equity	12/31/2008		12/31/2007	
	in thousand Euro	in %	in thousand Euro	in %
Shareholders' equity	29,645	15.23	39,760	9.07
Non current liabilities	58,739	30.17	51,624	11.78
Current liabilities	106,327	54.61	346,988	79.15
Total liabilities and shareholders' equity	**194,711**	**100.0**	**438,372**	**100.00**

Capital structure	12/31/2008		12/31/2007	
	in thousand Euro	in % of total capital	in thousand Euro	in % of total capital
Shareholders' equity	29,645	18,3	39,760	9.7
Long-term financial debts	51,508	31.8	44,055	10.7
Short-term financial debts	80,587	49.8	326,445	79.6
Total financial debts	132,095	81.7	370,500	90.3
Total capital (financial debts and shareholders' equity)	161,740	100.0	410,260	100.0
Liquid funds	19,098	11.8	22,506	5.5
Guarantees	23,577		20,182	

Employees

Only an attractive employer has a lasting chance of recruiting the most capable and talented employees and ensuring their long-term loyalty to the company. However, it is precisely the employees who decide on the sustainable success of a company and make the decisive difference in competitive ability with their ideas and motivation. The elements of the Hahn Group's personnel management are varied and are geared to fostering and motivating the workforce as an "Employer of Choice."

Within the scope of our personnel development concept, the Group offers its employees cross-hierarchical qualification opportunities in specialized and personal fields. For instance, we offer interdisciplinary language courses and real-estate-specific further education events right on the company premises.

Regular employee discussions ensure a structured target agreement and evaluation process for every employee. Analyses of potential are utilized to identify individual development potential, so that targets can be agreed on with the employees in these discussions for their medium- and long-term personal development. These measures ensure that our employees are well equipped to deal with their tasks and future challenges, working to high standards.

The Hahn Group also accepts its responsibility for training young employees. Apprenticeships and student trainee placements represent a key method to access young and talented employees that is becoming ever more important for our company.

To ensure the optimum integration of new employees, they are familiarized with all interface functions at an early stage. Introductory events and integration projects are just some of the measures implemented to integrate our new colleagues into the company efficiently and lastingly.

The topic of retirement plans is becoming increasingly important, and not only for our older employees. Young employees are especially well informed of the risks presented by a lack of private retirement arrangements. The Hahn Group accepts responsibility for its employees, specifically promoting the benefits packages of its company pension scheme.

As of the reporting date, the number of employees working for the Hahn Group had risen from 75 to 83. This rise was attributable to expansion of the Portfolio Management, Asset Management and Fund Management segments.

HAHN-Immobilien-Beteiligungs AG

HAHN-Immobilien-Beteiligungs AG constitutes the executive holding company of the Hahn Group. Besides the sale of stakes, the company mainly generates revenues from fees charged on the brokerage of equity and receives investment earnings from its subsidiaries. It also acts as headquarters with central management functions for the companies of the Hahn Group.

HAHN-Immobilien-Beteiligungs AG furthermore provides the central financing services for the companies of the Hahn Group. Development of the asset position of the company in fiscal year 2008 was shaped by activities relating to cash pooling and intensified commitment in institutional co-investments. In comparison with the previous year, predominantly non operative effects have influenced the earnings position. The company receives equity capital brokerage fees for the brokerage of investors, depending on the arrangement.

Information Provided According to Secs. 289 Para. 4, 315 Para. 4 of the German Commercial Code

The subscribed capital of HAHN-Immobilien-Beteiligungs AG totaling Euro 12,000,000 is made up exclusively of 12,000,000 individual bearer share certificates. The no-par share certificates carry a nominal value of Euro 1.00. All share certificates confer the same rights.

As of the reporting date, the Board of Management is only aware of one interest in the company's equity capital that exceeds 10 percent of the voting rights. This is the shareholding of HAHN-Holding GmbH totaling 78.98 percent of the equity capital. Michael Hahn in turn owns 79 percent of the share capital of HAHN-Holding GmbH. Additionally, Michael Hahn owns 20,000 shares privately as of the reporting date, and his spouse Mrs. Andrea Hahn owns a further 220,000 shares. This yields an interest in HAHN-Immobilien-Beteiligungs AG of 80.98 percent.

There are no shares with special rights that confer powers of control.

Employees of the HAHN-Immobilien-Beteiligungs AG and the Group entities do not have an interest in the company that would empower them with immediate controlling rights. The bearer shares issued by the company do not give an accurate overview of the shareholder structure or the individual share-holdings of employees. The members of the company's Board of Management are appointed and recalled by the Supervisory Board subject to the provisions under Secs. 84 and 85 of the German Stock Corporation Act. According to Sec. 5 of the Articles of Incorporation, the Board of Management comprises at least two members. In all other respects, the provisions in the Articles of Incorporation of HAHN-Immobilien-Beteiligungs AG do not differ from the statutory regulations.

Sec. 16 Para. 1 of the Articles of Incorporation deviates from the principal statutory regulation under Sec. 179 Para. 2 of the German Stock Corporation Act in that it provides for the Shareholders' Meeting to pass amendments to the Articles of Incorporation with a simple majority of the votes cast, unless legal requirements should call for a larger majority. In those cases where statutory regulations require not only the majority of votes but also a majority of capital present at the time the resolution is passed, the simple majority of capital present at the time of the resolution shall suffice, insofar as this is legally permitted. Further to this, Sec. 10 Para. 2 of the Articles of Incorporation authorizes the Supervisory Board to pass amendments to the Articles of Incorporation that affect only the wording.

The statutory appointment of a smaller fraction of capital needed for changes in the company articles is common code of practice in stock corporation law. It allows the corporation and the annual general meeting a greater degree of flexibility.

By resolution of the Shareholders' Meetings of August 17, 2006, and September 11, 2006, the opportunity to realize a capital increase from authorized capital was included in the Articles of Incorporation. According to this provision, the Board of Management is authorized, with the approval of the Supervisory Board, to increase the capital stock of the company in the period prior to August 16, 2011, once or in partial increments by up to Euro 5.0 million, by issuing new individual bearer share certificates in exchange for contributions in cash or in kind. The shareholders have a general right of subscription. The Board of Management is authorized, with the approval of the Supervisory Board, to exclude the shareholders' right of subscription under specific conditions. By the resolution of the Shareholders' Meeting dated June 9, 2008, the Board of Management was again authorized to acquire its own shares up to an amount of 10 percent of the share capital existing at the time the resolution was passed by the Shareholders' Meeting. The authorization applies up until the expiry of December 8, 2009.

Relations with Affiliated Persons and Companies

In the year under review, Mr. Michael Hahn sold 0.01 percent of the shares in three of the closed-end real estate funds established by the company with a nominal value of Euro 2 thousand to HAHN Fonds Geschäftsführungs GmbH for a selling price of Euro 2 thousand. Furthermore, Mr. Hahn sold 1.5 percent of the shares in a closed-end real estate fund established by the Hahn Group with a nominal value of Euro 49 thousand to HAHN Fonds Geschäftsführungs GmbH and Hahn Trading GmbH for a selling price of Euro 56 thousand.

HAHN Property Management GmbH provides real estate management services for residential properties owned by Mr. Michael Hahn or his relatives. The Hahn Group received remuneration for these management services in fiscal year 2008 of Euro 7 thousand (2007: Euro 7 thousand). Furthermore, the company provides real estate management services free of charge for an office building owned by a relative of Mr. Michael Hahn. Mr. Michael Hahn has furnished personal guarantees for liabilities of the Hahn Group and the real estate fund it manages with the following values as of the closing balance sheet date:

Data in thousand Euro	12/31/2008	12/31/2007
Liabilities of associated companies	1,010	951
Liabilities of the property funds established and administered by the Hahn Group	210	210
Total	**1,220**	**1,161**

In fiscal year 2008, Mr. Michael Hahn received commissions of Euro 13 thousand (2007: Euro 20 thousand) from the Hahn Group for assuming these guaranties. During the fiscal year, the law office of a Supervisory Board member of the Hahn Group provided legal advisory services for the companies of the Hahn Group for a total of Euro 87 thousand. Michael Hahn Vertriebs GmbH received a sales commission in the 2008 fiscal year of Euro 90 thousand (2007: Euro 310 thousand).

The following reportable securities transactions were enacted in the period under review in accordance with Sec. 15a Securities Trading Act (Directors' Dealings):

- On January 4, 2008, Mr. Robert Löer purchased 5,000 shares for a purchase price per share of Euro 7.75. On January 24, 2008, Mr. Michael Hahn purchased 10,000 shares for a purchase price per share of Euro 7.32. Between January 17 and 24, 2008, Mrs. Andrea Hahn purchased a total of 20,000 shares at a purchase price per share of Euro 7.50.
- On September 19, 2008, Dr. John von Freyend sold 1,702 shares for a selling price per share of Euro 4 and then, on September 22, 2008, he sold 298 shares for a selling price per share of Euro 3.93. On December 11, 2008, Mr. Robert Löer sold a total of 4,700 shares for an average selling price per share of Euro 2.215 and a further 300 shares on December 12, 2008, for a selling price per share of Euro 2.21.
- On December 18, 2008, Mrs. Andrea Hahn purchased 200,000 shares for a price per share of Euro 3. On December 18, 2008, Mr. Robert Löer sold a total of 200,000 shares for a selling price per share of Euro 3.

Fiscal year 2008 saw no changes in the composition of the Board of Management or the Supervisory Board.

Remunerations

The Remuneration Report of the Hahn Group explains the principles, structure and amount of the remuneration of the members of the Board of Management and the Supervisory Board. The Remuneration Report is based on the recommendations of the German Corporate Governance Code. For further details, please refer to the Remuneration Report, which is an element of the Chapter titled "Corporate Governance Report" in this Annual Report.

Risk Report

Risk management is an integral element in the implementation of our business strategies. It represents the basis for goal attainment and ensures the continued existence of the company. Where they affect the core competencies of the Group, we deliberately enter into and support appropriate, calculable and manageable risks, if they suggest that a suitable increase in value can be expected at the same time. Speculative transactions or any other undertakings of a speculative nature are prohibited on principle. In our dealings with business partners and clients, our guidelines ensure that our manner is always characterized by fair and responsible behavior. Within the scope of the risk management system, the business segments and divisions report "bottom up" with staggered limit values by submitting proposals for decisions on potential risks associated with the properties.

The four-tier risk management system

We employ a number of coordinated risk management and control systems that assist us in the early identification of developments that could potentially endanger the continued existence of the company. The Group's guidelines and flow charts define the fundamental approaches to handling risks for employees and executives alike.

The risk management system of the Hahn Group comprises four modular elements:

- Portfolio management, which acts as a planning and controlling unit on the level of the holding company and objectively reviews and documents all KPIs of the real estate business within the Portfolio Management System (PMS).
- An Accounting department that acts as a planning and controlling unit on the level of the holding company and objectively reviews and documents all cash flows. In future, it will be reinforced by an independent Controlling department that will serve as an additional planning and controlling unit and will report directly to the Board of Management.
- A Management Information System (MIS) that provides management regularly and systematically with automated comparisons of target and actual values.
- External consultants, who provide an additional objective, external assessment of the business transactions within the framework of their roles as tax consultants, auditors, lawyers and real estate experts.

The primary objective of all of the modular elements listed is to identify the potential risks of the relevant parameters under observation promptly and to initiate counter-measures as early as possible. The organizational separation of the responsibility for risk management from the operative units of the Hahn Group is intended to ensure maximum objectivity of the aforelisted functions. Thus, the heads of the various operative units are not authorized to instruct, for example, the employees of the Portfolio Management, the Controlling or Accounting departments. In addition to the aforementioned modules, risk controlling is ensured by fundamental compliance with the principle of dual control. Accordingly, the responsibilities of the members of the Board of Management on the level of the holding company are also strictly separated and mutually monitored.

All employees must consider the potential risks of their actions. Direct responsibility for identifying risks at an early stage, controlling them and reporting them to the Board of Management rests with the operative supervisors (department heads and executives). The respective supervisor is responsible for risk control. Furthermore, Hahn AG is committed to complying with the recommendations of the German Corporate Governance Code, including the obligation for a proper and orderly treatment of assets held in a fiduciary capacity.

External and internal risks

The following risks are all linked to opportunities created by our entrepreneurial activities.

Sector and industry risks
In fiscal year 2008, the capital and credit markets underwent considerable fluctuations and distortions that took on hitherto unheard of dimensions. If these fluctuations and distortions persist or even intensify as a result of the financial crisis, there can be no guarantee that such a development will not have an impact on our asset, financial and earnings position and on our ability to raise capital. The Hahn Group is one of numerous significant market participants and is thus subject to stiff competition as far as the acquisition of properties, as well as their leasing, is concerned. With a further intensification of competition, especially if other market participants hold high levels of free liquidity, the Hahn Group may be confronted with a situation where it cannot find attractive acquisition opportunities or solvent tenants for follow-up rental agreements. In order to minimize these risks, the Hahn Group has established an extensive network of contacts with different market participants and engages in an intensive exchange with existing and / or potential anchor tenants.

Likewise, the fund products for private and institutional investors compete with a huge number of alternative capital investment forms. The demand behavior of investor groups can change over time and is also affected by such external influences as the general interest rate level.

Four-tier risk management system

Business Management and Management Board
Feedback and intervening decision-making authority

Portfolio Management	Controlling / Accounting	Management Information System (MIS)	External consultants
Objective assessment and documentation of all real estate business KPIs	Objective assessment and documentation of all cash flows	Continuous and automated alignment of all material target and actual values	Auditors, legal and tax consultants

Risk of financing and interest rate fluctuations

The central finance department constantly records and monitors both the company's credit risk as well as that of the properties under management. Depending on the underlying product, different concepts are applied to handle the individual credit risk. A central program synchronizes the data with current planning to arrive at an estimate that can be used as a basis for assessing allowances for individual losses on default risks. The general conditions for financing property acquisitions are subject to constant changes. The appeal of financing possibilities is contingent on a wide variety of constantly changing factors, over which the company has no influence. This includes, for example, the interest rates for financing, the volume to be financed, the fiscal conditions, as well as the banks' assessment of the value and recoverability of the property if it serves as collateral for loans, as well as the banks' assessment of the general economic climate. Any negative development on the supply side of financing could severely curtail the Hahn Group's means of acquiring and selling properties and thus have adverse effects on its net worth, financial standing and earnings situation.

Liquidity and credit risks

A negative trend on the capital markets could increase our costs of borrowed capital. The collapse of the US subprime (mortgage) market for clients with low creditworthiness has had a global impact on the capital markets, with follow-on losses and impairment of the solvency of numerous financial institutions. These developments could also affect our ability to raise borrowed capital. The Finances department is in charge of financing the property companies. Negative developments on the capital markets would raise the costs of financing and could also restrict financial flexibility. These developments can constrain the Group's means of financing with borrowed capital.

Currency risk

All of the company's financial liabilities are fixed in Euro. Loans have been taken out in Swiss Francs merely for a few smaller investment companies, but noteworthy risks are not to be expected here.

Loss of rent risk
The company-specific letting practice is to let to companies in the retail sector with a solid credit standing. Because German zoning regulations restrict the amount of construction permits for retail properties, the demand for spaces is set to continue as part of the ongoing expansion of retail companies. The Hahn Group monitors the risk of loss of rent by permanently analyzing the markets and locations and by keeping a watchful eye on the credit standing of the operators and their operative and strategic focus.

IT risks
The information technologies that we use are constantly reviewed to determine whether they guarantee the secure processing of IT-based business transactions and are updated as necessary. The systems are also subject to continuous further development, as we attach great importance to information security.

Our in-house IT department is supported by two permanent external IT service providers. In addition to expanding the interfaces between the controlling systems that we employ, such as Customer Relationship Management (CRM), the HAHN Portfolio Management System (PMS) and the Management Information System (MIS), particular emphasis has been placed on expanding and enhancing data access and the connection to vendor systems. Furthermore, a data room and an IT-based dunning system have been implemented within the Property Management segment in order to optimize management of the properties. On the whole, the integrated networking of the IT packages customized to match our requirements has stood the test with flying colors and provides decision makers with up-to-date information at all times. At the same time, we have increased the skills of our employees in using these IT systems through comprehensive training activities.

Personnel risks
We strive to continue expanding our services business. Therefore, committed employees and executives who are specialized in our industry are a core success factor for the Hahn Group. Consequently, the risk exists that we might be unable to recruit such crucial staff for vacant positions, or be unable to retain them. We were able to successfully fill additional management and staff positions in the year under review. We position ourselves as an attractive employer and foster long-term employee loyalty to the Group.

Competition continues to very be tough in the specialized real estate industry when it comes to recruiting highly qualified executives, as well as commercial and technical employees. Future success depends in part on the extent to which we succeed in sustainably integrating the requisite specialists and ensuring their long-term loyalty to the company. The foundations for a comprehensive human resources concept were laid in fiscal year 2008 within the scope of a separate project (for more details on this, please refer to the chapter titled "Employees").

Compliance risks
The Hahn Group carries out sizeable business deals with many real estate offerers and renowned credit lenders and is also involved in projects that are bank-financed. It is of immense importance for the sustainable success of the company to undertake all effective measures to prevent presumed or proven cases of corruption on the part of our employees and to ensure that no employees of the Hahn Group violate the applicable laws. For many years, the management has implemented measures to optimize the internal control system, which also cover the problems of corruption and the compliance risk.

Legal situation
It is basically possible that the Group could become exposed to risks arising from litigation or legal proceedings at some time in the future. The company therefore makes provisions for the risks originating in litigation or legal proceedings, in the event that (a) there is a current obligation from an event in the past, (b) it is probable that expenses will be incurred in order to meet the obligation, and (c) a reasonable estimate of the potential volume of the obligation can be made. In addition, the Group has taken out a general liability insurance for specific risks, the sum of which the Board of Management has deemed to be sufficient and which accords with the standard practice in the industry.

Regulatory risks
Present or future environmental or other official rules and regulations, as well as their amendments, may increase the operating costs of the property companies. This could give grounds for a case of prospectus liability if legal limitation periods still apply. Furthermore, obligations for the Group could be incurred through environmental pollution or the decontamination of properties that the Group has acquired or is still to acquire. The company therefore makes provisions for environmental risks if (a) the Group has a current obligation as a result of a historical event, (b) it is probable that fulfillment will require an outflow of the Group's resources containing an economic benefit, and (c) a reliable estimate of the obligation can be made. Property-specific liability insurance has been taken out to cover specific environmental risks, the insured amount of which the company's management deems to be appropriate and standard for the industry.

Summary of the risk situation
In addition to the overall economic risks associated with the global decline in economic development in the wake of the financial crisis, the most important individual risks are procurement and sales risks, as well as financing risks resulting from the financial crisis.

Prompt reporting takes place in all segments. This allows the Board of Management to implement corresponding corrective measures in the event of a deviation from the plan at any time. Risk management is an integrated element of all business processes. The Board of Management is of the opinion that the risks listed do not endanger the continued existence of the Hahn Group. Rather, the objective is to increase the sustainable earnings as a basis for further expansion of the Group in the private sector and – to an even greater extent – in the institutional sector of closed-end real estate funds and specialized funds.

Key Events Subsequent to the Reporting Date

On January 2, 2009, the Hahn Group acquired the Giengen retail warehouse center subject to an agreement on rights of withdrawal. The fully rented property with EDEKA and OBI as the primary tenants is envisaged for sale in private client business.

On February 25, 2009, Supervisory Board member Robert Löer was temporarily appointed as Deputy Member of the Board of Management. Mr. Löer will represent Mr. Norbert Kuhn, who is temporarily unable to work on account of a sudden and severe illness, until May 26, 2009, at the latest. Mr. Löer will not exercise his Supervisory Board duties during this time.

Moreover, as of February 27, 2009, the Erding retail warehouse center that the Hahn Group had previously secured by contract was transferred as planned to the HAHN FCP-FIS – German Retail Fund. The start portfolio for the HAHN FCP fund defined in accordance with the resolution dated September 3, 2008 has thus been completely transferred to the fund. The Erding retail warehouse center, which has a total rental space of 31,500 m^2 and which is fully rented out to the anchor tenants Media Markt and OBI, has an investment volume well in excess of Euro 50 million. Including this transaction, the HAHN FCP manages an investment volume of Euro 230 million. In the course of filling the HAHN FCP, the Hahn Group increased its co-investment in the HAHN FCP fund with an additional Euro 7.3 million in equity. The co-investment share now totals Euro 13.7 million in equity. This corresponds to a pro-rata investment volume of roughly Euro 34 million, or currently approx. 15 percent. Once the HAHN FCP has been further filled and subscribed, the co-investment share of the Hahn Group will be reduced to approx. 10 percent.

On March 23, 2009, the new Pluswert fund 147 was made available for sale. This closed-end real estate fund, approved by BaFin on March 18, invests in a hypermarket in Erftstadt. As a matter of principle, the conceptual design of this fund with an investment volume of some Euro 25 million allows the transfer of capital gains in accordance with Sec. 6b of the German Income Tax Act. The property was built in 1994, has a rental space of 12,850 m^2 and is rented to METRO subsidiary real,- on the basis of a long-term rental agreement.

An additional subscription commitment from an institutional investor to the HAHN FCP fund was also received at the end of March. The subscribed capital came to Euro 10 million.

Forecast Report

Economic and legal conditions

The dramatic developments on the international capital markets in 2008 have plunged Germany into its first recession since 2003. Predictions on the effects of the economic downswing on the retail property market are anything but reliable in view of the current uncertainty of consumers. Nevertheless, we expect the rental market for retail properties to continue to be characterized by a stable demand for market-compatible properties in fiscal year 2009. Positive effects in this context could be triggered by private consumption, which is favored by declining inflation and the unaltered high level of wage agreements in collective wage bargaining. A relevant risk factor could be represented by a drop in consumer confidence in the event that unemployment should rise significantly.

The Board of Management of HAHN-Immobilien-Beteiligungs AG assumes that the initial yields on retail properties will continue to increase moderately in the course of 2009 – initially across the market spectrum. While rents will only stagnate or increase just slightly on the national average, the prices for retail properties will likely remain under pressure in the first half of the year. Nevertheless, not all retail property formats will be equally affected by a negative price trend. Large-scale formats, in particular, such as retail warehouse centers, can be expected to continue to rank among those real estate investments with the greatest demand in the German real estate investment market on account of their defensive orientation. However, despite the high level of investor demand, the difficulties of refinancing and securing new financing solutions still have to be overcome.

Against this background, investors with a strong equity base will determine events on the market for retail property investments in fiscal year 2009. In addition to wealthy private investors, the spotlight will be largely on institutional investors who wish to successively increase their real estate ratios after a bad run on the stock markets in the previous year. We anticipate that not only insurers, pension funds and pension insurance funds will be the main players to take advantage of the favorable entry opportunities for real estate acquisitions in this respect, but also a number of open-end real estate funds and specialized funds.

This trend is confirmed by current surveys such as those conducted by Feri EuroRating Services or Ernst & Young Real Estate GmbH. According to Ferri, the three key motives for an intended increase in the real estate ratio amongst institutional investors are stable earnings as a result of low fluctuations in value, greater diversification in the overall investment portfolio and the low correlation with shares and bonds. In the case of real estate investments, it is expected that investors will display only a slight willingness to take risks in the next few months and will concentrate primarily on core and core-plus investments. In contrast, value-added and opportunistic investments associated with risks currently only play a subordinate role.

As the investors simultaneously wish to reduce their direct investments in real estate assets in favor of indirect real estate investments, such as closed-end funds, specialized funds (e. g. FCP) and other real estate investments (e. g. SICAV), the Hahn Group still foresees substantial growth potential in institutional business. One of the most fundamental cases for this – and one that is independent of economic influences – is the fact that the management of indirect real estate investments is significantly more efficient for the investors concerned than the management of real estate investments that are held directly. This is especially true of retail properties, the management of which requires comprehensive specialist know-how. Also, next to office properties, they rank among the most popular targets for indirect real estate investments in the institutional sector.

Business development

If the general economic conditions develop in line with the assumptions we have illustrated, this would leave sufficient scope for optimism about the development of the Hahn Group.

With prices for high-quality retail properties expected to bottom out in the second half of the year, interesting acquisition possibilities can be expected to emerge. We plan on exploiting this buyer's market in order to acquire sound high-yield retail properties at favorable prices for our investors.

We also do not anticipate any major limitations on the financing activities of the Hahn Group in fiscal year 2009, as we will be predominantly making acquisitions with equity ratios of 40 to 50 percent to cover the long-term capital requirement of our Pluswert fund, MEAG and HAHN FCP placement channels. Although a number of private commercial banks have cut back their financing activities, for instance because business models need to be reviewed, we nevertheless assume that our long-standing bank partners continue to be highly interested in business backed by equity. The fact that the gross interest rate is expected to continue declining – despite rising margin requirements due to the tendency to further reduce the key interest rates – will also have a positive impact.

The Trading business segment plans the placement of private Pluswert fund shares with a volume of roughly Euro 80 million. Earnings from commissions should profit from the higher volume and more favorable financing conditions.

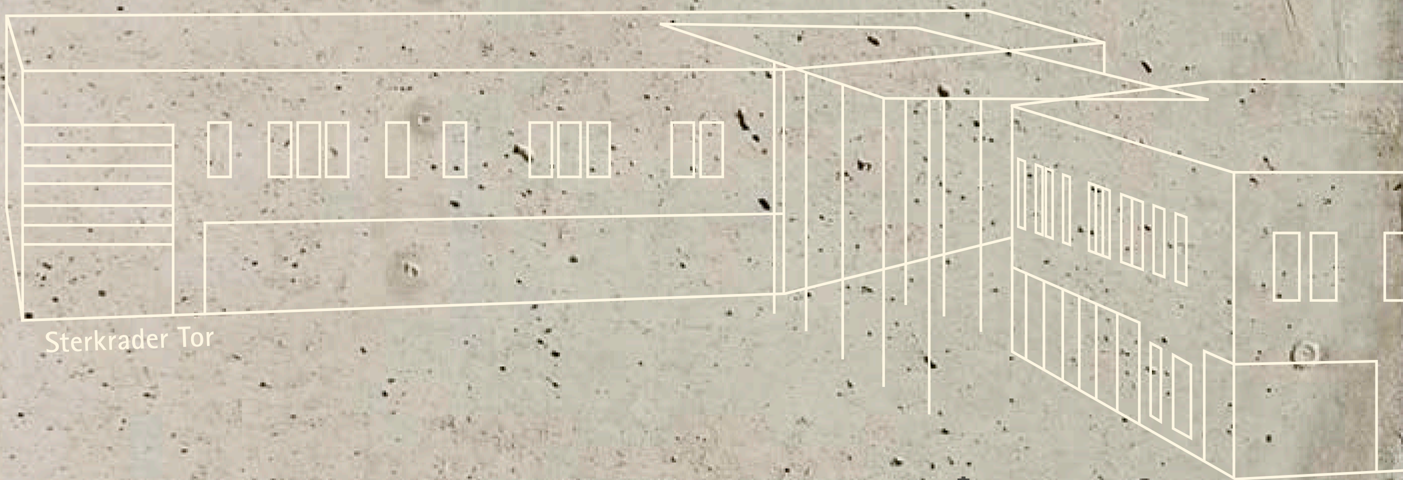
In the course of the year 2009, we plan to obtain the outstanding subscription commitments for the HAHN FCP fund to cover the remaining equity volume of roughly Euro 175 million. The fund will lead to considerably higher fund management income. Asset and property management income will also be influenced positively.

The Investment business segment is highly dependent on the development of the investment markets. On account of the participation in the HAHN FCP fund, we anticipate an increase in co-investments and higher earnings.

In light of the current economic and capital environment, a forecast for the Group is difficult to make as it would be associated with a significant degree of uncertainty. In principle, we assume a profitable development for the Hahn Group in 2009 and 2010.

2.05 billion €

Total investment volume in fiscal year 2008



Sterkrader Tor

241 million €

Purchase volume

Consolidated Financial Statements

Consolidated Income Statement

Data in Euro	2008	2007	[Notes]
Sales	**432,607,416**	**129,955,831**	[1]
Other operating income	2,020,907	1,280,461	[2]
Total operating performance	434,628,323	131,236,292	
Cost of materials	– 391,128,163	– 88,947,551	[3]
Personnel expenses	– 6,716,266	– 6,080,294	[4]
Other operating expenses	– 18,379,017	– 13,222,674	[5]
Earnings before interest, taxes and depreciation (EBITD)	**18,404,877**	**22,985,773**	
Depreciation of intangible and tangible assets	– 338,396	– 298,320	
Earnings before interest and taxes (EBIT)	**18,066,481**	**22,687,453**	
Share of profit / loss from associated companies	1,944,149	314,856	
Shares of minority shareholders in fund results	– 212,231	– 1,137,461	
Financial income	3,432,859	5,715,862	[6]
Financial expenses	– 29,695,479	– 16,628,051	[7]
Earnings before taxes (EBT)	**– 6,464,221**	**10,952,658**	
Taxes on income	1,098,404	– 3,890,933	[8]
Consolidated annual result	**– 5,365,817**	**7,061,725**	
Earnings per share (Euro)	– 0.45	0.59	[9]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Consolidated Balance Sheet for December 31, 2008

Assets (Data in Euro)	12/31/2008	12/31/2007	[Notes]
Noncurrent assets			
Intangible assets	393,502	346,492	[10]
Investment property	49,368,871	49,016,871	[11]
Tangible assets	3,735,021	3,784,436	[12]
Financial investments reported according to the equity method	3,056,410	1,206,795	[13]
Claims from taxes on income	346,019	382,127	
Other financial assets	26,567,910	14,363,255	[14]
Deferred tax assets	3,657,097	1,903,713	[15]
	87,124,830	**71,003,689**	
Current assets			
Inventories			
Properties held for sale	68,568,232	316,731,146	[16]
Current asset securities	4,298,306	3,622,070	[17]
Advance payments to suppliers	2,903,744	2,970,343	[17]
	75,770,282	**323,323,559**	
Accounts receivable and other assets			
Trade accounts receivable	3,933,817	12,073,933	[18]
Receivables from affiliated persons and companies	4,573,986	3,371,235	[19]
Receivables from minority shareholders	25,491	25,491	
Claims from taxes on income	868,834	262,573	
Other financial assets	3,015,434	5,708,682	[20]
Sundry other assets	300,175	96,301	[21]
	12,717,737	**21,538,215**	
Liquid funds	**19,098,048**	**22,506,177**	[22]
	107,586,067	**367,367,951**	
	194,710,897	**438,371,640**	

Liabilities and shareholders' equity Data in Euro	12/31/2008	12/31/2007	[Notes]
Shareholders' equity			
Subscribed capital	12,000,000	12,000,000	[23]
Capital reserve	17,038,944	17,038,944	
Revenue reserves	3,748,331	3,747,443	
Other reserves	– 2,589,450	–	
Net profit for the year	– 552,525	6,973,393	
	29,645,300	**39,759,780**	
Liabilities			
Long-term debts			
Provisions	2,168,821	2,240,303	[24]
Liabilities to banks	51,507,985	44,055,162	[25]
Other financial liabilities	1,241,717	103,538	
Deferred tax liabilities	3,820,511	5,224,512	[15]
	58,739,034	**51,623,515**	
Short-term debts			
Other provisions	631,179	786,800	[24]
Liabilities to banks	80,586,858	326,444,868	[25]
Trade accounts payable	4,058,950	1,575,631	[26]
Liabilities to affiliated persons and companies	5,879,601	738,483	[27]
Liabilities to minority shareholders	2,393,492	2,527,981	[28]
Liabilities from taxes on income	1,436,886	1,319,781	
Other financial liabilities	10,713,857	12,652,765	[29]
Sundry other liabilities	625,740	942,036	[30]
	106,326,563	**346,988,345**	
	194,710,897	**438,371,640**	

Changes in Consolidated Shareholders' Equity

Data in thousand Euro	Subscribed capital	Revenue reserve	Retained earnings	Other reserves	Net profit / loss	Total
2007						
As of 01/01/2007	**12,000**	**17,039**	**3,748**	**–**	**1,351**	**34,138**
Dividends	–	–	–	–	– 1,440	– 1,440
Consolidated annual net profit	–	–	–	–	7,062	7,062
As of 12/31/2007	**12,000**	**17,039**	**3,748**	**–**	**6,973**	**39,760**
2008						
As of 01/01/2008	**12,000**	**17,039**	**3,748**	**–**	**6,973**	**39,760**
Dividends	–	–	–	–	– 2,160	– 2,160
Consolidated annual losses	–	–	–	–	– 5,366	– 5,366
Unrealized profits from the sale of financial assets available for sale	–	–	–	201	–	201
Unrealized losses from derivative financial instruments	–	–	–	– 3,995	–	– 3,995
Taxes on income and expenses recognized directly in the share-holders' equity	–	–	–	1,205	–	1,205
Total result for the period under review	–	–	–	– 2,589	– 5,366	– 7,955
As of 12/31/2008	**12,000**	**17,039**	**3,748**	**– 2,589**	**– 553**	**29,645**

Consolidated Cash Flow Statement

Data in thousand Euro	2008	2007
Consolidated annual net profit / loss	**– 5,366**	**7,062**
Depreciation of fixed assets	606	423
Profit / loss from associated companies	– 1,944	– 315
Change in long-term provisions	– 71	– 385
Result from the market valuation of properties held as financial investments	– 352	–
Other expenses / income not affecting cash	2,132	–
Result from the disposal of fixed assets	– 4,133	5
Changes in deferred taxes	– 1,952	1,464
Changes in inventories	247,553	– 303,950
Changes in trade accounts receivable and other assets	1,977	– 4,260
Changes in liabilities to banks attributable to properties held for sale	– 247,289	300,991
Changes in short-term debts, excluding liabilities to banks	– 4,400	4,502
Inflow / outflow of funds from operating activities	**– 13,239**	**5,537**
Payments received from the disposal of intangible and tangible fixed assets	–	3
Investments in tangible fixed assets and properties held as financial investments	– 179	– 49,105
Investments in intangible fixed assets	– 157	– 277
Payments received from the sale of other long-term financial assets	12,109	6,045
Investments in other long-term financial assets	– 13,276	– 3,451
Inflow / outflow of funds from investment activities	**– 1,503**	**– 46,785**
Payments to shareholders (dividends)	– 2,160	– 1,440
Payments received from the taking out of (financial) loans	13,494	46,834
Inflow / outflow of funds from financing activities	**11,334**	**39,255**
Cash changes in the liquid fund	**– 3,408**	**– 1,993**
Liquid fund on 01 / 01	**22,506**	**24,499**
Liquid fund on 12 / 31	**19,098**	**22,506**

Segment Reporting

2008 Data in thousand Euro	Trading	Management	Investment	Transition	Group
Sales	410,586	8,045	14,904	– 928	432,607
Thereof with other segments	928	–	–	– 928	–
EBITDA	13,904	839	7,652	– 3,990	18,405
Segment result (EBIT)	13,567	837	7,652	– 3,990	18,066
Result from associated companies	1,944	–	–	–	1,944
Depreciation	337	2	–	–	339
Thereof extraordinary	–	–	–	–	–
Segment assets	116,197	5,731	67,107	5,676	194,711
Thereof shares in associated companies	3,056	–	–	–	3,056
Segment liabilities	7,165	4,211	1,449	152,241	165,066
Operational investments	642	46	–	–	688

2007 Data in thousand Euro	Trading	Management	Investment	Transition	Group
Sales	115,642	13,065	2,508	– 1,259	129,956
Thereof with other segments	655	604	–	–	1,259
EBITDA	18,094	5,895	2,112	– 3,116	22,985
Segment result (EBIT)	17,796	5,895	2,112	– 3,116	22,687
Result from associated companies	315	–	–	–	315
Depreciation	298	–	–	–	298
Thereof extraordinary	–	–	–	–	–
Segment assets	358,917	5,159	68,345	5,951	438,372
Thereof shares in associated companies	1,207	–	–	–	1,207
Segment liabilities	17,378	387	363	380,484	398,612
Operational investments	887	–	48,495	–	49,382

484 million €

Placement volume

Notes to the Consolidated Financial Statements

HAHN-Immobilien-Beteiligungs AG
Consolidated Financial Statements as of December 31, 2008

Notes to the Consolidated Financial Statements

I. PRINCIPLES AND METHODS

The consolidated financial statements for December 31, 2008 of HAHN-Immobilien-Beteiligungs AG, Bergisch Gladbach (hereinafter referred to as the Hahn Group), were prepared in accordance with the International Financial Reporting Standards (IFRS) enacted and published by the International Accounting Standards Board (IASB). As decreed by the European Union (EU), all companies domiciled in the EU whose securities are accepted for trading on a regulated market in the EU must prepare their consolidated financial report in accordance with IFRS, as applicable in the EU. The requirements of the IFRS in effect on the closing date were completely fulfilled, and result in the presentation of a true and fair view of the financial position and performance of the Hahn Group.

HAHN-Immobilien-Beteiligungs AG, with head office at Buddestraße 14, Bergisch Gladbach, is a company established exclusively in Germany. As an independent real estate manager for large-scale retail sales properties, the Group covers the entire value-added chain in this market segment together with its subsidiaries.

The consolidated financial statements of the Hahn Group for the 2008 fiscal year were approved for publication by the Board of Management on March 30, 2009.

Individual items on the income statement and balance sheet have been combined to improve clarity. These items and the corresponding accounting and valuation methods are explained in the Notes. The income statement is organized according to the total cost method.

The consolidated financial statements were prepared in Euro. Unless indicated otherwise, all amounts are stated in thousands of Euros.

The consolidated financial statements and the consolidated management report are published in the electronic Federal Gazette.

II. PRINCIPLES OF CONSOLIDATION AND ACCOUNTING

The consolidated financial statements of the Hahn Group include all of the major subsidiaries for which HAHN-Immobilien-Beteiligungs AG has the possibility of directly or indirectly controlling the financial and business policies of these companies. The time of purchase is the moment when the possibility of controlling the net assets and the financial and operational activities of the purchased company passes to the Group.

Company mergers are carried on the balance sheet in accordance with the purchase method at the time of acquisition. Under the purchase method, the acquisition costs of the purchased shares are offset against the pro-rata fair value of the purchased assets and debts of the subsidiary at the date of acquisition. Any positive difference resulting from the offsetting is capitalized as a derivative goodwill value. The consolidation ends as soon as the parent company no longer has a controlling interest.

Negative differences deriving from the capital consolidation at the time of purchase are resolved immediately as revenue costs.

The hidden reserves and encumbrances that are disclosed during the assessment of fair value of the assets and liabilities in conjunction with the initial consolidation are carried over, depreciated or released in the subsequent periods in accordance with the development of the assets and liabilities.

Acquisitions of real estate funds are not generally treated in accordance with the principles of IFRS 3 "Business Combinations," but rather as acquisitions of assets.

Due to the classification of the limited partners' shares of the funds as debt capital according to IAS 32, the capital shares and shares of profit on these apportionable to the outside limited partners are shown under debt capital or as expense or income.

Expenses and income, claims and liabilities between consolidated companies are eliminated. Intermediate results, if significant, are calculated separately.

Associated companies in which the Group exercises a decisive influence are included in the consolidated financial statements according to the equity method. With regard to determining the goodwill value and the pro-rata fair values of the assets and liabilities, the principles of full consolidation are applied. The share in the profit of an associated company is presented in the income statement. This involves the profit after taxes attributable to the shareholders of the associated company. After applying the equity method, the Group ascertains whether or not it is necessary to recognize an additional impairment loss for the participating interests of the Group in the associated company. On every balance sheet date, the Hahn Group ascertains whether there are any objective indications that the interest in an associated company could be impaired. If such indications exist, the difference between the realizable value of the interest in the associated company and the book value of the interest is recognized as an impairment loss with impact on earnings.

Losses from associated companies which exceed the book value of the interest held or other long-term claims from the financing of these companies are not recorded, if there is no assessment to cover the losses. Intermediate results are eliminated in proportion to the interest held, in accordance with IAS 28.22

The financial statements of HAHN-Immobilien-Beteiligungs AG and of the included subsidiaries and associated companies are prepared according to uniform accounting and valuation methods. The financial statements of the included subsidiaries and associated companies were prepared for the balance sheet closing date of HAHN-Immobilien-Beteiligungs AG.

Accounting principles

The accounting and valuation methods used correspond in principle to the methods used in the previous year, with the following exceptions:

The Group already adopted the new and revised IFRS standards and interpretations listed below for the 2008 fiscal year on a voluntary basis:
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

Adoption of these standards and interpretations had no effect on the net worth, financial position and results of the Hahn Group.

The Hahn Group adopted IFRIC interpretation 11, IFRS 2 "Group and Treasury Share Transactions" insofar as this applied to consolidated financial statements. In accordance with this interpretation, agreements in which employees are granted rights to equity instruments of a company are also to be accounted as share-based remuneration transactions with compensation through equity instruments if the company acquires the instruments from a third party, or if the shareholders provide the requisite equity instruments. The Hahn Group has not issued any instruments that fall under the scope of application of this interpretation.

IFRIC interpretation 14 IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" was published in July 2007 and must be applied upon the commencement of the first fiscal year after December 31, 2008, at the latest. This interpretation provides guidance on determining the maximum surplus on a defined benefit plan which may be capitalized as an asset pursuant to IAS 19 "Employee Benefits." This interpretation has been endorsed by the EU. It has no effect on the Hahn Group, as no such plans exist.

The presentation of individual items of the income statement, balance sheet and cash flow statement has been amended in comparison with the previous year and the previous year's comparison figures adjusted accordingly.

Financial assets

Financial assets in the context of IAS 39 are classified either as financial assets valued at fair value with impact on earnings, as loans and receivables, as financial investments held to maturity, as financial assets available for sale or as derivatives that have been designated as hedging instruments and which are effective as such. The Hahn Group specifies the classification of its financial assets upon their initial recognition.

Financial assets are valued at their fair value upon being recognized for the first time. In the case of financial investments that are not classified as being valued at fair value with impact on earnings, transaction costs that are directly attributable to the acquisition of the assets are also taken into consideration.

Purchases or sales of financial assets that envisage the delivery of the assets within a certain period that is defined by the respective market regulations or conventions (customary market purchases) are recognized on the day of the trade, i. e. on the day on which the Group enters the obligation to purchase or sell the assets.

The financial assets of the Hahn Group include trade accounts receivable, receivables from affiliated persons and minority shareholders and other receivables and funds.

The subsequent valuation of financial assets depends on the respective classification in the following valuation categories.

Financial assets valued at fair value with impact on earnings include financial assets held for trading and financial assets that are classified as being valued at fair value with impact on earnings upon initial recognition. Financial assets are classified as being held for trading when they are purchased with the intent of selling them in the near future. This category covers derivative financial instruments concluded by the Hahn Group that do not fulfill the accounting criteria for hedging transactions pursuant to IAS 39. Financial assets valued at fair value with impact on earnings are recognized in the balance sheet at fair value, with the associated profits and losses being recognized with impact on earnings.

The fair value of financial instruments that are traded on organized financial markets is determined by the market price listed on the balance sheet date (buying rate). The fair value of financial instruments for which there is no active market is determined using valuation methods. These valuation methods include using recent arm's length market transactions between knowledgeable, willing and independent parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow methods and other valuation models.

Loans and receivables are non derivative financial assets with fixed or ascertainable payments that are not listed on an active market. These financial assets are valued at amortized cost using the effective interest method. Profits and losses are recognized in the consolidated income statement when the loans and receivables are eliminated from the books, or when they are impaired.

On every balance sheet date, the Hahn Group checks whether there are any objective indications for the impairment of a financial asset or a group of financial assets. A financial asset or a group of financial assets only counts as being impaired when objective indications for impairment exist as a consequence of one or more events that occurred after the initial recognition of the asset (the occurrence of a loss event), and this loss event has an impact on the anticipated future cash flow of the financial asset or group of financial assets that can be estimated reliably. Impairment may be indicated if there are signs that the debtor or a group of debtors has substantial financial difficulties, in the event of default or delay of interest or redemption payments, in the event that insolvency or another form of financial rehabilitation appears probable and if observable data indicate a measurable reduction in the anticipated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Financial liabilities in the context of IAS 39 are classified either as financial liabilities valued at fair value with impact on earnings, as loans or as derivatives that have been designated as hedging instruments and which are effective as such. The Hahn Group specifies the classification of its financial liabilities upon their initial recognition. Financial liabilities are valued at their fair value upon being recognized for the first time, plus the directly attributable transaction costs in the case of loans.

The financial liabilities of the Hahn Group comprise liabilities to banks, trade accounts payable, advance payments received, liabilities to affiliated persons, companies and minority shareholders, as well as financial guarantees, derivative financial instruments and other liabilities.

Interest bearing loans are valued at amortized acquisition cost using the effective interest method within the scope of subsequent valuation. Profits and losses are recognized with impact on earnings when the liabilities are eliminated from the books.

Financial guarantees issued by the Hahn Group are agreements with an obligation to payments that compensate the guarantee recipient for a loss that occurs because a certain debtor fails to fulfill his payment obligations on time in accordance with the conditions of a debt instrument. Upon initial recognition, a financial guarantee is reported as a liability at its fair value, less the transaction costs directly associated with the issue of the guarantee. The liability is subsequently valued with the best possible estimate of the expenses necessary to fulfill the present obligation on the balance sheet date, or the higher amount reported less the cumulative amortization.

A financial liability is eliminated from the books when the underlying obligation pertaining to the liability is fulfilled, rescinded or has expired.

Financial assets and financial liabilities are presented separately.

Transactions in foreign currencies

Assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate for the balance sheet closing date. The foreign exchange profits and losses resulting from these conversions are recognized in the income statement.

Use of estimates

The preparation of the consolidated financial statements in accordance with IFRS requires discretionary judgments, estimates and assumptions to be made by the management which have an impact on the level of income, expenses, assets, and liabilities reported on the balance sheet date and the reporting of contingent liabilities.

The Hahn Group has concluded lease agreements for the commercial letting of its properties held as financial investments. As a discretionary judgment, the opportunities and risks resulting from these lease relationships remain with the Hahn Group until the strategically planned exit of these properties.

The Hahn Group values properties held as financial investments at their fair value, with changes to the fair value being recognized with impact on earnings. The fair value is ascertained by in-house appraisals by Portfolio Management. As no comparable market data was available due to the nature of the properties held as financial investments, a valuation method based on a discounted cash flow method was employed in the appraisals for valuating these properties. The fair value ascertained for the properties held as financial investments depends greatly on the useful life, the anticipated payment flows and the discount factors, as well as the long-term vacancy rate. The basic assumptions used in ascertaining the fair value of the properties held as financial investments are explained more precisely in the information on the properties held as financial investments. On account of the Hahn Group's many years of experience in this segment of the real estate industry, an extensive pool of data material and know-how is available to make these basic assumptions on a realistic basis.

Investments in closed-end real estate funds that are not publicly listed are valued on the valuation dates on the basis of a simplified valuation method. The valuation is subject to estimates regarding the future rents, which may differ from the conditions that actually occur in the future.

As regards those estimates that are used to determine the net realizable value of properties held for sale, please refer to the valuation method presented above for properties held as financial investments.

Assumptions and estimates are made within the scope of accounting and valuating provisions, especially as regards the discount factor.

Assumptions and estimates are also made within the framework of the potential recognition of deferred tax assets on tax loss carryovers as regards the realizability of future tax advantages. The actual tax result situation in future fiscal years, and thus the actual usability of these deferred tax assets, may differ from the estimate at the time of capitalization of these deferred taxes.

As regards the contingent liabilities, estimates are made for financial guarantees on the basis of profitability analyses of real estate funds. Actual developments in the future may deviate from the assumptions made in the profitability analyses.

III. NEW IASB ACCOUNTING REGULATIONS

As of December 31, 2008, the International Accounting Standards Board (IASB) had published the following standards, interpretations and amendments to existing standards, compliance with which is mandatory in fiscal years commencing on or after January 1, 2009.

In November 2006, the IASB passed IFRS 8 "Operating Segments." IFRS 8 replaces IAS 14 "Segment Reporting" and requires companies to report financial and descriptive information regarding their reportable segments. Reportable segments are operational segments or groups of operational segments that fulfill certain criteria. Operational segments comprise components of an enterprise for which separate financial information is available and which are regularly reviewed by the chief operating decision maker of the enterprise, in order to assess the success of business and decide on how resources are to be allocated. Generally, financial information must be reported on the basis of internal management. IFRS 8 is to be adopted for fiscal years that begin on or after January 1, 2009. The Hahn Group does not currently expect that adoption of the standard will have a significant influence on the presentation of the financial statements, as internal financial reporting is already decisive for the management of the Hahn Group. The standard has been adopted under EU law (EU endorsement).

In September 2007, the IASB published a revised version of IAS 1 "Presentation of Financial Statements." The new version of the standard contains substantial changes regarding the presentation and reporting of financial information in the financial statements. In future, only business transactions conducted with the shareholders in their capacity as shareholders may be presented in the statement of changes in shareholders' equity. The other changes in shareholders' equity are to be presented in the presentation of the overall result for the period, which can be prepared either in the form of a single presentation, or in the form of two presentations comprising an income statement and a presentation of the overall result for the period. Furthermore, the standard dictates that a company include a statement of financial position in its financial statements as of the beginning of the earliest comparative period when the company applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or if it reclassifies items in its financial statements. Adoption of the amended standard is mandatory for fiscal years that begin on or after January 1, 2009. Earlier adoption is permissible. Adoption of the standards will not have any significant influence on the presentation of the consolidated financial statements, as the requirements are already extensively fulfilled. The standard has been adopted under EU law (EU endorsement).

In January 2008, the IASB published the amended versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements." The most important change involves the balance sheet reporting of acquisitions of less than 100 percent of the shares in a company. The option is introduced of fully disclosing the goodwill resulting from an acquisition in accordance with the "Full Goodwill Method," i.e. also to the amount of the share attributable to the minority shareholders. Furthermore, acquisitions and partial disposals of shares not associated with a loss of a controlling interest are to be presented as a transaction between shareholders with neutral impact on earnings. The incidental acquisition costs of the acquisition are also to be recognized in full as expenses. In the case of minority interests, the presentation of negative balances is permissible, i.e. in the future, losses are to be allocated in proportion to the participating interest without limitation. Application of the amended standards is mandatory for business combinations in fiscal years commencing on or after July 1, 2009; earlier joint application is permissible for fiscal years commencing on or after June 30, 2007. The Hahn Group does not currently anticipate that the application of the amended versions of these standards – insofar as they are endorsed in this form by the EU – will have a substantial influence on the presentation of the financial statements, as changes in the group of consolidated companies of the Hahn Group are predominantly to be treated as acquisitions of assets, not as business combinations.

In January 2008, the IASB published the amended version of IFRS 2 "Share-Based Payment," in which vesting conditions are defined more precisely and the balance sheet handling of effectively annulled grants is governed. Compliance with the amended version of IFRS 2 is mandatory for fiscal years commencing on or after January 1, 2009 and has yet to be adopted under applicable EU law. The amendments are of no relevance to the Hahn Group as no share-based payment has been granted.

In February 2008, the IASB published the amended version of IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation." The new version permits puttable instruments to be classified as shareholders' equity under certain conditions. The new version is intended to allow German partnerships to generally classify their capital under company law as shareholders' equity in the IFRS financial statements. Compliance with the new version is mandatory as of January 1, 2009; voluntary adoption at an earlier time is possible. The standard has been adopted under applicable EU law (EU endorsement). The amendment will have no effect on the consolidated financial statements of the Hahn Group as no such instruments exist with respect to the shareholders' equity of the parent company.

In March 2007, the IASB published amendments to Standard IAS 23 "Borrowing Costs." Accordingly, the costs of borrowed capital that can be directly allocated to the purchase, construction or manufacture of a qualified asset are to be capitalized. An asset is deemed as being qualified in this context if it necessarily takes a substantial period of time to get ready for its intended use or sale. The current possibility of recognizing borrowing costs with immediate impact on expenses is being abolished. Adoption of the amended standard is mandatory for fiscal years that begin on or after January 1, 2009. The standard has been adopted under applicable EU law (EU endorsement). The amendments will not have an influence on the presentation of the consolidated financial statements of the Hahn Group as no such qualified assets exist.

In May 2008, the IASB published a collection of amendments to existing IFRS standards called "Improvements to IFRSs." This collection contains amendments to 20 IFRS standards in two sections. The first section contains amendments that could have an impact on presentation, reporting or valuation. The second section contains amended formulations and editorial changes. Unless otherwise governed in the respective standard, the amendments are to be applied to fiscal years commencing on or after January 1, 2009; earlier adoption is permissible. The Hahn Group does not currently anticipate that the application of the amended versions will have a substantial effect on the presentation of the financial statements.

The amendments to IFRS 1 and IAS 27 "Acquisition Costs of an Investment in a Subsidiary, a Jointly Controlled entity or an Associated Company" were published in May 2008 and are to be applied for the first time in those reporting periods that commence on or after January 1, 2009. The amendments to IFRS 1 allow a company to also determine the acquisition costs of investments in subsidiaries, jointly controlled entities or associated companies in its IFRS opening balance sheet using the amounts presented according to previously applied accounting policies, or using the fair values as a replacement for acquisition costs (deemed cost). The amendments to IAS 27 pertain only to the separate individual financial statements of a parent company and specify, in particular, that absolutely all dividends from subsidiaries, jointly controlled entities and associated companies are recognized with impact on earnings in the separate individual financial statements. The transitional rulings specify prospective application as a matter of principle. The standard has been adopted under applicable EU law (EU endorsement). The amendments are of no relevance to the consolidated financial statements of the Hahn Group.

In July 2008, the IASB published a supplement to IAS 39 "Eligible Hedged Items – Amendment to IAS 39 Financial Instruments: Recognition and Measurement." The supplement clarifies how the basic principles of hedge accounting are to be applied in two special situations: the designation of inflation risks as an underlying transaction and the designation of a unilateral risk as an underlying transaction. Application of this supplement is mandatory for fiscal years that commence on or after July 1, 2009; earlier adoption is permissible. The Hahn Group does not currently anticipate that the application of the amended version – insofar as it is endorsed in this form by the EU – will have any substantial effect on the presentation of the financial statements, as no such transactions and associated risks exist.

In November 2008, the IASB published an amended version of IFRS 1 "First-Time Adoption of International Financial Reporting Standards." The amendments to IFRS 1 pertain solely to the structure of the standard, in order to facilitate reading and comprehension of the standard and to improve the incorporation of future amendments in the standard. This standard has not yet been endorsed by the EU. Application of the amended version of IFRS 1 is mandatory for fiscal years commencing on or after January 1, 2009. Earlier adoption is permissible. The amendment is of no relevance to the Hahn Group.

IFRIC interpretation 12 "Service Concession Arrangements" was published in November 2006 and must be applied for the first time as a matter of principle in reporting periods commencing on or after January 1, 2008. This interpretation has not yet been adopted under EU law. The interpretation regulates the balance sheet handling of obligations assumed as part of service concession agreements and rights received in the financial statements of the concession recipient. As these constructions are not used in the Hahn Group, this interpretation will have no effect.

IFRIC interpretation 13 "Customer Loyalty Programmes" was published in June 2007 and is mandatory for the first time in those reporting periods that commenced on or after July 1, 2008. The EU endorsement has been passed. According to this interpretation, loyalty bonuses awarded to customers must be balanced separately from the transaction for which they were granted, being disclosed as own sales. Therefore, a part of the fair value of the service returned is allocated to the customer loyalty bonuses and recorded as a deferral. The revenues are realized in the period during which the customer loyalty bonuses are exercised or expire. As the Hahn Group has no such customer loyalty program, no effects will arise from this interpretation.

IFRIC interpretation 15 "Agreements for the Construction of Real Estate" was published in July 2008 and is mandatory for the first time in those reporting periods that commenced on or after January 1, 2009. This interpretation provides guidance on the time and extent of the realization of earnings from real estate construction projects. This interpretation has not yet been adopted under EU law. The interpretation will have no influence on the Hahn Group as no such project developments exist.

IFRIC interpretation 16 "Hedges of a Net Investment in a Foreign Operation" was published in July 2008 and its application is mandatory for the first time in those reporting periods that commenced on or after October 1, 2008. IFRIC 16 provides guidance on identifying the foreign currency risks that can be hedged against within the scope of hedging a net investment, on determining which Group companies can hold the instruments for hedging the net investment and on ascertaining the foreign currency profit or loss that must be reallocated from the shareholders' equity to the income statement upon disposal of the hedged foreign operation. This interpretation is to be applied prospectively. This interpretation has not yet been adopted under EU law. The interpretation will have no influence on the Hahn Group as no such hedges of foreign activities exist.

IFRIC interpretation 17 "Distributions of Non Cash Assets to Owners" was published in November 2008 and its application is mandatory for the first time in those reporting periods that commenced on or after July 1, 2009. This interpretation provides guidance on the balance sheet reporting and valuation of obligations that provide for the distribution of non cash assets to shareholders. In particular, the interpretation provides guidance on the time, valuation and presentation of such obligations. Accordingly, such an obligation must be reported and valued at fair value if the company can no longer evade this obligation. This interpretation has not yet been adopted under EU law. The interpretation will have no influence on the Hahn Group as no non cash assets are distributed.

IFRIC interpretation 18 "Transfers of Assets from Customers" was published in January 2009 and its application is mandatory for the first time in those reporting periods that commenced on or after July 1, 2009. This interpretation provides guidance on the balance sheet reporting of agreements in which a company receives tangible assets or funds from a customer which the company must then use to connect the customer to a network and/or to provide the customer with ongoing access to a supply of goods or services. This interpretation is to be applied prospectively. This interpretation has not yet been adopted under EU law. The interpretation will have no influence on the Hahn Group as no such agreements exist.

IV. THE CONSOLIDATED COMPANIES

Including HAHN-Immobilien-Beteiligungs AG, the scope of consolidation of the Hahn Group has developed as follows:

	Companies of the Hahn Group		Fund & property companies		Total
	fully consolidated	at equity	fully consolidated	at equity	
As of 12/31/2007	**12**	**1**	**40**	**6**	**59**
Additions	4	–	7	–	11
Deletions	–	–1	–30	–2	–33
As of 12/31/2008	**16**	**–**	**17**	**4**	**37**

The major consolidated companies are explained in the appendix.

Four fund companies (2007: 4) in which the company held a majority interest were not included in the consolidated financial statements due to the absence of a possibility of control by the Hahn Group. In these cases, the Hahn Group no longer determined the financial and business policies, since the fund companies were in default of payment due to their business situation with regard to their financing of real properties, and the lending bank has cancelled the financing secured solely by the fund assets, and plans to initiate or already has initiated execution of judgment against the fund assets.

On account of the purchase of shares in companies and attainment of the controlling interest, three companies were no longer included at equity, but were instead fully consolidated in the group of consolidated companies.

In the year under review, HAHN Retail Fund Geschäftsführungs GmbH, Bergisch Gladbach, was founded as a wholly owned subsidiary of HAHN Fonds Management GmbH, Bergisch Gladbach. HAHN Parking GmbH, Bergisch Gladbach, was also founded as a wholly owned subsidiary of HAHN Asset Management GmbH, Bergisch Gladbach, in the year under review, with a share of 34 percent of HAHN-Immobilien-Beteiligungs AG, Bergisch Gladbach. On account of the possibility of control, this company and – for the first time – HAHN & Partner Beteiligungs GmbH, Bergisch Gladbach, are fully included in the group of consolidated companies.

Insofar as control is gained over fund companies or real estate funds, this is not presented in accordance with the principles of IFRS 3 "Business Combinations," but as the acquisition of individual assets and liabilities. In the year under review, the assets of seven real estate funds with a total value of Euro 115.4 (2007: Euro 361.4) were taken over.

The balance sheet values of the funds sold as of the date of disposal are shown below:

Data in thousand Euro	2008	2007
Assets		
Properties held for sale	396,535	75,230
Other short-term assets	2,278	53
Liquid funds	9,905	1,892
Liabilities		
Liabilities from the financing of properties held for sale	338,548	46,895
Short-term provisions and liabilities	37,607	1,454

V. EXPLANATORY NOTES ON THE INCOME STATEMENT

[1] Sales

The sales are composed of the following:

Data in thousand Euro	2008	2007
Sale of properties and company shares	391,554	96,374
Rental income from properties held for sale	29,412	15,955
Rental income from investment properties	3,435	2,508
Property management commissions	3,306	4,148
Asset management commissions	2,186	4,767
Fund management commissions	1,578	1,950
Sales commissions	1,090	4,136
Other revenues	46	118
Total sales	**432,607**	**129,956**

Sales revenues are recorded at the time of performance, if the amount of the revenue can be determined reliably and it is probable that the economic benefit will accrue. Performance in connection with the sale of the funds is considered to have been delivered when the declaration of accession has been signed by the investor and the statutory revocation period has passed.

From the perspective of the Group, the total sale of the shares of a subsidiary (fund companies / real estate funds) represents a conveyance against payment of all associated assets and liabilities. Therefore, the deconsolidation can be assumed to be a single sale. Accordingly, when the substantial part of the real estate funds was sold, the share of the sales proceeds apportionable to the sold property was reported under the sales revenues. The equivalent book value of the sold property is included in the cost of materials. The share of the sales proceeds allocated to the disposed-of bank debts was posted as repayment of the debt. Sales revenues from the sale of shares in companies are realized at the time of transfer.

The rental income for properties of the group of consolidated companies contains net rents and incidental rental costs.

The management fees contain commissions for asset management, property management and fund management services. The recurring property management and fund management fees for trust management and the performance of services are collected over the term of the particular service. One-time compensation payments that are payable by the limited partners or the fund at the time the particular trust or service agreement is concluded are recognized at that time with an impact on earnings in the amount of the fair value, if an identifiable service is performed by the Hahn Group and direct costs can be apportioned to the service.

Sales commissions are accrued in connection with the attraction of limited partners. The sales are realized at the time the shares are subscribed.

[2] Other Operating Income

The other operating income is structured as follows:

Data in thousand Euro	2008	2007
Income from the release of provisions, calculation adjustments and other income not related to the period under review	519	467
Income from the change in the fair value of properties held as financial investments	432	–
Income from the change in the fair value of current asset securities	670	–
Sundry operating income	400	813
Other operating income	**2,021**	**1,280**

[3] Cost of Materials

The cost of materials is structured as follows:

Data in thousand Euro	2008	2007
Cost of real estate sales and company shares	386,374	87,618
Devaluation of properties held for sale	4,011	–
Other	743	1,330
Total cost of materials	**391,128**	**88,948**

[4] Personnel Expenses

The personnel expenses comprise the following:

Data in thousand Euro	2008	2007
Salaries	5,895	5,365
Social security contributions	792	676
Costs of retirement benefits	1	4
Other social expenses	28	35
Total personnel expenses	**6,716**	**6,080**

The Group employed an average of 82 persons in the 2008 fiscal year (2007: 71 employees). Pension insurance contributions of Euro 829 thousand (2007: Euro 698 thousand) were paid in the year under review.

[5] Other Operating Expenses

The other operating expenses are structured as follows:

Data in thousand Euro	2008	2007
Operating expenses of the consolidated property companies	4,334	3,092
Legal, auditing and consulting fees (excluding property companies)	3,576	2,723
Marketing and establishment costs for the FCP-FIS – German Retail Fund	2,912	–
Valuation adjustments and losses on receivables	2,497	1,587
Non deductible pre-tax	1,002	833
Rent and lease expenses	570	191
Property management	605	931
Motor vehicle expenses	482	401
Sales expenses	448	179
Payments to the Supervisory Board	261	261
IT expenses	254	278
Postage, telephone, office supplies	235	342
Personnel recruitment	214	210
Repairs and maintenance, operating needs	88	228
Other taxes	25	532
Additions to provisions	–	367
Sundry expenses	876	1,068
Total other operating expenses	**18,379**	**13,223**

Other operating expenses affect net income when the service is used or at the time they are initiated.

The rent and lease expenses relate to contracts for renting or leasing real estate, vehicles or office equipment which are classified as operating leases.

[6] Financial Income

Data in thousand Euro	2008	2007
Interest income	1,785	4,741
Investment proceeds from funds	1,648	975
Total	**3,433**	**5,716**

[7] Financial Expenses

Data in thousand Euro	2008	2007
Interest	– 29,112	– 15,528
Commissions	–	– 628
Fees	– 311	– 328
Guarantees	– 4	– 20
Write-downs of financial investments	– 268	– 124
Total	**– 29,695**	**– 16,628**

Interest is posted to the appropriate period as expense or income. Dividends are collected at the time of distribution, with the period of distribution normally corresponding to the period when a legal claim arises.

[8] Taxes on Income

The reported taxes on income include the taxes paid or owed on income as well as deferred taxes. The taxes on income are composed of trade earnings tax, corporate income tax and the solidarity tax surcharge.

The expense for taxes on income is structured as follows:

Data in thousand Euro	2008	2007
Current tax expense	854	2,427
Deferred tax expense (+) / tax income (–)	– 1,952	1,464
Taxes on income	**– 1,098**	**3,891**

The deferred taxes refer to the use of tax loss carryovers totaling Euro 544 thousand and newly created deferred taxes on tax loss carryovers totaling Euro – 33 thousand (previous year: Euro – 544 thousand). Temporary differences totaling Euro – 2,464 thousand (previous year: Euro 2,008 thousand) were reported.

The expense for taxes on income, which would have applied to the IFRS consolidated earnings before taxes at the rate of 31.75 percent (2007: 40 percent) using the tax rate for the holding company HAHN-Immobilien-Beteiligungs AG, can be transferred to the tax on income according to the income statement as follows:

Data in thousand Euro	2008	2007
Earnings before taxes on income (EBT)	– 6,464	10,953
Corporate tax rate in %	31,75	40
Expected tax expense	**– 2,052**	**4,381**
Permanent differences	–	–
Taxes on income for prior years	– 85	– 133
Non deductible operating expenditures	45	48
Additions and deductions for trade earnings tax	346	248
Unavailable trade tax relief due to intercorporate privilege	39	90
Corporate tax dividend distribution credit	21	–
Use of carryovers due to interest barrier	544	–
Credit on corporation tax dividends	– 12	– 25
Effects of 2008 corporate tax reform on deferred taxes	–	– 737
Other effects	56	19
Tax income / expense according to the income statement	**– 1,098**	**3,891**

Companies domiciled in Germany with the legal form of a corporation are subject to corporate income tax at the rate of 15 percent (2007: 25 percent), plus a solidarity surcharge at the rate of 5.5 percent of the corporate income tax liability. In addition, these companies, as well as subsidiaries legally organized as partnerships that generate commercial income, are subject to trade tax. The trade tax lowers the assessment basis for the corporate income tax. Allowance must be made for limited use of loss carryovers on corporate income tax and trade tax, applicable starting with the 2005 tax assessment period. Under this provision, an existing loss carryover can be deducted from a positive tax assessment basis of up to Euro 1,000 thousand in its entirety, and up to a maximum of 60 percent for greater amounts.

Tax effects on the property funds are taken into account in the consolidated financial statements only to the extent that the Hahn Group holds an interest in the real estate funds, since the results of the real estate funds are taxed at the level of the limited partners, and thus apply to the limited partners outside of the Hahn Group.

[9] Earnings per Share

The undiluted and diluted earnings per share are determined as follows:

		2008	2007
Portion of the consolidated annual net profit applicable to the Group	Data in thousand Euro	– 5,366	7,062
Weighted average of shares issued	Data in thousands of shares	12,000	12,000
Portion of the consolidated annual net profit per share applicable to the Group	Data in Euro	**– 0.45**	**0.59**

VI. EXPLANATORY NOTES ON THE CONSOLIDATED BALANCE SHEET

[10] Intangible Assets

Data in thousand Euro	2008	2007
Acquisition costs		
As of 01/01	**499**	**223**
Additions	157	276
As of 12/31	**656**	**499**
Depreciation		
As of 01/01	**153**	**106**
Additions	110	47
As of 12/31	**263**	**153**
Net book values 12/31	**393**	**346**

The purchased intangible assets primarily consist of purchased software.

Purchased intangible assets that are not purchased within the framework of a business combination are carried on the balance sheet at acquisition cost when recognized for the first time.

Purchased intangible assets that have a certain economic life are reported starting from the time they are made available at the cost of acquisition or manufacture, less ordinary depreciation (straight-line method) in accordance with the anticipated useful economic life and/or impairment losses. Software is depreciated over an economic life of up to five years, industrial property rights over an effective life of 15 years. The depreciation period and the depreciation method for intangible assets with a limited useful life are reviewed at least at the end of every fiscal year. The Hahn Group has no intangible assets with an undetermined useful life.

Profits or losses resulting from the elimination of intangible assets from the books are calculated as the difference between the net proceeds and the book value of the asset and are recognized with impact on earnings in the period in which the asset is eliminated from the books.

There are no self-constructed intangible assets in the Group.

[11] Properties Held as Financial Investments

Data in thousand Euro	2008	2007
As of 01/01	49,017	522
Additions	–	48,495
Unrealized changes in market value	352	–
As of 12/31	49,369	49,017

Properties held as financial investments cover land and buildings that are held in order to generate rental income or for the purpose of increasing their value, and are not used for the delivery of goods or the rendering of services, for administrative purposes or for sale within the scope of regular business activities. At the time of addition, the properties held as financial investments are valued at their acquisition cost, including incidental costs of acquisition. The book value does not include the costs for ongoing maintenance and repair work for the property. The properties held as financial investments are valued in subsequent periods at their fair value. The fair values are calculated according to the DFC method. According to the DCF method, the anticipated future surplus funds from a property are discounted on the date of valuation. To this end, the surplus funds from the respective property are calculated in a detailed planning period of 10 to 15 years. These are yielded by netting off the anticipated inpayments and outpayments. While the inpayments generally represent the net rents, the outpayments primarily consist of the facility management costs that are borne by the owner. Rental income is calculated on the basis of the applicable rental agreements and realistic market rents within a period of 10 to 15 years, including adjustment for inflation. The inpayments for each period are discounted using a property-specific discount interest rate on the date of valuation. A rate of inflation of 2.0 percent is assumed, with the property-specific discount interest rate amounting to between 6 percent and 8 percent. Vacancies are allocated individually on a temporal basis, while maintenance and repair costs are calculated with individual target values on the basis of Euro/m^2. This yields the net present value of the surplus funds for the respective period. A residual value is forecast for the property being valued for the end of the detailed planning period (10 or 15 years).

This reflects the likely price that can be realized at the end of the detailed planning period. In this respect, the surplus funds of the first year that exceed the 10 or 15 subsequent years are capitalized with the so-called capitalization interest rate of 6 to 8 percent as perpetuals. The residual value is then likewise discounted on the valuation date with the discount interest rate. The total of the discounted surplus funds and the discounted residual value yields the fair value of the property being valued.

Profits or losses arising from changes in the fair values of properties held as financial investments are recognized in the income statement in the year of their occurrence.

Properties held as financial investments are eliminated from the books either upon disposal, or when they can no longer be used on a permanent basis and their disposal is unlikely to produce any further economic benefit. The difference between the net proceeds and the book value of the asset is recognized with impact on earnings in the period in which the asset is eliminated from the books.

The results for the operative real estate funds are calculated as follows:

Data in thousand Euro	2008	2007
Rental income from renting and leasing	3,435	2,508
Gains on the valuation of properties held as financial investments	432	–
Other operating income	5	–
Operating income from properties held as financial investments	**3,872**	**2,508**
Reduction of fair values	– 80	–
Expenses relating to buildings and land	– 382	– 374
Operating expenses for properties held as financial investments	**– 462**	**– 374**
Results for real estate held as financial investments (EBIT)	**3,410**	**2,134**

[12] Tangible Assets

2007 Data in thousand Euro	Land and buildings	Other facilities and office equipment	Total
Acquisition costs			
As of 01/01	5,468	622	6,090
Additions	–	610	610
Disposals	–	87	87
As of 12/31	5,468	1,145	6,613
Depreciation			
As of 01/01	2,317	339	2,656
Additions	92	159	251
Disposals	–	78	78
As of 12/31	2,409	420	2,829
Net book values 12/31/2006	3,151	283	3,434
Net book values 12/31/2007	3,059	725	3,784

2008 Data in thousand Euro	Land and buildings	Other facilities and office equipment	Total
Acquisition costs			
As of 01/01	5,468	1,145	6,613
Additions	–	179	179
As of 12/31	5,468	1,324	6,792
Depreciation			
As of 01/01	2,409	420	2,829
Additions	92	136	228
As of 12/31	2,501	556	3,057
Net book values 12/31/2007	3,059	725	3,784
Net book values 12/31/2008	2,967	768	3,735

As a matter of principle, tangible fixed assets are reported at cost, less ordinary depreciation (straight-line method) and / or impairment losses. Buildings are depreciated on the basis of a useful life of 50 years, used uniformly throughout the Group. For other facilities, equipment and furnishings, the service life is between 3 and 13 years. Maintenance and repair costs are immediately recorded as charges against profits.

A tangible asset is eliminated from the books either upon disposal or when the continued use or sale of the asset is unlikely to produce any further economic benefit. The profits or losses resulting from the elimination of the asset from the books are calculated as the difference between the net proceeds and the book value of the asset and are recognized with impact on earnings in the income statement in the period in which the asset is eliminated from the books. The residual values, useful lives and depreciation methods of the assets are reviewed at the end of every fiscal year and adjusted prospectively if necessary.

Impairment of intangible and tangible assets

The Group determines whether an impairment of non financial assets is indicated on every balance sheet date. If impairment is indicated, or if an annual review of an asset for impairment is necessary, the Group estimates the realizable value of the respective asset. The realizable value of an asset is the greater of the two values from the fair value of an asset or a cash-generating unit (CGU), less the disposal costs, and the rental value. The realizable value must be ascertained for every single asset, unless an asset fails to generate any inflow of funds that are extensively independent of those of other assets or other groups of assets. If the book value of an asset or a CGU exceeds the corresponding realizable value, the asset is impaired and depreciated to its realizable value. In order to ascertain the rental value, the anticipated future cash flows are discounted to their present value on the basis of a discounting rate before tax that reflects the current market expectations regarding the interest effect and the specific risks of the asset. A suitable valuation model is used in order to ascertain the fair value less the disposal costs. This is based on valuation multipliers, the stock exchange prices of interests in subsidiaries traded on stock exchanges or other available indicators for the fair value.

The impairment losses of the business segments are recognized with impact on earnings in those expense categories that correspond to the function of the impaired asset in the company. This does not apply to previously revalued assets if the value increases resulting from revaluation have been recognized in the shareholders' equity. In such cases, the impairment is also recognized in the shareholders' equity up to the value arising from a preceding revaluation. With the exception of the goodwill value, a review is undertaken for all assets on every balance sheet date to determine whether indications exist that a previously recognized impairment loss no longer exists or has decreased. If such indications exist, the Group estimates the realizable value of the asset or the CGU. A previously recognized impairment loss is only reversed if the assumptions on which the realizable value was determined have changed since the recognition of the last impairment loss.

The reversal of an impairment is limited to the extent that the book value of an asset may not exceed either its realizable value nor the book value that would have been yielded taking regular depreciation into account if no impairment loss had been recognized for the asset in previous years. The reversal of an impairment is recognized with impact on earnings.

Lease relationships

The decision as to whether or not an agreement contains a lease relationship is made on the basis of the economic content of the agreement at the time of its conclusion and requires an assessment of whether or not the fulfillment of the contractual agreement is dependent on the use of a specific asset or specific assets and whether the agreement grants a right to the use of the asset.

The Group as lessee

Leasing payments for operating lease relationships are recognized as expenses in the income statement according to the straight-line method over the term of the lease relationship.

The Group as lessor

Lease relationships in which not all chances and risks associated with ownership are essentially transferred from the Group to the lessee are classified as operating lease relationships. Initial direct costs that arise from the negotiation and conclusion of an operating lease agreement are added to the book value of the lease object and recognized as expenses over the term of the lease relationship in correspondence with the rental income. Contingent rental payments are recognized as income in that period in which they are generated.

[13] Financial Investments Carried on the Balance Sheet in Accordance with the Equity Method

Data in thousand Euro	2008	2007
As of 01/01	**1,207**	**5,347**
Additions	22	15
Change at equity	1,944	315
Disposals	117	4,470
As of 12/31	**3,056**	**1,207**

Shares in associated subsidiaries are included in accordance with IAS 28 pursuant to the equity method. In 2008, there were four such companies (previous year: seven).

The associated companies that are valued according to the equity method had total net annual profits of Euro 6,174 thousand in the 2008 fiscal year (2007: Euro 1,002 thousand), annual losses of Euro 148 thousand (2007: Euro 253 thousand) and sales of Euro 1,836 thousand (2007: Euro 2,147 thousand). The assets of these companies as of December 31, 2008 were Euro 22,353 thousand (December 31, 2007: Euro 47,227 thousand), the liabilities Euro 17,180 thousand (December 31, 2007: Euro 42,772 thousand).

[14] Other Financial Assets

Data in thousand Euro	2008	2007
Investments in closed-end real estate funds	19,232	13,928
Other long-term financial assets	7,336	435
	26,568	**14,363**

The "Investments in closed-end real estate funds" are financial assets that are available for sale. Participating interests that are held long-term and where no defining influence can be exerted on their business and financial policy are reported under this category.

The investments in closed-end real estate funds involve minority interests in closed-end real estate funds. These are valued at fair value. If there is no active market for financial assets or the assets are not listed on a stock exchange, the fair values are calculated by means of a simplified valuation method.

The other long-term financial assets include Euro 7.16 million in fixed-term deposits pledged to a bank.

The other financial assets available for sale relate to the long-term shares (over one year remaining to maturity) of the receivables to funds and subscribers of real estate funds.

Financial assets are capitalized in the Hahn Group upon delivery, i.e. as of the realization date, as a matter of principle.

[15] Deferred Taxes

The deferred tax assets and liabilities result from temporary differences and tax loss carryovers as follows:

	12/31/2008		12/31/2007	
Data in thousand Euro	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Fixed assets				
Land and buildings	–	226	–	256
Properties held as financial investments	–	1,081	1	434
Financial investments				
Participating interests in associated companies	–	834	7	214
Investments in closed-end real estate funds	382	815	224	752
Inventories				
Properties held for sale	1,287	86	781	848
Current asset securities	677	384	347	343
Accounts receivable and other assets				
Trade accounts receivable	12	–	–	1,607
Short-term debts				
Advance payments received on orders	–	314	–	633
Other financial liabilities	1,268	–	–	–
Other provisions	**–**	**81**	**–**	**138**
Temporary differences	**3,624**	**3,821**	**1,360**	**5,225**
Loss carryovers	**33**		**544**	**–**
Total/balance sheet item	**3,657**	**3,821**	**1,904**	**5,225**

To take account of future tax consequences, deferred taxes are formed from temporary differences between the tax assessment bases of the assets and liabilities and their reported values in the IFRS financial statements, as well as for loss carryovers. The deferred taxes are calculated on the basis of the regulations issued by the lawmakers at the end of the particular fiscal year for the fiscal years in which the differences balance out or the loss carryovers are likely to be used.

Deferred taxes are reported on temporary differences that result from fair value reporting of assets and liabilities in connection with acquisitions of companies. Deferred tax assets and liabilities are not netted out.

Deferred taxes for the temporary differences and loss carryovers of the real estate funds were only set aside for the part apportionable to the Group, since the results for these companies are subject to taxation only at the company level, and thus the portions of the deferred taxes applicable to the outside limited partners accrue outside of the Group.

Deferred taxes are formed on trade tax loss carryovers totaling Euro 111 thousand and corporation tax loss carryovers totaling Euro 102 thousand.

Deferred tax liabilities recognized in the shareholders' equity with neutral impact on earnings totaling Euro 64 thousand are attributable to investments in closed-end real estate funds, with a further Euro 1,205 thousand being attributable to derivative financial instruments in the other financial liabilities.

Deferred tax assets totaling Euro 1,268 thousand were recognized with neutral impact on earnings for temporary differences in the other financial liabilities.

[16] Properties Held for Sale

In accordance with IAS 2, this item includes a total of seven (previous year: 30) properties that are held for sale and are thus allocated to the Trading segment. These are assets that are intended for sale to institutional or private investors. In comparison with the previous year, eight properties were placed within the scope of the HAHN FCP-FIS – German Retail Fund. A total of 19 properties were sold to a strategic investor and three properties were placed with private investors. Seven properties were consolidated for the first time.

They are valued at cost, including incidental costs of acquisition. If the forecast net disposal price is lower than the acquisition costs, the asset is valued according to IAS 2.9 at the lower of cost or market.

The net disposal value is yielded by the estimated sales proceeds that can be realized in a regular business transaction, less the estimated selling costs.

The impairment of inventories that have been recognized as expenses totals Euro 4,011 thousand (2007: Euro 0 thousand). This expense is reported in the costs of material.

[17] Current Asset Securities

"Current asset securities" are financial assets that are valued at fair value with impact on earnings. The classification "current asset securities" is used to report participating interests that are not consolidated due to lack of possibility to control, but which are intended for sale.

The item contains 35 participating interests (previous year: 38) in closed-end real estate funds intended for sale. They are valued at cost. If the fair value falls below the acquisition costs, a valuation adjustment is made. In 2008, no valuation adjustments were made (2007: Euro 514 thousand).

If the fair value improves consistently after valuation adjustments have been made, reversals of depreciation are made up to the amount of the depreciated acquisition cost.

The advance payments primarily include advance payments made by the Hahn Group on the acquisition of interests in companies.

Current asset securities totaling Euro 1,160 thousand were assigned to the bank as collateral for the corresponding loan.

[18] Trade Accounts Receivable

The trade accounts receivable are composed of the following:

Data in thousand Euro	12/31/2008	12/31/2007
Trade accounts receivable, gross	3,989	12,182
Valuation adjustments on trade accounts receivable	– 55	– 108
Trade accounts receivable	**3,934**	**12,074**
Individual valuation adjustments 01/01	108	120
Additions	9	–
Dissolution	35	12
Disposals	27	–
Individual valuation adjustments 12/31	55	108

Trade accounts receivable are reported at cost.

The following receivables were overdue on the balance sheet date after impairment:

Data in thousand Euro	12/31/2008	12/31/2007
Up to 3 months	394	71
Between 3 months and 6 months	3	36
Between 6 months and 1 year	85	3
Over 1 year	394	69
Total overdue	**876**	**179**

[19] Receivables to Affiliated Persons and Companies

The receivables to affiliated persons and companies are composed of the following:

Data in thousand Euro	12/31/2008	12/31/2007
Receivables to HAHN-Holding GmbH, its shareholders, or companies controlled by them	5,680	4,426
Receivables due from associated companies	2,483	2,497
Receivables due from affiliated persons and companies	**8,163**	**6,923**
Valuation adjustments on receivables due from affiliated persons and companies	– 1,138	– 1,138
Valuation adjustments on receivables due from associated companies	– 2,451	– 2,414
Receivables to affiliated persons and companies	**4,574**	**3,371**
Individual valuation adjustments 01/01	3,552	2,761
Additions	37	791
Individual valuation adjustments 12/31	3,589	3,552

The receivables due from affiliated persons and companies have a term of maturity of less than one year.

[20] Other Financial Assets

The other financial assets are structured as follows:

Data in thousand Euro	12/31/2008	12/31/2007
Loans	434	137
Claims against funds	2,953	5,712
Other	977	1,081
Valuation adjustments	– 1,349	– 1,221
Other financial assets	**3,015**	**5,709**
Individual valuation adjustments 01/01	1,221	1,165
Release	–	8
Additions	128	64
Individual valuation adjustments 12/31	1,349	1,221

The other assets are reported at cost.

Risks of non-payment are allowed for by means of appropriate valuation adjustments, which are determined on the basis of experiential values and individual risk estimates.

The receivables reported refer primarily to short-term interim financing of the Hahn Group for fund companies, which will be repaid in the short term. The claims against funds relate to receivables with interest rates of 5.0 per cent over their lifetime for new contracts and 6.0 percent for old contracts.

[21] Sundry Other Assets

Data in thousand Euro	12/31/2008	12/31/2007
Accruals	56	67
Claims from other taxes	244	29
Sundry other assets	**300**	**96**

[22] Liquid Funds

Data in thousand Euro	12/31/2008	12/31/2007
Bank balances	19,098	22,506
Liquid funds	**19,098**	**22,506**

[23] Shareholders' Equity

The capital stock of the company recorded in the commercial register is Euro 12.0 million. The capital stock comprises 12.0 million individual bearer share certificates and has been paid in in full. On December 31, 2008, the approved capital was Euro 5.0 million.

By resolution of the Shareholders' Meetings of August 17, 2006, and September 11, 2006, the opportunity to realize a capital increase from authorized capital was included in the Articles of Incorporation. According to this provision, the Board of Management is authorized, with the approval of the Supervisory Board, to increase the capital stock of the company in the period prior to August 16, 2011, once or in partial increments by up to Euro 5.0 million, by issuing new individual bearer share certificates in exchange for contributions in cash or in kind. The shareholders have a general right of subscription. At the same time, the Shareholders' Meeting decided to convert registered shares to bearer shares.

In addition, on August 17, 2006, the Shareholders' Meeting approved the purchase of the company's own stock up to a total of 10 percent of the share capital existing at the time of the resolution, in accordance with Sec. 71 (1) No. 8 Stock Corporation Act. This authorization expired on February 16, 2008.

By resolution of the Shareholders' Meeting of June 9, 2008, the Board of Management was again authorized to purchase the company's own stock up to a total of 10 percent of the share capital existing at the time of the resolution of the Shareholders' Meeting. This authorization is valid up to and including December 8, 2009.

The change in the shareholders' equity components is reflected in the changes in consolidated shareholders' equity. The revenue reserve includes the premium from the capital increase less the transaction costs, reduced by the earnings tax concession.

The retained earnings refer to the statutory retained earnings, as well as the amounts allocated to the miscellaneous revenue reserves.

The other reserves include the fair value changes in the financial assets available for sale and the derivative financial instruments (cash flow hedges).

The net profit includes the results achieved in the past that have not yet been allocated to the reserves and were not distributed, or which must be reported in the item "Liabilities to minority shareholders" under debt capital due to their assignment to the limited partners/shareholders of the real estate fund according to IAS 32.

A resolution was passed at the Shareholders' Meeting on June 9, 2008 to issue a dividend for the 2007 fiscal year of Euro 0.18 per share (Euro 2,160 thousand) to the shareholders (previous year: Euro 0.12 per share, or Euro 1,440 thousand).

[24] Provisions

The long-term and short-term provisions are composed of the following:

Data in thousand Euro	As of 01/01/2008	Use	Release	Allocation	As of 12/31/2008	Of which long-term	Discount factor
Rent compensation obligation	1,690	103	–	103	1,690	1,592	4.8
Encumbering contract	480	212	–	102	370	210	4.8
Other guarantees	857	122	7	12	740	367	4.8
Provisions	**3,027**	**437**	**7**	**217**	**2,800**	**2,169**	

The other provisions take into account all recognizable current legal and constructive liabilities of the Group to third parties arising from a past event that will probably be settled through the outflow of resources or economic benefits and whose amount can be estimated reliably. The provisions are reported with the expected settlement amount in accordance with IAS 37. Long-term provisions are reported on the basis of corresponding market interest rates at their performance amount, discounted as of the balance sheet closing date. The expense incurred in creating a provision is presented in the income statement. In the event of a discount, the increase in the provisions necessitated over the course of time is recognized as a financial expense.

The provision contains an obligation entered into for a fund to refund unpaid rents if certain premises do not come about. Since the premises did not come about by the balance sheet closing date, and the company also considers it unlikely that these premises will come about in the future, the compensation risk was put aside.

The encumbering contract is a general rental contract entered into by the company with a real estate fund which it sells. The rented areas have not yet been completely re-let at this time. The provision corresponds to the encumbrance that will result in the future.

The provision for other guaranties includes assorted rent guaranties, as well as assumptions of costs that are not legally obligatory but which have been assured in the interest of goodwill.

[25] Liabilities to Banks

Liabilities are reported according to the effective interest method, with allowance for transaction costs as well as premiums and discounts.

The liabilities to banks are composed of the following:

Maturity	Type	Fixed-interest period	Maturity	Interest rate in %	01/01/2008 thousand Euro	01/01/2007 thousand Euro
Long-term						
Financing outside of the fund level	Loan	variable	2013	Euribor + 1.75 margin	4,267	–
		variable	2012	Euribor + 1.25 margin	2,890	887
		fixed*	2012	4.950	689	743
		fixed	2012	6.720	1,819	–
Financing on the fund level	Loan	fixed	2010	5.620	1,185	–
		fixed	2011	5.600	4,781	6,546
		fixed*	2017	5.540	7,676	7,676
		fixed*	2017	5.740	28,201	28,203
Long-term total					**51,508**	**44,055**
Short-term						
Financing outside of the fund level	Current account	variable			5,779	45
	Loan	variable	2009	Euribor + 1.20 margin	2,500	2,500
		variable	2008	Euribor + 1.25 margin	–	2,215
		variable	2009	Euribor + 1.75 margin	4,839	7,507
		variable	2009	Euribor + 1.35 margin	13,322	–
Financing on the fund level	Current account	variable			173	314
	Loan	variable	2009	Euribor + 1.25 margin	25,663	25,845
		variable	2009	Bank historical interest rate +1.35 margin	25,911	–
		variable	2008	Euribor + 2.20 margin	–	285,853
		fixed	2009	3.690	651	996
		fixed	2009	5.040	1,749	1,170
Short-term total					**80,587**	**326,445**

*fixed due to interest rate hedging agreement

As of December 31, 2008, land charges for real estate totaling Euro 114,653 thousand (December 31, 2007: Euro 323,982 thousand) existed on the fund level as guarantees for liabilities. The book values of the land total Euro 118,115 thousand. In the case of the loans, the liability of the Group and of the outside shareholders of the particular real estate fund is limited to the assets of the respective fund.

The loans presented as of December 31, 2008 outside of the fund level were taken out to finance the purchase of shares in companies. They are secured by assignment of the shares and by assignment of the registered real property encumbrances of the bank providing the financing at the level of the property company.

Shares in closed-end real estate funds valued at Euro 7,644 thousand (December 31, 2007: Euro 986 thousand) were assigned to the bank as collateral for the corresponding financing loan.

[26] Trade Accounts Payable

The trade accounts payable relate primarily to purchase price liabilities and commission liabilities.

[27] Liablities to Affilliated Persons and Companies

The liabilities to affiliated persons and companies are composed of the following:

Data in thousand Euro	12/31/2008	12/31/2007
Liabilities to HAHN-Holding GmbH, its shareholders, or companies controlled by them	4,717	254
Liabilities to corporate organs of the Hahn Group, or companies controlled by them	153	413
Liabilities to associated companies	1,010	71
Liabilities to affiliated persons and companies	**5,880**	**738**

Further explanations of the relationships with affiliated persons and companies can be found under Item IX.2.

[28] Liabilities to Minority Shareholders

The liabilities to minority shareholders include the shares in the net assets of the real estate funds that must be reported as debt capital according to IAS 32 due to the expectation of their dissolution, as well as the cancellation rights of the limited partners and shareholders in the civil law association.

The shares in the net assets of the real estate funds owned by shareholders who are not members of the Group include the limited partner investments and capital deposits, as well as other equity liabilities (civil law association) and the results achieved in prior periods and the current period by the real estate funds included in the consolidated financial statements.

The shares are not subject to interest, and are due for payout upon withdrawal of the individual shareholders or upon dissolution of the particular fund company.

Financial instruments that give the bearer a right to repayment of the capital made available to the company must be classified as debt capital, according to IAS 32. The real estate funds of the Hahn Group are organized in the legal form of commercial partnerships, in which the shareholders can obligate the company to pay out the capital contributions and the profit shares that accrue to them by exercising a statutory or contractual right of cancellation that cannot be excluded by the articles of partnership. In addition, because of their character as investment objects the companies are not established as permanent entities, so that a claim of the shareholders against the company will arise due to the anticipated dissolution of the company. The claim of the outside shareholders to the net assets of the real estate fund, which is determined primarily by the fair value of the real properties, is therefore reported in the IFRS consolidated financial statements of the Hahn Group as debt capital under the item "Liabilities to minority shareholders." The allocations of profit or loss to external shareholders are recorded in the consolidated income statement as expenses or income.

[29] Other Financial Liabilities

The other financial liabilities are structured as follows:

Data in thousand Euro	12/31/2008	12/31/2007
Loans	4,000	9,793
Interest swaps – effective hedges	3,995	–
Liabilities to employees	549	542
Outstanding invoices received	1,496	2,137
Other liabilities	674	181
Other financial liabilities	**10,714**	**12,653**

The loans exist vis-à-vis various business partners and are essentially subject to interest at a rate of 5 to 6 percent. They are granted for an indefinite period and can be cancelled at any time by either the Hahn Group or the lender, including partial amounts, with a deadline of up to six months.

The liabilities to employees relate primarily to vacation days not yet taken.

[30] Other Liabilities

Data in thousand Euro	12/31/2008	12/31/2007
Liabilities from other taxes	617	934
Deferrals	9	8
Other liabilities	**626**	**942**

VII. EXPLANATORY NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the means of payment of the Hahn Group have changed in the course of the reporting year due to inflow and outflow of funds. In accordance with IAS 7, a differentiation is made among payment flows from business operations, investing and financing activities.

The decline in the cash flow is a result of higher operating expenditure in the fiscal year.

The cash flow from business activities includes the effects of the placement of funds with private investors and the sale of shares in companies of the assets held for sale and the properties held for sale.

The outflow of funds from investment activities for the previous year includes acquisitions of properties held as financial investments that are still included in the portfolio. The income from the sale of the shares in British joint venture Capital & Regional was reinvested, thus reducing the need to borrow new funds.

The financial resource fund corresponds to the liquid assets reported on the balance sheet and includes primarily bank balances.

Payments for taxes on income, for interest and income from investment interests are included in the cash flow from ordinary activities as follows:

Data in thousand Euro	2008	2007
Interest paid	26,630	16,662
Interest received	1,406	2,145
Taxes paid	708	2,334
Taxes received	241	1
Income from investment interests received	1,648	975

VIII. EXPLANATORY NOTES ON THE SEGMENT REPORTING

The segment reporting follows the regulations of IAS 14 in accordance with the internal control of the business areas of the Hahn Group. The activities of the Hahn Group are confined to Germany, so there is no secondary segmentation.

The **Trading** segment includes the distribution of real estate or shares in property companies in the company's own name or the name of another.

The **Management** segment includes asset management, property management and fund management.

The **Investment** segment includes the Group's own participating interests and investment properties.

The **Transition** column reflects the Group management functions that cannot be allocated to the segments, non-allocable assets (receivables from affiliated and associated companies and interests, as well as tax receivables) and liabilities (financial debts, liabilities to affiliated and associated companies and interests, as well as tax liabilities), and consolidation items.

Sales represent the turnover from trading in land (in conjunction with trading in fund shares) and original trading in land and rental income from properties held for sale in the **Trading** segment. The sales revenues from the **Management** segment include commissions for asset, property and fund management. The sales revenues from trading in investment interests and rental income from properties held as financial investments are presented for the **Investment** segment. No investment interests were sold in the previous year.

The EBITDA represents the results from operation (EBIT) before depreciation.

The earnings before financial results and taxes on income (EBIT) report the Group management costs in the Transition column. In the 2008 fiscal year, the personnel costs of the Group management functions were presented here for the first time in addition to the corresponding material costs. This has an impact on the Trading segment and on the transition. The comparison figures for the previous year were adjusted accordingly.

The **Segment assets** include in the **Trading** segment all properties held for sale, as well as the shares held in closed-end real estate funds of the current assets with the intent to sell. Also included here are the shares in associated companies. Properties held as financial investments are recorded in the **Investment** segment.

The **Segment debts** include the operating debts and provisions of the individual segments. Liabilities to banks, liabilities from the financing of properties held as financial investments and liabilities from current and deferred taxes on income are reported in the Transition column.

The operational **Investments** contain the additions of the intangible and tangible assets.

IX. OTHER DISCLOSURES

1. Financial Instruments

The Hahn Group applies the regulations of IAS 39 pertaining to cash flow hedge accounting. By definition, a cash flow hedge is understood to mean hedging against the risk of fluctuating cash flows that can be assigned to a specific risk associated with an asset or liability carried on the balance sheet, or with a planned transaction that is highly likely to take place, and which could have an effect on the result for the period under review. In the case of cash flow hedges, changes in the value of the hedging instruments are initially reported with neutral impact on earnings under a separate item of the equity (cash flow hedge provision), insofar as the hedges are effective. The corresponding amounts are only transferred with impact on earnings from the cash flow hedge provision to the income statement in that period in which the underlying business has an impact on earnings. The Hahn Group also hedges against the risk of fluctuating interest cash flows arising from liabilities with variable interest rates on the basis of cash flow hedges totaling Euro 39,455 thousand. To this end, upon receipt of a variable liability, a contract is concluded for an interest swap that corresponds to the variable liability. At this time, the relationship between basic business and hedging business, the risk management objective and the risk management strategy is documented. Furthermore, the effectiveness of the hedges is evaluated at the time of conclusion of the contract and on every balance sheet date.

As of the closing balance sheet date of December 31, 2008, the fair value of the interest swaps designated as hedging instruments within the scope of cash flow hedges and carried on the balance sheet in the equity amounted to Euro –3,995 thousand (previous year: Euro 0 thousand). In the period under review, no ineffectiveness was presented with impact on earnings.

2. Categories of Financial Instruments

In accordance with IFRS 7, the following categories of financial instruments existed in the year under review:

	Financial assets and liabilities held for trading		Loans and accounts receivable		Assets available for sale		Maximum credit risk	
Data in thousand Euro	2008	2007	2008	2007	2008	2007	2008	2007
Non current assets								
Other (non current) financial assets	–	–	7,336	435	19,232	13,928	**26,568**	**14,363**
Current assets								
Current asset securities	4,298	3,622	–	–	–	–	4,298	3,622
Accounts receivables and other assets								
Trade accounts receivable	–	–	3,934	12,074	–	–	3,934	12,074
Receivables from affiliated persons and companies	–	–	4,574	3,371	–	–	4,574	3,371
Receivables from minority shareholders	–	–	25	25	–	–	25	25
Other (current) financial assets	–	–	3,015	5,709	–	–	3,015	5,709
Liquid funds	–	–	19,098	22,506	–	–	**19,098**	**22,506**
Long-term debts								
Liabilities to banks	–	–	51,508	44,055	–	–	–	–
Other financial liabilities	–	–	1,242	104	–	–	–	–
Short-term debts								
Liabilities to banks	–	–	80,587	326,445	–	–	–	–
Trade accounts payable	–	–	4,059	1,576	–	–	–	–
Liabilities to affiliated persons and companies	–	–	5,880	738	–	–	–	–
Liabilities to minority shareholders	–	–	2,393	2,528	–	–	–	–
Other financial liabilities	–	–	6,719	12,653	–	–	–	–
Net profits	**1,937**	**193**	**1,819**	**4,761**	**250**	**782**	**–**	**–**
Net losses	**–**	**–**	**25,718**	**17,359**	**–**	**–**	**–**	**–**

The book values of the loans and accounts receivable represent a reasonable convergence to the fair value.

The fair values of the original financial instruments correspond to their respective book values in all other respects.

3. Financial Risks

a) Credit risk

The Hahn Group is exposed to the risk that parties to transactions, primarily real estate funds, will not be able to fulfill their liabilities to the Group. These liabilities consist primarily in paying accounts receivable from brokerage services and from trust management and performance of services. The maximum risk of default corresponds to the nominal values reported under the respective categories of financial assets.

Recognizable risks of default that exist in particular for the trade accounts receivable are reflected in corresponding valuation adjustments.

The quantitative credit risk is detailed under Item IX.1., Categories of Financial Instruments. The Hahn Group held no received collateral for the periods under review.

b) Liquidity risk

The conditions for financing property acquisitions are undergoing constant change. The attraction of the financing possibilities is contingent on a whole host of constantly changing factors, which the company has no influence over. This includes, for example, the interest rates for financing, the volume to be financed, the fiscal conditions, as well as the banks' assessment of the value and recoverability of the property if it serves as collateral for loans, as well as their estimation of the general economic climate. Any negative development on the supply side of financing could severely curtail the Hahn Group's ability to acquire and sell properties and thus have adverse effects on its net worth, financial standing and earnings situation.

The Finances department is responsible for the financing of the property companies. A negative development on the capital markets would increase the costs of financing and could impair our financial flexibility. The current development on the US mortgage markets is having a global impact on the capital markets. Such developments can limit the outside financing possibilities of the Hahn Group.

In addition to Item (24), Liabilities to Banks, the quantitative liquidity risk is also presented in further detail below in the form of a breakdown of the remaining term to maturity.

Data in Euro	1 to 3 years	Over 3 years	Total
Long-term financial liabilities	2,712,000	48,795,985	51,507,985
Other long-term financial liabilities	212,234	1,029,484	1,241,717
Long-term liabilities	**2,924,234**	**49,825,469**	**52,749,703**

c) Risk of interest rate changes
In order to assess the market price risk resulting from variable interest rates, changes of one percentage point in Euro were examined within the scope of a sensitivity analysis. The analysis included final maturities of loans and fixed-interest periods.

The analysis yielded a market risk on the closing date for the result and the shareholders' equity of Euro 0.9 million.

d) Capital management
The primary goal of the Hahn Group is to ensure the preservation of the Group's financial substance and its ability to discharge debts in the future, in order to secure its business activities.

The Hahn Group manages the financial substance via the equity ratio and liquidity. The corresponding KPIs have developed as follows:

Data in thousand Euro	01/01/2008	01/01/2007
Shareholders' equity	29,645	39,760
Total liabilities and shareholders' equity	194,711	438,372
Equity ratio in %	15.23	9.07
Liquid funds	19,098	22,506

As of December 31, 2008 and 2007, no changes were made to the goals, guidelines and procedures.

4. Relationships with Affiliated Persons and Companies

For the Hahn Group, affiliated persons and companies according to IAS 24 are the persons and companies that control the Group or exercise a decisive influence on it, or that are controlled or decisively influenced by the Group. Accordingly, HAHN-Holding GmbH and its shareholders, the companies controlled or decisively influenced by HAHN-Holding GmbH or its shareholders, the members of the Board of Management and the Supervisory Board of HAHN-Immobilien-Beteiligungs AG, as well as the subsidiaries and associated companies of the Hahn Group are defined as affiliated persons and companies.

In addition to the business relationships with the subsidiaries included in the consolidated financial statements by way of full consolidation, the following business relationships existed with affiliated persons and companies:

a) Relationships with HAHN-Holding GmbH, its shareholders, or companies controlled by them
Please refer to the information under Items (19) and (27).

b) Relationships with associated companies
The following business relationships existed in the 2008 and 2007 fiscal years with companies on which the Hahn Group has a decisive influence together with other associates:

Balance sheet	Data in thousand Euro	12/31/2008	12/31/2007
Receivables to associated companies		32	83
Liabilities to associated companies		1,010	71

Income statement	Data in thousand Euro	2008	2007
Result from associated companies		1,944	315

On the balance sheet date, guarantee commitments vis-à-vis associated companies totaled Euro 0 thousand (December 31, 2007: Euro 1,710 thousand). With regard to the change in claims against associated companies, please refer to Items (19) and (27).

c) Relationships with affiliated persons

The earnings of the Supervisory Board are as shown below:

Remuneration (fixed) of the Supervisory Board — Data in thousand Euro	2008	2007
Michael Hahn	120	120
Dr. Eckart John von Freyend	60	60
Dr. Reinhard Frhr. von Dalwigk	40	40
Robert Löer	40	40
Total	**260**	**260**

The earnings of the Board of Management are as shown below:

Earnings of the Board of Management — Data in thousand Euro	2008 Fixed earnings	2007 Fixed earnings	2007 Profit sharing bonus	2007 Total
Bernhard Schoofs	261	261	130	391
Norbert Kuhn	231	231	120	351
Total	**492**	**492**	**250**	**742**

The following relationships also exist with affiliated persons:

In the year under review, Mr. Michael Hahn sold 0.01 percent of the shares in three of the closed-end real estate funds established by the company with a nominal value of Euro 2 thousand to HAHN Fonds Management GmbH for a selling price of Euro 2 thousand. Furthermore, Mr. Hahn sold 1.5 percent of the shares in a closed-end real estate fund established by the Hahn Group with a nominal value of Euro 49 thousand to HAHN Fonds Management GmbH and Hahn Trading GmbH for a selling price of Euro 56 thousand.

HAHN Property Management GmbH provides real estate management services for residential properties owned by Mr. Michael Hahn or his relatives. The Hahn Group received remuneration for these management services in fiscal year 2008 of Euro 7 thousand (2007: Euro 7 thousand). Furthermore, the company provides real estate management services free of charge for an office building owned by a relative of Mr. Michael Hahn.

Mr. Michael Hahn has furnished personal guarantees for liabilities of the Hahn Group and the real estate fund it manages with the following values as of the closing balance sheet date:

Data in thousand Euro	12/31/2008	12/31/2007
Liabilities of associated companies	1,010	951
Liabilities of the property funds established and administered by the Hahn Group	210	210
Total	**1,220**	**1,161**

In fiscal year 2008, Mr. Michael Hahn received commissions of Euro 13 thousand (2007: Euro 20 thousand) from the Hahn Group for assuming these guaranties.

During the fiscal year, the law office of a Supervisory Board member of the Hahn Group provided legal advisory services for the companies of the Hahn Group for a total of Euro 87 thousand.

Michael Hahn Vertriebs GmbH received a sales commission in the 2008 fiscal year of Euro 90 thousand (2007: Euro 310 thousand).

On January 4, 2008, Mr. Robert Löer purchased 5,000 shares for a purchase price per share of Euro 7.75. On January 24, 2008, Mr. Michael Hahn purchased 10,000 shares for a purchase price per share of Euro 7.32 Euro. Between January 17 and 24, 2008, Mrs. Andrea Hahn purchased a total of 20,000 shares at a purchase price per share of Euro 7.50. On September 19, 2008, Dr. John von Freyend sold 1,702 shares for a selling price per share of Euro 4 and 298 shares for a selling price per share of Euro 3.93. On December 11, 2008, Mr. Robert Löer sold a total of 4,700 shares for an average selling price per share of Euro 2.215 and a further 300 shares on December 12, 2008, for a selling price per share of Euro 2.21. On December 18, 2008, Mrs. Andrea Hahn purchased 200,000 shares for a price per share of Euro 3. On December 18, 2008, Mr. Robert Löer sold a total of 200,000 shares for a selling price per share of Euro 3.

5. Audit Fees

The expenses in the 2008 fiscal year for auditing the consolidated financial statements and the financial statements of HAHN-Immobilien-Beteiligungs AG and its subsidiaries by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Düsseldorf came to Euro 243 thousand.

6. Contingencies

The Hahn Group has the following contingencies:

Data in thousand Euro	12/31/2008	12/31/2007
Bank guarantees	23,577	20,182
Other guarantees	63	113
Realization guarantees	1,140	1,272

As of December 31, 2008, Euro 7,160 thousand in bank balances and outstanding accounts receivable totaling Euro 6 thousand were pledged to banks.

The bank guarantees include a guarantee to a German bank from previous years totaling Euro 10 million. This has been prolonged within the scope of a package sale to a strategic investor. In the wake of the financial crisis, the financing bank considered it important to include the seller in the exit strategy. The guarantee will be successively redeemed within the framework of the sales success of the strategic investor.

7. Other Financial Liabilities

The future payment liabilities from rental contracts and leases are all for operating leases; as of December 31, 2008, they are structured as follows:

Data in thousand Euro	12/31/2008	12/31/2007
Future payments for operating leases	2,262	2,797
Due in the following year	1,259	771
Due in 2–5 years	1,003	2,023
Due in > 5 years	–	3

There is an obligation towards a strategic business associate to subscribe to shares in a special fund totaling Euro 1.6 million, subject to certain prerequisites. A subscription commitment of Euro 23.6 million exists for the initiated FCP-FIS – German Retail Fund, of which Euro 7.3 million was paid as early as in the first quarter of 2009.

8. Medium- and Long-Term Rental Income

The future liquid inflows to be expected according to the existing rental contracts are:

Data in thousand Euro	12/31/2008	12/31/2007
Future inpayments from rental contracts	55,745	231,317
Due in the following year	7,763	22,441
Due in 2–5 years	39,828	102,544
Due in > 5 years	8,153	106,332

9. Statement on the Corporate Governance Code

The Board of Management and Supervisory Board of HAHN-Immobilien-Beteiligungs AG submitted the Statement on the Corporate Governance Code according to Sec. 161 of the German Stock Corporation Act on December 17, 2008 and made it available to the shareholders via the Internet.

10. Key Events after the Balance Sheet Date

Supervisory Board member Robert Löer was temporarily appointed to the Board of Management on February 25, 2009 by resolution of the entire Supervisory Board of the Hahn Group to serve in lieu of Board of Management member Norbert Kuhn, who has been taken ill, until May 26, 2009.

The start portfolio of the HAHN FCP-FIS – German Retail Fund was completely placed in February 2009. An additional co-investment in the Hahn FCP-FIS – German Retail Fund was also transacted with an investment volume of Euro 18.2 million.

The sale of a Pluswert fund for private investors commenced as of March 2009. Properties were also purchased in Giengen at the start of the fiscal year.

Bergisch Gladbach, March 30, 2009

The Board of Management

Bernhard Schoofs	Robert Löer
Chairman of the Board of Management	Member of the Board of Management

Consolidated Subsidiaries and Associated Companies as of 12/31/2008*

Companies	Share of equity capital in %
I. Affiliated consolidated companies	
HAHN Fonds Management GmbH (until 06/05/2007: HAHN Fonds GmbH), Bergisch Gladbach	100.00
HAHN Fonds Geschäftsführungs GmbH, Bergisch Gladbach	100.00
HAHN Retail Fund Geschäftsführungs GmbH, Bergisch Gladbach	100.00
HAHN Retail GmbH, Bergisch Gladbach	34.00
HAHN Parking GmbH, Bergisch Gladbach	100.00
Hahn Fondsbesitz GmbH, Bergisch Gladbach	100.00
HAHN Asset Management GmbH, Bergisch Gladbach	100.00
HAHN Fondsbeteiligungsgesellschaft mbH, Bergisch Gladbach	100.00
HAHN Trading GmbH (until 11/27/2007: HAHN Grundbesitz Beteiligungs GmbH), Bergisch Gladbach	100.00
HAHN Grundbesitz GmbH & Co. KG, Bergisch Gladbach	100.00
HAHN Property Management GmbH (until 06/05/2007: Immobilien Service GmbH), Bergisch Gladbach	100.00
HAHN Investment GmbH (until 11/27/2007: HAHN Immobilien GmbH), Bergisch Gladbach	100.00
DFD Finanzdienstleistungen & Service GmbH, Bergisch Gladbach	100.00
CuV Consulting & Verwaltungs GmbH, Bergisch Gladbach	100.00
Hahn & Partner Beteiligungs GmbH, Bergisch Gladbach	34.00
Bürohaus Bensberg GbR, Bergisch Gladbach	97.00
Immobiliengesellschaft bürgerlichen Rechts SB-Warenhaus Lübbecke, Bergisch Gladbach	60.37
City-Center Schwerte GbR, Bergisch Gladbach	94.90
SB-Warenhaus Erftstadt GbR, Bergisch Gladbach	92.65
SB-Warenhaus Diez GbR, Bergisch Gladbach	84.90
VM GbR Wolfsburg	53.00
Grundstücksgesellschaft Herrenberg GbR	100.00
Hahn SB-Warenhaus Celle GmbH & Co. KG, Bergisch Gladbach	100.00
Hahn Geschäftszentrum Bremen Blumenthal GmbH & Co. KG, Bergisch Gladbach	94.96
Hahn Baumarkt Soest GmbH & Co. KG, Bergisch Gladbach	99.90
Hahn Verbrauchermarkt Erding GmbH & Co. KG, Bergisch Gladbach	99.99
Hahn Verbrauchermarkt Passau GmbH & Co. KG, Bergisch Gladbach	99.90
Hahn Fachmarktzentrum Übach-Palenberg GmbH & Co. KG, Bergisch Gladbach	100.00
Hahn FMZ Nordhorn GmbH & Co. KG, Bergisch Gladbach	94.90
FMZ Nordhorn B.V., Bergisch Gladbach	100.00
SB-Warenhaus Bergisch Gladbach GbR, Bergisch Gladbach	100.00
Fachmarktcenter Kitzingen GbR, Bergisch Gladbach	100.00
II. Associated companies valued at equity	
Hahn Büro- und Geschäftshaus Cottbus Spremberger Str. 13–15 GmbH & Co. KG, Bergisch Gladbach	32.29
EKZ Bergisch Gladbach GmbH & Co. KG, Bergisch Gladbach	31.00
Gladium Citygalerie Verwaltungsgesellschaft mbH, Bergisch Gladbach	50.00
Gladium Citygalerie GmbH & Co. KG, Bergisch Gladbach	44.90

*The complete shareholdings are on file with the commercial register.

Corporate Organs

Supervisory Board

Michael Hahn, Bergisch Gladbach
Graduate in business economics
Chairman of the Supervisory Board
Managing Partner
Michael Hahn Vertriebs GmbH, Bergisch Gladbach
Supervisory Board member, deboka Deutsche Grund & Boden Kapital AG (since September 10, 2008)
Advisory Committee member, WGF Westfälische Grundbesitz und Finanzverwaltung AG (since October 10, 2008)

Dr. Eckart John von Freyend, Bad Honnef
Vice-Chairman of the Supervisory Board
Managing Partner, Gebr. John von Freyend Verwaltungs und Beteiligungsgesellschaft m.b.H., Bad Honnef
Supervisory Board member, IVG Immobilien AG, Bonn
Chairman of the Supervisory Board, Finum AG, Essen
Chairman of the Supervisory Board, Hamborner AG, Duisburg-Hamborn
Chairman of the Supervisory Board, Konzeptplus AG, Berlin
Supervisory Board member, Litos AG, Munich
Supervisory Board member, VNR Verlag für die Deutsche Wirtschaft AG
Supervisory Board member, Infopark Fejlesztesi Rt., Budapest, Hungary (until April 10, 2008)

Dr. Reinhard Frhr. von Dalwigk, Düsseldorf
Attorney at law and Managing Partner of Aderhold Gassner Rechtsanwaltsgesellschaft mbH
Chairman of the Supervisory Board, analyticon Biotechnologies AG, Lichtenfels

Robert Löer, Bergisch Gladbach
General Manager
Managing Partner, Löer Immobilien Management GmbH
Supervisory Board member, Herkules Grundbesitz AG, Hamburg (since January 21, 2009)
Deputy for Board of Management member Norbert Kuhn, who has been taken ill, in accordance with Sec. 105 Para. 2 German Stock Corporation Act (since February 25, 2009)

Committees of the Supervisory Board

Audit Committee	Dr. Eckart John von Freyend, Chairman Dr. Reinhard Frhr. von Dalwigk Robert Löer
Nomination Committee	Michael Hahn Dr. Eckart John von Freyend (Deputy) Robert Löer

Board of Management

Bernhard Schoofs, Overath
Diploma (German university degree) in business administration
Chairman of the Board of Management
Trading and Investment business segments

Norbert Kuhn, Overath
Attorney-at-law
Member of the Board of Management
Asset Management business segment

Robert Löer, Bergisch Gladbach
Diplom (German university degree) in business economics
Managing Partner, Löer Immobilien Management GmbH
Supervisory Board member, Herkules Grundbesitz AG, Hamburg (since January 21, 2009)
Deputy for Board of Management member Norbert Kuhn, who has been taken ill, in accordance with Sec. 105 Para. 2 German Stock Corporation Act (from February 25, 2009 to May 26, 2009)
Mr. Löer will not engage in his Supervisory Board activities while deputizing for Mr. Kuhn, in accordance with Sec. 105 Para. 2 Page 3 of the German Stock Corporation Act.

2008 Consolidated Financial Statements

Statement of the Board of Management

These consolidated financial statements and this consolidated management report were prepared by the Board of Management of HAHN-Immobilien-Beteiligungs AG, which is responsible for the completeness and accuracy of the information contained therein. The Board of Management hereby confirms that the consolidated financial statements for 2008 were prepared according to their best knowledge.

The consolidated financial statements were prepared using the International Financial Reporting Standards (IFRS), in accordance with the rules of use in the EU.

The information contained in the consolidated financial statements and the consolidated management report is based on the uniform Group-wide reporting of the companies and fund and property companies included in the consolidated financial statements of HAHN-Immobilien-Beteiligungs AG. The correctness of this reporting is ensured by the effective monitoring systems established at the initiative of the Board of Management.

"We assure that, to the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the Group, and the Group management report provides an appropriate view of the development and results of operations and of the position of the Group, suitably presenting the principal opportunities and risks associated with the expected future development of the Group."

Bergisch Gladbach, March 30, 2009

The Board of Management

Bernhard Schoofs

Robert Löer

Audit Opinion

"We have audited the consolidated financial statements prepared by the HAHN-Immobilien-Beteiligungs AG, Bergisch Gladbach, comprising the income statement, balance sheet, development of the shareholders' equity, cash flow statement and notes to the consolidated financial statements, together with the group management report for the fiscal year from January 1, 2008 to December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 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] (IDW). 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group 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 consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 30, 2009

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hollweg	Erdle
German Public Auditor	German Public Auditor

HAHN-Immobilien-Beteiligungs AG

Abridged version of the individual financial statements

Income statement (Data in Euro)	2008	2007
Sales	467,702	3,306,205
Change in inventories of finished goods and work in progress	–	– 108,136
Other operating income	2,042,732	3,239,906
Total operating performance	2,510,434	6,437,975
Operating expenses and financial results	– 3,729,537	– 3,135,606
Earnings before taxes	– 1,219,103	3,302,369
Taxes	161,250	1,064,190
Annual net profit	**– 1,380,353**	**2,238,179**

Balance sheet: assets (Data in Euro)	12/31/2008	12/31/2007
Non current assets	13,698,732	11,437,243
Inventories	831,762	1,040,889
Accounts receivable and other assets	27,165,976	35,510,081
Cash on hand, bank balances	19,658,152	9,694,989
Prepaid expenses and accrued income	55,450	63,187
Total	**61,320,072**	**57,746,389**

Balance sheet: liabilities (Data in Euro)	12/31/2008	12/31/2007
Shareholders' equity	31,086,165	34,626,518
Provisions	5,320,997	6,972,812
Liabilities	24,908,718	16,140,547
Accruals and deferred income	4,192	6,512
Total	**61,320,072**	**57,746,389**

Glossary

Assets under management
Value of the property managed by the Hahn Group, comprised of private, institutional and co-investments as well as the company-own portfolio.

Closed-end fund
Closed-end funds issue a fixed number of shares for a pre-defined and firmly limited investment sum. Once this scheduled volume has been attained, the fund is closed and no more shares are issued. Unlike open-end funds the issuing company is not obligated to redeem shares during the term.

Corporate Governance
Designation of a responsible business management and control geared toward long-term sustained value creation.

DAX
German stock index, as compiled by Deutsche Börse. The index represents the value performance of the 30 biggest German shares with the highest trading volume.

Discounter
Food retailer with a sales area of up to 1,000 m^2, selling a limited assortment of goods with a high turnover. Stores are run in self-service style with an aggressive low-price policy.

Dividend
A portion of profits paid out to shareholders.

EBT
Earnings Before Taxes.

EBIT
Earnings Before Interests and Taxes.

EBITD
Earnings Before Interest, Taxes and Depreciation.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization.

EPRA / NAREIT Europe Index
The EPRA Index of the European Public Real Estate Association, which describes the performance of the largest European real estate companies listed on a stock exchange.

Equity ratio
The equity ratio refers to the portion of equity in the balance sheet as against balance sheet total.

FCP
Fonds commun de placement – the legal form of an investment fund under Luxembourg law. Investors in an FCP are joint owners of the fund assets.

Hypermarket
Retail store with a sales area over 5,000 m^2 and focusing on goods of daily demand as well as countless non-food goods for self-service shopping, mainly located at sites easily accessible for motor vehicles.

Leverage effect
If an investor can raise borrowed capital at lower rate of interest or more favorable conditions than those with which he would earn from an investment, one speaks of a leverage effect, because the investor can invest more funds here than without additional borrowed capital.

Market capitalization
Key ratio that reflects the current market value of a company. Market capitalization is determined by multiplying the number of outstanding shares of stock times the price per share.

Pluswertfund
The closed-end funds issued by HAHN Fonds GmbH are sold under the name “Pluswertfund.”

REIT
Mainly exchange-listed property investment companies (Real Estate Investment Trust), who rent out and / or lease their property assets, generate rental revenues and pay out the bulk of their earnings. REITs are exempted from corporation and trade taxes. According to the proposed legislation on G-REITs, these tax privileges are granted, if, among other things, at least 75 percent of all income is generated from rent and lease and if at least 90 percent of all earnings are paid out to the shareholders.

Retail park
An agglomeration of retail warehouses grouped around a shared parking space, usually in the shape of a horseshoe. Retail parks are planned and managed on a standardized basis. Unlike a retail warehouse center, a retail park does not have a mall.

Retail warehouse
Retail store with a sales area over 700 m^2 selling non-food assortments from only one goods group. Focus is on price sensitivity. Operations with different service concepts and occasionally offering additional services. Generally located at sites easily accessible for motor vehicles.

Retail warehouse center
Shopping center located at sites easily accessible for motor vehicles that integrate under one roof stores from different sectors, with varying sizes and formats, but dominated by price-sensitive superstores.

Shopping center
Retail property that integrates retailers from different industries, sizes and formats under one uniformly planned and managed roof.

Supermarket
Retail store with a sales area between 400 and 800 m^2 for self-service shopping offering food, beverages and obacco, including fresh fruit and vegetables and supplementary goods for daily and short-term demand.

Superstore (large)
Retail store with a sales area between 1,500 and 5,000 m^2 generally for self-service shopping focusing on goods for daily demand. The sites are generally located easily accessible for motor vehicles.

Financial Calendar

05/14/2009	Publication of interim notification
05/26/2009	Shareholders' Meeting
08/14/2009	Publication of semi-annual report
11/13/2009	Publication of interim notification

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Multi-Year Statement

Data in thousand Euro	2008	2007	2006
Sales	432,607	129,956	127,850
EBITDA	18,405	22,986	8,508
EBIT	18,066	22,688	8,293
EBT	– 6,464	10,953	6,251
Consolidated result	– 5,366	7,062	4,118
Cash flow from operating activities	–13,240	5,537	4,597
Equity ratio in %	15.2	9.1	40.0
Rental volume under management	141,712	155,194	133,665
Assets under management in billion Euro	2.05	2.25	2.0
Earnings per share in Euro	– 0.45	0.59	0.40
Dividend per share in Euro	–	0.18	0.12
Employees number	83	75	58

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