

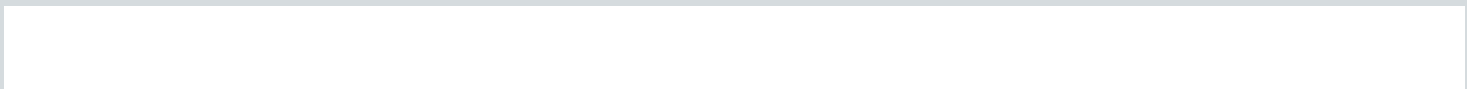
*hausInvest*



Open-Ended Real Estate Fund

# Annual Report

2017/2018 as at 31 March 2018 (excerpts)



# At a Glance

## hausInvest key ratios

in € m

ISIN: DE 000 980 701 6 WKN: 980 701	As at 31/03/2018 <sup>1</sup>	As at 31/03/2017 <sup>1</sup>	As at 31/03/2016 <sup>1</sup>	As at 31/03/2015 <sup>1</sup>
Real estate portfolio	6,825	7,200	7,206	7,709
Equity investments in real estate companies	2,008	1,904	1,794	1,936
Liquid investments	3,730	2,780	2,084	1,255
Other assets	1,704	1,310	1,416	1,135
Less liabilities and provisions	-1,070	-933	-1,553	-2,206
<b>Fund assets</b>	<b>13,197</b>	<b>12,261</b>	<b>10,947</b>	<b>9,829</b>
<b>Real estate assets</b>	<b>10,245</b>	<b>10,032</b>	<b>9,878</b>	<b>10,900</b>
of which held directly	6,825	7,200	7,206	7,709
of which held through real estate companies	3,420	2,832	2,672	3,191
Properties outside Germany	7,909	7,659	8,030	8,944
of which held directly	4,955	5,277	5,753	6,134
of which held through real estate companies	2,954	2,382	2,277	2,810
Properties in Germany	2,336	2,373	1,848	1,956
of which held directly	1,870	1,923	1,454	1,575
of which held through real estate companies	466	450	394	381
<b>Changes in net funds</b>	<b>1,065</b>	<b>1,240</b>	<b>1,014</b>	<b>415</b>
<b>Number of fund properties (held directly and indirectly)</b>	<b>97<sup>2</sup></b>	<b>94</b>	<b>97</b>	<b>106</b>
of which held through real estate companies	31	26	25	26
of which outside Germany	65	67	71	76
<b>Changes during the reporting period (with transfer of benefits and encumbrances)</b>				
Acquisitions (number)	9	9	4	3
Disposals (number)	11 <sup>4</sup>	12	13 <sup>3</sup>	7
<b>Occupancy rate (balance sheet date)</b>	<b>94.8 %</b>	<b>93.5 %</b>	<b>92.7 %</b>	<b>90.3 %</b>
<b>Redemption price per share (in €)</b>	<b>41.28</b>	<b>41.71</b>	<b>41.46</b>	<b>41.06</b>
Issue price per share (in €)	43.34	43.80	43.53	43.11
Total distribution (in € m) <sup>5</sup>	305	180	164	145
<b>Final distribution (in € m)<sup>5</sup></b>	<b>96</b>	<b>180</b>	<b>164</b>	<b>145</b>
<b>Interim distribution (in € m)<sup>5</sup></b>	<b>168</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tax liquidity released (in € m)<sup>5,7</sup></b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>-</b>
Outstanding shares (in millions)	320	294	264	239
Total distribution per share (in €)	0.95 <sup>8</sup>	0.60	0.60	0.60
Final distribution date	18/06/2018	19/06/2017	13/06/2016	15/06/2015
Final distribution per share (in €)	0.30	0.60	0.60	0.60
Interim distribution date	15/09/2017	-	-	-
Interim distribution per share (in €)	0.55	-	-	-
Date of tax liquidity release <sup>7</sup>	02/01/2018	-	-	-
Tax liquidity released per share (in €) <sup>7</sup>	0.13	-	-	-
<b>Total expense ratio (TER)</b>	<b>1.05 %</b>	<b>1.05 %</b>	<b>1.05 %</b>	<b>1.04 %</b>
<b>Return on investment (BVI method)<sup>6</sup></b>	<b>2.1 %</b>	<b>2.1 %</b>	<b>2.5 %</b>	<b>2.5 %</b>
Income from property (equity)	4.2 %	4.2 %	4.1 %	4.1 %
Income from liquidity	-0.1 %	0.1 %	0.3 %	0.5 %

<sup>1</sup> Refers to the respective financial year beginning 1 April and ending 31 March of the following year.

<sup>2</sup> The direct investment Hamburg, Großer Burstah (under construction), was split into four economic units in the year under review. The property Frankfurt, ONE FORTY WEST, which is held through real estate companies, was split into three economic units in the year under review.

<sup>3</sup> The property Twin Towers, Strawinskylaan, Amsterdam, was, with the exception of the parking deck, sold in the reporting period to the real estate company CRI Twin Towers LP C.V., Amsterdam, which is also part of the *hausInvest* portfolio.

<sup>4</sup> Additionally, 50 percent of the investment was sold to the real estate company CGI Metropole s.r.o., Prague.

<sup>5</sup> On the basis of the shares outstanding as at the distribution date (previous years) or as at the balance sheet date, 31 March 2018.

<sup>6</sup> Excluding up-front fee, assuming instant reinvestment of the amount distributed. Past performance is not indicative of future returns.

<sup>7</sup> Due to tax-related retention as at 31 December 2017, tax liquidity of 0.13 euros per share was released to all investors via their custodian banks for the purpose of capital gains tax deduction.

<sup>8</sup> Based on the shares outstanding as at 31 March 2018.

This compilation is an abridged version of the complete *hausInvest* Annual Report 2017/2018 as at 31 March 2018. This summary does not comply with the annual report requirements stipulated by the German Federal Financial Supervisory Authority (BaFin).

**For accounting reasons, rounding differences may occur in respect of the totalling of rounded figures and percentages in this Report.**

# Portfolio Structure

## A Balanced Distribution of Properties

As at 31 March 2018, the real estate assets, which total 10.2 million euros, were broken down into 97 fund properties spread across 53 cities in 16 countries. 84.7 percent of the portfolio is located in Europe. The main investment focus of the fund is on stable markets in Europe and thriving economic regions in Asia and the USA.

# 74.8%

of properties are younger than  
15 years old

31 properties were held indirectly through real estate companies as at the balance sheet date. The broad real estate spread is an important component of the safety-oriented investment strategy of *hausInvest*, reducing the fund's exposure to economic trends in any single market.

## A Modern Portfolio

The fundamental objective is to maintain a modern, high-yield real estate portfolio in the long term and optimise this portfolio on an ongoing basis. The *hausInvest* portfolio is extremely young and modern. The fact that 74.8 percent of the properties were younger than 15 years old as at the balance sheet date has a positive impact: not only are maintenance costs relatively low, but there are greater opportunities for lettings, future value appreciation and potential sales. The young age structure pays dividends. By virtue of the high quality of our real estate portfolio, we have once again been able to conclude many new leases, and renew existing ones ahead of schedule, in the year under review. In order to ensure that older properties remain attractive and up to date for our tenants, we will refurbish these as necessary to ensure their long-term viability.

## Geographical distribution of fund properties<sup>1</sup>

		Property market value <sup>2</sup> in €k	No. of properties	Total useful area in m <sup>2</sup>
United Kingdom		2,405,070	8	385,962
Germany		2,336,248	32	515,205
France		1,153,405	8	153,433
USA		1,076,221	7	132,516
Italy		828,425	9	223,110
Netherlands		484,954	10	182,816
Singapore		394,639	1	22,334
Czech Republic		230,000	3	90,923
Luxembourg		229,565	3	33,392
Portugal		207,150	3	59,430
Belgium		189,200	1	47,784
Turkey		176,940	1	62,071
Austria		153,540	6	44,297
Spain		150,750	1	39,928
Poland		133,200	3	69,492
Australia		95,438	1	14,477
<b>Total</b>	<b>100.0%</b>	<b>10,244,745</b>	<b>97</b>	<b>2,077,170</b>

<sup>1</sup> Basis: fair market values of properties held directly and indirectly, including properties under construction and undeveloped plots.

<sup>2</sup> Pro rata, based on the percentage stake.

As at: 31 March 2018.

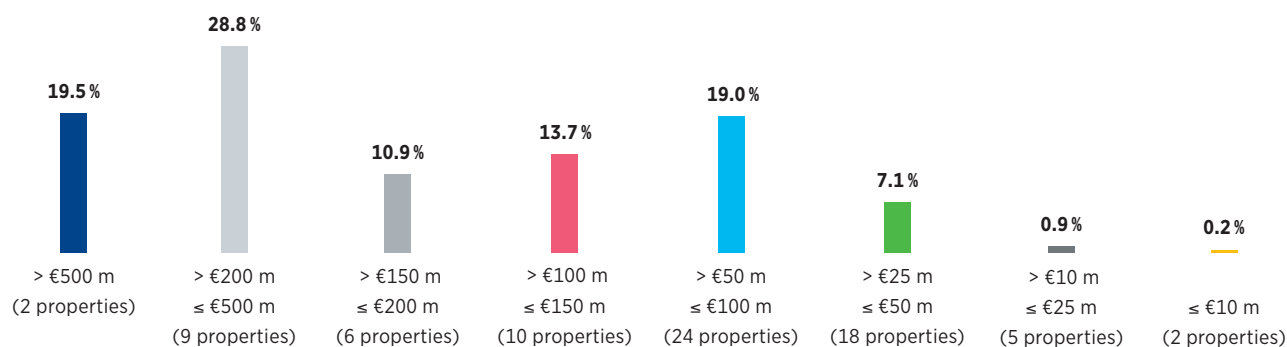
## Economic age structure of fund properties<sup>1</sup>

	Property market value <sup>2</sup> in €k	No. of properties	Total useful area in m <sup>2</sup>
Less than 5 years	5.9%	5	91,828
5-10 years	35.5%	23	619,598
10-15 years	33.3%	23	634,832
15-20 years	14.3%	15	282,485
More than 20 years	10.9%	10	168,078
<b>Total</b>	<b>100.0%</b>	<b>76</b>	<b>1,796,821</b>

<sup>1</sup> Basis: fair market values of properties held directly and indirectly, excluding properties under construction and undeveloped plots.

<sup>2</sup> Pro rata, based on the percentage stake.

## Size categories of fund properties (market values)<sup>1</sup>



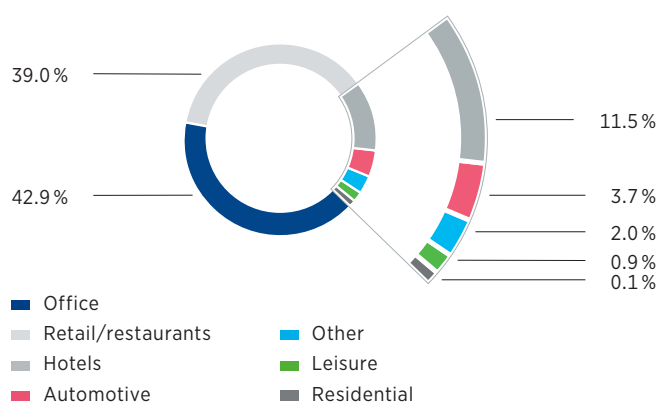
<sup>1</sup> Basis: fair market values of real estate held directly and indirectly, excluding real estate under construction and undeveloped plots.

## Broad-Based Property Mix

In addition to the broad regional spread across major economic locations, *hausInvest* also attaches great importance to a balanced array of usage types among its high-quality, high-yield fund properties, which include office complexes, shopping centres, hotels and residential units. The *hausInvest* real estate portfolio serves some 2,200 tenants from a wide variety of sectors, reducing the fund's exposure to developments in individual industries.

As at 31 March 2018, the office segment accounted for some 43 percent of rental income, whereas 39 percent was attributable to retail and restaurants as at the balance sheet date. The share attributable to hotels rose from 5.2 percent to 11 percent year-on-year.

## Main usage types of fund properties<sup>1</sup>



<sup>1</sup> Pro rata, based on the percentage stake.  
As at: 31 March 2018.

# Real Estate Activities

## Acquisitions and Sales

A competitive, high-yield real estate portfolio is a decisive factor in the success of a fund, with targeted transactions a key element in terms of active, forward-looking portfolio management. To this end, consistent use is made of the opportunities for attractive real estate acquisitions. Furthermore, properties are sold as profitably as possible when the market cycle is at its most favourable.




The **Kimpton Hotel Monaco** in Philadelphia was added to the *hausInvest* portfolio in March 2018. This four-star boutique hotel at 433 Chestnut Street is located in the historic heart of the city. Originally built as a bank in 1907, the building was converted into a hotel between 2010 and 2012 – and now boasts 268 rooms, a restaurant, conference suites, a gym and a roof terrace (complete with rooftop bar) spread over some 18,000 square metres of useful area. The appeal of the second-largest city on the US East Coast is not only due to its excellent infrastructure and diversified economic base, but also its attractive status as a travel destination thanks to its historical importance. This is where the United States Declaration of Independence was proclaimed, and where the United States Constitution was enacted. Related major sights, such as Independence Hall and the Liberty Bell, are just a short walk away from the hotel, with the Convention Center and various federal agencies also situated in the immediate vicinity. A 20-year lease agreement, with two renewal options, is in place with the hotel operator.

This transaction follows on seamlessly from previous investments in the US hotel market. In August 2017, the boutique hotel **The Everly** in Los Angeles, California, was transferred to the *hausInvest* portfolio. Here too, the central location a stone's throw away from the famous Hollywood Boulevard – coupled with the outstanding facilities (including a rooftop pool) – was a key consideration in the decision to choose the property. The lease agreement runs over 20 years. Back in April 2017, **Alohilani Resort Waikiki Beach** in Hawaii was acquired for approx 347 million euros. The hotel is located right beside Waikiki Beach, the island's most famous tourist attraction. The hotel complex remained operational during renovation work and now comprises 839 suites and rooms in the 'luxury and upper upscale' market segment. By virtue of the warm climate, tourists travel to Hawaii all year round, enabling the property's continuous use as a holiday resort. The 20-year lease agreement includes additional renewal options.

The fund also invested in the office segment in the US. In May 2017, for example, Seattle's **Dexter Station** new-build office complex, which measures approx. 32,000 square metres, was acquired for *hausInvest*. The sole tenant of the office complex is social media pioneer Facebook, which has itself invested some 50 million US dollars in the tailor-made upgrade to the property. The rental agreement with Facebook runs over ten years.

Alongside the acquisitions in the currently highly attractive North American region, the portfolio management team remains abreast of the German real estate market. In Ger-

## Summary of acquisitions

Acquisitions with transfer of benefits and encumbrances		Germany (€)		
				
No.		15	20	25
Name of property		Forum City Mülheim	niu Coin	Star Inn Hotel & Suites Premium
Postcode/city		45468 Mülheim an der Ruhr	60314 Frankfurt am Main	69115 Heidelberg
Street address		Hans-Böckler-Platz 1	Mayfarthstrasse 29	Speyerer Strasse 7-9
Usage type/main usage type <sup>1</sup>	as a % of rental space	RT: 85	UC / H: 100	UC / H: 100
Useful area	in m <sup>2</sup>	47,088	4,152 <sup>2</sup>	11,618 <sup>2</sup>
Investment type		direct	direct	direct
Market value on purchase	in €	126,750,000.00	22,850,000.00	41,620,000.00
Purchase price	in €	126,122,205.00	22,610,000.00 <sup>3</sup>	41,552,000.00 <sup>3</sup>
Ancillary acquisition costs	in €	9,968,116.52	1,924,369.83 <sup>3</sup>	3,131,922.69 <sup>3</sup>
Ancillary acquisition costs	as a % of the purchase price	7.90 %	8.51 %	7.54 %
Anticipated depreciation period	in years	10	UC	UC
Transfer of benefits and encumbrances		27 July 2017	5 December 2017	14 June 2017
Date of purchase agreement		10 April 2017	22 July 2016	21 November 2016

<sup>1</sup> Abbreviations

H Hotel building RE Residential building  
M Miscellaneous RT Retail trade building  
O Office building UC Under construction

<sup>2</sup> Floor space as per planning.

<sup>3</sup> Purchase price and ancillary acquisition costs as per planning. As at: 31 March 2018.

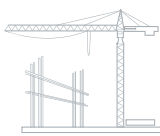
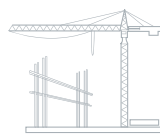

many, the **Forum City Mülheim** shopping centre was acquired in July 2017. With more than 100 shops, direct access to the main railway station and some 11.9 million visitors a year, this 120-metre-long, two-storey mall in Mülheim an der Ruhr offers an impressive combination of location, tenant diversity and sustainable concept.

Eleven fund properties were sold during the reporting period, five of which in Germany. The office complex **Palatin II and III** in the French commercial district of **La Défense** in Paris was sold in December 2017, achieving a strong profit for *hausInvest*. The seven-storey complex comprises some 23,000 square metres of rentable space and had been in the portfolio since 2002. After the sole tenant moved out in summer 2017, 56 percent of the office space was pre-let to a French electricity provider – and the decision taken to carry out extensive modernisation work. The new multi-tenant concept includes flexible office spaces of 2,500 square metres and above, as well as a reception service, a restaurant and a gym. These measures, which were supervised by asset management, enabled a successful placement of the property on the market.

The sale of the Frankfurt property the **Japan Center** in March 2018 came on the back of a successful reletting. The fully let high-rise building, with approximately 29,000 square metres of total rental space, was sold for 265.2 million euros after 16 years in the portfolio, making it the largest single disposal during the reporting period. The office space had previously undergone extensive technical modernisation. The selling price reflects not only the added

value created as a result, but also the high demand for premium properties in prime locations. The Munich office complex **Machtlfinger Höfe** was also sold following a realignment towards smaller tenancies. As a result, many new companies were acquired as tenants prior to the sale, meaning that virtually all space was occupied. This played a key role in pushing up the market value of 52.1 million euros as at the end of the 2016/2017 financial year by more than 60 percent to 83.9 million euros when the property was sold in December 2017. In addition, **Motel One am Spittelmarkt** in Berlin was sold for some 43 million euros. The systematic rejuvenation of the portfolio and the current market cycle were at the forefront of the sale of Frankfurt's **Goldenes Haus** in January 2018. The building, whose name is due to its striking reddish-gold facade in anodised aluminium, comprises approx. 33,000 square metres of rental space and had been in the portfolio for 30 years.

The favourable market climate was also used to optimise portfolio alignment outside Germany. In the Netherlands, the fully let **Blaak 31** office complex in Rotterdam was sold, as were **Ten-Thirty** in Amstelveen and **ArenaToren B** in Amsterdam, with the total transaction volume amounting to some 200 million euros. With the disposal of the shopping centres **Malmö Plaza** in Malmö and **Commercial Mall Hakata** in Fukuoka, the fund sold its last remaining properties in Sweden and Japan.

Acquisitions with transfer of benefits and encumbrances	Germany (€)		USA
			(USD converted into €) <sup>4</sup>
			
No.	26	27	91
Name of property	NH Mannheim	niu Square	Dexter Station
Postcode/city	68165 Mannheim	68165 Mannheim	Seattle, WA 98109
Street address	Schlachthofstrasse 1	Seckenheimer Strasse 148	1101 Dexter Avenue N
Usage type/main usage type <sup>1</sup>	as a % of rental space	UC/H: 100	O: 100
Useful area	in m <sup>2</sup>	9,170 <sup>2</sup>	32,008
Investment type	direct	direct	indirect
Market value on purchase	in €	35,850,000.00	257,249,304.25
Purchase price	in €	35,412,500.00 <sup>3</sup>	256,755,543.59
Ancillary acquisition costs	in €	2,602,295.11 <sup>3</sup>	6,799,417.76
Ancillary acquisition costs	as a % of the purchase price	7.35 %	2.65 %
Anticipated depreciation period	in years	UC	10
Transfer of benefits and encumbrances		21 December 2017	19 May 2017
Date of purchase agreement		6 April 2017	10 April 2017

<sup>1</sup> Abbreviations

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O Office building UC Under construction

<sup>2</sup> Floor space as per planning.

<sup>3</sup> Purchase price and ancillary acquisition costs as per planning.

<sup>4</sup> USD/EUR conversion rate on 21/04/2017 = 1.07225.

USD/EUR conversion rate on 19/05/2017 = 1.11390.

USD/EUR conversion rate on 10/08/2017 = 1.17215.

USD/EUR conversion rate on 01/03/2018 = 1.21945.

As at: 31 March 2018.

**Acquisitions with transfer of benefits and encumbrances** **USA**  
**(USD converted into €)<sup>2</sup>**



No.		94	95	97
Name of property		Alohilani Resort Waikiki Beach	The Everly	Kimpton Hotel Monaco
Postcode/city		Honolulu, HI 96815	Los Angeles, CA 90028	Philadelphia, PA 19106
Street address		2490 Kalakaua Avenue	1800 Argyle Avenue	433 Chestnut Street
Usage type/main usage type <sup>1</sup>	as a % of rental space	H: 100	H: 100	H: 100
Useful area	in m <sup>2</sup>	50,325	17,964	18,034
Investment type		indirect	indirect	indirect
Market value on purchase	in €	393,564,933.55	121,571,471.23	116,322,932.47
Purchase price	in €	346,998,612.73	120,718,338.10	115,912,911.56
Ancillary acquisition costs	in €	7,275,323.84	2,598,055.04	2,361,481.23
Ancillary acquisition costs	as a % of the purchase price	2.10 %	2.15 %	2.04 %
Anticipated depreciation period	in years	10	10	10
Transfer of benefits and encumbrances		21 April 2017	10 August 2017	1 March 2018
Date of purchase agreement		21 April 2017	31 January 2017	25 January 2018

**Summary of sales**

**Sales with transfer of benefits and encumbrances** **Germany (€)**







Name of property		Motel One am Spittelmarkt	Goldenes Haus	Arcotec	Japan Center
Postcode/city		10117 Berlin	60486 Frankfurt am Main	63263 Neu-Isenburg	60311 Frankfurt am Main
Street address		Leipziger Strasse 50	Theodor-Heuss- Allee 80	Martin-Beheim- Strasse 4-6	Taunustor 2
Usage type/ main usage type <sup>1</sup>	as a % of rental space	H: 100	O: 100	O: 100	O: 100
Useful area	in m <sup>2</sup>	8,660	33,235	15,818	28,526
Investment type		direct	direct	direct	direct
Market value on sale	in €	38,350,000.00	99,550,000.00	12,080,000.00	259,000,000.00
Selling price	in €	43,050,000.00	99,690,000.00	12,000,000.00	265,200,000.00
Profit on sale compared to market value before ancillary selling costs and taxes on sale	in €	4,700,000.00	140,000.00	- 80,000.00	6,200,000.00
Ancillary selling costs	in €	1,163,388.78	1,002,336.72	330,173.20	4,873,380.41
Transfer of benefits and encumbrances		12 September 2017	5 January 2018	23 February 2018	1 March 2018
Date of purchase agreement		31 July 2017	11 October 2017	2 November 2017	19 December 2017



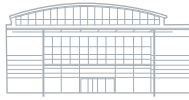

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<sup>2</sup> USD/EUR conversion rate on 21/04/2017 = 1.07225.  
 USD/EUR conversion rate on 19/05/2017 = 1.11390.  
 USD/EUR conversion rate on 10/08/2017 = 1.17215.  
 USD/EUR conversion rate on 01/03/2018 = 1.21945.  
 As at: 31 March 2018.



Sales with transfer of benefits and encumbrances	Germany (€)	France (€)	Netherlands (€)	
				
Name of property	Machtlfinger Höfe	Palatin	Blaak 31	Ten-Thirty
Postcode/city	81379 Munich	92800 Puteaux	3011 GA Rotterdam	1185 MC Amstelveen
Street address	Machtlfinger Strasse 5-15	3-5 Course du Triangle/Rue de Valmy	Blaak 31	Burgemeester Rijnderslaan 10-30
Usage type/ main usage type <sup>1</sup>	as a % of rental space O: 100	O: 100	O: 100	O: 100
Useful area	in m <sup>2</sup> 21,725.00	23,298	23,182	48,995
Investment type	direct	direct	direct	direct
Market value on sale	in € 83,950,000.00	189,900,000.00	73,050,000.00	74,195,000.00
Selling price	in € 84,920,000.00	229,801,315.66	75,580,675.00	72,940,000.00 <sup>3</sup>
Profit on sale compared to market value before ancillary selling costs and taxes on sale	in € 970,000.00	39,901,315.66	2,530,675.00	-1,255,000.00
Ancillary selling costs	in € 2,797,966.58	20,903,961.59	1,816,938.37	1,514,312.66 <sup>3</sup>
Transfer of benefits and encumbrances	13 December 2017	20 December 2017	22 June 2017	20 September 2017
Date of purchase agreement	12 December 2017	9 November 2017/ 20 December 2017	22 June 2017	10 July 2017

Sales with transfer of benefits and encumbrances	Netherlands (€)	Sweden (SEK converted into €) <sup>2</sup>	Czech Republic (€)	Japan (JPY converted into €) <sup>2</sup>
				
Name of property	Arena Toren B	Malmö Plaza	Metropole Zlicin	Commercial Mall Hakata
Postcode/city	1101 HG Amsterdam-Zuidost	21212 Malmö	15521 Prague	Fukuoka
Street address	De Entree 199-273	Pilgatan 1, 9-15/ Fredsgaten 8-14, 19-23	Řevnická 1	Tokoji-cho 2-26
Usage type/ main usage type <sup>1</sup>	as a % of rental space O: 100	UC / RT:	RT: 100	RT: 100
Useful area	in m <sup>2</sup> 19,679	40,155	55,875	9,689
Investment type	direct	direct	indirect	indirect
Market value on disposal sale	in € 49,285,000.00	41,206,313.42	213,050,000.00 <sup>4</sup>	46,773,589.52
Selling price	in € 51,574,797.00	40,996,207.85	220,000,000.00 <sup>4</sup>	47,199,155.68
Profit on sale compared to market value before ancillary selling costs and taxes on sale	in € 2,289,797.00	-210,105.57	6,950,000.00	425,566.16
Ancillary selling costs	in € 1,902,638.80	1,199,139.08	2,950,950.00	1,421,004.09
Transfer of benefits and encumbrances	28 September 2017	26 June 2017	23 October 2017	17 August 2017
Date of purchase agreement	16 June 2017	23 December 2016	28 July 2017	17 August 2017

<sup>1</sup> Abbreviations

H Hotel building  
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RT Retail trade building  
UC Under construction

<sup>2</sup> JPY/EUR conversion rate on 17/08/2017 = 129.2396.  
SEK/EUR conversion rate on 26/06/2017 = 9.75700.

<sup>3</sup> Includes the sale of planning permission held by a management company.

<sup>4</sup> Disposal value and selling price shown at 50 percent due to a pro rata sale.  
As at: 31 March 2018.



## Construction Projects

In addition to a lucrative purchase yield, the appeal of construction projects lies in the ability to exert influence on the planning phase and future operating concepts at an early stage. This paves the way for strong market positioning, long-term lettings and lasting value appreciation.

Construction projects also include extension and modernisation work on existing portfolio properties. In March 2018, for example, the expansion of the **Westfield London** shopping centre, which began in 2016, was largely completed. The first tenants have opened their stores in the 70,000 m<sup>2</sup> extension; these include department store John Lewis (which alone occupies some 21,000 square metres), Adidas, H&M, Mango, furniture retailers West Elm and The White

### Construction projects at a glance

Construction projects in the 2017 / 2018 financial year	Usage type <sup>1</sup>	Useful area in m <sup>2</sup>	Completion
<b>Portfolio properties completed in the reporting period</b>			
<b>Italy</b>			
Bergamo, Orio Center, phase III	RT	15,334	Q2 2017
<b>Germany</b>			
Hamburg, Adina Apartment Hotel	H	9,183	Q1 2018
<b>France</b>			
Paris, Kléber	O	11,478	Q4 2017

Construction projects in the 2017 / 2018 financial year	Usage type <sup>1</sup>	Useful area in planned m <sup>2</sup>	Completion (expected)
<b>Portfolio sites / purchased with an intention to construct</b>			
<b>Germany</b>			
Hamburg, Burstah Ensemble <sup>3</sup>	UC / O, RT	6,570	Q4 2021
Hamburg, Burstah Ensemble <sup>3</sup>	UC / O, RT	10,413	Q4 2021
Hamburg, Burstah Ensemble <sup>3</sup>	UC / H	8,922	Q4 2021
Hamburg, Burstah Ensemble <sup>3</sup>	UC / RE	5,852	Q4 2021
<b>Austria</b>			
Vienna, DC Tower 2	UC / M	51,896	Q4 2022
Vienna, DC Tower 3	UC / M	8,700	Q4 2021
<b>Poland</b>			
Warsaw, J 44	UC / O, RT	31,591	Q2 2020
<b>Czech Republic</b>			
Prague, Na Prikope 33	UC / H, RT	14,945	Q3 2021

<b>Portfolio properties under construction</b>			
<b>Germany</b>			
Frankfurt, Eurotheum	UC / O	22,920	Q4 2018
Frankfurt, niu Coin	UC / H	4,152	Q1 2020
Frankfurt, niu Charly	UC / H	4,393	Q2 2019
Frankfurt, ONE FORTY WEST <sup>2,4</sup>	UC / H	23,782	Q1 2020
Heidelberg, Star Inn Hotel & Suites Premium	UC / H	11,308	Q2 2018
Mannheim, NH Mannheim	UC / H	9,170	Q3 2019
Mannheim, niu Square	UC / H	4,574	Q1 2019
Frankfurt, ONE FORTY WEST <sup>2,4</sup>	UC / RE	8,761	Q1 2020
Frankfurt, ONE FORTY WEST <sup>2,4</sup>	UC / RE	7,621	Q1 2020
<b>United Kingdom</b>			
London, Westfield, phase II	UC / RT	66,778	Q2 2018
<b>Netherlands</b>			
Amsterdam, 2 Amsterdam <sup>2</sup>	UC / O, H	35,457	Q3 2020
<b>USA</b>			
Miami, 800 Lincoln Road <sup>2</sup>	UC / RT	3,141	Q3 2018

<sup>1</sup> Abbreviations

H Hotel building  
M Miscellaneous  
O Office building  
RE Residential building  
RT Retail trade building  
UC Under construction

<sup>2</sup> Properties held through real estate companies

<sup>3</sup> The property has been split into four units on an interim basis and classified on the basis of the usage types concerned.

<sup>4</sup> The property has been split into three units on an interim basis and classified on the basis of the usage types concerned.

As at: 31 March 2018.

Company and luxury cosmetics chain Space NK. Further stores will open during summer 2018. To mark the tenth birthday of the centre in autumn, the completion of the extension work will also be celebrated with customers and retailers. The shopping centre has delivered excellent performance ever since it opened its doors in 2008. With 240,000 square metres of retail space, 450 businesses – including many new flagship stores, cafes, restaurants and leisure outlets – and some 5,500 parking spaces, Westfield London is now Europe’s largest shopping centre. But it’s not size alone that counts. The upgrade is precisely tailored to the needs of tenants and takes into account the evolving usage scenario: shopping centres are no longer solely defined by their range of stores, but are increasingly becoming leisure attractions. A new indoor minigolf centre and a bowling alley were also built as part of the expansion. The new fitness concept FirstLight Cycle, with the UK’s largest velodrome, is as much of a visitor magnet as the new outdoor event space Westfield Square and Europe’s largest Japanese food hall, Ichiba. In addition to the pure space increase, the improved tenant mix also contributes to the enhanced appeal of the centre and sustainable value appreciation.



A new kind of shopping experience. Our shopping centre expert on destination malls in a digital era.

[jahresbericht2018.hausinvest.de/](https://www.hausinvest.de/jahresbericht2018)  
infotainment / destination-malls

The same can be said of the Italian **Oriocenter** near Bergamo. After an almost two-year construction phase, the extensions to what is now Italy’s largest shopping centre opened at the end of May 2017. All new spaces had been let in full prior to completion.

In December 2017, the **Adina Apartment Hotel** opened in the heart of Hamburg. Located in the city’s Speicherstadt, the hotel is within walking distance of the main shopping streets and the Elbphilharmonie concert hall. The hotel boasts a total of 202 studios, a wellness and fitness area with a pool, sauna and state-of-the-art exercise equipment, not to mention conference and function rooms with a connected terrace (which can be used as a lounge and chill-out area). A rental agreement over several years has been concluded with the hotel operator.

Vienna DC is one of the most exciting urban developments in central Europe. Here, the agreement for the development of the new hybrid high-rise building **DC Tower 2** was signed in March 2018. The site was acquired for *hausInvest* back in 2016. Construction is set to begin in the second quarter of 2019, with completion scheduled for late 2022. Located in direct proximity to the historic centre of Vienna, the tower, with its 175 tenants, will be the third-tallest building in Austria. Some 28,000 square metres of the almost 52,000 m<sup>2</sup> property will be used mainly for offices and partially for retail and restaurant spaces (1,500 square metres). Apart-

ments will be built above the retail and office space, at a height of 100 metres and above.

## Letting Management

The conclusion of high-quality rental agreements with a balanced mix of tenants from a wide variety of sectors is a cornerstone of the success of *hausInvest*.

# 94.8%

occupancy rate

The occupancy rate rose by 1.3 percentage points to 94.8 percent year-on-year. This extremely positive trend is the result of our proactive letting management and intensive efforts to maintain good relations with tenants.

## Letting activities

The quality of the fund’s spaces was once again a key factor in successful letting activities in the year under review. This encompasses a focus on prime sites in economically strong locations, as well as facilities that are systematically geared to the usage types concerned.

In Paris, for example, the **Kléber**, with a total area of 11,500 square metres, was let in full, even before extensive renovation work was completed in mid October 2017. Thanks to its new strategic alignment as an innovative business centre, it was possible to achieve far higher average rents for the office and service spaces, with the simultaneous 900 m<sup>2</sup> expansion of the building generating additional rental income. Depending on the start date of individual agreements, the first rental income will be generated during the course of 2018.

In June 2018, the final rental agreement at the **Eurotheum** office complex in Frankfurt was concluded with a US investment firm; the agreement relates to a space measuring 410 square metres. As a result, the property is now fully let. At the start of 2017, the occupancy rate at the building, which is the former headquarters of the European Central Bank, stood at 50 percent. In total, more than 6,500 square metres were relet at Eurotheum. The largest tenants are the co-working provider Mindspace and the international payment technology company Visa, with a total of 4,600 square metres. Depending on the start date of individual agreements, the first new rental income will be generated in August 2018, with the rental income from the most recent agreement coming from January 2019 onwards.

All spaces have now also been let at the office and commercial complex **Börsenstrasse 2-4** in Frankfurt am Main. The American Chamber of Commerce in Germany and a further tenant from the financial sector have each rented approx. 550 square metres of office space over a term of ten years. Here too, rental incomes will be generated from the third quarter of 2018 onwards. The roughly 13,500 m<sup>2</sup>

of rentable space at the property is split into two-thirds office space and roughly one-third retail space.

The **HighLight Towers** office complex in Munich is now also fully let, as is the office/commercial complex **Charles Square Center** in Prague.

At **Robinson Road** in Singapore, a ten-year rental agreement – which is unusually long by the standards of the local market – was signed in respect of some 6,000 square metres.

Furthermore, the hotel tower of the **2 Amsterdam** complex in the city of the same name has been let to a hotel chain on a long-term basis. Modernisation and conversion work at the property is scheduled for completion in late 2020. At **Millennium Park** in Warsaw, the rental agreement with Millennium Bank has been renewed for a further 13 years. Therefore, the financial services provider will remain in its roughly 19,000 m<sup>2</sup> premises until 2030. In April 2018, a reletting agreement was concluded for the fully let office complex **TownTown BT 7** in Vienna.

As at the balance sheet date 31 March 2018, our asset management department has concluded new rental agreements, or renewed existing ones, in respect of space totaling some 340,000 square metres.

### Strong tenant structure

#### Remaining terms of rental agreements

Terms longer than

3 years	71.4 %
5 years	49.3 %
10 years	20.2 %

As at: 31 March 2018.

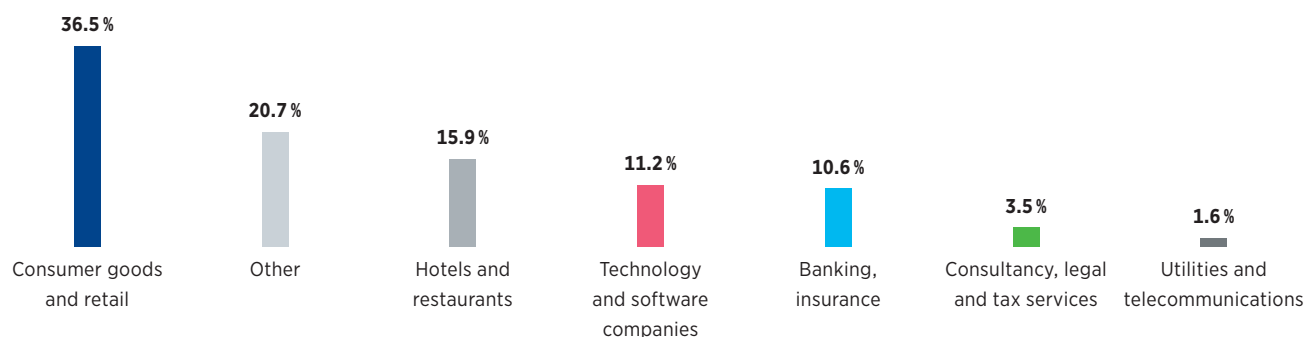
*hausInvest* favours long-term rental agreements and reported a relatively even spread of remaining rental terms as at 31 March 2018. As at the balance sheet date, 71.4 percent of the rental agreements had remaining terms of more than three years, while 49.3 percent of the rentals had more than five years to run. 20.2 percent of the agreements will expire in 2028 or later. *hausInvest* is also strongly positioned in terms of the distribution among different sectors, reducing the fund's exposure to developments in individual industries.

#### Remaining terms of rental agreements

Unlimited	0.1 %
2018	11.2 %
2019	7.0 %
2020	10.4 %
2021	12.3 %
2022	9.8 %
2023	15.7 %
2024	4.8 %
2025	3.6 %
2026	2.6 %
2027	2.3 %
2028+	20.2 %

As at: 31 March 2018.

#### Sector distribution of tenants by net basic rents<sup>1</sup>



<sup>1</sup> Pro rata, based on the percentage stake. Based on rental income  
As at: 31 March 2018.

# Liquidity Management

Liquidity management encompasses the control of cash flows as well as the investment of surplus liquidity. *hausInvest* maintains a strategic supply of liquid assets of around 15 percent of fund assets, thus going beyond the statutory minimum liquidity requirement of 5 percent. This serves to cover any capital requirements, satisfy share redemption requests and seize upon favourable investment opportunities.

## Strategy

The objective of liquidity management is to maintain a solvent, low-risk liquidity portfolio, with potential losses in value to be avoided wherever possible. To this end, all liquidity is currently invested solely in overnight and time deposits for terms of twelve months or less. The performance of the liquidity portfolio is guided by the financial market and, due to the limited terms, benefits directly from any increases in interest rates. Systematic risk management ensures that new counterparties and existing investments are monitored at all times. Regular credit checks are performed on counterparties in order to reduce the default risk. Moreover, investment ceilings apply in respect of each individual counterparty within the liquidity portfolio. When taken in aggregate, these individual measures reduce the default risk, while cash and cash equivalents are invested on an interest-bearing basis at several different financial institutions.

To date, *hausInvest* has never been forced to suspend the redemption of its fund shares and has always generated interest in line with the money market standard on the basis of its conservative, low-risk liquid investments. We intend to continue with this successful strategy in the future.

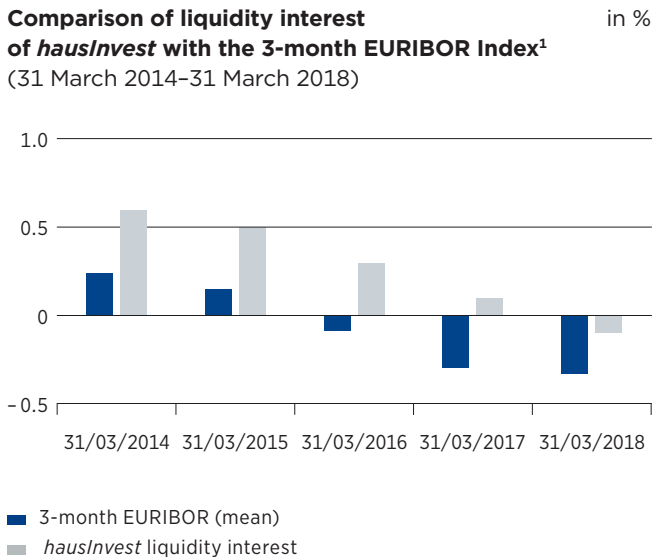
## Breakdown of fund liquidity

	in € m	in % of fund assets
Call money	24.75	0.19
Time deposits	3,326.22	25.20
Current accounts, savings	378.29	2.86
Distribution accounts	0.92	0.01
<b>Fund liquidity</b>	<b>3,730.18</b>	<b>28.26</b>
Liquidity in equity-investment companies	309.91	2.35
Gross liquidity	4,040.09	30.61
<b>Fund assets</b>	<b>13,197.25</b>	

As at: 31 March 2018.

As at the balance sheet date, the fund liquidity ratio of *hausInvest* stood at 28.26 percent. The statutory minimum liquidity threshold of 5 percent and the liquidity ceiling of 49 percent of fund assets were adhered to throughout the entire reporting period.

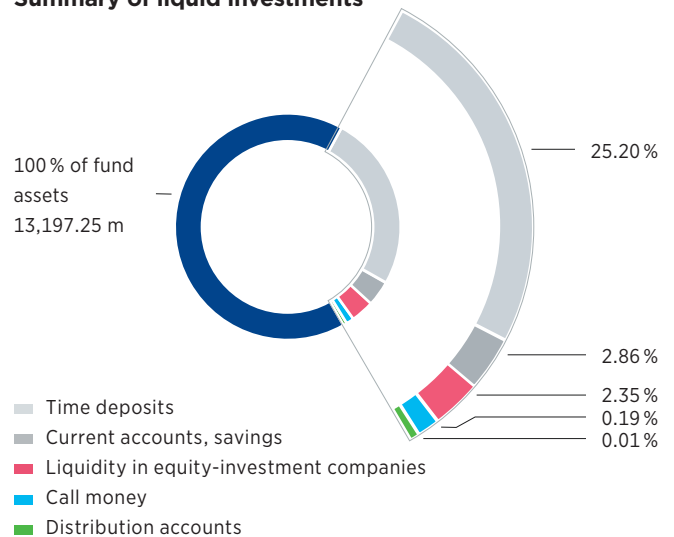
## Comparison of liquidity interest of *hausInvest* with the 3-month EURIBOR Index<sup>1</sup> (31 March 2014–31 March 2018)



Source: Bloomberg, Commerz Real.

<sup>1</sup> The EURIBOR (Euro InterBank Offered Rate) is the interest rate for time deposits in € in interbank business. The chart shows the mean value of the 3-month EURIBOR on a daily basis as at 31 March of each year, contrasted with the respective liquidity interest p.a. of *hausInvest*.

## Summary of liquid investments



As at: 31 March 2018.

# Currency Management

In view of the international spread of investment locations, currency management is becoming increasingly important. This fact is reflected particularly clearly by the current volatility on the foreign exchange markets.

## Strategy

Investing in various currency areas means that professional currency management is imperative for *hausInvest*. The approach taken by the fund in this area matches its overall conservative product strategy, with foreign exchange risks minimised through the use of suitable instruments. Despite the current volatility on the foreign exchange markets, the fund assets are therefore not exposed to any major fluctuations or losses arising from currency risks.

Foreign currency items are largely hedged through forward exchange transactions and, in some cases, through the use of debt financing in the respective national currency. Here, the default risk is lowered through the careful selection of

multiple counterparties whose credit ratings are reviewed on a regular basis.

Thanks to the hedging policy, exchange rate fluctuations only have a minor impact. Outstanding foreign currency items are reviewed on an ongoing basis and reduced where necessary.

Total foreign currency assets amounted to 3,785.53 million euros as at the end of the financial year. 99.48 percent of these assets were hedged by means of loans or forward exchange transactions, as well as provisions and other accounts payable. Only 0.52 percent of fund assets are exposed to actual exchange rate fluctuations.

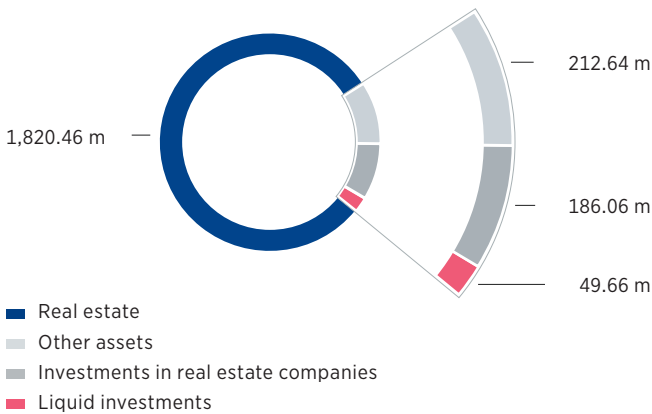
# 99.48%

hedged foreign currency items  
as at 31 March 2018

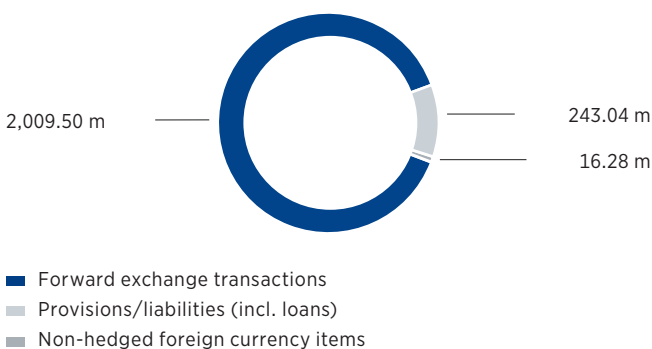
### Foreign currency items as at the balance sheet date - United Kingdom

in GBP

Assets



### Currency hedging

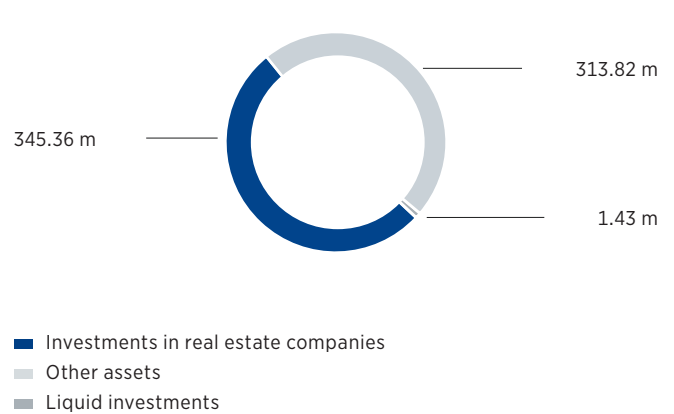


As at: 31 March 2018.

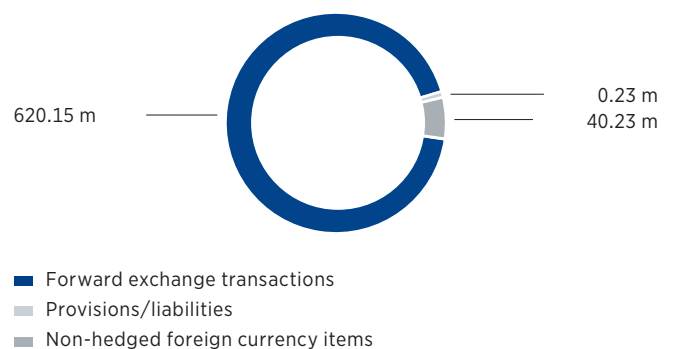
### Foreign currency items as at the balance sheet date - Singapore

in SGD

Assets



### Currency hedging



As at: 31 March 2018.

# Funding Management

With the ever-increasing dovetailing of real estate and capital markets, the importance of funding management for the success of real estate investments should not be underestimated, making it a key factor in the operation of an open-ended real estate fund. Among other things, borrowing capital lays the foundation for the optimal tax use of capital structures and the hedging of exchange rate risks associated with foreign currency items.

## Strategy

In order to preserve the conservative overall direction of the fund while harnessing business structuring opportunities, the raising of borrowed capital to fund real estate investments is limited to a maximum of 30 percent of real estate assets. Just as in previous years, *hausInvest* is well within the regulatory limits: with a total loan volume of 860.79 million euros, distributed across 18 separate loans from eight different banks (some domestic, some international) as at the balance sheet date, *hausInvest* boasts a gearing ratio of 8.40 percent – based on the sum total of fair market values of all fund properties.

The share of the bank facilities taken out by the real estate companies of *hausInvest* is continually increasing in relation to the fund's direct loans – and now stands at 587.21 million euros. In respect of these loans to subsidiaries, *hausInvest* is liable for 407.72 million euros for credit agreements pursuant to section 778 of the German Civil Code (BGB).

The fundamental benefits of outside financing include tax optimisation through the deductibility of interest on borrowings abroad, the harnessing of leverage effects and the hedging of foreign currency items by taking out loans in the national currency applicable to the property being financed. 74.4 percent of loans by value are in foreign currencies: leading the way is the US dollar, which accounts for more than 56 percent of total borrowing volume, followed by British pound sterling and the Australian dollar. Loans denominated in euros also apply to Poland and the Czech Republic, even though these two countries do not belong to the eurozone.

# 8.4%

**gearing ratio  
as at 31 March 2018**

Creditors have generally secured their loans through mortgage liens on specific properties and/or through collateral assignment of cost compensation claims. The stated objective of proactive funding management is to maintain an equilibrium between variable and fixed interest rates, although loans with short fixed-interest periods are – as a more flexible instrument – greater in number.

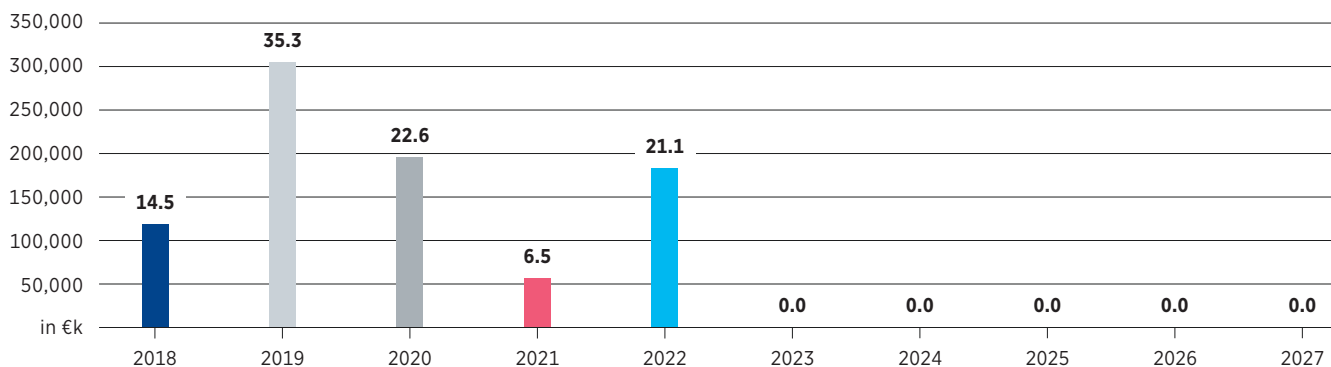
## Summary of borrowings – loan volumes by country

	Loan volume in €k	Share of the market value of all fund properties in this country in %	Avg. interest rate in %
USA	486,045	45.2	3.6
United Kingdom	99,326	4.1	6.0
Italy	85,000	10.3	0.8
Netherlands	67,453	13.9	2.9
Australia	55,066	57.7	2.7
Poland	31,898	23.9	4.3
Czech Republic	26,000	11.3	0.8
Germany	10,000	0.4	3.5
<b>Total</b>	<b>860,788</b>	<b>8.40</b>	<b>3.4</b>

As at: 31 March 2018.

### End of loan terms

as a % of loan volume



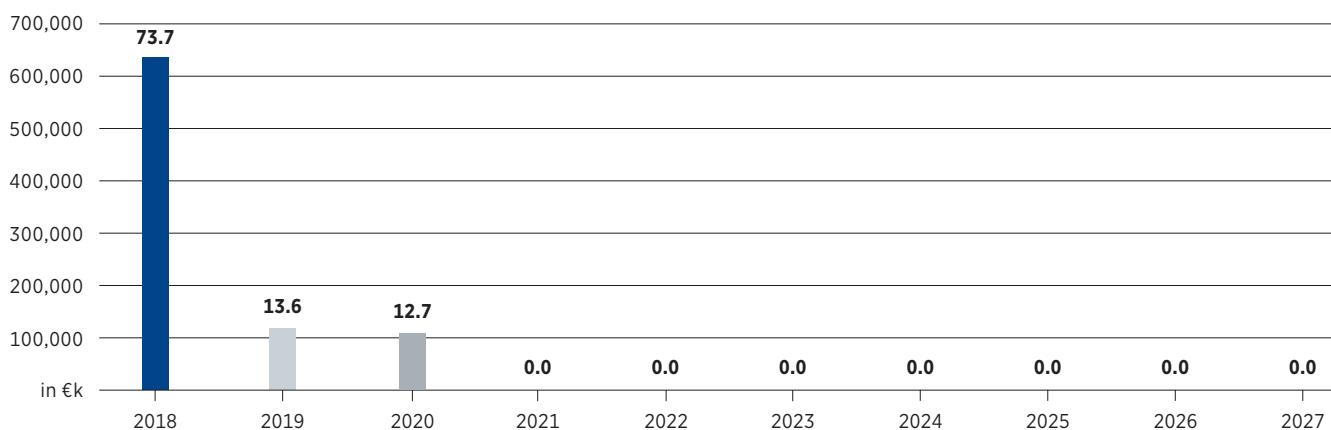
### Fixed-interest periods by country

as a % of loan volume

	Less than 1 year	1 – 2 years	2 – 5 years	5 – 10 years	More than 10 years
USA	42.9	13.6	-	-	-
United Kingdom	11.5	-	-	-	-
Italy	9.9	-	-	-	-
Netherlands	-	-	7.8	-	-
Australia	6.4	-	-	-	-
Poland	-	-	3.7	-	-
Czech Republic	3.0	-	-	-	-
Germany	-	-	1.2	-	-
<b>Total</b>	<b>73.7</b>	<b>13.6</b>	<b>12.7</b>	<b>0.0</b>	<b>0.0</b>

### End of fixed-interest periods

as a % of loan volume



As at: 31 March 2018.



# Investor Structure

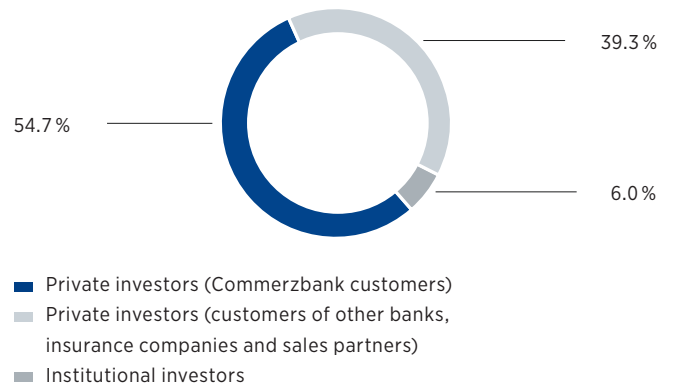
First and foremost, *hausInvest* is a fund for private investors. As a reflection of its safety-oriented investment strategy, the fund management team took the decision to limit com-

94%

private investors

mitments by institutional investors, who sometimes have a shorter investment horizon than the typical private investor, to a maximum of 10 percent of fund assets. *hausInvest* has therefore established itself as a basic investment vehicle for private investors in particular. 94 percent of the capital paid into the fund is held by private individuals, the majority of whom have each invested amounts of 100,000 euros or less in the fund. This means that fund assets are also broadly spread in terms of investor structure, thus making it easier to plan the maintenance of an appropriate liquidity ratio.

## *hausInvest*<sup>1</sup> investor structure



<sup>1</sup> Based on 100% of fund assets as at 31 March 2018. On account of a different data basis, the figures are not comparable with those of the previous year.

# Performance of Fund Assets

from 1 April 2017 to 31 March 2018

in €

		in €
<b>I. Value of segregated assets as at the beginning of the financial year</b>		<b>12,260,795,131.26</b>
1. Distribution for the previous year		- 179,763,367.16
a) Amount distributed according to last year's Annual Report <sup>1</sup>	- 176,389,023.35	
b) Adjustment item for shares issued or returned before the date of distribution <sup>2</sup>	- 3,374,343.81	
2. Interim distribution <sup>3</sup>		- 168,187,786.92
3. Tax liquidity released <sup>4</sup>		- 40,895,094.35
4. Cash inflow/outflow (net) <sup>5</sup>		1,064,714,871.22
a) Cash inflow from share sales	1,385,650,433.24	
b) Cash outflow from share redemptions	- 320,935,562.02	
5. Income equalisation/expenditure equalisation		- 47,503,308.26
6. Depreciation on acquisition-related costs <sup>6</sup>		- 1,444,547.48
a) concerning real estate	1,503,425.82	
b) concerning equity investments in real estate companies	- 2,947,973.30	
7. Result for the financial year <sup>7</sup>		309,537,285.62
of which unrealised gains in the financial year	129,117,908.96	
of which unrealised losses in the financial year	- 146,266,386.22	
<b>II. Value of segregated assets as at the end of the financial year</b>		<b>13,197,253,183.94</b>

## Notes on the Performance of Fund Assets

The performance of the fund assets shows which business events during the reporting period led to the new assets being reported in the fund's Statement of Assets and Liabilities. It therefore represents a breakdown of the difference between the fund assets at the beginning of the financial year and those at the end of the financial year.

### Footnotes on the Performance of Fund Assets

Re 1 The item **Distribution for the previous year** represents the amount distributed in accordance with last year's Annual Report (see 'Total Distribution' under 'Allocation Statement' in that report).

Re 2 The **Adjustment item** reflects the issuance and redemption of shares between the end of the financial year and the date of distribution. Investors who acquire shares between these two dates will participate in the distribution even though their share acquisition was not recorded as cash inflow in the reporting period. Inversely, investors who sell their shares in the time between these two dates do not participate in the distribution even though their share redemption was not recorded as cash outflow in the reporting period.

Re 3 The item **Interim distribution** relates to the interim distribution of 0.55 euros per share on 15 September 2017.

Re 4 Due to **tax-related retention** as at 31 December 2017, tax liquidity of 0.13 euros per share was released to all investors via their custodian banks for the purpose of capital gains tax deduction.

Re 5 The **Cash inflow from share issuance** and the **Cash outflow from share redemptions** items are determined by the respective redemption price on the day, multiplied by the number of shares sold or redeemed, respectively, as at that date. The redemption price includes the return per share, which is referred to as income equalisation.

Re 6 The item **Depreciation on acquisition-related costs** indicates the amounts by which the acquisition expenses for properties or equity investments were depreciated during the financial year. The item also includes amounts resulting from transfers of cumulative incidental acquisition costs relating to properties and equity interests sold during the year under review from equity to the realised result.

Re 7 The item **Result for the financial year** as well as the net changes in unrealised gains and losses are posted in the income statement.

# Balance Sheet as at 31 March 2018

in €

	Total	as a % of fund assets	of which in foreign currency
<b>I. Properties</b>	<b>6,824,915,931.71</b>	<b>51.71</b>	<b>2,080,996,125.90</b>
1. Developed properties	6,157,202,717.42	46.66	1,810,013,717.42
2. Properties under development	667,713,214.29	5.06	270,982,408.48
3. Undeveloped properties	0.00	0.00	0.00
<b>II. Equity investments in real estate companies</b>	<b>2,008,277,925.95</b>	<b>15.22</b>	<b>649,131,307.99</b>
1. Majority interests	1,798,215,518.61	13.63	649,131,307.99
2. Minority interests	210,062,407.34	1.59	0.00
<b>III. Cash and cash equivalents/bank balances</b>	<b>3,730,181,435.18</b>	<b>28.26</b>	<b>99,392,108.51</b>
<b>IV. Other assets</b>	<b>1,704,081,131.44</b>	<b>12.91</b>	<b>956,008,652.59</b>
<b>Total assets</b>	<b>14,267,456,424.28</b>	<b>108.11</b>	<b>3,785,528,194.99</b>
<b>V. Liabilities</b>	<b>706,247,987.87</b>	<b>5.35</b>	<b>213,802,645.13</b>
<b>VI. Provisions</b>	<b>363,955,252.47</b>	<b>2.76</b>	<b>76,219,973.32</b>
<b>Total liabilities and provisions</b>	<b>1,070,203,240.34</b>	<b>8.11</b>	<b>290,022,618.45</b>
<b>Fund assets</b>	<b>13,197,253,183.94</b>	<b>100.00</b>	<b>3,495,505,576.54</b>

As at: 31 March 2018.

Shares outstanding (number) 319,702,292.760  
Share value (euros) 41.28

Exchange rates as at 28 March 2018 (in €)

United States dollar (USD) 1 euro = 1.23995 USD  
British pound sterling (GBP) 1 euro = 0.87480 GBP  
Canadian dollar (CAD) 1 euro = 1.59975 CAD  
Australian dollar (AUD) 1 euro = 1.61790 AUD  
Japanese yen (JPY) 1 euro = 130.79615 JPY  
Polish zloty (PLN) 1 euro = 4.21360 PLN  
Swedish krona (SEK) 1 euro = 10.26175 SEK  
Singapore dollar (SGD) 1 euro = 1.62275 SGD  
South Korean won (KRW) 1 euro = 1,327.80050 KRW  
Czech koruna (CZK) 1 euro = 25.47100 CZK  
Turkish lira (TRY) 1 euro = 4.95410 TRY

# Notes on the Balance Sheet/ Statement of Assets and Liabilities

## Total fund assets

Fund assets increased by 936.46 million euros, or 7.64 percent, to 13,197.25 million euros in the 2017/2018 financial year. On balance, 25,720,587,183 shares were issued. This resulted in a cash inflow of 1,064.71 million euros to segregated assets. The distribution for the 2016/2017 financial year in the amount of 179.76 million euros, or 0.60 euros per share, took place on 19 June 2017. In addition, an interim distribution of 168.19 million euros, or 0.55 cents per share, took place for the 2017/2018 financial year on 15 September 2017. Furthermore, tax liquidity of 40.90 million euros, or 0.13 euros per share, was released for the purpose of capital gains tax deduction on 2 January 2018 due to tax-related retention as at 31 December 2017.

## Acquisitions and sales of properties and equity investments in real estate companies

### Acquisitions with transfer of benefits and encumbrances

Forum City Mülheim, Mülheim an der Ruhr, Germany	27/07/2017
niu Coin, Frankfurt am Main, Germany	05/12/2017
Star Inn Hotel & Suites Premium, Heidelberg, Germany	14/06/2017
NH Mannheim, Mannheim, Germany	21/12/2017
niu Square, Mannheim, Germany	08/02/2018
Dexter Station, Seattle, USA	19/05/2017
Alohilani Resort Waikiki Beach, Honolulu, USA	21/04/2017
The Everly, Los Angeles, USA	10/08/2017
Kimpton Hotel Monaco, Philadelphia, USA	01/03/2018

### Sales with transfer of benefits and encumbrances

Motel One am Spittelmarkt, Berlin, Germany	12/09/2017
Goldenes Haus, Frankfurt am Main, Germany	05/01/2018
Arcotec, Neu-Isenburg, Germany	23/02/2018
Japan Center, Frankfurt am Main, Germany	01/03/2018
Machtlfinger Höfe, Munich, Germany	13/12/2017
Palatin, Puteaux, France	20/12/2017
Blaak 31, Rotterdam, Netherlands	22/06/2017
Ten-Thirty, Amstelveen, Netherlands	20/09/2017
Arena Toren B, Amsterdam-Zuidost, Netherlands	28/09/2017
Malmö Plaza, Malmö, Sweden	26/06/2017
50% of Metropole Zlicin, Prague, Czech Republic	23/10/2017
Commercial Mall Hakata, Fukuoka, Japan	17/08/2017

Please refer to pages 5–8 for more details of acquisitions and sales.

## I. Properties

As at 31 March 2018, the real estate portfolio comprised 66 properties held directly. Taking into account real estate acquisitions and disposals, plus the revaluations of properties by the appraisers, plus the changes in value due to construction progress on properties under construction, plus the exchange rate changes, the total value of the portfolio has decreased by a total of 375.18 million euros, or 5.21 percent, to a sum total of 6,824.92 million euros since 31 March 2017.

## II. Equity investments in real estate companies

As at 31 March 2018, the fund part-owned 36 real estate companies in the form of majority interests and two real estate companies in the form of minority interests, which together own a total of 31 properties.

## III. Liquid investments

The liquidity ratio pursuant to section 253 (1), sentence 2, of the German Capital Investment Code (KAGB), stands at 28.14 percent of fund assets and is therefore above the statutory minimum liquidity ratio of 5 percent. Liquid investments to the amount of 626.27 million euros have been set aside to meet the costs of forthcoming real estate acquisitions, construction projects and restructuring measures. In addition, 107.27 million euros are reserved for interest and repayment charges in the next 24 months, as well as funds of 76.98 million euros to secure ongoing management. The next distribution will require funds totalling 95.91 million euros. Free liquidity therefore amounts to 21.27 percent of fund assets.

## IV. Other assets

**Re item 2: Receivables from real estate companies:** these relate to shareholder loans.

**Re item 9: Other miscellaneous assets:** receivables from cash inflows relate to share sales on 28 and 29 March 2018.

Receivables from the recharge of construction costs in the amount of 11.06 million euros relate to the recharge of construction and ancillary construction costs to our joint venture partner White City Acquisitions Ltd., London, and are connected with the expansion of the Westfield property in London.

## V. Liabilities

**Re item 1: Liabilities from loans:** the loans are secured either by mortgages or recourse guarantees, by bonds on land charges, or by assignment of claims for the reimbursement of expenditures.

**Re item 9: Other liabilities:** accounts payable from the return flow of funds relate to share redemptions on 28 and 29 March 2018.

## Risk-prevention provision for future capital gains taxation

In some countries, selling real estate is subject to capital gains tax (CGT) at fund level. As at 31 March 2018, there are sufficient provisions at fund level, based on the current market value of the real estate portfolio, to cover any CGT in full. This ensures that the fund returns already reflect the full tax burden potentially arising from real estate disposals that are subject to capital gains taxation.

# Consolidated Income Statement

for the Period from 1 April 2017 to 31 March 2018

	Total	of which in foreign currency
in €		
<b>I. Earnings</b>		
1. Earnings from real estate	358,780,094.31	116,787,041.66
2. Earnings from equity interests in real estate companies	26,186,398.97	3,566,064.00
3. Interest on own funds (construction interest)	261,272.52	0.00
4. Interest from cash and cash equivalents (bank balances)	-2,559,867.88	71,695.81
5. Other earnings	68,757,317.29	32,231,951.71
<b>Total earnings</b>	<b>451,425,215.21</b>	<b>152,656,753.18</b>
<b>II. Expenses</b>		
1. Management costs	143,093,507.69	41,385,073.98
2. Ground rent, life annuities and temporary annuities	820,187.04	820,187.04
3. Taxes	42,545,241.61	23,846,972.57
4. Interest expenses on loans	15,051,975.09	7,617,788.51
5. Management fees	127,846,048.11	0.00
6. Depository costs	2,738,462.35	0.00
7. Audit and publication costs	931,628.44	0.00
8. Costs of external appraisers	2,052,461.08	278,934.65
<b>Total expenses</b>	<b>335,079,511.41</b>	<b>73,948,956.75</b>
<b>III. Net profit/loss</b>	<b>116,345,703.80</b>	<b>78,707,796.43</b>
<b>IV. Disposal transactions</b>		
1. Realised gains	422,525,067.96	0.00
2. Realised losses	-259,688,317.13	-158,832,425.01
<b>Net income from disposal transactions</b>	<b>162,836,750.83</b>	<b>-158,832,425.01</b>
<b>V. Income equalisation<sup>1</sup></b>	<b>47,503,308.26</b>	
<b>VI. Realised result for the financial year<sup>1</sup></b>	<b>326,685,762.89</b>	<b>-80,124,628.58</b>
<b>VII. Net changes in unrealised gains/losses for the financial year</b>	<b>-17,148,477.26</b>	<b>-11,232,745.71</b>
1. Net changes in unrealised gains	129,117,908.96	44,510,985.36
2. Net changes in unrealised losses	-146,266,386.22	-55,743,731.07
<b>VIII. Unrealised result for the financial year<sup>1</sup></b>	<b>-17,148,477.26</b>	<b>-11,232,745.71</b>
<b>IX. Result for the financial year<sup>1</sup></b>	<b>309,537,285.62</b>	<b>-91,357,374.30</b>

The income attained and expenses accrued in foreign currencies are calculated at the average monthly exchange rates in euros.

<sup>1</sup> The income equalisation is stated in the 'Total' column.

# Notes on the Income Statement

**Expenses** (the following notes on the expenses refer to the unabridged income statement of the complete *hausInvest* Annual Report 2017/2018)

## 3. Taxes

This item includes foreign taxes in the amount of 39.87 million euros and, since 1 January 2018, includes domestic income taxes incurred in the amount of 2.68 million euros.

### 5.1. Fees paid to the fund management

The fund management company was paid its contractually agreed remuneration in the amount of 127.85 million euros, or 1.00 percent of the average value of segregated assets, which was calculated on the basis of the month-end figures.

In addition, the fund management company invoiced the fund for transaction-related fees in the amount of 29.24 million euros, or 0.23 percent of average fund assets, for real estate disposals (11.35 million euros) and for real estate acquisitions as well as for construction management services (17.89 million euros).

### 5.2. Depository costs

The depository costs of 2.74 million euros are calculated on the basis of the sum total of the monthly remunerations for the financial year, each of which represents the twelfth part of 0.018 percent p.a. (plus non-deductible input VAT) of the respective month-end value of segregated assets.

## Disposal Transactions

The gains realised from properties and interests in real estate companies are the difference between sales proceeds and fiscal book values. To the extent that capital gains tax was paid on properties and interests that were disposed of abroad, the realised profit is reduced by the corresponding sum. In the case of properties sold in a foreign currency, the gains realised include the currency gain from the properties. The other realised gains are the foreign exchange gains and losses from the loans associated with the properties which have been sold. The net changes shown in Item VII of the income statement have been adjusted to reflect this currency gain.

The profits realised from forward exchange transactions result from the difference between the original forward exchange rate and the spot exchange rate on the day the option was exercised.

Realised losses are determined in the same way as the realised gains.

## Income Equalisation

Income equalisation represents earnings and reappraisals which have accrued since the beginning of the financial year and which were paid by buyers of shares through the issue price or were remunerated by the fund through the redemption price upon the redemption of shares during the reporting year. The income equalisation shown in the Income Statement refers to the regular net income, the realised gains/losses, and the profits carried forward from the previous year. Consequently, income equalisation ensures the distributable amount per share is not influenced by changes in the number of outstanding shares.

## Net Changes in Unrealised Gains / Losses for the Financial Year

For the fund's properties and its interests in real estate companies, the net changes in unrealised gains result from value updates and changes in market values, from the allocation or release of tax contingency provisions for future sales profits or from other value-impacting factors still to come in the financial year. The report records changes in market values based on first-time valuations by the third-party appraisers or revaluations, as well as any other changes in the book values of properties or equity investments. These may derive, for example, from the formation or dissolution of provisions, from retroactive purchase price adjustments, the acquisition of additional small areas, etc. Likewise, the 'Net changes in unrealised gains' item includes the fluctuations in value of derivative currency transactions that had not been closed by the balance sheet date. The item also includes the derecognition of unrealised changes in value of prior years from properties and equity investments in real estate companies that were sold during the year under review, as well as forward exchange transactions that matured during the year under review. For the properties and equity investments in real estate companies, these effects are the result of value updates, changes in book values, the foreign exchange gains and losses associated with the assets as at the end of the previous year, as well as the provisions set aside for capital gains taxation until the end of the previous year. The write-off of unrealised changes in value of previous years from forward exchange transactions closed during the year under review includes changes in value that accrued before the end of the previous year. 'Other net changes in unrealised gains' includes the derecognition of unrealised changes in value from the previous year arising from currency effects from loans associated with the properties being sold. Furthermore, this item includes unrealised gains from management companies.

For properties and investments in real estate companies, the item 'Net changes in unrealised losses' results from value updates and changes in market values in the previous year. The notes on 'Value changes in unrealised gains' apply accordingly.

The exchange rate differences included in unrealised gains and losses relate to the difference in the valuation of the assets in foreign currency using the exchange rate at the start of the reporting period – and excluding the result of value updates – and the exchange rate at the end of the reporting period. The result of value updates – measured using the exchange rate at the end of the reporting period

– is included in the net changes in unrealised gains and losses for properties and investments in real estate companies. For assets acquired during the reporting period, the difference shown is the difference between the valuation using the exchange rate at the time of capitalisation and the valuation using the exchange rate at the end of the reporting period. Furthermore, this item includes gains and losses from the handling of ongoing transactions via foreign currency clearing accounts. For each country in which the fund invests, the exchange rate changes are aggregated and shown either in unrealised gains or unrealised losses.



# Distribution

## Another Solid Distribution

The total amount distributed for the past financial year is 0.95 euros per *hausInvest* share. The amount distributed is thus once again at a solid level.



The financial year at a glance:  
all key facts in our *hausInvest* video.

[jahresbericht2018.hausinvest.de/](http://jahresbericht2018.hausinvest.de/)  
kompakt

The total distribution to investors amounts to 304.99 million euros. The final distribution of 0.30 euros per share will be disbursed on 18 June 2018.

As at year-end 2017, the custodian bank service of Commerz Real Investmentgesellschaft mbH in Wiesbaden was transferred to FIL Fondsbank GmbH (FFB) based in Kronberg im Taunus. In respect of the *hausInvest* securities account transferred to the management of FFB as at 1 January 2018, the distribution amount will once again be reinvested – automatically and free of charge – in new *hausInvest* shares.

The deduction of capital gains tax and solidarity surcharge for the period up to 31 December 2017 is performed pursuant to article 7 of the German Investment Tax Act (InvStG 2004) through the custodian bank or through the final domestic disbursing body as the body obliged to make the payment.

A certificate pursuant to article 5 of the German Investment Tax Act (InvStG) is available to determine the investment tax basis. From 1 January 2018 onwards, the deduction of

capital gains tax and solidarity surcharge on distributions will be performed pursuant to article 20, section 1 (3), of the German Income Tax Act (EStG) in conjunction with article 44, section 1 of the German Income Tax Act (EStG), paying due regard to the partial exemption under article 20, section 3 of the German Investment Tax Act (InvStG 2018) in conjunction with article 43a, section 2 of the German Income Tax Act (EStG), through the custodian bank or through the final domestic disbursing body as the body obliged to make the payment.

## Allocation Statement, 1 April 2017 – 31 March 2018

	Total in €	€ per share
<b>I. Available for distribution</b>	<b>949,083,814.76</b>	<b>2.969<sup>1</sup></b>
1. Carry-forward from previous year	556,762,177.02	1.742 <sup>1</sup>
2. Realised result for the financial year	326,685,762.89	1.022 <sup>1</sup>
3. Allocation from segregated assets	65,635,874.85	0.205 <sup>1</sup>
<b>II. Not utilised for distribution</b>	<b>- 644,090,245.66</b>	<b>- 2.015<sup>1</sup></b>
1. Withheld pursuant to art. 252 KAGB	- 3,197,022.93	- 0.010 <sup>1</sup>
2. Allocated for reinvestment	- 434,018,126.27	- 1.358 <sup>1</sup>
3. Carry-forward to new account	- 206,875,096.46	- 0.647 <sup>1</sup>
<b>III. Total distribution</b>	<b>304,993,569.10</b>	<b>0.954<sup>1</sup></b>
1. Interim distribution on 15/09/2017	168,187,786.92	0.550 <sup>2</sup>
2. Tax liquidity released on 02/01/2018	40,895,094.35	0.130 <sup>3</sup>
3. Final distribution	95,910,687.83	0.300 <sup>1</sup>

<sup>1</sup> Based on the shares outstanding as at 31 March 2018.

<sup>2</sup> Based on the shares outstanding as at 15 September 2017.

<sup>3</sup> Based on the shares outstanding as at 31 December 2017 / 2 January 2018.

Fully informed at all times:

For more interesting news and background information on *hausInvest* and the real estate market, please refer to the online edition of our Annual Report.



**[jahresbericht2018.hausinvest.de](http://jahresbericht2018.hausinvest.de)**

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